

# Regional housing measure: Comment report

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## **An appendix to the Metro COO recommendation | May 29, 2018**

During the development and refinement of a regional housing bond framework, Metro received a variety of feedback and input from jurisdictions, community organizations, housing providers and the general public. This appendix describes the key themes of that feedback and how Metro staff incorporated it into the development of a final measure framework recommendation.

Most input during the development of a draft framework came directly from the two advisory tables. The stakeholder advisory table articulated priority values to guide the measure development, while the technical advisory table provided feedback on inputs and considerations for modeling the potential outcomes of the measure. Both committees used these frames to assess and respond to potential measure scenarios to guide the targets and outcomes described in the measure framework.

Following the release of the draft framework, the two advisory tables commented directly on its elements and potential refinements. Notes from the Stakeholder and Technical advisory table meetings will be available on the project website at **[oregonmetro.gov/housing](http://oregonmetro.gov/housing)**.

Preceding and following the release of a draft measure framework in late April 2018, Metro received a variety of comments in person and in writing on the framework's elements. These were primarily focused on several themes described below.

## **TARGETS AND OUTCOMES**

Most comments received supported the draft framework's commitment to deep affordability – that is, the share of units proposed to be reserved for households earning less than 30% of area median income (AMI). Support for this level of affordability was heard from elected officials, jurisdiction staff and community advocates. Several commenters stated that Metro should seek to reserve a greater percentage of units for these households.

Several jurisdictional partners and providers raised concerns about the difficulty of achieving the draft targets for deep affordability, particularly due to ongoing operating costs and necessary supportive services for many of these households, which cannot be funded through the bond. Some felt that the ability to cross-subsidize rents with rents from moderate income units (60-80% AMI) would be insufficient given the draft framework's cap on the number of these units and potential cash flow issues in the event of a constitutional amendment.

The final framework recommendation retains a commitment to deep affordability, but the targets for homes affordable to households earning less than 30% AMI has been updated to a numerical target rather than a percentage of total unit production, reflecting concerns that existing commitments for Section 8 project-based rental assistance vouchers from Clackamas and Washington counties will not increase as the overall targets increase in the event that the constitutional amendment passes. Accordingly, the recommended targets for 0-30% AMI units reflect different percentages based on whether or not the constitutional amendment passes: 41-42% in the case of the amendment passing and 50% if it does not.

The framework recommendation acknowledges that some additional operating subsidy will be needed to achieve the targets for deeply affordable units, and commits to ongoing collaborative work to develop tools and strategies to address this need. Metro also commits to continue working with partners to align housing investments with supportive services and develop strategies to seek additional ongoing funding for these services.

Relatedly, some commenters requested that Metro confirm the development and operations cost assumptions used in its modeling to ensure that the outcomes described are indeed achievable and realistic. In response to these comments, staff have collected additional data on recent projects and average operating costs.

Based on these data, cost assumptions related to development, acquisition, and annual operating costs have all been increased within the model to increase confidence in the feasibility of delivering on the targets for unit production and deep affordability.

## **MEASURE SIZE**

Metro received a number of comments requesting that the overall measure scope be greater than the draft framework proposal. In response to these comments and further assessment of potential outcomes, the final framework recommendation enhanced the measure scope to serve more people in both the amendment and non-amendment scenarios. This increased the measure size as well, within an amount that staff feel is achievable within five to seven years and affordable to Portland-area taxpayers.

## **IMPLEMENTATION**

Many comments received concerned implementation processes. Some sought as flexible and nimble a local implementation process as possible, to allow for responding to unique needs and opportunities around the region. Additionally, these commenters sought to ensure that regional process does not unintentionally lead to lost local opportunities due to extraneous steps.

Others called for close regional and community oversight to ensure that the bond implementation advances desired outcomes and makes progress on stated targets.

Metro staff believe the implementation approach described in the measure framework represents an effective response to these comments, allowing for a nimble implementation

process guided that serves local strategies and allows for quick action, while also advancing regional priorities and outcomes, incorporating community voices, and ensuring sufficient flexibility to respond to changing circumstances.

## **ELIGIBLE ACTIVITIES**

Some comments concerned eligible activities for bond funds. In particular, commenters sought to clarify that housing created through the bond could be eligible for ownership as well as rental. In response, the recommended measure framework clarifies that if the constitutional amendment passes, the bond can be used for the capital construction costs of units that could be intended for homeownership under a land trust model..

## **LAND ACQUISITION PROGRAMS**

Several comments sought clarity on the proposed land acquisition activities in the measure framework. Some requested more details on Metro's proposed regional land acquisition program, and whether local jurisdictions can also use bond funds to acquire land for affordable homes.

In response, Metro further clarified the regional program's purpose in the recommended measure framework and specified that it will be subject to the same community oversight as local implementation programs. Metro also clarified that local jurisdictions are eligible to acquire land for affordable homes as befits their local implementation strategies.

## **DISTRIBUTION**

During the development of the draft measure framework, Metro received many comments on potential approaches to distributing targets for homes created through the bond across the region.

Commenters and advisory table members variously called for distribution based on regional housing need, focusing investments in high-opportunity communities, distributing homes based on county population, distributing homes based on assessed value or some combination of the above. Metro explored many potential options for assessing, measuring and blending these potential approaches with available data.

Ultimately, based on the quality of available data and complexity of some potential approaches, Metro staff proposed a distribution of homes created through the bond measure based on assessed value in each of the Metro District's three counties. This approach, staff believe, is an effective approximation of affordable housing need and opportunity in each county, supporting the creation of affordable housing in areas with high need today while also creating new opportunities in high-opportunity communities that have not historically had as much affordable housing availability and investment. Such an approach also affirmatively furthers fair housing regionally.

The distribution approach is a target for each county. During further implementation strategy and IGA development, Metro and jurisdictional partners will further articulate how targets will be achieved within each county in amendment and no-amendment scenarios.

Following the release of the draft framework, staff heard broad support for this proposed distribution approach.

## **RACIAL EQUITY**

Throughout the development of the draft framework and following its release, staff heard support for leading with racial equity throughout the bond framework and implementation. Some commenters noted that a racial equity strategy may have different characteristics in different parts of the region based on local populations and histories.

Metro believes that local implementation strategies will allow for racial equity approaches that reflect local needs, while community oversight regionally will help ensure that these strategies build up to advance racial equity at a regional scale.

## **ADMINISTRATIVE FUNDING**

Several comments received concerned the proposed cap on bond funds used for administration and oversight. All commenters agreed that this cap should be as low as realistically possible to ensure that the bond focuses foremost on creating affordable homes. Some felt that the cap should be lower than the initial recommendation of a 7% cap. Others sought clarity on whether administrative funds would be available at the regional and local levels, and how these costs were reflected in the overall cap.

In response, Metro staff recommend retaining the proposed cap in the final recommendations, but clarifying that it applies to local as well as regional administration, transaction and oversight costs. The distribution of these funds will be further clarified during development of local implementation strategies and intergovernmental agreements between Metro and the participating jurisdictions.

## **BALLOT MEASURE LANGUAGE**

Several commenters sought to ensure that the language of the ballot measure avoiding being overly prescriptive. Metro staff clarified that the framework's unit targets and affordability commitments are part of the recommendation the Metro Council will use in determining what to refer to the region's voters; however, most of the framework will not be specifically articulated in the ballot measure itself. Instead, the framework recommendation, including targets and outcomes, will guide community oversight and development of local implementation strategies and intergovernmental agreements.

**The remainder of this appendix contains written comments received by Metro staff following the release of the draft and refined frameworks, in order of date received.**

April 24, 2018

Metro Council  
600 NE Grand Ave  
Portland, Oregon 97232

Dear President Hughes and Members of the Metro Council:

We applaud Metro's interest and leadership in taking action to address the affordable housing crisis in the region. A successful bond measure has the potential to make a significant difference in our shared effort to make more affordable housing available throughout our communities.

