

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 17-4846, FOR THE PURPOSE OF APPROVING FY 2017-18 FUNDING FOR 2040 PLANNING AND DEVELOPMENT GRANTS FUNDED WITH CONSTRUCTION EXCISE TAX

Date: October 9, 2017

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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 four cycles of grants, Metro awarded approximately \$19.1 million in grant funds to support 77 planning and development projects.

As part of the resolution approving the Cycle 4 grants in 2015, the Metro Council directed the COO and staff to return to the Council with a proposal regarding possible uses of unallocated CET revenue from Cycle 4. In response to the Metro Council's directive, the COO and Metro staff developed the Equitable Housing Planning and Development Grant Program as a subset of the CPDG program. The Metro Council accepted the COO's recommendation to create the Equitable Housing Planning and Development Grant Program with an initial budget of \$500,000 for a first round of grants, consisting of the \$230,000 in unallocated Cycle 4 revenue, plus an additional \$270,000 of CET revenue. Part way through the grant application process, Multnomah County relinquished a \$75,000 grant awarded during Cycle 4, which was for the purpose of planning and developing a homeless shelter, thus increasing the potential pool of available funding. On December 1, 2016 the Metro Council adopted Resolution No. 16-4753, which awarded approximately \$575,000 in Equitable Housing Planning and Development grants.

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
Approximate Total of Grant Dollars and Projects Awarded in Cycles 1-4			\$19.7 million	84

2017 Program Refinements and Policy and Investment Emphasis

In early 2017, the Metro COO and staff considered how the CPDG and Equitable Housing Planning and Development Grant programs had evolved and what revisions and approaches could help the planning and development grant program to be more effective in future cycles. In April 2017, the Metro Council approved Resolution 17-4782 which included the following program refinements for the 2017 grant cycle (Cycle 5):

- Change the CPDG program name to 2040 Planning and Development Grants to emphasize the program's connection to implementing the region's 2040 Growth Concept, to incorporate both the CPDG and the Equitable Housing Planning and Development Grant programs under one umbrella, and to reduce confusion with the federal government's Community Development Block Grant (CDBG) program acronym.
- Move to annual grant cycles and one application process for all grant types
- Utilize ZoomGrants software to facilitate submission of applications and ongoing grant administration
- Revise Administrative rules to clarify the range of acceptable project types; consolidate and refine the Grant Evaluation Criteria; and adjust administrative procedures to streamline grant administration and improve project delivery.

In adopting Resolution 17-4782, the Metro Council also established the proposed policy and investment emphasis for the 2017 grant cycle is as follows:

- 25% of grant funds targeted for concept planning or comprehensive planning projects in Urban Reserves or areas brought into UGB since 2009
- 50% of funds targeted for projects to facilitate development within the Urban Growth Boundary that have a strong emphasis on serving historically marginalized communities and/or equitable housing

- 25% of funds targeted for projects to facilitate development in centers, corridors, station areas, and employment areas
- In the event that there are not sufficient strong applications in any target area, grant funds may be allocated to other types of applications.

2040 Planning and Development Grant Application Process (2017/Cycle 5)

On April 17, 2017 the Cycle 5 Grant process was initiated and Metro began to accept draft Letters of Intent. Between May 1 and May 26, 2017 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 20 LOIs from local governments by the May 26, 2017 deadline. Of these, 19 were approved to submit full applications; one was declined by staff as it did not sufficiently meet program eligibility requirements.

Metro ultimately received a total of 18 full applications from 9 local governments by the June 30, 2017 deadline. Fourteen proposals requesting a total of \$2,486,556 applied for consideration under the Equitable Development funding category, two proposals requesting a total of \$262,500 applied for consideration under the Infill Development within the UGB category, and two proposals requesting a total of \$820,000 applied for the New Urban Areas and Urban Reserves category.

Metro staff reviewed the applications for completeness and to evaluate their appropriateness for consideration within their preferred category. The application from King City for the King City Main Street Master Plan was determined to be incomplete, and was not forwarded to the Screening Committee for further consideration. Two proposals that had applied for consideration under the Equitable Development Category were determined not to have a sufficient “primary” emphasis on equitable development to warrant consideration in that category. The proposal from the City of Tigard for the Tigard Triangle Urban Renewal Implementation project, and the proposal received from TriMet for the Greyhound Site Feasibility Study were reassigned by staff to be considered under the Infill Development within the UGB category.

2040 Planning and Development Grant Application Review and Recommendations

The nine 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 July and again in August to review the program goals and grant evaluation criteria and discuss the relative merits of the various applications. At the conclusion of their August meeting, the members of the committee came to a unanimous decision regarding the eight projects to recommend to the COO awarding a combined total of \$1,861,746 in grant funding out of the \$2 million in funding available. The committee also unanimously agreed to recommend that the balance of \$138,254 in funding not be awarded to fund an additional grant, but should rather be utilized to provide additional technical assistance to the various recommended grants as needed to facilitate project success. The committee’s Chair formally submitted a summary of the committee’s recommendations to the COO on September 26, 2017, attached as Addendum 1 to Exhibit A to Resolution 17-4846.

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 2017 grants, and the grant applications submitted. The COO has issued her recommendation to the Metro Council (Exhibit A to Resolution 17-4846) concurring that all eight of the projects recommended by the Grant Screening

Committee's be awarded full funding. COO Bennett has further recommended that one additional grant proposal from the City of Portland receive a conditional award of \$125,000 of grant funding, provided that the City identifies 3 or more community partners to participate in the project. The nine grant awards recommended by the COO total \$1,986,746. The COO also concurs with the Grant Screening Committee's suggestion that the remaining grant funds (\$13,254) be allocated by Metro staff as needed to help facilitate successful implementation of the grant projects.

The Metro Council will make the final grant decisions at the public hearing on **October 26, 2017**. 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. Projects that are not funded in this cycle will have another opportunity to apply for funding in the upcoming 2018 grant cycle.

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 ("2006 CET Ordinance) 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

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 2017-18 budget includes resources for staff in the Planning and Development Department to begin work in administering the proposed funds. The shift to annual grant cycles, combined with proposed process improvements, is intended to help streamline administrative aspects and operational efficiency of the program. Exact funding for any grant round is subject to the projected

excise tax revenues collected.

5. Attachments

Attachment 1: Summary of all 2040 Planning and Development Grant Applications Received for 2017

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 (2017/Cycle 5).