

HOUSING BOND IMPLEMENTATION UPDATE

Date: April 17, 2019
Department: Planning & Development
Meeting Date: April 30, 2019
Prepared by: Emily Lieb, 503-797-1921

Presenters: Elissa Gertler, Jes Larson,
Emily Lieb
Length: 45 minutes

OVERVIEW

Staff will provide an update on Regional Investment Strategy implementation activities underway for the Affordable Housing Bond Program, including:

- Local Implementation Strategies and community engagement
- Phase 1 Projects
- Community Oversight Committee
- Metro Site Acquisition Implementation Strategy and community engagement

Staff request Council clarification and direction on key policy issues, framed below, that relate to planning for Metro's Site Acquisition Implementation Strategy. The Strategy will be further shaped with input from community engagement in the next two months and will guide investment of up to \$62,016,000 in Housing Bond Funds. The Program will seek to support Local Implementation Partners in achieving the overall Unit Production Targets and to ensure alignment with guiding principles, including advancing racial equity.

ACTIONS REQUESTED

No immediate Council action is requested. Staff seek clarification and direction regarding immediate policy questions related to development of the Regional Site Acquisition Implementation Strategy.

Anticipated next steps for the Regional Site Acquisition Implementation Strategy include:

- April-May: Community engagement and coordination with Local Partners
- July: Council Work Session discussion of engagement outcomes and draft strategy
- August: Community Oversight Committee review of proposed implementation strategy; potential recommendation to Metro Council for approval
- September: Metro Council potential approval of Implementation Strategy and any related Work Plan amendments necessary to support the Council's policy direction

POLICY ISSUES AND REQUESTED DIRECTION

- 1) **Staff seek Metro Council confirmation that the Site Acquisition Program should seek to support the following outcomes.**

- A. ***Pilot-testing innovative approaches to cost efficiency, advancing racial equity and community benefits*** in projects developed on Metro acquired sites. Examples could include pilot projects incorporating homeownership, innovative housing types, supportive housing, modular construction, project labor agreements, and other emerging best practices for advancing racial equity (see attached *Emerging Best Practices to Operationalize Racial Equity in Affordable Housing Investments*).
- B. ***Complementary community investments***, as achieved through coordination with Metro's Regional Investment Strategy and local investment activities.
- C. ***Alignment of investment locations with existing Metro policies related to growth management, anti-displacement, and fair housing/housing choice***, resulting in investments in centers and corridors, neighborhoods with high displacement risk, and places with historic or potential future patterns of segregation.
- D. ***Distribution of investments across the region*** to support progress toward unit productions targets.

2) **Staff seek Metro Council confirmation that Metro's Regional Site Acquisition Program funds may be applied toward gap funding to support subsequent development that aligns with Program goals.**

The Housing Bond Work Plan provides flexibility for Metro's Regional Site Acquisition Program funds to be used to ensure subsequent development of projects on sites acquired through the Program. Site development will be coordinated with Local Implementation Partners, who will also be investing in project development on Metro acquired sites.

This flexibility enhances Metro's ability to support geographic distribution of Regional Site Acquisition investments and proportionate allocation of funding between land purchase and development costs to best support progress toward housing production targets. It also supports Metro's ability to incentivize innovation and best practices in implementation.

3) **Staff seek Council confirmation regarding approaches to advancing racial equity in Metro's Site Acquisition Program.**

Section 6.1 of Metro's Affordable Housing Bond Program Work Plan requires that Metro's Regional Site Acquisition Implementation Strategy include a strategy for advancing racial equity throughout implementation, in alignment with applicable Local Implementation Strategy approaches. This will be achieved through the following Strategy elements, consistent with requirements laid out in Exhibit C of the Work Plan:

- ***Location prioritization criteria*** that consider geographic distribution of housing investments, access to opportunity, strategies to address racial segregation, and strategies to prevent displacement and stabilize communities. These criteria will be developed to align with prior Council direction and established policy and further

shaped through conversations with Local Implementation Partner staff and community engagement currently underway;

- ***Plan to align with Local Implementation Strategies*** regarding:
 - fair housing strategies/policies to eliminate barriers to access;
 - requirements or competitive criteria for project to align culturally specific programming and supportive services to meet the needs of tenants;
 - engagement of communities of color and other historically marginalized communities to shape project outcomes
- ***Strategies for increasing economic opportunities for people of color*** throughout implementation, which could include goals or competitive criteria related to diversity in contracting or hiring.

