



# Intergovernmental Agreement

## Affordable Housing Bond Measure Program IGA

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Metro Contract No. XXXXX

### **GRANT OF AFFORDABLE HOUSING FUNDING Metro to City of Portland**

THIS INTERGOVERNMENTAL AGREEMENT ("Agreement") is between Metro, a metropolitan service district organized under the laws of the State of Oregon and the Metro Charter, located at 600 N.E. Grand Avenue, Portland, Oregon 97232-2736, and the City of Portland, a municipal corporation of the State of Oregon, by and through the Portland Housing Bureau ("PHB", "Local Implementation Partner" or "LIP"), with offices located at 421 SW 6th Avenue Suite 500, Portland, OR 97204, and is dated effective as of the last day of signature set forth below (the "Effective Date"). The parties represent that they have the authority to enter into this Agreement pursuant to the powers contained in their respective charters and in ORS 190.010.

### RECITALS

A. The electors of Metro approved Ballot Measure 26-199 on November 6, 2018 (the "Bond Measure"), authorizing Metro to issue \$652.8 million dollars in general obligation bonds to fund affordable housing (the "Bonds").

B. On January 31, 2019, the Metro Council adopted Resolution No. 19-4956, which, among other things, provides that Metro will distribute a portion of the proceeds of the Bonds (the "Bond Proceeds") to eligible local government affordable housing implementation partners, and LIP is a participating local government partner eligible to receive Bond Proceeds.

C. The parties desire to enter into this Agreement to provide the terms and conditions under which Metro will provide Bond Proceeds to LIP to implement the Bond Measure goals, requirements, and restrictions set forth in the Work Plan.

NOW THEREFORE, in consideration of the mutual covenants of the parties set forth in this Agreement, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

**1. Definitions.** In addition to the definitions above, capitalized terms used in this Agreement have the definitions set forth in this Section 1.

1.1. “Administrative Costs” means Capital Costs that are not Direct Project Costs, including general program administrative expenses (e.g. staff support and overhead costs attributable to Bond Measure program implementation), and expenses related to community engagement and outreach.

1.2. “Affordable Housing” means land and improvements for residential units occupied by low-income households making 80% or less of area median income, consistent with the intents and purposes of the Bond Measure.

1.3. “Affordable Housing Project(s)” or “Projects” means Affordable Housing that is developed, built or acquired by LIP using Bond Proceeds, or supported by LIP through grants or loans of Bond Proceeds, burdened by a Restrictive Covenant or Regulatory Agreement.

1.4. “Area Median Income” or “AMI” means median gross household income, adjusted for household size, for the Portland, Oregon metropolitan statistical area as established each year by HUD.

1.5. “Capital Costs” means costs of Affordable Housing that are capitalizable under generally acceptable accounting principles (GAAP), which costs include the costs of capital construction, capital improvements or other capital costs, as those terms are defined by the relevant provisions of the Oregon Constitution and Oregon law (including ORS 310.140).

1.6. “Concept Endorsement” is as defined in Section 4.1, below.

1.7. “Conversions” means conversion of existing, occupied market-rate housing units to Affordable Housing units burdened by a Restrictive Covenant.

1.8. “Direct Project Costs” means Capital Costs that are expended for the acquisition, development, or construction of an Affordable Housing Project.

1.9. “Disbursement Request” is as defined in Section 4.3, below.

1.10. “Eligible Share” means that portion of the Bond Proceeds totaling \$192,605,635.

1.11. “Final Approval” is as defined in Section 4.2, below.

1.12. “LIS” means the LIP’s local implementation strategy document adopted by LIP and attached to this Agreement as **Exhibit A**.

1.13. “LIS Annual Progress Report” is as defined in Section 8.1, below.

1.14. “New Construction” means development and construction of a new Affordable Housing Project.

