

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 18-4902, FOR THE PURPOSE OF APPROVING FY 2018-19 FUNDING FOR 2040 PLANNING AND DEVELOPMENT GRANTS FUNDED WITH CONSTRUCTION EXCISE TAX

Date: July 10, 2018

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BACKGROUND

Program History, Enabling Legislation, and Prior Grant Awards

In 2006, Metro established a construction excise tax (CET) to generate revenue for providing grants to local governments for regional and local planning. The ordinance contained a sunset provision based on a maximum amount collected of \$6.3 million, and the maximum amount was reached in 2009. In 2009 the Metro Council extended the CET for an additional five year period.

In 2014, the Metro Council adopted Ordinance No. 14-1328, which extended the CET through December 2020 and directed the Chief Operating Officer (COO) to seek direction from the Metro Council prior to revising the Administrative Rules for implementation of the CET and the Community Planning and Development Grants (CPDG). In 2015, the Metro Council adopted a resolution approving the Metro COO's amendments to the Administrative Rules.

Over the first five cycles of grants, Metro awarded approximately \$21.7 million in grant funds to support 93 planning and development projects. A table summarizing the total grant dollars and number of projects funded for each of the prior grant cycles is provided below.

Grant Cycles	Project Type	Start	Total Grant Awards	Number of Projects
Cycle 1	Focused on concept planning for areas recently brought into UGB	FY 2006-2007	\$6.2 million	25
Cycle 2	Focused on community and economic development inside the UGB	FY 2009-2010	\$3.7 million	17
Cycle 3	Fund was intended for community and economic development inside the UGB with 50% for new urban areas and urban reserves.	2013	\$4.5 million	19
Cycle 4	Fund intended for community and economic development inside the UGB and 25%-30% for new urban areas and urban reserves.	2015-2016	\$4.7 million	16
Cycle 4EQH	Funds intended for equitable housing planning and development inside the UGB	FY2016-17	\$575,000	7
Cycle 5	Funds intended for equitable development projects (\$1 million), infill development projects within the UGB (\$500,000) and new urban area planning (\$500,000)	FY 2017-18	\$1.99 million	9
Approximate Total of Grant Dollars and Projects Awarded in Cycles 1-5			\$21.7 million	93

2018 Policy and Investment Emphasis

In January 2018, the Metro Council approved Resolution 18-4863 which set the policy and investment emphasis for the 2018 grant cycle as follows:

- 50% of grant funds will be targeted for qualified projects that will facilitate implementation of 'equitable development' projects inside the Urban Growth Boundary, which may include but are not limited to:
 - Planning or pre-development work for equitable housing (diverse, physically accessible, affordable housing choices with access to opportunities, services, and amenities);
 - Planning or pre-development work for projects that will advance quality of life outcomes for marginalized communities, such as quality education, living wage employment, healthy environments, and transportation;
 - Facilitation of development-related efforts in partnership with a community organization whose primary mission is to serve communities of color;
 - Planning or pre-development for projects that will serve a specific neighborhood or geography with a high percentage of residents that are people of color or historically marginalized communities;
 - Planning for public and private developments, investments, programs and policies that will be enacted to meet the needs of communities of color and reduce racial disparities, taking into account past history and current conditions.
- 25% of funds will be targeted for qualified projects to facilitate development in centers, corridors, station areas and employment/industrial areas.
- 25% of grant funds will be targeted for qualified concept planning and comprehensive planning projects in urban reserves or new urban areas.
- In the event that there are insufficient qualified applications within any one funding category, grant funds may be awarded to qualified applications in any other category.

2040 Planning and Development Grant Application Process (2018/Cycle 6)

On February 3, 2018 the Cycle 6 Grant process was initiated and Metro began to accept draft Letters of Intent. In February and March, Metro staff conducted pre-application conferences with each applicant to provide feedback on their Letters of Intent (LOIs), and advice on how their grant proposals and full grant applications might be strengthened.

Metro received 12 LOIs from local governments by the March 23 deadline. Of these, 11 were approved to submit full applications; one was declined by staff due to the limit of three full applications per jurisdiction per grant cycle.

Metro ultimately received a total of 11 full applications from 9 local governments by the April 20, 2018 deadline. Six proposals requesting a total of \$1,200,000 applied for consideration under the Equitable Development funding category, three proposals requesting a total of \$580,000 applied for consideration under the Infill Development within the UGB category, and two proposals requesting a total of \$520,000 applied for the New Urban Areas and Urban Reserves category.

