

IN CONSIDERATION OF RESOLUTION NO. 20-5070 FOR THE PURPOSE OF
AUTHORIZING EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT WITH THE
CITY OF HILLSBORO FOR IMPLEMENTATION OF THE METRO AFFORDABLE
HOUSING BOND MEASURE

Date: January 9, 2020
Department: Planning & Development
Meeting date: January 23, 2020

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 Hillsboro 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

Hillsboro 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: \$40,657,081 to be disbursed on a Project by Project basis to support direct capital investments in eligible Affordable Housing Projects.
- Administrative Share: \$855,939 to be released in annual disbursements to support general costs associated with program administration activities.

Unit production targets

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

- Hillsboro will support investments to create a total of 284 permanently affordable homes.
- At least 117 homes will be restricted to households earning 30% or less of area median income (AMI).
- At least 139 homes will be restricted to households earning 31% to 60% of AMI
- No more than 10% of units (28 of 284 total units) may be affordable to households making 61-80% of AMI.
- At least 142 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 Hillsboro's Local Implementation Strategy (LIS), as confirmed through Metro staff review at the concept and final funding stage. See Hillsboro's LIS attached as Exhibit A to the IGA.
- Hillsboro will record a restrictive covenant ensuring long-term affordability and monitoring obligations for all approved projects.
- Hillsboro 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 Hillsboro annually. See the Schedule of Administrative Funding Disbursement and Program Milestones attached as Exhibit B to the IGA.
- Hillsboro 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.

Hillsboro Local Implementation Strategy (LIS)

In July, Hillsboro completed its Local Implementation Strategy (LIS). In accordance with requirements set forth in Metro's Housing Bond Program Work Plan, Hillsboro'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 Hillsboro's LIS include:

- Portfolio approach to achieve the unit production targets through two to five projects;
- Priority for development of housing on existing City owned land;
- Focus on development of new affordable rental housing in neighborhoods that do not currently have significant amounts of affordable housing;
- Consideration for new construction as well as acquisition/rehabilitation projects to prevent displacement due to rent increases in low income area, especially in the downtown core;
- Consideration for affordable homeownership investments that meet the goals of the LIS and Metro bond;
- Creation of an Affordable Housing Project Advisory Committee to advise staff on project selection prior to approval by Hillsboro City Council;
- Developer selection criteria considering track record on hiring a diverse workforce, affirmative marketing to historically marginalized communities, low barrier screening criteria, and culturally specific resources and services;
- Goal of 20% of total development costs awarded to contracts with COBID certified firms.

The Hillsboro LIS was reviewed and discussed by the Housing Bond Community Oversight Committee at their September 4, 2019, 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. 20-5070, authorizing the Chief Operating Officer to execute an intergovernmental agreement with the City of Hillsboro for implementation of the Metro Affordable Housing Bond Measure.

IDENTIFIED POLICY OUTCOMES

Once the IGA is finalized, Hillsboro will be eligible to receive \$40,657,081 in Metro bond funding for disbursement on a project-by-project basis, and \$855,939 in funding for program administration costs between FY19-20 and FY25-26, including \$171,188 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 Hillsboro's share of the Unit Production Targets and Hillsboro'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 Hillsboro'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 Hillsboro for implementation of the Metro Affordable Housing Bond Measure by adopting Resolution No. 20-5070. Such authorization would effectively approve Hillsboro's LIS, which is incorporated into the IGA as Exhibit A.
- Reject proposed intergovernmental agreement with the City of Hillsboro 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. 20-5070.

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. Hillsboro City Council approved the IGA, including the final LIS, on January 7, 2020.

To inform the creation of the LIS, the City of Hillsboro partnered with Washington County and the City of Beaverton to engage over 500 community members and over 50 agencies. The City of Hillsboro conducted a listening session with Latino parents from the Hillsboro School District. Engagement themes included housing barriers, service needs, and location criteria for affordable housing investments. Hillsboro City Council initially reviewed and discussed the first draft of Hillsboro's LIS at a July 2, 2019, Work Session. A second draft of the LIS incorporating stakeholder comments was provided to the Council in August 2019.

Oversight Committee members present at the September 4, 2019, meeting voted unanimously to recommend Metro Council approval of the LIS as part of the IGA. Staff are not aware of any opposition to Hillsboro'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 Hillsboro's Local Implementation Strategy