- 1.15. “Oversight Committee” means the Affordable Housing Bond Community Oversight Committee created pursuant to Metro Code Section 2.19.260.
- 1.16. “Project Delivery Fee” means any fee PHB may elect to charge Projects financed by PHB to pay for, among other things, its Administrative Costs.
- 1.17. “Project Funds” means that portion of Eligible Share committed through the Project approval process set forth and distributed in accordance with Section 4.
- 1.18. “Property Acquisitions” means real property acquisitions by LIP to be used for future development of an Affordable Housing Project.
- 1.19. “Regional Investment” is as defined in Section 2.2, below.
- 1.20. “Regional Site Acquisition Program” means the program implemented by Metro to use Bond Proceeds to acquire and develop regionally significant sites for Affordable Housing.
- 1.21. “Regulatory Agreement” means an agreement pursuant to which the recipient of public funds including without limitation Bond Proceeds, covenants to maintain an Affordable Housing Project for this use in accordance with unit affordability parameters for a term of years that will meet or exceed the requirements of the Metro Bond as described in Section 5 of the Agreement.
- 1.22. “Restrictive Covenant” is as defined in Section 5, below.
- 1.23. “Term” is as defined in Section 10.1, below.
- 1.24. “Unit Production Targets” means those targets set forth in Section 2.1 below.
- 1.25. “Unit(s)” means residential units in an Affordable Housing Project.
- 1.26. “Work Plan” means Metro’s Affordable Housing Bond Measure Program Work Plan adopted by the Metro Council by Resolution 19-4956, as subsequently amended by the Metro Council on October 17, 2019 by Resolution 19-5015.

## **2. Unit Production Targets**

2.1. Unit Production Targets. LIP hereby agrees to adopt and take all necessary and appropriate action to implement the Unit Production Targets set forth below. The parties anticipate the LIP’s Unit Production Targets will be met using a combination of funds, including LIP’s Eligible Share and Metro’s Regional Investment. LIP’s failure to make reasonable progress towards meeting its Unit Production Targets, in accordance with the timeline attached hereto as **Exhibit B**, is grounds for termination of this Agreement by Metro as provided in Section 10, after which Metro shall have no further obligation to distribute the Eligible Share for those projects that have not received a Concept Endorsement.

## **Exhibit A to Resolution No. 20-5126**

- 2.1.1. Total Unit Target: 1,315. This is the minimum total number of Units to be built or acquired with Bond Proceeds. Should LIP build or acquire additional units above the Total Unit Target using its Eligible Share, those units may be occupied by households earning anywhere between 0-80% so long as 30% or Below Target and the 31%-60% Unit Target have been satisfied.
- 2.1.1. 30% or Below Target: 539. This is the number of the Total Unit Target that will be restricted to households earning 30% or less of AMI, in accordance with the terms of the Regulatory Agreement or Restrictive Covenant. If any of the 30% or less AMI units have rental subsidies and/or operating support through Federal, State or Local sources and such source(s) become unavailable, then the income restrictions associated with these 30% or below AMI units may become available to households with higher AMIs in accordance with the applicable Regulatory Agreement so long as these units satisfy the definition of Affordable Housing under the terms of this Agreement.
- 2.1.2. 31%-60% Unit Target: 644. This is number of the Total Unit Target that will be restricted to households earning 31%-60% of AMI, in accordance with the terms of the Regulatory Agreement or Restrictive Covenant.
- 2.1.3. 61-80% Cap: 132. This is the maximum number of units contributing to the Total Unit Target that may be income restricted to households earning 61-80% of AMI, unless the Total Unit Target is exceeded, in accordance with the terms of the Regulatory Agreement or Restrictive Covenant.
- 2.1.4. Two-Bedroom+ Target: 657. This is the number of the Total Unit Target that will be two or more bedrooms.