At the same time, we have significant concerns with the proposed distribution and implementation approach presented to the staff technical team on April 12<sup>th</sup> and to the stakeholders' team on April 16<sup>th</sup>. We believe this approach, if adopted by Metro Council, will not meet the spirit of a working partnership with local governments and housing agencies and result in a framework that will not meet housing goals or create broad support from the public. For example:

1. **Allocation Method** – The proposed allocation method uses an average of several factors, including population, revenue generation, and an attempt to define need and equity using a mix of variables. This is problematic for several reasons:
  - Defining need and equity is important but difficult given the inherent limitations of our data sources. Metro's proposal attempts to combine a mix of data points in the absence of a better method resulting in a complex metric that presents challenge to usefulness and ability to communicate the complexity with voters.
  - The message to voters needs to be clear, transparent, and direct. Revenue generation is the more straightforward and understandable approach. In addition, it honors Metro's commitment to local control and flexibility in the development of affordable housing since it will allow jurisdictions to meet local needs using revenue generated by their communities.
2. **Requirement for Project-By-Project Approval** – The proposed implementation process includes a problematic requirement for project-by-project approval by Metro:
  - This process adds a direct role in affordable housing development and construction to Metro's future, something that has very little support across the region.
  - It will add unnecessary layers of bureaucratic process between implementing organizations and matching affordable housing that meets the local priorities, resulting in project delays and missed opportunities. We fear it will hinder our ability to take advantage of private and non-profit partnership opportunities that might be possible if the constitutional referral passes. A failure to meet community needs and expectations will risk future local and regional opportunities to raise funds for affordable housing.

Our jurisdictions care deeply about affordable housing and have prioritized it locally. We have collectively engaged at the highest levels with Metro staff and elected leadership throughout this process. We have dedicated significant time participating in the stakeholder and technical advisory groups and informal discussions. At every step, Metro has reinforced its commitment to local

implementation and efficient deployment of bond funds while meeting its bond oversight obligation. We agree that this is critical to successful bond implementation and the ability of local governments to support this bond measure. We are deeply concerned that the proposed distribution and implementation approach does not honor this basic commitment from Metro.

In the coming weeks, we urge Metro to work with us to complete the draft bond measure, revising the distribution formula and implementation framework so that it can be supported by all regional partners. This approach is critical to helping us achieve all of our goals and that will allow us to move forward together on a measure that we can all confidently take to voters.

Sincerely,



Andy Duyck, Chair  
Washington County Board of Commissioners



Jim Bernard, Chair  
Clackamas County Board of Commissioners



Steve Callaway, Mayor  
City of Hillsboro



Denny Doyle, Mayor  
City of Beaverton



Shane Bemis, Mayor  
City of Gresham



Dan Holladay, Mayor  
City of Oregon City



Kent Studebaker, Mayor  
City of Lake Oswego

## **Technical Advisory Table Feedback on Metro Housing Bond Draft Framework and Implementation Approach – Chris Hartye, May 4<sup>th</sup>, 2018**

Below are some initial comments and questions on the proposed Draft Framework and Implementation Approach distributed on April 26<sup>th</sup>. These questions, comments and opinions are from my perspective as a participant at the Technical Advisory Table (TAT) representing the City of Hillsboro. They are primarily based on a constitutional amendment scenario and are subject to modification as more information and clarity becomes available. I am hoping that at least a good portion of these questions can be addressed at the May 17<sup>th</sup> TAT meeting - thanks.

### **General Issues**

**Questions/Comments/Concerns:** What elements of the draft framework and implementation approach will Metro Council be considering on June 7 when they vote on referring the measure? Please clarify what specific elements of the draft framework and implementation approach will be included or referenced with the ballot referral vs. elements that can be modified by Metro and implementing jurisdictions after referral.

### **Draft Framework Summary**

#### **Regional Outcomes**

*“Serving 10,000 people by creating 3,200 affordable homes if a statewide constitutional amendment is approved (see below); 6,300 people and 2,000 homes if amendment disapproved \$516.5 million general obligation bond, less than \$50 annually for average Portland-area homeowner.”*

**Questions/Comments/Concerns:** If referred, are these numbers going into ballot materials? If so, please explain what that means for compliance with bond issuance – both for Metro and for implementing jurisdictions. Has Metro considered unit production goals or a range instead of fixed numbers?

#### **Strong accountability and oversight**

*Seven percent of funds will be reserved for administration of the bond.*

**Questions/Comments/Concerns:** Please confirm 1) whether implementing jurisdictions will receive bond funds for administration of local programs associated with implementing the bond 2) how much of the administration percentage will be available to each jurisdiction vs. the amount retained by Metro and 3) the process by which those administrative funds will be available.

In order to implement the bond, stimulate local unit production/preservation and develop a healthy pipeline and deal flow, administrative funds should be made available annually through allocation to implementing jurisdictions. This will help cover associated land acquisition, pre-development, environmental, engineering, land-use, legal and other costs borne by the implementing jurisdictions associated with bond implementation.

#### **Homes throughout the Region**

*Approximately 10 percent of funds will support a Metro program to buy land for affordable homes near transit.*

**Questions/Comments/Concerns:** Will bond funds (also) be available to implementing jurisdictions specifically for land and property acquisition? Cities and counties are best equipped to identify appropriate sites and properties, perform due diligence, conduct site evaluations, environmental assessments and other analysis, and execute procurement and disposition. We support bond implementation programming that provides counties and cities with bond funding for land and property acquisition. The distribution method to implementing jurisdictions needs to be efficient, especially for land and property acquisition, in order to be competitive in the private real estate marketplace. To that end, an annual upfront allocation to implementing jurisdictions governed through an intergovernmental agreement is preferred.

*Most affordable homes to be created through local jurisdictions and providers. Homes are planned to be created throughout the region:*

*Clackamas County: 21%*

*Multnomah County: 45%*

*Washington County: 34%*

*This approximate distribution is based on assessed property value.*

**Questions/Comments/Concerns:** If referred, will these numbers be included in any ballot or campaign materials? Are these unit production percentage targets by County – stated above as “homes planned to be created”? For example, for Washington County, are we saying that the regional target is 34% of 3,200 or 1,088 units? Or is this the percentage of the \$516.5M to each County? (\$175M total for Washington County jurisdictions)? How will these percentages be applied not only to counties but to CDBG entitlement cities? As discussed at the TAT, jurisdictional representatives don’t recommend a framework where cities and counties are somehow competing or restricted in project eligibility based on what our neighbors are, or are not, producing.

Percentages representative of the funding proceeds should be allocated and available to each implementing jurisdiction (county and cities) based on assessed value. As previously stated, an annual allocation of bond funds to implementing jurisdictions for bond implementation and project development is the most efficient approach (this topic also covered later).

**Affordable homes for families’ needs**

- *45% of homes reserved for households at 30% median family income (MFI) or below*
- *Half of homes large enough for families (2+ bedrooms)*
- *All homes affordable for families and individuals with less than 80% MFI.*
- *Maximum 10% of homes reserved for 60-80% MFI*

**Questions/Comments/Concerns:** If referred, will these numbers be included in any ballot or campaign materials? It is good to see a provision for 2+ bedroom units, which we believe, in part, helps address racial equity and will better serve families in need. Development feasibility for larger unit sizes is an important consideration. We also appreciate the integration of units up to 80% MFI, both for “workforce” housing opportunities and to allow for deeper affordability within mixed-income projects.



