

## **STAFF REPORT**

IN CONSIDERATION OF RESOLUTION NO. 18-4898, FOR THE PURPOSE OF REFERRING TO THE METRO AREA VOTERS A BALLOT MEASURE AUTHORIZING GENERAL OBLIGATION BOND INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$652.8 MILLION TO FUND AFFORDABLE HOUSING; AND SETTING FORTH THE OFFICIAL INTENT OF THE METRO COUNCIL TO REIMBURSE CERTAIN EXPENDITURES OUT OF THE PROCEEDS OF SAID BONDS UPON ISSUANCE

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### **BACKGROUND**

Everyone deserves a safe, affordable home. Yet across greater Portland, thousands of people and families, especially communities of color, are unable to afford the high cost of housing and still have enough money for groceries and other necessities. More than 67,000 renters in the three-county region pay more than half their incomes toward housing costs.

Stemming from dual roots of rapid in-migration to the Portland region and a virtual shutdown of housing construction during the Great Recession, this crisis exacerbates other challenges our communities are confronting. These include gaps in educational achievement, economic opportunity, health, and access to key regional amenities, including parks and natural areas and safe, reliable transportation. It is a challenge affecting every community in the region, large and small. Yet historically, 95 percent of public investment in affordable homes in the region has been confined to Portland city limits.

Metro has worked with local partners for many years to support the creation of new housing for our region's growing population. Title 7 of the Metro Code encourages cities and counties to take advantage of technical and financial assistance programs provided by Metro to help achieve these goals. In 2007, the Metro Council adopted amendments to the Regional Framework Plan and the Metro Code that further clarified and advanced regional policies on housing choice and affordable housing. In 2010, the Metro Council passed Ordinance 10-1231B, including a finding that "providing Metro funding for increasing the Metro region's supply of affordable housing is a function of metropolitan concern."

The Metro Council launched the Equitable Housing Initiative in 2015 to continue Metro's history of responding to challenges that cross city and county lines through collaborative regional policymaking and strategy-setting. The initiative has described its goal as "ensuring diverse, quality, physically accessible, affordable housing choices with access to opportunities, services and amenities."

In January 2016, following considerable collaboration with regional partners, Metro released a four-part strategic framework for responding to the region's housing challenge. This strategic framework, presented at a regional housing summit in February 2016, included a number of actions intended to increase housing opportunity and mitigate displacement for different kinds of households and income levels across the region. The strategic framework clearly identified a need for public investment to create and protect affordable homes for residents and households the private housing market is largely unable to serve, including low-income families, seniors, people with disabilities, people of color and those experiencing or at risk of homelessness.

In late 2017, the Metro Council directed staff to collaborate with a broad range of local government and community partners to develop a potential investment framework that could create thousands of affordable homes throughout the region. Since that time, staff have worked with two advisory tables, jurisdictional partners, housing providers, culturally specific organizations and other stakeholders around the region to identify needs, opportunities and an implementation approach to do just that. Staff have also conducted detailed technical analysis and assessment of different investment scenarios, guided by values articulated by community stakeholders and technical advice provided by housing practitioners and jurisdictional partners. Staff have regularly consulted with the Metro Council throughout this time in briefings and work session discussions.

Based on this work with partners and the community, staff recommend a general obligation bond of \$652.8 million as a feasible and impactful regional investment in affordable homes for families, seniors and other individuals who need them. This resolution would refer such a bond to the Portland region's voters in November 2018.

## **ANALYSIS/INFORMATION**

### **1. Known Opposition**

Staff are aware that several local elected officials and citizens in the Metro region have stated they intend to oppose a regional investment in affordable homes, although others have stated they intend to support such an investment.

### **2. Legal Antecedents**

Metro is authorized under the Metro Charter, Chapter III and ORS Chapter 268 to issue and sell voter-approved general obligation bonds to finance the implementation of Metro's authorized functions.

On, January 25, 2007, the Metro Council amended and adopted the Regional Framework Plan and the Metro Code, via Ordinance No. 06-1129B ("For the Purpose of Amending the Regional Framework Plan to Revise Metro Policies on Housing Choice and Affordable Housing and Amending Metro Code Sections 3.07.710 through 3.07.760 to Implement the New Policies").

In February of 2010, the Metro Council passed Ordinance No. 10-1231B ("For the Purpose of Determining that Providing Financial Resources to Increase the Supply of Affordable Housing is a Matter of Metropolitan Concern"), which included the finding that "providing Metro funding for increasing the Metro region's supply of affordable housing is a function of metropolitan concern."

### **3. Anticipated Effects**

The effect of this resolution will be the referral to voters of a general obligation bond measure in the November 6, 2018 General Election.

### **4. Budget Impacts**

If the Metro Council approves this resolution, Metro staff would work with participating jurisdictions, including the three county housing authorities and eligible cities, to support the pre-development of local implementation strategies and intergovernmental agreements to advance affordable home creation through the bond. These activities will be funded through Metro's Equitable Housing

Initiative funding identified in the FY 2018-19 budget. If the measure is approved by voters, these related expenses can be reimbursed from bond proceeds.

The Council President's 2018-19 Budget also includes expenditures for information development and distribution through the Regional Investment Strategy.

The referral of this measure to the voters will require Metro to pay for election expenses, estimated at approximately \$150,000. This amount can change based on the number of issues on the ballot, and the number of region-wide items on the ballot. The Council President's 2018-19 adopted budget includes appropriation for this expense.

At the recommendation of the TSCC, budget authority for program expenses after the voters approve the measure is not included in the Council President's 2018-19 adopted budget. The Council will have the can establish appropriation authority related to the successful passage of the measure once the election has been certified. If the measure passes, staff will work with Council on the development of the bond measure program and the necessary budgetary appropriation to be approved by Ordinance at a later date.

#### **RECOMMENDED ACTION**

Staff recommends Council adoption of the resolution.