2.2. Impact of Regional Program. Metro will use ten percent of the total Bond Proceeds to fund and operate its Regional Site Acquisition Program. The parties expect that Metro's Site Acquisition Program will spend approximately \$23,450,731 within LIP's jurisdictional boundary (the "Regional Investment"). Units created in projects that utilize Regional Investment will contribute towards LIP's Unit Production Targets, unless otherwise agreed to by the parties. Metro will make good faith efforts to align its Regional Investments to proportionality achieve the 30% or below Targets and Two-Bedroom Target. Metro will make good faith efforts to coordinate and consult with LIP to ensure Metro's decisions regarding the Regional Investment support LIP in reaching its Unit Production Targets. Prior

to expenditure of any Regional Investment, Metro will consult and seek guidance from the LIP, the LIP will provide a written response to Metro as to whether the expenditure it is opinion will align with its LIS and its Unit Production Targets. Once LIP has spent or has committed to spend 75% of its Eligible Share, if Metro has not yet spent, or committed to spend, the Regional Investment, then the parties will meet to discuss potential alternative options for how the Regional Investment could be spent by Metro to support LIP's remaining Unit Production Targets. If following such meeting the parties are still unable to identify opportunities for collaboration or agreeable potential alternative options, then LIP's Unit Production Targets will be reduced by the lesser of (a) twelve percent or (b) the proportionate share equal to the amount of Regional Investment Metro has not yet spent.

### **3. Local Implementation Partner's Eligible Share.**

3.1. Direct Project Costs; Consistency with LIS. Subject to the terms and conditions of this Agreement, including Section 4, below, and the requirements, limits, and restrictions set forth in both the Work Plan and the Bond Measure, Metro will disburse to LIP the Eligible Share on a Project-by-Project basis. LIP may only spend the Eligible Share (and any interest earned thereon) on Direct Project Costs that are consistent with its LIS, as determined by Metro, in Metro's reasonable discretion.

3.2. Public or Private Ownership. LIP will use its Eligible Share to support the creation of Affordable Housing that is either privately or publicly owned. The Eligible Share may be contributed to privately-owned Projects in the form of loans or grants on terms approved by LIP. The identification and selection of a Project will be at the discretion of LIP, provided, however, all Project selections must comply with the LIS and contribute toward the Unit Production Targets. Publicly-owned Affordable Housing financed with the LIP's Eligible Share must align with and contribute to the Unit Production Targets and must comply with the LIS and the terms and conditions of this Agreement, including, without limitation, the same Project approval process and requirements provided for in Section 4 below.

3.3. Approved Project Types. LIP may use its Eligible Share only for the types of projects described in the Work Plan. As of the Effective Date, the Work Plan sets forth the following approved types of Affordable Housing Projects: (a) New Construction, (b) Conversions, and (c) Property Acquisitions.

#### **4. Metro Approval Process; Disbursement of Funds; Repayment**

4.1. Concept Endorsement. In order for LIP to receive a disbursement of its Eligible Share to fund a New Construction or Conversion Project, LIP must receive an initial funding commitment for such Project (the "Concept Endorsement") from Metro. LIP's request for a Concept Endorsement must include general project information, including a project narrative, preliminary sources and uses information, a draft project site plan if available, copies of relevant due diligence documents, and any other information Metro deems reasonably necessary to issue a Concept Endorsement. Metro will issue the Concept Endorsement to LIP upon Metro's determination that (a) the Project will reasonably contribute to the Unit Production Targets relative to the amount of the Eligible Share LIP proposes to use for the Project; and (b) the Project will be consistent with the LIS, the Work Plan and the Bond Measure.