While there is no question that the highest income level of need is 0-30% MFI, we do have concerns about a 45% production requirement at this level strictly from a development economics perspective. As the TAT has discussed, achieving affordability at 30% and below is very challenging for housing providers especially without some type of housing voucher. Over-reliance on vouchers to help reach those numbers is also concerning. Using any more than 8 project-based vouchers (PBVs) per project triggers prevailing wage requirements which can significantly impact development costs. Using PBVs in projects also has to pass muster with HUD from an environmental compliance perspective. An affordable housing project site in Hillsboro, in a highly-served transit area, was recently deemed too loud by HUD for the PBVs - double/triple-paned windows and/or other compliance measures would have been needed which would have significantly increased project costs. As a result, the development team decided to forgo use of the PBVs entirely.

It is suggested that Metro consult even more closely with affordable housing developers, especially ones that are active in Washington and Clackamas Counties, who have the same concerns about the development cost assumptions and the 45% production requirement for deep affordability. Consider that a number of these nonprofit housing providers operate with different models than Home Forward and other Portland-based entities and adjust that provision to better align with region-wide development feasibility.

We were pleased to hear a verbal reference to eligibility of homeownership opportunities – please describe how those units/homes will be integrated into the framework. One idea would be a homeownership “carve out” in the funding allocation in an amount to be determined for each implementing jurisdiction based on local priorities and needs.

#### ***How we’ll create affordable homes***

*Through regional programs and supporting local action, the bond will create affordable home opportunities in several ways:*

- *Buying land for affordable homes Questions/Concerns - covered previously*
- *Buying and renovating low-cost market rate housing to create permanently affordable homes*
- *Construction of new affordable homes*
- *Public ownership of affordable homes without Constitutional amendment; potential private/non-profit ownership with amendment*

**Questions/Comments/Concerns:** The language above: “regional programs and supporting local action” is concerning and does not reflect Metro’s pledges for its role in the bond to be a pass-through to local implementing jurisdictions.

Metro has already heard concerns about acquisition/rehabilitation programming relative to acquisition and repair costs and the issues of relocating tenants. Encourage flexibility relative to targets in this area.

#### ***Who to serve, and where to invest***

- *Prioritize people least well-served by the market, including communities of color, veterans, seniors, families, people with disabilities and people experiencing or at risk of homelessness*
- *Increase access to transportation, jobs, schools, parks and other opportunities*
- *Support mixed-income and mixed use communities with a variety of housing types*
- *Prevent displacement in changing neighborhoods*

**Questions/Comments/Concerns:** We are supportive of all of these areas and have several of them already reflected in our local policy.

### ***Looking to the future***

*Several strategies can help ensure regional investments are efficient, equitable and responsive as the bond is implemented, including:*

- *Prioritize racial equity and advance fair housing in project selection*
- *Work with local governments to identify and act on local needs and opportunities*
- *Require projects to have screening criteria and marketing that reduce barriers to marginalized groups finding a home*
- *Partner with culturally-specific organizations and community partners for project selection, design and evaluation*
- *Create equitable workforce targets for investments*

**Questions/Comments/Concerns:** We would like more detail for the highlighted sections and would want to work with affordable housing developers to ensure that we are not creating burdensome requirements or hurdles that further increase project cost and reduce development feasibility. If we are considering project screening criteria, and basing production targets on existing community needs, perhaps allow for consideration of residency preferences to prioritize income-qualifying community members that are here in-state (Oregon-based).

## **Implementation Approach**

### **Questions/Comments/Concerns:**

**IGA Agreements** – we need more specificity as referenced previously on how regional targets will be applied to eligible implementing jurisdictions. Getting a clear understanding and agreement amongst partners will be critical to the implementation success or failure of the bond. Rather than project by project funding, these IGA agreements could be the basis for annual allocations to implementing jurisdictions.

**Local Implementation Strategy** – This section implies local prioritization and goal setting, but functionally it reads to me as though local control really only applies to initial project *selection*. We will continue to press for eligible jurisdictions to not only determine local implementation strategies but to also use bond funds to acquire land and properties, some administrative capacity building, and other project delivery activities. We would like to iron out a Metro staff involvement piece and appropriate mechanisms to ensure compliance on all bond issuance legalities. To do that, we need more information and candid dialogue relative to Metro’s legal requirements for bond compliance and the flexibilities for cities and counties to implement the bond.

**Regional Oversight Body** – this is potentially problematic on a few different fronts, but in general, it is not likely to represent an “efficient and nimble” implementation structure. Incorporating community involvement and review is more efficiently accomplished at the local level. Again, I think implementing jurisdictions want more dialogue with Metro on how we achieve bond oversight compliance while also leveraging local programming, expertise and efficiencies.

**Project Selection and Conditional Commitments:** As articulated at a recent TAT meeting, we feel this project-by-project selection process does not align with Metro’s ongoing pledges to be a pass through

entity. It also does not represent an efficient and nimble implementation structure – especially for land acquisition and/or acquisition/rehab projects. Again, our understanding and preference all along is for an allocation of funding, rather than Metro-held funding in reserves pending project-by-project approval. We believe that bond compliance can be ensured with an allocation methodology through clear Intergovernmental agreements and compliance-based reporting. Cities and counties already comply successfully with HUD funding allocations - the same will hold true with regional bond funding. We look forward to dialogue whereby Bond compliance can be ensured, while providing implementing jurisdictions resources to efficiently get projects catalyzed through land and property acquisition and getting bond (and other) funding into projects – good first steps in producing a number of the affordable housing units that the region needs.

**From:** [Shrestha, Bandana](#)  
**To:** [Jes Larson](#); [Emily Lieb](#); [Craig Beebe](#); [Raahi Reddy](#)  
**Cc:** [Noelle Dobson](#); [Hal](#)  
**Subject:** Regional Bond  
**Date:** Sunday, May 06, 2018 11:02:12 AM

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Hi Metro friends,

I was sorry to have missed the Regional Bond SAT last week, but also know that Hal represented us well and shared some of our comments. He mentioned he gave Jes a hard copy of our more complete thinking on the current draft framework. So I am pasting it here again for your convenience.

- We support measures to ensure accountability and transparency through the establishment of a community oversight committee representing diverse stakeholders.
- Bond funded new construction and renovations should meet basic accessibility standards (no step entry, wider doorways and hallways, usable bathroom, kitchen and living area) and be designed to meet the future needs of people of all ages and abilities today and in the future.
- Increasing property taxes are of concern for lower income homeowners, including older adults living on fixed incomes at risk of housing insecurity. Bond monies should be invested in affordable homes to meet the needs of families and households most vulnerable to homelessness and those at risk of housing insecurity. We support allocating 45% of bond monies for household at or under 30% MFI, 35% to 31-60% MFI, and 20% to 61-80% MFI.
- Bond monies should support a variety of housing sizes and types, meet the needs of people of all ages and abilities, including single families, older adults living alone and multigenerational families. We support 65% allocation for 2+ bedroom homes, 35% for 1 bedroom and studios.
- Housing investment should be in diverse communities throughout the region, in neighborhoods with access to amenities, services, and transit, and aligned with anticipated future transportation investments.
- We support a continued commitment to equity that seeks to eliminate disparities, especially among historically marginalized communities, and inequities that address intersectionality of experience including age and ability.

I also want to take the opportunity in this email to share my feedback on the Opt-in survey currently out. I already emailed Noelle about it, but want to share my thoughts with you as well.

I was surprised to see the survey asking if people want to help kids OR old people. This is a false choice. It just perpetuates the scarcity mindset which dictates one set of vulnerable people will have to lose for another to do well. It does not build community. I am sorry to say it is disappointing. Yes, trade-offs and choices have to be made, and we don't have limitless resources and we have to prioritize, and I understand Metro wants to know people's priorities. But there are better ways to do it. I think we can find common ground based on caring and compassion and not by positing which hungry group gets to eat the proverbial pie and who has to starve.