2040 Planning and Development Grant Application Review and Recommendations

Eight members of the 2040 Planning and Development Grant Screening Committee appointed by the Metro Chief Operating Officer (COO) in accordance with the Administrative Rules met in May and again in June to review the program goals and grant evaluation criteria and discuss the relative merits of the various applications. At the conclusion of their June meeting, the members of the committee came to a unanimous decision regarding the 10 projects to recommend to the COO awarding a combined total of \$1,995,000 in grant funding out of the \$2 million in funding available. The Committee recommendation proposed partial awards for two proposals received from the City of Portland for the Rosewood Equitable Development Plan (an award of \$245,000 proposed instead of the \$300,000 request) and the Southwest Corridor Equitable Housing Strategy (an award of \$230,000 proposed instead of the \$330,000 request). The Committee's recommendation additionally recommended that conditions be placed on two of the grant awards. For the \$230,000 Grant to the City of Portland grant of for the Southwest Corridor Equitable Housing Strategy, the committee recommended that funding provided for pre-development analyses be contingent upon the City having site control on the properties to be analyzed. For the recommended grant to the City of Happy Valley for the Rock Creek Employment Center Infrastructure Assessment and Funding Plan, the committee recommended that \$170,000 of the \$210,000 grant award be contingent on the city receiving ODOT's commitment to participate in the planning process.

Committee Chair Damien Hall submitted a summary of the 2040 Grant Screening Committee's recommendations to the COO on June 28, 2018, attached as Attachment 1 to Exhibit A to Resolution 18-4902. Metro's COO, Martha Bennett, has reviewed the Grant Screening Committee Recommendation, and has considered the committee's guidance along with the grant evaluation criteria set forth in the Administrative Rules, the policy and investment emphasis established by the Metro Council for the 2018 grants, and the grant applications submitted. The COO has issued her recommendation to the Metro Council (Exhibit A to Resolution 18-4902) concurring that all ten of the projects recommended by the Grant Screening Committee's be awarded funding as proposed by the Screening Committee. The COO's recommendation includes one small adjustment to the condition to be placed on the City of Portland Grant for the Southwest Corridor Equitable Housing Strategy. The COO recommends that that the grant funding provided for pre-development analyses be contingent upon the City *or a public partner* having site control on the properties to be analyzed.

The Metro Council will make the final grant decisions at the public hearing on **July 26, 2018**. After reviewing the COO's recommendations, the Grant Screening Committee recommendations, and considering the grant evaluation criteria, the grant applications submitted, and public testimony, the Metro Council may adopt by resolution all of the COO's recommendations, or may change some of them.

ANALYSIS/INFORMATION

1. Known Opposition

There is no known opposition to the proposed legislation, except potentially from any or all of the grant applicants whose proposals are not recommended for funding in this grant cycle.

2. Legal Antecedents

- Metro Ordinance 06-1115 established the construction excise tax
- Metro Ordinance 09-1220 extended the CET for an additional five-year period (through September 2014)

- Metro Ordinance 14-1328 extended the CET for an additional five-year period (through December 2020) and directed the Metro COO to propose amendments to the existing administrative rules
- Metro Resolution 15-4595 approved the Metro COO's proposed amendments to the administrative rules
- Metro Resolution 15-4640 directed the Metro COO's to propose a possible use for unallocated funds in Cycle 4
- Metro Resolution 16-4753 awarded approximately \$575,000 in Equitable Housing Planning and Development Grants
- Metro Resolution 17-4782 changed program name, approved revisions to administrative rules to allow annual grant cycles, refined grant evaluation criteria, incorporated new administrative procedures, and established policy and investment emphasis for 2017 Grants
- Metro Resolution No. 18-4863 established policy and investment emphasis for 2018 Grants and approved adjustments to the grant evaluation criteria to require stronger alignment of grant proposals with Metro's commitment to promoting racial equity throughout the region;
- Metro Resolution 18-4882 approved additional refinements to the Administrative Rules, providing for the creation of a technical assistance component of the program to facilitate successful implementation of 2040 Planning and Development Grants

3. Anticipated Effects

This resolution designates 2040 Planning and Development Grant Awards to be funded with Construction Excise Tax, subject to receipt of construction excise tax funds. The projects have proposed timelines of approximately 12 to 24 months.

4. Budget Impacts

The FY 2018-19 budget includes resources for staff in the Planning and Development Department to begin work in administering the proposed funds. Exact funding for any grant round is subject to the projected excise tax revenues collected.

5. Attachments

Attachment 1: Summary Table of all 2040 Planning and Development Grant Applications Received for 2018

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of the resolution to approve the COO's recommendation for the 2040 Planning and Development Grant Program awards (2018/Cycle 6).