

## REGIONAL AFFORDABLE HOUSING OPERATIONS UPDATE

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**Date:** Mar. 30, 2026

**Department:** Housing

**Meeting Date:** Apr. 7, 2026

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**Length:** 60 minutes

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### ISSUE STATEMENT

Metro’s Housing Department staff will present an overview of current operational challenges in the affordable housing industry, including those highlighted in recent media, and describe actions being taken by Metro and partners in response.

Staff will also orient Council to early scoping efforts related to a coordinated regional response to affordable housing operational challenges—consistent with the Regional Housing Coordination Strategy (RHCS) adopted through Resolution No. 25-5535 on Dec. 18, 2025—and seek Council input on priorities and approach for this work.

### ACTION REQUESTED

No action is requested at this time.

### IDENTIFIED POLICY OUTCOMES

This presentation is primarily informational. It will provide councilors with a high-level overview of the current factors impacting the affordable housing landscape, as well as an opportunity to share priorities as Metro explores its role in future operational stabilization initiatives.

### POLICY QUESTIONS

- What trends, challenges or issues related to affordable housing operations have councilors seen or heard about in their districts?
- What priorities and considerations should guide Metro’s focus as staff scope this work?
- Where do Councilors see opportunities for alignment between this work and other Metro initiatives?

## **STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION**

Since the COVID-19 pandemic, many affordable housing providers are experiencing rapid increases in the cost to operate affordable housing while also seeing lower income because of higher-than expected vacancies and widespread non-payment of rent. These combined pressures raise concerns about the long-term sustainability of affordable housing operations and stewardship of publicly funded assets.

Concerns have been raised about how well these investments deliver intended outcomes over time, particularly in ensuring the region can safely house and offer stability to those experiencing or at risk of homelessness. If unaddressed, these conditions may also pose a threat to some operators' long-term organizational stability and hinder efforts to meet critical housing needs across the Metro region.

Over the past several years, Housing Department staff engaged with jurisdictional and industry partners to understand these challenges, their impacts, and actions already underway. Where feasible within our existing resources and authority, Metro directed investments toward identified solutions. This ongoing work, along with additional research, analysis, and technical engagement, will inform the development of the project scope. This work aims to:

- Characterize market and operational conditions within the regional context
- Document actions already taken or in progress by housing providers, funders, and the financial sector
- Define Metro's unique role within housing production, operations and oversight systems in relation to these challenges and external conditions
- Identify actions Metro can take in the near term, and recommend strategies for the future, including options that could be supported through additional funding
- Highlight potential changes to future capital investment strategies to ensure long-term operational resilience and better outcomes for people living in affordable housing

For additional insight into the noted operational challenges and existing efforts, please see Attachment 1.

### **Legal Antecedents**

This project follows Metro Council's adoption of the RHCS on Dec. 18, 2025 (Resolution No. 25-5535), wherein Metro committed to:

*"Develop or support the development of a coordinated affordable housing operational stabilization strategy to respond to industry-wide challenges due to rising operational*

*costs, increased resident needs, and lack of coordination/alignment with homeless and supportive services.” (Action 9, page 8)*

## **Financial Implications**

The Housing Department requested \$20,000 in General Fund resources to support Materials and Services for this work in the proposed budget for Fiscal Year 2027 budget, subject to Metro Council approval.

## **BACKGROUND**

### **“Evaluation of Affordable Housing Opportunities” report, October 2024**

Metro’s Housing Department published the “Evaluation of Affordable Housing Opportunities” report in support of Metro Chief Operating Officer (COO) Marissa Madrigal’s Stakeholder Advisory Table process to explore potential future funding options for affordable housing.

This report summarized findings and recommendations from a series of analyses conducted between February and August 2024 and included a preliminary review of lessons learned from 2018 Metro Affordable Housing Bond (Bond) implementation. In addition to interviewing dozens of subject matter experts and implementation partners, Metro convened an Operating Cost Listening Session to better understand escalating operational challenges in the industry and inform illustrative modeling of future housing production.