I have great appreciation and respect for the work you all are doing. It is important and timely and difficult. Thank you. I hope you also understand what I am saying here.

Thank you again.

Bandana Shrestha  
Director of Community Engagement  
AARP Oregon  
Cell: 503-784-1789  
Office: 503-513-7368

Sent from my iPhone. Please excuse autocorrect blunders.

-----Original Message-----

From: Dennis Doyle [<mailto:ddoyle@beavertonoregon.gov>]

Sent: Thursday, May 10, 2018 4:46 PM

To: Kate Fagerholm; Jes Larson; Elissa Gertler

Cc: Martha Bennett

Subject: Thought on bond

Good morning Kate,

I appreciate the opportunity to provide feedback on the draft framework and implementation approach in advance of our next Stakeholder meeting and I appreciate all the hard work that has gone into this.

This is an exciting opportunity for all of us to raise funding regionally and implement locally to ensure success in the delivery of much-needed affordable housing to our communities and constituents. At the end of the day, that is what is most important: successfully getting more of the affordable housing our communities need.

Through the course of our conversations, I see several positive improvements toward that end:

- \* Using a distribution formula based on Assessed Property Value that is simple, equitable and easy to explain to voters.
- \* Focusing on affordable units that are most challenging for the private market to produce, such as family-sized units and 0-30% Area Median Income (AMI) units.
- \* Allowing for investments in housing that serves workers making up to 80% AMI, helping them live closer to their place of employment.
- \* Including homeownership, as well as rental housing, as an appropriate bond use, is a critical part of an equity strategy.

At the same time, there are more revisions that need to be made to ensure an effective and implementable program that will lead to better outcomes for low-income residents our communities and ensure taxpayer dollars are efficiently well-spent:

#### Regional Housing Targets

While it's perfectly appropriate to have affordable housing targets in the IGAs, both for what is developed in each county and for significantly needed housing, such as 0-30% AMI or family units. At the same time, the proposed targets are too aggressive, given the total unit production proposed and the realities of financing and cash-flow for these projects.

For example, family-sized units are targeted for half of the units produced, in reflection of the shortage being created in the private market. At the same time 45% of the units are reserved for 0-30% AMI. Since no more than 10% of the units can be 60-80% AMI, this would require the majority the family-sized units to be less than 60% AMI. This is not a reasonable target if the overall unit goal remains 2,000-3,200.

In addition, the draft framework should consider the additional cost of social services that are often required to properly serve community members at 0-30% of AMI, yet can't be funded with bond resources. Although Beaverton is proposing to increase its general fund allocation in the next budget to deliver our overall housing plan, the potential costs for supportive services required if 45% of all homes must be reserved for 0-30% AMI are significant.

An alternative approach, might be to:

- \* Reduce the number of required units at 0-30% AMI to reflect project-based voucher availability and cash-flow feasibility, or reduce the unit production targets accordingly to ensure projects serving our most needy residents can pencil, and

- \* Reduce the number of required family-size units in a local jurisdiction's plan and allow 3+ bedroom multifamily units to be counted as three units toward the overall target. This type of allocation is currently used by the City of Portland in its Inclusionary Housing and MULTE programs to increase project viability.

#### Project By Project Funding

The current implementation approach calls for Metro to hold bond funds in reserve and allocate funds on a project-by-project basis. This approach seems very restrictive and will likely result in project delays and missed opportunities. Particularly considering the partnerships that we hope will be possible with the constitutional referral, holding up a project with multiple funding streams for Metro funding approval seems less effective than accountability through audits and reporting. County Boards and City Councils have years of expertise and connection to their community and should be able to approve projects that are within an agreed upon policy framework set in the IGAs.

An alternative approach, might be to:

- \* Allocate funding annually to implementing jurisdictions, with accountability to Metro through annual reporting of progress towards their individual strategies set in IGAs, and auditing. This approach will allow implementing jurisdictions to incorporate these critical new resources into their existing affordable housing strategies and to be nimble when opportunities arise to invest in the development or preservation of affordable homes.

#### Land Acquisition Program

Land acquisition and land banking are important strategies to plan for future investments in affordable housing, however, implementing jurisdictions already have the expertise and a mature infrastructure in place to do that work. The ten percent (\$50,000,000) reserved in the framework for Metro to acquire land would

be more effectively done by the implementing jurisdictions as a part of their implementation plan.

An alternative approach, might be to:

- \* Put the \$50,000,000, or a sizable portion of it, into the distribution formula and allow jurisdictions to acquire land as needed and opportunities arise. Require implementing jurisdictions to account for the use of the funds through annual reporting and auditing memorialized in IGAs. This gives local communities flexibility to account for their local needs and goals while meeting accountability needs.

#### Administrative Costs

While I appreciate there may be some additional administrative load at Metro for the bond management, the draft framework identifies seven percent off the top to account for costs associated with administering the bond. Although not explicitly stated in the framework, I believe that it is intended to flow through to implementing jurisdictions, which is the right way to go.

However, it's not clear if the intent is to transfer those funds on a project by project basis. If that were the case, implementing agencies would not be able to build sufficient capacity to accommodate and prepare for a more robust pipeline of projects. In addition, \$35,000,000 for administrative overhead seems high, although I know that different local jurisdictions have different existing capacity for implementation.

Yet combined, the proposed reserves for land acquisition and administration would take nearly a fifth of the bond funds (\$85 million) away from affordable housing provision and preservation. That seems high and harder to defend in the community.

I hope that Metro and implementing jurisdictions can collaborate on an approach that limits administrative expenses and maximizes project funding, such as:

- \* Consider reducing bond funds earmarked for administration to a cap of up to five percent (\$20,000,000), distributed annually by formula to implementing jurisdictions for capacity building, planning and administrative overhead. This should help communities prepare to efficiently deliver more affordable housing with a low overhead, while maximizing the funding for affordable housing. Parameters for administrative funding use would be negotiated and reflected in the IGAs.

#### Community Oversight Committee

As I mentioned at the last Stakeholders meeting, community oversight is critical to a successful bond measure and that communities of color should play a central role in decision-making and oversight of local investments. At the same time, a

Metro-appointed region-wide oversight committee may not be appropriately connected to local communities.

An alternative approach that keeps racial equity and local communities of color at the center of the process might be to:

- \* Require the governing body of implementing jurisdictions to appoint their own community oversight committees comprised of local communities of color, community leaders, housing experts, and affordable housing developers. Furthermore, require each implementing jurisdiction to develop a plan in collaboration with its local oversight committee that advances racial equity, prevents displacement in changing neighborhoods and reduces barriers to historically marginalized groups in finding a home. These plans could be formally adopted by the implementing jurisdictions as a part of their IGAs.

This regional affordable housing bond is so important that it's worth it to get a truly workable framework. We are getting closer, but the current draft is not there yet.

I appreciate that Metro has reached out to the metro area mayors to set up a meeting the end of this month, as well as one with city staff. I hope those meetings will also help move the draft framework and implementation approach in a direction that leverages the expertise, experience, and existing infrastructure of implementing jurisdictions, and results in a bond measure we can all support and confidently take to voters in November.

And if more meetings with implementing jurisdictions are needed to work through these issues and arrive at a final framework and implementation approach, I really encourage us all to make the time to get that work done so we can put forward the strongest referral possible to the voters.

I am excited about the progress we are making towards this essential first step in working on the affordable housing issue. Please let me know of next steps and I'll be happy to help!