4) Staff seek direction regarding establishment of specific goals for equitable contracting and workforce participation as part of Metro's Site Acquisition Program.

During the April 30th Work Session, staff will outline specific policy options the Council could consider, including costs, benefits, opportunities, and risks associated with different potential approaches to equitable contracting and workforce participation in projects developed through Metro's Regional Site Acquisition Program. Below is a preliminary summary of opportunities and challenges.

MWESB Goals

Minority, Women, and Emerging Small Business (MWESB) goals can be used to incentivize developers to contract with a certain percentage of registered MWESB businesses. MWESB goals are administered through "good faith efforts" by which developers commit to reaching out to a certain number of qualified businesses. Developers report on outreach and outcomes and public agency procurement offices monitor and report on progress toward goals.

Advantages:

- MWESB programs are relatively low cost and easy to implement.
- Setting of goals sends a clear message to industry partners that will result in the expansion of capacity over time.

Challenges:

- MWESB goals only reflect diversity in the ownership of contracted firms (defined as 51% ownership); they do not represent works actually employed on the job.
- There are a limited number of qualified MWESB firms in the region; this could impact the ability of projects to move forward and for the targets to be met.

- While some developers report no cost impact of a project goal of 20% MWESB goal, it is unclear of what the cost impacts might be of a significant increase in MWESB goals across the region.

Existing Landscape:

Currently, the majority of the eligible bond implementation jurisdictions do not have MWESB goals. Portland and Home Forward both have a 20% MWESB goal with a plan to get to 30% in five years. Other jurisdictions do not currently have goals but have indicated plans to consider them as part of Local Implementation Strategies. Oregon Housing and Community Services (OHCS) does not currently have an MWESB goal for funding they administer but is undertaking a statewide assessment to explore opportunities for incorporating MWESB goals into state program requirements.

Workforce Goals

Workforce participation goals may include goals for apprenticeship hours and workers who are women or identify as people of color. Participation outcomes are monitored through certified payroll systems that allow a general contractor to track hours worked by designated employees on each job. These policies are enforced by public agency staff assigned to randomly visit job sites.

Advantages:

- Workforce participation goals have a much greater impact on advancing economic opportunities for people of color, because they create benefits for people employed on projects, not just those who own the firms.
- Capacity building efforts such as the Construction Careers Pathways Project, also known as C2P2, are working to increase capacity to support a more diverse construction workforce.

Challenges:

- Workforce participation is much more costly to monitor and enforce, and requires investment in specialized software as well as ongoing staff capacity for monitoring and enforcement.
- There is a shortage of women and minority labor and apprenticeship programs, creating capacity challenges that cannot be solved through public agency goals alone, but require sustained investment in capacity building over time.

Existing Landscape:

Portland and Home Forward both have 20% apprenticeship goals with aspirational sub-goals for people of color (18%) and women (9%). Other jurisdictions do not currently have goals and have not indicated plans to consider them as part of Local Implementation Strategies, due to the cost of administration. Several but not all eligible Local Implementation Partners have signed on to the C2P2 initiative.

BACKGROUND

The Housing Bond Program Work Plan states that up to 10 percent of Bond Measure funds will be retained by Metro for the Regional Site Acquisition Program, which will seek to support Local Implementation Partners in achieving unit production targets. Program funds will be used to purchase regionally significant sites and may be used to help ensure subsequent project development.

Metro will create an implementation strategy outlining strategies for ensuring that regional site acquisitions are coordinated with Local Implementation Partners and aligned with the program's guiding principles. The Regional Site Acquisition Implementation Strategy will be informed by community engagement and coordination with Local Implementation Partners over the next two months, as well as by previous Council direction and existing Metro policy. The Strategy will be reviewed by the Community Oversight Committee in August, resulting in a potential recommendation to Metro Council for approval.

ATTACHMENTS

Emerging Best Practices to Operationalize Racial Equity in Affordable Housing Investments

- Is legislation required for Council action? ☐ Yes ☒ No
- If yes, is draft legislation attached? ☐ Yes ☒ No