

IN CONSIDERATION OF RESOLUTION NO. 19-4975, FOR THE PURPOSE OF
APPROVING A CONCEPT ENDORSEMENT FOR THE CITY OF BEAVERTON'S PHASE I
HOUSING BOND PROJECT

Date: March 11, 2019
Department: Planning
Meeting date: March 21, 2019

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Presenter(s): Emily Lieb
Length: 15 min.

ISSUE STATEMENT

The City of Beaverton has requested a concept endorsement resulting in a preliminary commitment of \$3.0 million in Metro Housing Bond funding for the construction of the Mary Ann Apartments ("the Mary Ann"), a four-story affordable apartment building that will provide 54 residential units, including 26 two-bedroom units and 3 three-bedroom units. Eleven units will be affordable to households making 30 percent of area median income (AMI) or below. The Mary Ann will be developed by REACH CDC and will be located at 1st Street and Main Avenue in Downtown Beaverton.

Eligible implementation jurisdictions have been invited to submit up to one "Phase 1" project to Metro for consideration between March and June 2019, prior to completion of a full Local Implementation Strategy. The Mary Ann project concept will be submitted to Beaverton City Council on March 19 for concept approval and prioritization as the City's Phase 1 project. Because the project is seeking a preliminary funding commitment prior to completion of a full Local Implementation Strategy, Metro Council action is requested to provide a concept endorsement for this project.

Within the funding distribution framework approved by Metro Council (see *Exhibit B* of the Affordable Housing Bond Program Work Plan), and based on preliminary agreement among the three eligible implementation jurisdictions in Washington County, the City of Beaverton is eligible to administer \$31.14 million in total bond funding to support affordable housing projects that align with Bond Program goals. Beaverton staff are actively working to develop a Local Implementation Strategy consistent with the requirements set forth in the Affordable Housing Bond Program Work Plan (see *Exhibit C*) for consideration by the Housing Bond Community Oversight Committee and Metro Council in summer 2019.

ACTION REQUESTED

Adopt a resolution approving a Concept Endorsement for the Mary Ann as Beaverton's Phase I project, resulting in a preliminary commitment of \$3.0 million in Metro Bond Funds for the project. Final funding authorization would be subject to Metro COO authorization following demonstration of financial feasibility, compliance with bond requirements, and consistency with Beaverton's approved local implementation strategy.

IDENTIFIED POLICY OUTCOMES

The Mary Ann project would utilize 9.6% of Beaverton's total allocation of bond funds while delivering the following unit production outcomes:

- 25% of Beaverton's overall unit production target;
- 12% of Beaverton's target of units affordable to households making 30% or less of area median income (AMI); and
- 27% of Beaverton's family sized unit target.

The City of Beaverton is actively working on a Local Implementation Strategy that will define approaches to advancing racial equity and ensuring engagement of historically marginalized communities throughout implementation of Housing Bond projects. Outcomes related to advancing racial equity and supporting engagement of historically marginalized communities will need to be further defined in relationship to Beaverton's local implementation strategy prior to full funding authorization of the Mary Ann. These will include fair housing strategies and affirmative marketing plans, equitable contracting and hiring strategies or policies, culturally specific services, and community engagement.

See Exhibit A for additional details.

POLICY QUESTION(S)

Is the proposed Mary Ann project concept in alignment with the bond unit production targets and other outcomes described in Council's approved Housing Bond Framework adopted by the Metro Council in June 2018?

POLICY OPTIONS FOR COUNCIL TO CONSIDER

- Approve the concept endorsement by adopting Resolution No 19-4975. This will result in a commitment of funding conditional on demonstration of financial feasibility, compliance with bond requirements, and consistency with Beaverton's approved local implementation strategy.
- Do not approve the concept endorsement. This could impact the success of the project's application for federal 9% Low Income Housing Tax Credits (LIHTC), which would provide approximately \$11.4 million in funding, or 54% of total project cost, to the project.

STAFF RECOMMENDATIONS

Staff recommends adoption of Resolution No. 19-4975.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

The City of Beaverton is actively working on an implementation strategy for consideration by Metro Council in summer 2019. Beaverton City Council will consider a resolution to support the project concept for the Mary Ann on March 18, 2019.

The proposed Phase I project concept endorsement is based on numerous policies previously adopted by the Metro Council, including but not limited to:

- Resolution 19-4956, adopting the Housing Bond Program Work Plan
- Ordinance 19-1430, amending Metro Code Chapter 2.19 to establish the Metro Affordable Housing Bond Community Oversight Committee
- Resolution No. 18-4895, adopting the Initial Housing Bond Framework for implementation of the regional affordable housing bond
- Resolution No. 18-4898, referring the affordable housing bond measure to Metro District voters
- Ordinance No. 18-1423, For the Purpose of Determining that Affordable Housing is a Matter of Metropolitan Concern and Undertaking an Affordable Housing Function

Staff consulted with two volunteer members of the Housing Bond Community Oversight Committee prior to finalizing the staff recommendation for this Phase 1 project concept endorsement. Committee members concurred with staff's recommendations.

If Metro Council approves a concept endorsement, next steps for the Mary Ann will include:

- March 29, 2019: Deadline for project to apply for 9% LIHTC funding
- Summer 2019: Announcement of 9% LIHTC awards
- Summer 2019: Beaverton Local Implementation Strategy submitted to Housing Bond Community Oversight Committee for review, and potentially forwarded to Metro Council for approval
- Winter 2019/20: Final funding authorization for the Mary Ann (if 9% LIHTC approved)
- Winter 2019/20: Mary Ann project closing (if 9% LIHTC approved)
- Spring 2020: Mary Ann groundbreaking (if 9% LIHTC approved)

Staff is not aware of any opposition to the Mary Ann. Thus far, REACH has held a neighborhood meeting to discuss The Mary Ann and reported that all feedback was positive. REACH staff also presented the project to Beaverton's Diversity Advisory Board, which endorsed the concept.

BACKGROUND

Staff are aware of at least two other jurisdictions that have identified Phase I projects that they intend to submit for funding between March and June 2019. Staff previously discussed the purpose of Phase I projects with the Council at a work session on Dec. 11, 2018 and prior to approval of Resolution 19-4956 adopting the Housing Bond Program Work Plan on January 31, 2019.

ATTACHMENTS

Exhibit A: Phase I Concept Endorsement Staff Report: Mary Ann Apartments | Draft
3/11/2019