Denny

Denny Doyle  
Mayor, Beaverton

Sent from my iPhone

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HOUSING SENIORS | CREATING HOPE | PILOTING CHANGE

May 15, 2018

Dear Metro Staff:

Northwest Pilot Project is a social service agency helping address the housing needs of low income seniors in Multnomah County. We applaud you for referring a housing bond measure to the ballot. We encourage you to hold firm on the current plan that 45% of bond proceeds are used to create housing opportunities for individuals and families below 30% of median family income. For a single individual, this would be a monthly income below \$1,425. For a family of four, this would be a monthly income below \$2,034.

The private housing market is not able to provide housing opportunities at a price point that is affordable to our lowest income neighbors. The very poor must depend on public investment to create truly affordable housing options. This includes seniors and disabled individuals on low fixed incomes and families employed in low paying jobs.

It is the lack of truly affordable housing for the poorest individuals and families that leads to homelessness, enormous personal stress, and higher health care costs. The lowest income households struggle the most to retain a foothold in the current rental market and are at highest risk of homelessness.

Targeting the lowest income households for a minimum of 45% of the bond proceeds will reduce homelessness and stress leading to substantial societal savings in the cost of providing emergency shelter, health care, and social services.

The seniors we serve have monthly income between \$750-\$1,200. They are not able to afford apartments in the private market. We are receiving 80 calls per week from low income seniors in a housing crisis. These seniors would greatly benefit from the addition of Metro bond-funded truly affordable apartments to the rental market.

Please maintain the commitment to spend at least 45% of Metro bond proceeds on housing for our neighbors with the lowest incomes – those below 30% of median family income.

Sincerely,

Laura Golino de Lovato  
Executive Director

To: Emily Lieb  
From: Cadence Petros  
Date: May 16, 2018

Subject: Metro Equitable Housing Bond – TAC Comments

Thank you for the opportunity to discuss the draft affordable housing bond distribution and implementation proposal presented at the last TAC meeting. This letter reflects comments I made in the meeting and in our discussions thereafter. My hope is that we can continue to work together to craft an implementable process based on realistic communications to the public about what can best be achieved with bond proceeds. My comments reflect this objective.

### **Bond Measure Language**

The promises Metro makes to the public in the bond measure language - and any related campaign documents - impact Metro and every local jurisdiction within the Metro region. It's in all of our interests not to over-commit what the bond proceeds can accomplish, as a failing to meet public expectations may jeopardize the ability of all jurisdictions within the region to garner support for any future affordable housing measures. To mitigate this possibility, the stated production goals should reflect conditions on the ground and be doable, given the process and restrictions imposed by Metro on the bond.

The current financial model takes a regional portfolio approach when analyzing production and cash flow. While I understand the underlying logic, I am concerned this approach does not adequately consider how actual implementation will take place. For example, the model assumes projects with higher rents will essentially subsidize projects with less net operating income. While this *might* work in a no-amendment scenario on a jurisdiction by jurisdiction basis, it is infeasible to assume that projects in one jurisdiction can subsidize projects in another, let alone in an amendment scenario—the one we all want—where each project will have to cash flow on its own because there simply won't be a single portfolio to cross subsidize. In addition, the significant proposed percentage of 0-30% AMI units overstates the capacity of project-based vouchers and supportive services to serve those projects. Both of these factors result in an

overstatement of what can be feasibly achieved with bond proceeds in the near and long term.

The actual bond language should allow flexibility on the total units anticipated and in how the bond unit production goal is met. The bond measure (and its accompanying marketing collateral) should not require a certain percentage of new construction or a hard target for income distribution other than an upper limit of what will be considered affordable. Individual intergovernmental agreements can certainly be more prescriptive and hold local jurisdictions to negotiated production goals; the bond language should have flexibility on production targets so expectations can be met or exceeded.

### **Implementation Process**

Metro is uniquely situated to make regional funding available to local jurisdictions for affordable housing, which can help alleviate a severe problem that crosses all localities. Convening a regional conversation and sharing best practices are additional important roles that Metro is expert at and have ongoing value. Local jurisdictions, on the other hand, have the development experience and relationships with their residents, property owners and developers. They have the ability to best address housing affordability needs in their communities. Any implementation process should reflect these respective roles. Further, the process must be efficient, implementable, and of course, meet Metro's bond oversight responsibilities.

While the draft project by project approval process makes an attempt to provide for local implementation, its current configuration is unwieldy. I suggest Metro's Intergovernmental Agreements with local jurisdictions be the primary oversight mechanism. The IGAs could outline underwriting criteria, project eligibility standards, production goals, community engagement and participation, local implementation plans, and other considerations pertinent to bond covenants and regional (as well as local) objectives. To meet its bond oversight requirements, Metro could engage a regional oversight body to periodically review all jurisdictions' compliance with the terms of the IGA and deployment of annually allocated funds. If Metro –and/or its oversight body – determine funds are have been used in a manner consistent with the IGA, the next installment of funds would be made available to a local jurisdiction.

It is critical that each jurisdiction only be held to its obligations under the IGA and not be required to make up for other jurisdiction's failure to perform. While we are

all hopeful bond proceeds will be deployed efficiently and effectively region-wide, we must be held to only our performance rather than that of jurisdictions we have no authority over.

Finally, to meet racial equity standards, as well as other program specific goals, a local, rather than regional oversight committee should be created in each jurisdiction to ensure that the bond funds respond to local communities of color and projects are tailored to the needs of individual communities, rather than respond to the diffused goals of a diverse region.

In addition to the bond targets and implementation process, I have additional concerns that impact the ability to deploy bond proceeds effectively and establish consistent roles and responsibilities. They are as follows:

### **Administrative Fees**

The administrative fee cap is high and Metro has indicated these funds will not be allocated on the same pro rata share as bond proceeds. This is problematic because most jurisdictions will need to ramp up activities in order to ably deploy the funds. If Metro retains the bulk of administrative funds or only distributes funds after jurisdictions successfully submits projects to be funded, Metro may unintentionally impede implementation. We need to find an equitable and practical way to ensure administrative funds are distributed to implementing jurisdictions quickly before projects are funded. Given Metro's need to oversee compliance, I suggest Metro determine the amount it needs for this purpose and then allocate the remainder of administrative funds to local jurisdictions based on the same percentage breakdown as bond funds are distributed. I also recommend that the cap be reduced to 5% to maximize the dollars used to fund housing projects.

### **Metro Land Acquisition**

It is unclear how Metro will utilize 10% of bond proceeds to fund Metro's land acquisition program. What kinds of projects will Metro fund with these funds? How will Metro contribute to the overall bond housing targets and how will this contribute – or not – to a local jurisdiction's production goal requirement? Will Metro be held to the same timeframe for project delivery as local jurisdictions? How will Metro ensure consistency with local goals and plans? These questions and my concern about appropriate and efficient roles and responsibilities between Metro and local jurisdictions lead me to suggest that local jurisdictions

be the entities responsible for acquiring property for housing development, and Metro should negotiate transit oriented development objectives in the individual IGAs with each participating jurisdiction.

Given the comments above, and our collective need to ensure the proposed bond measure is successful and implementable, I strongly recommend we work through these issues before referring the bond to the voters. While the bond referral meeting is already calendared for the Metro council in early June, I understand the technical deadline for referral is mid-August. Let's use some of that time to ensure we all will have a successful housing bond program that helps meet our communities' needs, even if it means deferring the referral vote. We all know that these funds are essential to making a dent in the housing crisis, yet they can only help if we can actually deliver on the promises in the bond.

Thank you for taking leadership on this issue, and for your willingness to make changes to the program to ensure its effectiveness.

