

IN CONSIDERATION OF RESOLUTION NO. 19-5008 FOR THE PURPOSE OF
AUTHORIZING EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT WITH THE
WASHINGTON COUNTY FOR IMPLEMENTATION OF THE METRO AFFORDABLE
HOUSING BOND MEASURE

Date: November 22, 2019
Department: Planning & Development
Meeting date: December 5, 2019

Prepared by: Emily Lieb
Presenter(s): Emily Lieb
Length: 5 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 Washington County 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

Washington County 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: \$116,188,094 to be disbursed on a Project by Project basis to support direct capital investments in eligible Affordable Housing Projects.
- Administrative Share: \$2,303,216 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 \$2,451,906 less \$148,690 in Housing Bond funds previously disbursed to Washington County for program administration activities in FY2019-20.

Unit production targets

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

- The County will support investments to create a total of 814 permanently affordable homes.
- At least 334 homes will be restricted to households earning 30% or less of area median income (AMI).
- At least 399 homes will be restricted to households earning 31% to 60% of AMI
- No more than 10% of units (81 of 814 total units) may be affordable to households making 61-80% of AMI.

- At least 407 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 Washington County's Local Implementation Strategy (LIS), as confirmed through Metro staff review at the concept and final funding stage. See Washington County LIS attached as Exhibit A to the IGA.
- Washington County will record a restrictive covenant ensuring long-term affordability and monitoring obligations for all approved projects.
- Washington County 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 the County annually. See the Schedule of Administrative Funding Disbursement and Program Milestones attached as Exhibit B to the IGA.
- Washington County 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.

Washington County Local Implementation Strategy (LIS)

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

- Portfolio approach to developing approximately 13 projects, to be primarily developed by private/nonprofit developers selected through competitive RFP or NOFA processes, and including the Community Development Partners (CDP) apartment development at 72nd and Baylor in Tigard, which received a concept endorsement from Metro Council as a Phase 1 project on July 11, 2019;
- Goal to provide 100 permanent supportive housing (PSH) units by seeking opportunities to leverage existing county service resources and new statewide resources;
- \$25 million set-aside for Small Non-Profits and Community Housing Development Organizations (CHDO), who will have opportunities to propose projects outside of the NOFA/RFP process;
- Threshold utilization goal of 15% for state certified COBID/MWESB firms, with an aspirational goal of 20%;
- Commitment to work with WorkSystems and Metro to develop apprenticeship programs, as well as participation in Metro's Construction Careers Pathways Projects (C2P2); and

- Requirements that project developers/owners use low barrier screening and best practice affirmative marketing strategies.

The County's 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. 19-5008, authorizing the Chief Operating Officer to execute an intergovernmental agreement with Washington County for implementation of the Metro Affordable Housing Bond Measure.

IDENTIFIED POLICY OUTCOMES

Once the IGA is finalized, Washington County will be eligible to receive \$116,188,094 in Metro bond funding for disbursement on a project-by-project basis, and \$2,303,216 in funding for program administration costs between FY19-20 and FY25-26, including \$460,000 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 the County's share of the Unit Production Targets and the County'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 Washington County'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 Washington County for implementation of the Metro Affordable Housing Bond Measure by adopting Resolution No. 19-5008. Such authorization would effectively approve Washington County's LIS, which is incorporated into the IGA as Exhibit A.
- Reject proposed intergovernmental agreement with Washington County 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. 19-5008

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. The Washington County Board of Commissioners is scheduled to consider approval of the IGA on December 3.

To inform the creation of the LIS, Washington County engaged over 300 community members as well as individuals representing more than 50 agencies. Community members included people with low incomes, seniors, youth experiencing housing instability, people with physical or developmental disability, people with mental health or addiction concerns, people with limited English proficiency, immigrants and refugees, residents of low-income housing, service providers, veterans, and tribal community members. Engagement themes included housing barriers, service needs, location priorities, and affirmative marketing opportunities for affordable housing investments.

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 Washington County'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. 19-5015, amending 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 regarding Washington County's Local Implementation Strategy