4.2. Final Approval. In order for LIP to use its Eligible Share for an Affordable Housing Project, LIP must have received final approval from Metro, as described in this section ("Final Approval"). Metro will issue Final Approval to LIP upon Metro's determination that (a) the proposed Project reasonably contributes to the Unit Production Targets relative to the amount of the Eligible Share proposed to be used for the Project; and (b) the Project is consistent with the LIS, the Work Plan, and the Bond Measure. LIP's request for Final Approval will include the Project information described above in Section 4.1, as well as any additional information Metro reasonably requests related to the finalized development program, including design development drawings and an updated sources and uses budget. If after receiving Final Approval, the amount of the Eligible Share initially proposed and approved increases or the Project's unit count, bedroom mix, or affordability level changes, then LIP must submit an amended request for Final Approval for the Project. Metro will review such an amended request (along with any related Disbursement Request) expeditiously, making best efforts to accommodate LIP's anticipated Project closing timeline.

4.3. Disbursement. Following Metro's Final Approval of LIP's proposed use of its Eligible Share for an Affordable Housing Project, LIP may request disbursement of the Project Funds from Metro ("Disbursement Request"). Such request will be made in writing (a) no more than 45 days and (b) no less than 10 business days prior to any anticipated closing or need for use. The Disbursement Request will include: (a) a certification from LIP to Metro that the Project information LIP provided to Metro in connection with its request for Final Approval has not changed or been modified in any material way; (b) a completed draft of the proposed Regulatory Agreement or Restrictive Covenant that LIP intends to record against the Project in

accordance with Section 5 below, (c) a list of finalized sources and uses, (d) a final construction contract schedule of values, if applicable, and (e) wiring instructions or other instructions related to the transmittal of funds. LIP will provide to Metro any other information as Metro may reasonably request related to the Project. Metro will review Disbursement Requests expeditiously and will disburse funds within 10 business days of receiving a completed Disbursement Request.

4.4. Project Failure and Repayment. LIP will use the Project Funds strictly in accordance with the manner and method described in the Final Approval. If the Project financing transaction for which disbursement was sought fails to close within sixty (60) days after Metro disburses the requested funds, then, unless otherwise directed in writing by Metro, LIP will immediately repay to Metro the amount of its Eligible Share disbursed for the Project, including any interest earned thereon. LIP acknowledges and expressly affirms its repayment obligations set forth in this section even if such failure is through no fault of LIP. LIP's remaining Eligible Share will be adjusted and increased to reflect such repayment.

## **5. Affordable Housing Restrictive Covenant.**

5.1. General Provisions and Recording Obligations. For all Projects that receive Bond Proceeds, LIP will ensure an affordable housing restrictive covenant (a "Restrictive Covenant") through a deed restriction or a Regulatory Agreement is recorded as a condition precedent to disbursement of Bond Funds to an Affordable Housing Project. The Restrictive Covenant or Regulatory Agreement must be recorded at closing, or upon LIP's contribution of the Bond Proceeds to a Project. LIP will provide Metro a copy of the recorded Restrictive Covenant or Regulatory Agreement within ten (10) business days following its recording. If for any reason LIP fails to record a Restrictive Covenant or Regulatory Agreement in accordance with this section, Metro may, at its sole option and upon written notice to LIP, terminate this Agreement in accordance with Section 10, in which case LIP will refund Metro the Bond Proceeds disbursed to LIP for such Project.

5.2. Form for New Construction and Conversion Projects. For New Construction Projects and Conversion Projects, the Restrictive Covenant will (a) acknowledge the use of Bond Measure funds, (b) include applicable long-term affordability restrictions, (c) burden the property for a minimum duration of sixty (60) years or thirty (30) years for Conversion Projects where the building is more than ten (10) years old, (d) provide monitoring and access rights to LIP and Metro, (e) name Metro as a third-party beneficiary and (f) unless otherwise agreed to in writing by Metro, be recorded in a priority position only subject to and subordinate to a primary

first mortgage or deed of trust and State low-income housing regulatory agreements. The monitoring, access and third party beneficiary language will be subject to Metro's review and approval during the Final Approval process. LIP acknowledges that such language will require Projects to provide to Metro certain data (including financial reports, physical inspection reports, and tenant data) typically collected and prepared by Oregon Housing and Community Services. Metro acknowledges that the Restrictive Covenant or Regulatory Agreement may provide for a waiver or temporary relief from the limitations on qualifying income, in order to address incomes rising in place to avoid undue hardship or displacement, or to conform to other regulatory or policy requirements.

