

Attachment 1- Proposed Work Plan Changes

Staff proposes the following **Work Plan Changes** relating to Section 6 of the Housing Bond Work Plan, relating to eligible activities of the Metro Regional Site Acquisition Program, and Section 9 of the Work Plan, relating to procedures and protocols related to Program Operations, Capital Expenditures, and the Administrative Cost Cap. Proposed deletions are shown in ~~bold-red strikethrough~~ and additions are shown **blue bold**. The full sections 6 and 9 with proposed changes are shown below:

6. METRO REGIONAL SITE ACQUISITION PROGRAM

The Regional Site Acquisition Program will seek to support Local Implementation Partners in achieving the overall Unit Production Targets. Program funds will **primarily** be used to purchase regionally significant sites. Program funds may also be used to help ensure ~~subsequent project development~~. **the development of affordable housing on regionally significant sites owned by Metro, including but not limited to sites acquired by Metro's Transit Oriented Development Program.**

6.1 REGIONAL SITE ACQUISITION IMPLEMENTATION STRATEGY

Up to ten percent of Bond Measure funds will be retained by Metro for the Regional Site Acquisition Program. Metro will create a Regional Site Acquisition Implementation Strategy outlining commitments and strategies for ensuring that regional site acquisitions **and the expenditure of program funds** are coordinated with Local Implementation Partners to support regional progress toward Unit Production Targets. The Regional Site Acquisition Implementation Strategy will be aligned with the Guiding Principles.

The Regional Site Acquisition Implementation Strategy must include the following components, consistent with applicable required elements of Local Implementation Strategies, as described in Exhibit C:

- A. Development plan including criteria and selection process(es), including a process for engaging relevant Local Implementation Partners;
- B. Strategy for advancing racial equity throughout implementation, in alignment with applicable Local Implementation Strategy approaches; and
- C. Engagement report summarizing how stakeholder input shaped the development of the Regional Site Acquisition Implementation Strategy.

Metro will engage Local Implementation Partners throughout the development of the Regional Site Acquisition Strategy to ensure alignment and coordination with Local Implementation Strategies and approaches.

Approval and Revision Process

The Community Oversight Committee will review the Regional Site Acquisition Implementation and recommend such strategy for approval by Metro Council.

As needed, the Oversight Committee and/or Metro staff may recommend changes to the Regional Site Acquisition Implementation Strategy based on annual evaluation of Program outcomes. The Regional Site Acquisition Implementation Strategy may be revised only following approval by the Metro Council.

9. PROGRAM OPERATIONS

9.1 PROCEDURES MANUAL

A Program procedures manual (“Procedures Manual”) will be maintained by Metro to support fair and consistent consideration of Program funding requests, clear standards for reporting on Program outcomes, and continuous improvements in Program operations. Revisions to the Procedures Manual require Planning and Development Department Director approval.

The Affordable Housing Program procedures will include, at a minimum, guidance related to:

1. *Funding Concept Endorsement and Final Approval Guidelines*: Guidelines related to Metro staff project evaluation based on contribution to the Unit Production Targets relative to the amount of bond funding proposed, and consistency with the LIS, Bond Measure, and this Work Plan; ~~performance targets relative to the amount of Bond Funds contributed to a project and standards for replacement reserve funding;~~
2. *Risk Controls*: Preconditions for contractual commitments and release of funds, procedures for funding disbursement and ~~updates~~ monitoring during project construction, and recurring investment policies;
3. *Project Documentation Checklists and Templates*: List of required documents for Property Acquisition, Concept Endorsement, and Project Funding Authorization;
4. *Local Implementation Partner and Metro Site Acquisition Program Project and Program Outcomes Reporting*: Metrics, protocol, and templates for Local Implementation Partners and Metro’s Site Acquisition Program to submit (a) post-construction and post-occupancy project reports and (b) annual reports on program outcomes for review by the Community Oversight Committee; and
5. *Local Implementation Partner Administration Funding Financial Reporting Guidelines*: Protocol and templates for Local Implementation Partners to submit ~~work plan in order to receive administrative funding at the beginning of each fiscal year, including requirements for annual~~ end-of-year reporting on project and administrative expenditures, to demonstrate compliance with the Bond Measure and this Work Plan.

9.2 CAPITAL EXPENDITURES - ADMINISTRATIVE COST CAP

Bond Measure funds must be used to pay for or reimburse prior expenditures that constitute qualified capital costs, consistent with the requirements of the Bond Measure, the Oregon Constitution and other applicable law.

The purpose and focus of the Affordable Housing Program is to expand the region's supply of affordable housing. Consistent with requirements set forth in the Bond Measure, no more than five percent of total Bond Measure proceeds may be expended on administrative costs associated with the implementation of Program activities, including Program development and administration, financial administration, and monitoring and oversight functions prior to the completion of the Unit Production Targets. All administrative and Program costs funded with Metro Bond Measure proceeds must be capital costs, as defined by the Oregon Constitution and Oregon Statutes, allocable to affordable housing projects.

Subject to compliance with Oregon law and the Bond Measure, Local Implementation Partners are eligible to receive funding for administrative costs associated with Program implementation according to the distribution described in Exhibit B. Each Local Implementation Partner must submit ~~an annual~~ **a spending plan for the allocated annual funds and a** report demonstrating use of the previous year's funding ~~by April 1 of each year, including certifying as well as certification~~ that Metro Bond Measure funds have been and will be applied solely to the payment or reimbursement of capital costs consistent with Oregon law and the Bond Measure. ~~Once Metro has approved the spending plan, funding will be released on or after July 1 for the fiscal year commencing on July 1 and ending the following June 30.~~ A partial year allocation will be made available to eligible Local Implementation Partners for FY2018-19 in February 2019. **Further allocations will be available following execution of Implementation IGAs. All distributions of administrative funding will be conditioned on Local Implementation Partners making reasonable progress towards their Unit Production Targets. In order to maintain eligibility to receive Metro Bond Measure funds in advance for program implementation activities, all administrative expenditures must result in funding authorization for bond-funded affordable housing projects or assets within three years from the date of disbursement.**