

IN CONSIDERATION OF RESOLUTION NO. 19-5009 FOR THE PURPOSE OF
AUTHORIZING EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT WITH THE
CITY OF BEAVERTON FOR IMPLEMENTATION OF THE METRO AFFORDABLE
HOUSING BOND MEASURE

Date: November 6, 2019
Department: Planning & Development
Meeting date: November 21, 2019

Prepared by: Emily Lieb
Presenter(s): Emily Lieb
Length: 10 minutes

ISSUE STATEMENT

As directed by the Program Work Plan, staff has prepared an intergovernmental agreement (IGA) setting forth the terms and conditions under which Metro will disburse Metro Housing Bond funding to the City of Beaverton for eligible program activities. The proposed IGA is attached as Exhibit A to the Resolution.

The IGA is intended to provide clarity and accountability regarding the expenditure of bond funds to achieve specific Unit Production Targets.

Eligible funding amounts

Beaverton is eligible for the following funding amounts to support investment in Affordable Housing Projects that are consistent with the Bond Measure, Work Plan, and approved LIS.

- Eligible Share: \$31,140,595 to be disbursed on a Project by Project basis to support direct capital investments in eligible Affordable Housing Projects.
- Administrative Share: \$575,591 to be released in annual disbursements to support general costs associated with program administration activities.
 - This amount reflects the County's full Administrative Share allocation of \$655,591 less \$80,000 in Housing Bond funds previously disbursed to Beaverton for program administration activities in FY2019-20.

Unit production targets

Beaverton agrees to direct the above funding resources toward the creation of Affordable Housing to achieve the following unit production targets:

- Beaverton will support investments to create a total of 218 permanently affordable homes.
- At least 89 homes will be restricted to households earning 30% or less of area median income (AMI).
- At least 107 homes will be restricted to households earning 31% to 60% of AMI
- No more than 10% of units (22 of 218 total units) may be affordable to households making 61-80% of AMI.
- At least 109 units will contain two or more bedrooms.

General IGA provisions to ensure transparency and accountability

- All projects selected for bond funding must demonstrate consistency with Beaverton's Local Implementation Strategy (LIS), as confirmed through Metro staff review at the concept and final funding stage. See Beaverton's LIS attached as Exhibit A to the IGA.
- Beaverton will record a restrictive covenant ensuring long-term affordability and monitoring obligations for all approved projects.
- Beaverton will submit annual progress reports to Metro, which will be utilized by the Housing Bond Community Oversight Committee as part of their annual review. Along with project progress information, these reports will include metrics and narratives describing outcomes related to advancing racial equity.
- Metro will disburse administrative funding to Beaverton annually. See the Schedule of Administrative Funding Disbursement and Program Milestones attached as Exhibit B to the IGA.
- Beaverton will submit annual end-of-fiscal-year reports to Metro summarizing direct project expenditures and program administrative expenditures, the latter of which is subject to the 5% administrative cap included in the Housing Bond Measure.

Beaverton Local Implementation Strategy (LIS)

In July, Beaverton completed its Local Implementation Strategy (LIS). In accordance with requirements set forth in Metro's Housing Bond Program Work Plan, Beaverton's LIS includes a development plan to achieve the City's share of unit production targets and strategies for advancing racial equity and ensuring community engagement throughout implementation. Key highlights of Beaverton's LIS include:

- Portfolio approach to achieve the unit production targets through four projects, including:
 - Mary Ann Apartments, which received a concept endorsement from Metro Council as a Phase 1 project on March 11, 2019;
 - Plans to partner with Metro on the development of the Metro owned Elmonica site at 170th and Baseline, to be facilitated through a joint developer solicitation process;
 - One site to be acquired by the City using bond funds, for development through a Request for Qualifications (RFQ) process; and
 - One project to be selected through an open Notice of Funding Availability (NOFA) process;
- Creation of a Housing Technical Advisory Group to advise staff on investment decisions;
- Requirements for project sponsors to make good faith efforts to achieve 20% subcontracting participation on the development hard and soft costs to COBID certified MWESBDVs;

- Requirements that project developers/owners use low barrier screening and best practice affirmative marketing strategies; and
- Requirement that project developers/owners track the labor force demographic and hours worked by each apprentice.