## **6. Project Information Reports; Funding Recognition**

6.1. Project Information and Updates. Upon Metro's disbursement of Eligible Share for any particular Project, LIP will provide Metro with regular updates regarding Project construction and completion. LIP will notify Metro of any events during construction that materially affect the Project, including (a) significant extensions of the Project schedule, (b) significant increases to the Project budget, (c) any notices of default issued by LIP or other Project lenders, or (d) any other material changes that impact the quality or nature of the Project described in the Final Approval process. If any such material events occur during Project construction, LIP will provide Metro with any additional information Metro reasonably requests related to such events. In addition to providing the general Project updates and information described above, LIP will provide Metro with the documents listed on the attached **Exhibit C** at the Project milestones referenced therein.

6.2. Funding Recognition. LIP will publicly recognize Metro and the Bond Measure in any publications, media presentations, or other presentations relating to or describing Projects receiving Bond Proceeds. LIP will require the project developers to include Metro in selecting the date and time for any event recognizing, celebrating or commemorating any Project ground-breaking, completion, ribbon cutting or opening, and provide Metro an opportunity to participate. LIP will require project developers that the Bond Measure is officially recognized as a funding source at any such event, and will provide a speaking opportunity for the Metro elected official representing the district in which the Project is located, if such opportunities are provided to LIP or other public officials.

**7. General Obligation Bonds.** All Bond Proceeds disbursed to LIP pursuant to this Agreement (including both the Eligible Share and any interest earned thereon) are derived



from the sale of voter-approved general obligation bonds that are to be repaid using ad valorem property taxes exempt from the limitations of Article XI, sections 11 and 11b of the Oregon Constitution. LIP covenants and agrees that it will take no actions that would adversely affect the validity of the Bonds or cause Metro not to be able to levy and collect the real property taxes imposed to repay these bonds, which are exempt from Oregon's constitutional property tax limitations. LIP further covenants and agrees that (a) all Bond Proceeds disbursed hereunder, and any and all interest earned thereon, will be used only to pay for or reimburse costs that are of a type that are properly chargeable to a Capital Costs (or would be so chargeable with a proper election) to comply with the Oregon Constitution and other applicable laws with respect to the permitted expenditure of general obligation bond proceeds; and (b) within ten (10) days of the event, LIP will disclose to Metro any events that are required to be included in Metro's continuing disclosure obligations as the issuer of the general obligation bonds. If LIP breaches the foregoing covenants, LIP will immediately undertake whatever remedies or other action may be necessary to cure the default and to compensate Metro for any loss it may suffer as a result thereof, including, without limitation, repayment to Metro of Project Funds.

## **8. LIP Required Annual Reporting**

8.1. Local Implementation Strategy Progress Reports. By the end of each calendar year of the Term (or such other date agreed to by the parties in writing), or until LIP has fully expended its Eligible Share, LIP will provide a report to Metro capturing progress and summarizing its LIS progress and outcomes (the "LIS Annual Progress Report"). LIP will create the LIS Annual Progress Report using a template provided by Metro, which template Metro will develop with input from all participating local government partners receiving Bond Proceeds. The Oversight Committee will review the LIS Annual Progress Report and may recommend changes to the LIS to achieve the Unit Production Targets and to better align the LIS with the Work Plan. LIP agrees to participate fully in such annual review process; provided, however, the LIS may be revised or amended only upon written agreement by both LIP and Metro. Failure by LIP to agree to a proposed amendment will not constitute an event of default.

