

IN CONSIDERATION OF RESOLUTION NO. 20-5071 FOR THE PURPOSE OF
AUTHORIZING EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT WITH THE
CITY OF GRESHAM FOR IMPLEMENTATION OF THE METRO AFFORDABLE
HOUSING BOND MEASURE

Date: January 23, 2020
Department: Planning & Development
Meeting date: February 6, 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 Gresham 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

Gresham 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: \$26,756,995 to be disbursed on a Project by Project basis to support direct capital investments in eligible Affordable Housing Projects.
- Administrative Share: \$563,305 to be released in annual disbursements to support general costs associated with program administration activities.

Unit production targets

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

- Gresham will support investments to create a total of 187 permanently affordable homes.
- At least 77 homes will be restricted to households earning 30% or less of area median income (AMI).
- At least 91 homes will be restricted to households earning 31% to 60% of AMI
- No more than 10% of units (19 of 187 total units) may be affordable to households making 61-80% of AMI.
- At least 93 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 Gresham's Local Implementation Strategy (LIS), as confirmed through Metro staff review at the concept and final funding stage. See Gresham's LIS attached as Exhibit A to the IGA.

- Gresham will record a restrictive covenant ensuring long-term affordability and monitoring obligations for all approved projects.
- Gresham 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 Gresham annually. See the Schedule of Administrative Funding Disbursement and Program Milestones attached as Exhibit B to the IGA.
- Gresham 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.

Gresham Local Implementation Strategy (LIS)

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

- Portfolio approach to achieve the unit production targets through approximately four projects;
- Priority for rehabilitation of deteriorating but still good quality housing;
- Interest in utilizing bond investments for affordable ownership housing, or aligning asset building programs such as Individual Development Accounts (IDAs) into rental housing development;
- Focus on development of new affordable housing in high opportunity neighborhoods and sites and in areas with existing underserved diverse populations;
- Requirements for developers to incorporate affirmative marketing strategies, low barrier screening criteria, and culturally specific programming and supportive services;
- Goal of 20% of total development costs awarded to contracts with COBID certified firms

The Gresham LIS was reviewed and discussed by the Housing Bond Community Oversight Committee at their November 6, 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. 20-5071, authorizing the Chief Operating Officer to execute an intergovernmental agreement with the City of Gresham for implementation of the Metro Affordable Housing Bond Measure.

IDENTIFIED POLICY OUTCOMES

Once the IGA is finalized, Gresham will be eligible to receive \$26,756,995 in Metro bond funding for disbursement on a project-by-project basis, and \$563,305 in funding for program administration costs beginning in fiscal year 2021-22, according to the schedule in Exhibit B of the IGA. Ongoing disbursement of funds will be contingent upon demonstrated progress toward achieving Gresham's share of the Unit Production Targets and Gresham'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 Gresham'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 Gresham for implementation of the Metro Affordable Housing Bond Measure by adopting Resolution No. 20-5071. Such authorization would effectively approve Gresham's LIS, which is incorporated into the IGA as Exhibit A.
- Reject proposed intergovernmental agreement with the City of Gresham 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. 20-5071.

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. Gresham City Council is scheduled to consider approval of the IGA, including the final LIS, on February 4, 2020.

To inform the creation of the LIS, the City of Gresham conducted a range of engagement activities, including interviews with service providers, conversations with school district staff, and community members representing the African America, Latino, and Slavic communities within the city. The City partnered with Home Forward to host a listening session with residential service coordinators and a summit of approximately 25 organizations that provide residential services and housing. The Gresham Task Force on

Housing, a citizen stakeholder group that met from Fall 2018 to Spring 2019 also incorporated engagement that helped to inform the LIS through testimonies about housing needs.

Oversight Committee members present at the November 6, 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 Gresham'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 Gresham's Local Implementation Strategy