**From:** Kari Lyons-Eubanks [<mailto:kari@housingoregon.org>]  
**Sent:** Friday, May 18, 2018 5:16 PM  
**To:** Kate Fagerholm; Andy Shaw; Noelle Dobson  
**Subject:** Feedback on Proposed Framework

Hey folks,

I wanted to send along a few key feedback points as you gather all the public comment. The Coalition voted in consensus in support of the current framework with a hope that Metro can make a strong commitment to the recommendations under income guidelines. I will be sharing a larger report with you on May 31st as a result of our funding that will provide more feedback regarding racial equity and implementation.

### ***Income guidelines***

#### **Recommendations:**

- Build political support for a regional solution to the supportive services and housing voucher funding gap to ensure the aspiration to house those 0-30% MFI can become a reality.
- Maximize the number of people housed versus units built. Consider a target number or a percentage range to leave some flexibility to account for unknowns and risks.

•

### ***Acquisition versus new construction***

#### **Recommendations:**

- Housing development is extraordinarily based on opportunity and circumstances in a dynamic market which will require flexibility in rehab versus new construction
- Add specific language that ensures acquired units will be rehab units that would have been lost so that there is a net unit gain with either method.

### ***Bedroom unit allocation***

#### **Recommendations:**

To best suit the community need of family sized bedrooms (3+ bedrooms), we might be require a heavier reliance on new construction for units with more than two bedrooms.

--

Kari Lyons (she/her/hers)  
Director, Welcome Home Coalition  
1435 NE 81st Avenue  
Portland, Oregon 97213

P: 503-317-7524 E: [Kari@HousingOregon.org](mailto:Kari@HousingOregon.org)



# JOIN

Connecting the street to a home.

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Chris Bonner  
Hasson Company

Vice President  
Margaret Bryant  
Bryant Garcia Benefit  
Consultants

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Oregon Environmental  
Council

Kevin Kaufman  
CBRE, Inc.

Evelyn Liu  
Asian Pacific American  
Chamber of Commerce

Aaron Nawrocki  
Capital M Lending

Sara Westbrook  
Portland Police Bureau

Paulette Wittwer  
Community Volunteer

Ms. Martha Bennett  
Chief Operating Officer  
Metro Regional Government  
600 NE Grand Avenue  
Portland, OR 97232

Dear Ms. Bennett,

JOIN exists to support the efforts of our neighbors experiencing homelessness to move back into stable, affordable housing. We operate on the front lines of this housing crisis, serving people across our community. While based in and funded by the Cities of Gresham and Portland and Multnomah County, we support people transitioning back into housing throughout the Tri-County Region. As such, we see the need for apartments that are affordable to our lowest income neighbors in Multnomah, Clackamas, and Washington Counties. Oftentimes, peoples' homelessness is prolonged due to the lack of affordable housing and they continue to be unstably housed due to market rate rents far exceeding their minimum wage or social security income. Much of the resources in our communities is used to build housing for people at 40-80% AMI which does not serve this lowest income population. The Metro Bond provides a unique opportunity to fund housing development for those whom there exists no other funding mechanism.

We urge Metro to use, at a minimum, 45% of Bond dollars to build for our neighbors at 0-30% AMI. Additionally, we urge Metro to take lessons learned from our Portland Bond process and create family units at 3+ bedroom sizes. This not only meets the need expressed by the Homeless Family System of Care, where 31% of households waiting for housing services are over 4 people, primarily in 1 parent households, but also meets the need expressed by communities of color, including immigrant and refugee communities and intergenerational families. As an example, JOIN recently housed 2 families of 13 people. These households preferred to live together and we were fortunate to locate a building with 3 apartments next door to each other so they could provide the childcare and financial support across nuclear households. While this is anecdotal evidence, I can say they are not unique families, the solution we found was unique and not available to many of the large families falling into homelessness.

Metro has the unique opportunity to learn from the Portland Bond process and has done a good job of bringing in community voice to help design the framework

Mailing address: JOIN PO Box 16490 Portland, OR 97292 Website: [www.joinpdx.org](http://www.joinpdx.org)  
Physical address: JOIN 1435 NE 81<sup>st</sup> Ave, Ste 100 Portland, OR 97213 Tel: (503) 232-7052 Fax: (503) 232-4640

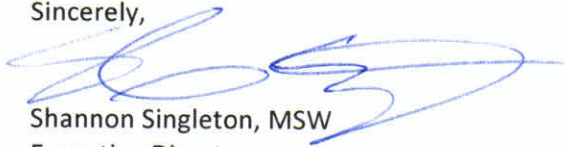


for this bond. JOIN encourages you to listen to that community voice and implement the framework they've designed—at least 45% of the units at 0-30%AMI with family sized units. Holding to these goals and values will not only begin to rebuild trust with these marginalized communities, but also will serve a large number of people. When we focus on people and not units, we believe that the Metro Bond is poised to make a significant impact on the people experiencing homelessness and housing instability in an extremely volatile housing market.

Thank you for your leadership on this Bond and helping to address the unmet housing needs of our most vulnerable and lowest income neighbors in our community. We look forward to working together to be a part of creating lasting change for many of the people we serve. We know this is not the only resource needed to address the housing crisis and we will continue to work with local jurisdictions to address their unique housing needs and ensure housing access for people across the income spectrum.

Thank you for your time. Please feel free to contact me with any questions or comments.

Sincerely,



Shannon Singleton, MSW  
Executive Director  
JOIN



Ms. Martha Bennett  
Chief Operating Officer  
Metro Regional Government  
600 NE Grand Ave.  
Portland, OR 97232

Dear Ms. Bennett,

Oregon Food Bank holds people experiencing hunger at the center of all we do. The issues and concerns facing the people we serve guide our programmatic decisions and direct our public policy efforts.

More and more, we hear from our clients about the strong connection between housing and hunger. They tell us about making the tough choice between paying for rent or for food and the struggle to find an affordable place to live. They tell us that the reason they visit food pantries and emergency meal sites is because of housing issues. In fact, the number one reason cited by clients for why they seek our services in the Portland metro area is housing. Housing issues are driving too many of our neighbors to experience hunger.

In order to end hunger, we need to address housing.

We appreciate all of Metro's efforts to address the affordable housing crisis in our region. We know that it will take a myriad of solutions to solve it, and we are grateful that Metro is stepping up and responding to the needs of the region. In particular, we applaud Metro's consideration of a general obligation bond to build and acquire affordable housing, an essential need in our community.

Metro has an opportunity to design a housing bond that does the most possible for our most vulnerable community members. We know that while our entire community is in a housing crisis, it is particularly impacting our community members most in need. We urge Metro to design a housing bond that is bold, robust, and works to address our largest affordable housing gap.

While we appreciate the initial draft framework of \$516.5 million bond, we urge Metro to design a more robust solution. We know that the need is so great, despite our entire community – government, community organizations, the private sector, individuals – prioritizing resources to address this crisis. We know we are short an estimated 48,000 affordable homes in the greater Portland area, and we need robust solutions to address that shortage. We urge Metro to design a solution that raises the most resources possible to address the needs of our community: go BIG!

Additionally, we also know that our community members most in need are disproportionately impacted by the housing crisis. When rents are raised sky-high and evictions are common, our community members with the least amount of resources are the most impacted. And the solutions

for meeting their housing needs are the most limited. Research shows us that the largest metro area affordable housing supply gap is for those making 0-30%MFI, and that government subsidy is the only tool to serve them. While we appreciate the draft framework target of 45 percent of units designated for 0-30%MFI, it should be the floor, not the ceiling. We urge Metro to design a solution that focuses on deep affordability and works to ensure that our most vulnerable community members have a safe, stable place to call home.

Metro has the ability to make a significant impact on the lives of our community members struggling to pay rent and find an affordable place to call home. Oregon Food Bank urges Metro to design a housing bond that does the most possible for our most vulnerable community members and helps to ensure more of our neighbors and community members have a safe, stable place to call home.