8.2. Financial Eligible Share Reports. Beginning with Metro's first disbursement of any portion of the Eligible Share to LIP for a Project, and continuing each year thereafter, on or before September 15 of each year capturing the previous fiscal year during the Term until Unit Targets are completed and/or all Eligible Share is disbursed, LIP will provide an annual financial report to Metro containing (a) an itemized list of LIP's expenditure of Project Funds (and interest

earnings thereon) through the end of the applicable fiscal year, including the amount of each Project Delivery Fee LIP charged each Project and (b) a certification from LIP to Metro that (i) to LIP's knowledge and based on the developer's certification to LIP, the Eligible Share was used only to pay for or Direct Project Costs and (ii) that each Project Delivery Fee charged by LIP did not exceed 2.307% of the respective Eligible Share contributed.

**9. Audits, Inspections and Retention of Records.** LIP will maintain records related to the expenditure of Bond Proceeds or its obligations under this Agreement for the longer of the duration of City or Metro records retention requirements. LIP will maintain financial records in accordance with generally accepted accounting principles through the date that is not less than three (3) years after the anticipated maturity date of the Bonds or the anticipated maturity date of any obligations issued by Metro to refund the Bonds. Metro expects the Bonds will be outstanding until approximately May of 2039. LIP will permit Metro and its duly authorized representatives, upon prior written notice, to inspect any records related to its obligations under this Agreement.

**10. Term; Termination; Default Remedies; Dispute Resolution**

10.1. The term of this Agreement commences on the Effective Date and terminates on ten years after the Effective Date (the "Term"). The expectation of the parties is that LIP will spend its Eligible Share within seven (7) years after the Effective Date and that all Projects will be completed within the Term of this Agreement. Metro will have no obligation to disburse any remaining portion of LIP's Eligible Share after the expiration of the Term. The repayment obligations and indemnities set forth in Sections 4, 5, 0 and 13 survive the expiration or earlier termination of this Agreement.

10.2. Metro and LIP may jointly terminate all or part of this Agreement based upon a determination that such action is in the public interest. Termination under this provision will be effective only upon the mutual, written termination agreement signed by both Metro and LIP.

10.3. If Metro reasonably believes LIP is not spending its Eligible Share according to the terms herein or otherwise has otherwise failed to comply with the terms of this Agreement, in addition to any other rights and remedies set forth herein or available at law, or in equity, Metro has the right to immediately withhold or suspend future distributions of Eligible Share to the particular project to which such material failure relates. In such an event Metro will provide LIP with written notice of such determination and will thereafter proceed with the dispute resolution provisions set forth below in Section 10.4.

10.4. Metro and LIP will negotiate in good faith to resolve any dispute arising out of this Agreement. Subject to the provisions set forth below, Metro or LIP may terminate this Agreement during the term if it reasonably determines the other party has failed to comply with any material provision of this Agreement and is therefore in default. Before terminating this Agreement in accordance with this section, the terminating party will provide the other party with written notice that describes the evidence of default and include a description of the steps needed to cure the default. From the date that such notice of default is received, the defaulting party will have 30 days to cure the default. If the default is of such a nature that it cannot reasonably be cured within 30 days, the defaulting party will have such additional time as required to cure the default, as long as it is acting in a reasonable manner and in good faith to cure the default. If the parties are unable to resolve any dispute within thirty (30) days of after receipt of a written notice of default or such additional time as may be needed to reasonably cure the default, the parties will attempt to settle any dispute through mediation. The parties shall attempt to agree on a single mediator. The cost of mediation will be shared equally. If the parties agree on a mediator, the mediation must be held within 60 days of selection of the mediator unless the parties otherwise agree. If the parties cannot agree on a mediator, or the matter is not settled during mediation, the parties will have the right to pursue all other remedies available at law or in equity.

**11. Notices and Parties' Representatives.** All notices permitted or required by this Agreement must be in writing, and addressed to the other party's representative(s) designated in this section or to the last address furnished by the parties hereto and will be deemed provided (a) on the date they are personally delivered, (b) on the date they are sent via electronic communication, or (c) on the third day after they are deposited in the United States mail, postage fully prepaid, by certified mail return receipt requested. Either party may change its representative(s) and the contact information for its representative(s) by providing notice in compliance with this section of this Agreement.