Key report findings:

- 1) Affordable housing industry developers and operators are currently experiencing significant barriers to production and successful long-term property operations. These trends are occurring nationwide but are acutely felt in coastal metropolitan areas like greater Portland.
- 2) Capital investments for future regional affordable housing funding should be coordinated across funders to provide predictability, and funding requirements should be informed by actual cost. Funders should seek to balance maximizing unit production with ensuring quality and long-term stability for future residents and housing providers.
- 3) Across all investment strategies evaluated, the following best align with SHS goals and service population priorities, while also responding to industry challenges and market opportunities:
  - Gap financing for affordable rental construction
  - Preservation of existing affordable housing
  - Acquisition and conversion of market rate multifamily housing, hotels, and motels
  - Operating and risk mitigation support funds
  - Strategic land acquisition

- Pre-development funding
- 4) Homeless services and affordable housing systems need more comprehensive integration.

This report was emailed to Metro Councilors on October 8, 2024. On October 14, 2024, staff presented these findings to the Affordable Housing Bond Oversight Committee to support awareness of industry trends.

### **Bond interest earnings allocation, May 2025**

Metro COO Madrigal approved an allocation of \$26 million in Bond interest earnings to address risks in the Bond pipeline. Following engagement with Metro Council, Bond implementation partners, and the Affordable Housing Bond Oversight Committee, Housing Department staff recommended leveraging the allocation “with a priority of addressing funding gaps for pipeline projects experiencing or at risk due to cost escalation and other factors.”

As an example, Portland Housing Bureau is applying resources from this allocation to select properties in its pipeline to lower or “buy down” rents in response to recent challenges in leasing some 60% AMI units. This was an eligible use of interest earnings funding for Bond funded development projects that had not yet converted their financing from a short-term construction loan to a long-term mortgage.

See Attachment 2 for additional information.

### **Metro implements quarterly pipeline reports, September 2025**

Metro required that Bond implementation partners begin submitting quarterly pipeline reports to improve monitoring of funding gaps as well as lease-up and conversion challenges in the Bond development pipeline. This new report better enables Metro to assist implementation partners in prioritizing interest earnings toward addressing risks before investing in additional unit production.

### **Regional Housing Coordination Strategy, December 2025**

Metro Council adopted Metro’s inaugural Regional Housing Coordination Strategy (RHCS). The RHCS is mandated under the State of Oregon’s new Oregon Housing Needs Analysis (OHNA) framework and requires Metro to identify actions it will take over the following six years to advance housing production, access to opportunity, affordability, and choice in the Metro region. The OHNA also requires local jurisdictions with populations over 10,000 people to create housing production strategies.

Metro’s Planning, Development, and Research Department and Housing Department partnered to develop the RHCS. The final sixteen actions included in the adopted RHCS were identified by experts and stakeholders and narrowed from a list of over 100 potential actions.

In response to industry challenges that put the long-term stability of people living in affordable housing and providers at risk, the RHCS includes Action 9, which calls for Metro to develop or support the development of a coordinated regional affordable housing operational stabilization strategy.

### **Ongoing operational stability concerns, January 2026**

Following multiple media reports on vacancies, livability and safety concerns for people living in affordable housing, and operational instability for some affordable housing providers, Metro staff briefed Metro Councilors on these issues and shared progress toward understanding regional impacts.

Staff also presented an overview of operational challenges to the Affordable Housing Bond Oversight Committee. This presentation included an update to the committee about scoping efforts for work responsive to these challenges as outlined in the RHCS.

### **ATTACHMENTS**

1. Operational challenges in affordable housing memo
2. Affordable Housing Bond interest earnings allocations memo
3. [LINK]: [Regional housing coordination strategy](#)
4. [LINK]: [Evaluation of affordable housing investment opportunities](#)