Sincerely,

Anneliese Koehler  
Public Policy Advocate, Oregon Food Bank

CC Elissa Gertler  
Andy Shaw  
Jes Larson  
Emily Lieb





**Deborah Kafoury**  
**Multnomah County Chair**

501 SE Hawthorne Blvd., Suite 600  
Portland, Oregon 97214  
Phone: (503) 988-3308  
Email: [mult.chair@multco.us](mailto:mult.chair@multco.us)

May 21st, 2018

Metro Council  
600 NE Grand Ave.  
Portland, OR 97232

Dear Metro President Hughes and Metro Council Members,

As you move closer to referring the proposed regional housing bond to voters, I want to thank you for the framework you've proposed for how to invest the money it would raise, especially your commitment to ensuring that at least 45 percent of all units funded will have rents affordable for households earning 30 percent of the area median income (AMI) or below.

Metro's recent snapshot documents the largest deficit in housing affordable for people earning 30 percent of AMI or less. These households include tens of thousands of extremely vulnerable people surviving on small fixed incomes, like Supplemental Security Income (SSI), Social Security or Veterans benefits. These households also include thousands of families working full time at minimum wage.

Given the way rents have skyrocketed in our region, these households are no longer just struggling with untenable rent burdens of 60 or 70 or 80 percent of their incomes; they are increasingly becoming -- and staying -- homeless. Every day we see these neighbors on our sidewalks, living in their cars and crowding into our shelters.

I'm well aware that it's hard to finance units with rents that someone making 30 percent of AMI can afford. I also know that financing those deeply affordable units may reduce the overall number of units the bond can produce. But this is a trade-off we have to make.

In fact, given the need on our streets, given the hardships facing our lowest-income families, I'm urging you to go even further -- to go above the currently proposed 45 percent share of deeply affordable units. Because right

now, even with that many units set aside for extremely low-income families, more than half of the units this bond would produce would go to households earning between 50 and 80 percent of AMI.

Like you, I have heard concerns that the 30 percent AMI units won't work unless we find additional resources for support services, based on the presumption that the extremely low-income households who rent these units will all need intensive ongoing support to succeed as tenants.

But that simply isn't the case. The average hospitality job in Multnomah County pays just \$21,000 a year, approximately 30 percent of AMI. Most of the workers in the region's 30,000+ minimum wage jobs don't need support services to be successful tenants. They just need a rent payment they can afford.


Similarly, more than 80 percent of families living on Home Forward's Housing Choice Vouchers fall under the 30 percent AMI threshold, and the vast majority are able to succeed as tenants, without intensive support services, because their rents are affordable.

It's true that some tenants in those deeply affordable units really will need ongoing support services -- a subpopulation of highly vulnerable people who need permanent supportive housing (PSH). And we also have to answer and address that critical need as a region. The bond, and the commitment to providing at least 45 percent of the units for neighbors making 30 percent AMI, is a tremendous opportunity to meet this challenge.

The fact that we have not yet identified a clear way to pay for those support services isn't a reason not to go big when it comes to providing deeply affordable housing. It's why we have to redouble our efforts to find dedicated services funding so that we can maximize the number of bond units that can be dedicated to PSH.

Thank you for your leadership in bringing this bond to the voters of Multnomah County and the region.

Sincerely,

A handwritten signature in black ink, reading "Deborah Kafoury". The signature is fluid and cursive, with the first name "Deborah" written in a larger, more prominent script than the last name "Kafoury".

Deborah Kafoury  
Multnomah County Chair

CC: Martha Bennett  
Roger Gonzales  
Jes Larson

**From:** [Bill Van Vliet](#)  
**To:** [Emily Lieb](#)  
**Subject:** RE: Regional Housing Measure Technical Advisory Group: framework recommendations, fact sheet, final feedback and comments  
**Date:** Monday, May 21, 2018 5:04:05 PM

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Hi Emily,

Thanks for this updated information, I'll review it again for any last comments.

Near the end of the last meeting one of the jurisdictional partners, maybe Chris Hartye, raised concern about Metro's need to evaluate projects a second time. I may have misinterpreted, but I sensed concern that Metro might change something after initial approval. That seems like an easy concern to address. We do it at NOAH on nearly every transaction—we evaluate and approve loans and then don't fund them for 24 months after we complete another evaluation. Everyone is comfortable with this structure (borrowers, construction lenders, and NOAH), because we issue a formal commitment letter after the first review. That letter is a legal commitment to fund once certain conditions are met (essentially that the project is built and operates as expected). Our second review is simply to confirm those certain conditions were met. Metro could propose a similar process.

The issue raised by Martha about projects "tipping over" once a certain concentration of PSH units is more challenging and I'm not sure how to address it other than somehow build in flexibility in case some adjustments need to be made. I need to understand the dynamic that Martha discussed better.

--bvv

**Bill Van Vliet**  
**Executive Director**  
**Network for Oregon Affordable Housing**  
1020 SW Taylor St., Suite 585  
Portland, OR 97205  
503.501.5680



[www.noah-housing.org](http://www.noah-housing.org)

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**From:** Laura Dawson-Bodner [mailto:Laura.Dawson-Bodner@oregonmetro.gov] **On Behalf Of** Emily Lieb  
**Sent:** Monday, May 21, 2018 12:54 PM  
**To:** 'Jonathan.Trutt@homeforward.org' <Jonathan.Trutt@homeforward.org>; 'Komi Kalevor' <Komi\_Kalevor@co.washington.or.us>; 'chuckrob@clackamas.us' <chuckrob@clackamas.us>; 'cmoylan@beavertonoregon.gov' <cmoylan@beavertonoregon.gov>;

May 22, 2018

Regional housing funding  
Metro  
600 NE Grand Avenue  
Portland, OR 97232

This letter provides comments from City of Gresham staff regarding the regional housing measure draft framework summary. While City Council has not taken a position on the proposed bond measure, the City of Gresham has spent considerable staff time participating in the technical advisory team and related meetings.

The draft framework was presented on the April 26, 2018 technical advisory team meeting. This framework was also shared at the final technical advisory team meeting on May 17, 2018. After reviewing, I would like to offer the following considerations.

Local implementation: The City has an existing process for housing investments. Any future regional measure oversight needs to support local decision making and allow for the timely and efficient distribution of funds. This includes:

- Oversight: Existing local oversight committees will be more effective than a single regional committee.
- Funding allocation: Making funding contingent on a project-by-project basis will slow project delivery and lead to inefficiencies. A better approach would be to provide funding upon an executed IGA and subject to annual review. This will allow for implementing jurisdictions to effectively appropriate funds in a dynamic market environment.

Commitment to racial equity: Staff appreciates the draft framework language emphasizing a commitment to equity. This framework would be stronger by acknowledging the need to abide by fair housing legislation. To that end, bond measure resources should not increase segregation or concentrations of poverty. Investments must affirmatively further fair housing, and the framework would be stronger by explicitly stating that.

Who to serve, and where to invest: In addition to the items identified in this category, bond funds should be prioritized in high opportunity neighborhoods in the region. The framework should acknowledge opportunities for ownership housing. The framework should also allow for partnerships to create services, retail, office, and other investments that support neighborhood and community development.

Regional housing model: Metro developed a regional model to develop production targets in units created and people served. I identify the following concerns:

- The model does not adequately reflect the funding necessary for services and operating expenses, particularly for homes at 30% MFI or below, which have typically required greater investment in services and operating costs.
- The model does not adequately capture variations in land acquisition costs. The price of land varies considerably across the region. However, Metro's model lacks the precision in land cost at a smaller than county-wide scale. While this may have been adequate for a regional production target estimate, it will complicate actual project development and implementation, particularly concerning decisions about where to invest.