Metro:

Emily Lieb

600 NE Grand Ave.

Portland, OR 97232

503-797-1921

[Emily.Lieb@oregonmetro.gov](mailto:Emily.Lieb@oregonmetro.gov)

Portland Housing Bureau:

Attention: Molly Rogers

421 SW 6<sup>th</sup> Ave, Suite 500

Portland, Oregon 97204

503-823-3377

[Molly.Rogers@portlandoregon.gov](mailto:Molly.Rogers@portlandoregon.gov)

## **12. Compliance with Law**

12.1. LIP will comply with all applicable federal, state, and local laws, regulations, executive orders and ordinances applicable to its investment and expenditure of the Bond Proceeds.

12.2. LIP further recognizes that investing Bond Proceeds (through either a loan or grant) could result in a Project being a “public works” for purposes of Oregon’s prevailing wage rate law, ORS 279C.800 to 279C.870, as it may be amended from time to time. LIP will be solely responsible for ensuring that all Projects receiving Bond Proceeds comply with prevailing wage rate law, as applicable.

12.3. No recipient or proposed recipient of any services or other assistance under the provisions of this Agreement or any program related to this Agreement may be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with the funds made available through this Agreement on the grounds of race, color, or national origin, 42 U.S.C. §2000d (Title VI), or on the grounds of religion, sex, ancestry, age, or disability as that term is defined in the Americans with Disabilities Act. For purposes of this section, “program or activity” is defined as any function conducted by an identifiable administrative unit of LIP receiving funds pursuant to this Agreement.

## **13. Insurance; Indemnification; Limitation on Liability**

13.1. Metro and LIP will self-insure or maintain general liability insurance and workers compensation insurance coverage. Each party is responsible for the wages and benefits of its respective employees performing any work or services related to this Agreement. LIP will add Metro as an additional insured to any applicable commercial general, excess and umbrella liability policies. On all such insurance LIP will provide a certificate of insurance listing Metro as a certificate holder within 30 days of execution of this Agreement.

13.2. Subject to the limitations and conditions of the Oregon Constitution and the Oregon Tort Claims Act, LIP will indemnify, defend, and hold harmless Metro, its elected officers and employees, from and against any and all liabilities, claims, demands, damages, actions, costs, penalties, losses and expenses (including any attorney’s fees in defense of Metro or any attorney’s fees incurred in enforcing this provision) suffered or incurred as a result of third-party claims arising out of LIP’s performance of this Agreement or resulting in whole or in part from any act, omission, negligence, fault or violation of law by LIP, its officers, employees, agents, and contractors. This indemnity includes any third-party claims related to the development,

construction, operation, repair, or maintenance of Affordable Housing Projects. This indemnity provision does not apply to third-party claims: (a) resulting from the sole negligence or willful misconduct of Metro; or (b) related to Metro's authority to issue the Bonds or expend Bond Proceeds for Capital Costs in accordance with this Agreement.

13.3. In no event will either party be liable to the other for, and each party releases the other from, any liability for special, punitive, exemplary, consequential, incidental or indirect losses or damages (in tort, contract or otherwise) under or in respect of this Agreement, however caused, whether or not arising from a party's sole, joint or concurrent negligence.

**14. Oregon Law, Dispute Resolution, and Forum.** This Agreement is to be construed according to the laws of the State of Oregon. Any litigation between Metro and LIP arising under this Agreement will occur, if in the state courts, in the Multnomah County Circuit Court, and if in the Federal courts, in the United States District Court for the District of Oregon located in Portland, Oregon.