The Beaverton LIS was reviewed and discussed by the Housing Bond Community Oversight Committee at their July 24th meeting, where Committee members present voted unanimously to recommend the LIS to Metro Council for approval with considerations for ongoing monitoring. A copy of the Oversight Committee's recommendation and noted considerations is attached to this Staff Report.

REQUESTED

Adopt Resolution No. 19-5009, authorizing the Chief Operating Officer to execute an intergovernmental agreement with the City of Beaverton for implementation of the Metro Affordable Housing Bond Measure.

IDENTIFIED POLICY OUTCOMES

Once the IGA is finalized, Beaverton will be eligible to receive \$31,140,595 in Metro bond funding for disbursement on a project-by-project basis, and \$575,591 in funding for program administration costs between FY19-20 and FY25-26, including \$143,898 in FY19-20 administration funding to be disbursed within 30 days of the execution of the IGA.

Ongoing disbursement of funds will be contingent upon demonstrated progress toward achieving Beaverton's share of the Unit Production Targets and Beaverton's compliance with its LIS.

POLICY QUESTION(S)

- Does the Council believe the IGA provides the necessary accountability structures and mechanisms to ensure the region's success in fulfilling the commitments articulated in the Housing Bond Measure?
- Does the Council believe Beaverton's LIS (attached as Exhibit A to the IGA) meets the requirements established by the Council in the Program Work Plan, as recommended by the Community Oversight Committee?

POLICY OPTIONS FOR COUNCIL TO CONSIDER

- Authorize the execution of an intergovernmental agreement with the City of Beaverton for implementation of the Metro Affordable Housing Bond Measure by adopting Resolution No. 19-5009. Such authorization would effectively approve Beaverton's LIS, which is incorporated into the IGA as Exhibit A.
- Reject proposed intergovernmental agreement with the City of Beaverton for implementation of the Metro Affordable Housing Bond Measure, and direct staff to renegotiate the terms and conditions upon which funding will be provided.

STAFF RECOMMENDATIONS

Staff recommends adoption of Resolution No. 19-5009.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

The IGA was shaped through the direction provided in the Housing Bond Program Work Plan, adopted by Metro Council on January 31, 2019, and through consideration of applicable state laws pertaining to the program. Staff from Planning & Development; Office of Metro Attorney; Finance and Regulatory Services; Risk Management; and external bond counsel have all been consulted in development of the IGA.

Metro staff have worked with staff at all seven eligible local implementation partners over the past six months to develop IGA terms that protect the integrity of the program and ability for implementation partners to achieve prescribed outcomes. Beaverton City Council is scheduled to consider approval of the IGA on November 12.

To inform the creation of the LIS, the City of Beaverton hosted eight events, including a listening session for the general public and specific outreach targeting the Arabic community, Latino parents in the Beaverton School District, and Habitat for Humanity clients. Events included translation services and childcare and were hosted at a variety of locations and times to ensure inclusivity. Through these efforts, the City reached over 200 people, and 69% of those who provided demographic information were people of color. Engagement themes included housing barriers, service needs, and location criteria for affordable housing investments. Beaverton City Council reviewed the final LIS on July 9, prior to its referral to Metro for consideration.

Oversight Committee members present at the July 24th meeting voted unanimously to recommend Metro Council approval of the LIS as part of the IGA. Staff are not aware of any opposition to Beaverton's LIS or to the IGA.

The proposed Resolution is based on numerous policies previously adopted by the Metro Council, including but not limited to:

- Resolution No. 19-4956, approving the Metro Affordable Housing Bond Program Work Plan
- Resolution No. 18-4898, referring the Affordable Housing Bond Measure to Metro District voters

ATTACHMENTS

Attachment 1: Metro Housing Bond Community Oversight Committee Recommendations for Beaverton's Local Implementation Strategy