I would like to see this feedback incorporated into the finalized framework. Thank you for your consideration.

Sincerely,

Brian Monberg  
Senior Manager  
Office of Governance and Management  
City of Gresham

To: Emily Lieb  
From: Cadence Petros  
Date: May 24, 2018

Subject: TAT Comments to Updated Bond Framework

Thank you for the opportunity to comment on the updated framework and Metro's continued collaboration with stakeholders to refine the concept. I appreciate the increased housing bond amount, the cost modifications to the model, and the assessed value distribution. Thanks also for removing the draft implementation process from the Metro council documents. This will provide needed flexibility to negotiate implementation IGA's in the coming months.

While these changes are helpful, more work remains to be done to ensure the bond measure can be implemented effectively. Some of my concerns relate to the number of 0-30% AMI units combined with the number of family sized-units, the implementation process, and the unknowns regarding administrative funding disbursement. I understand that in the past several days many stakeholders have been discussing the model and opportunities to make additional deeply affordable units possible. As we continue to refine the framework and process, I hope we will find ways to fully deliver on the promises included in the measure.

I remain concerned about the proposed implementation of the land acquisition funds to be retained by Metro. It is unclear how Metro will deploy those funds, what "land acquisition" means in the context of providing units, and how Metro will coordinate with local jurisdictions. This uneasiness is not a jurisdictional posturing issue but a real concern about Metro's role in an already crowded field of housing funders. As we move forward, I strongly suggest Metro include local partners as it identifies how its \$65M will be spent towards meeting bond goals.

Finally, the bond should provide local jurisdictions the right to opt-in to implementation if the constitutional amendment does not pass. As Metro will retain an implementation role in either constitutional scenario, local jurisdictions should have a similar ability.

A regional housing bond – if workable – will be a significant benefit to our community. Again, thank you for your ongoing commitment to providing regional funding for this much needed resource.



**VIA EMAIL**

Date: May 28, 2018

To: Emily Lieb

Cc: Robert Davis, Washington County  
Kathryn Harrington, Metro Councilor  
Martha Bennett, Metro

From: Komi Kalevor, Housing Authority of Washington County/Department of Housing Services  
Jennie Proctor, Office of Community Development

RE: **Metro Housing Bond Draft Framework**

Thank you and your colleagues for convening and gathering valuable input from the Technical Advisory and Stakeholder Committees. The Metro affordable housing bond is a bold initiative that will help create needed housing for lower income families in the metropolitan area.

This memorandum is provided in good faith and intended to help with setting 'realistic' goals while not forgetting the 'aspirational' ones. We may have additional comments as this important initiative moves forward.

The Housing Authority of Washington County (HAWC) administers HUD-funded housing programs for the most vulnerable county residents. However, the HAWC is also a developer of housing which positions staff well to offer feedback from a technical perspective about what unit mixes are realistically achievable given the development and the operational costs allowed by the bond. We urge you to revisit the framework's firm requirement that 45% of the homes be reserved for households at 30% or below median family income and revise it downwards to 20%, which will be more realistic and in alignment with known rental assistance subsidies such as Project-based Vouchers (PBV). As you know, the PBV's are not guaranteed as they are subject to congressional budget authority, extensive HUD requirements and environmental reviews. For perspective, 0-30% Median Family Income (MFI) in year 2018 translates to: \$15,690 for single person, \$17,940 for two person family, \$20,190 for three person family, and \$22,410 for a family of four. Generally, not in all cases of course, this population is referred to as 'hard to house' because of associated disabling conditions. This means the housing must be linked with sustainably funded supportive services to be successful.

The second point we wish you to consider is that the expectation of rental income from higher income units to shore up or cross-subsidize extremely low income units may not materialize fully, which will create a rental subsidy gap for jurisdictions with limited soft funding sources such as tax increment, program income and general funds.

As can be seen from the table on the next page, for Washington County projects, that rental assistance gap is estimated at \$1.8 million annually without a constitutional amendment and as high as \$2.6 million with a constitutional amendment.

Even if cross-subsidization happens as envisioned, there is the question of a stabilization period rental assistance need that may be from one, two or even three years. Furthermore, if the constitutional amendment passes, available cash flow will be maintained on a project by project basis which will further constrain ability to cross subsidize rents. There currently are no other operating subsidies in Washington County beyond PBV's (County or City).

Failure to provide needed supportive services or adequately cross subsidize extremely low-income units may likely embolden neighborhood groups to oppose future projects. Opposition to projects cause long delays and drive up costs in a market where construction cost increases can be as high as 1% per month. A recent local project experienced a year-long delay due to just such fierce opposition resulting in construction costs anticipated to be much higher than originally proposed.

We urge you to consider a range for the 0-30% targets (example: between 20%-45% of the units will be between 0-30% MFI) in line with what we know will be available from the PBVs. To reiterate, there currently are no other operating subsidies in Washington County beyond the PBVs available.

|   |      | With Constitutional Amendment | <u>Without Constitutional Amendment</u> |
|---|------|-------------------------------|---|
| Unit production per Metro model   |      | 3,200                         | 2,000                                   |
| # of persons to be served   |      | 10,000                        | 6,300                                   |
| Washington County share   | 0.34 | 1,088                         | 900                                     |
| Households reserved at 0-30% MFI  | 0.45 | 490                           | 405                                     |
| Rental Assistance (PBV) under discussion  |      | 200                           | 200                                     |
| <b>Gap</b>  |      | <b>290</b>                    | <b>205</b>                              |
| Estimated rental assistance needed before project stabilization assuming \$750 pupm<br>(Minimum \$500 needed for operating costs per METRO model) | 750  | <b>\$2,606,400.00</b>         | <b>\$1,845,000.00</b>                   |
| Wraparound Resident Services Funding Sources  |      | TBD                           | TBD                                     |
| Rental Income   |      | Project by project basis      | Portfolio basis                         |

A second area of concern is the "Administration and Oversight." Washington County has provided feedback at meetings with Metro staff on which we remain concerned. The local community partner (Housing Authority or local government) should have oversight of the project selection and approval process based on factors that are outlined in the Intergovernmental Agreement (IGA). Metro has indicated that requirements of the bond dictate this overlay because Metro, as the bond issuer, is ultimately responsible. We believe there may be other ways of providing this oversight to Metro via the IGA and believe that bond counsel can design a process that conforms with bond requirements while avoiding a drawn out conditional/final hierarchical system of approvals within Metro. The local jurisdictions are best suited to knowing the needs of their community and the Local Implementation Strategy (LIS) will be developed to meet those needs. An annual performance report can provide the feedback to Metro. The LIS can be linked to the IGA, which will allow us to choose/design projects that meet the goals of the bond.

Also under this issue area, we are greatly concerned about an allocation process that distributes the administrative dollars on a project-by-project basis. Jurisdictions will require that the necessary infrastructure and capacity be in place to handle the sheer volume of development that will come from this funding. Funding administration on a project-by-project basis will not allow this to

happen. We propose allowing the agreed upon percentage for administration to be allocated to participating entities at the start of each year of the bond. Allowable administrative costs can be outlined within the IGA.

While we have not yet seen the ballot measure language, we believe that the language must be formulated to allow the maximum flexibility for the partners. Setting unit goals may be required so that voters are able to envision what they are supporting. However, further granular detail than this in the ballot measure should be reserved for the IGA. Any unit goals stated in the ballot measure should include a range of units or phasing that allows maximum flexibility.

In closing, we would like to thank you for the hard work you have put into this effort. We look forward to continuing to work with you to find a path forward so that we may collectively serve the members of our regional community to the greatest extent possible.