**15. No Third Party Beneficiaries.** LIP and Metro are the only parties to this Agreement and are the only parties entitled to enforce its terms and the sole beneficiaries hereof. Nothing in this Agreement gives, is intended to give, or will be construed to give or provide any benefit or right, whether directly, indirectly, or otherwise, to third persons any greater than the right and benefits enjoyed by the general public.

**16. Relationship of Parties.** Nothing in this Agreement nor any acts of the parties hereunder will be deemed or construed by the parties, or by any third person, to create the relationship of principal and agent, or of partnership, or of joint venture or any association between any LIP and Metro. Furthermore, Metro will not be considered the owner, contractor or the developer of any Project funded with Bond Proceeds. This Agreement is not intended to be a contract that provides for the development or construction of any Project, either directly with a construction contractor or through a developer. Metro specifically waives any provision contained in this Agreement, to the extent it is construed to provide Metro the right to manage, direct or control the developer, general contractor or the subcontractors. The rights and duties of the developer, the general contractor and the subcontractors are the subject of a separate contract or contracts with LIP to which Metro is not a party. LIP waives and releases Metro from any claims and actions related to the construction, operation, repair, or maintenance of any Affordable Housing Projects. If LIP obtains an indemnification agreement from any third-party developer or general

contractor receiving Bond Proceeds under this Agreement, LIP will contractually require such party to indemnify Metro to the same extent as LIP.

**17. Assignment; Merger; Entire Agreement.** This Agreement is binding on each party, its successors, assigns, and legal representatives and may not, under any circumstance, be assigned or transferred by LIP without Metro's written consent. This Agreement and attached exhibit(s) constitute the entire agreement between the parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement. The failure to enforce any provision of this Agreement does not constitute a waiver by Metro of that or any other provision. No waiver, consent, modification or change of terms of this Agreement will bind either party unless it is in writing and signed by both parties and all necessary approvals have been obtained. Such waiver, consent, modification or change, if made, will be effective only in the specific instance and for the specific purpose given. The failure of a party to enforce any provision of this Agreement will not constitute a waiver by that party of that provision, or of any other provision.

**18. Further Assurances.** Each of the parties will execute and deliver any and all additional papers, documents, and other assurances, and will do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out the intent and agreements of the parties hereto.

**19. Counterparts.** This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which will constitute one and the same instrument.

**20. No Attorney Fees.** Except as otherwise set forth in Section 13 of this Agreement, in the event any arbitration, action or proceeding, including any bankruptcy proceeding, is instituted to enforce any term of this Agreement, each party shall be responsible for its own attorneys' fees and expenses.

**21. Debt Limitation.** This Agreement is expressly subject to the limitations of the Oregon Constitution and Oregon Tort Claims Act, and is contingent upon appropriation of funds. Any provisions herein that conflict with the above referenced laws are deemed inoperative to that extent.

**Exhibit A to Resolution No. 20-5126**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

**Metro**

**City of Portland**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

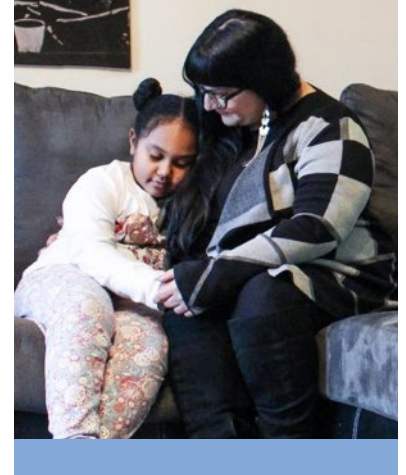
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Date: \_\_\_\_\_



# Metro Housing Bond: Portland's Local Implementation Strategy

February 2020



**Portland  
Housing Bureau**

Mayor Ted Wheeler • Director Shannon Callahan



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# I. INTRODUCTION

## METRO HOUSING BOND

In November 2018, Metro area voters in Washington, Clackamas and Multnomah Counties approved Measure 26-199, the first ever regional bond for affordable housing. The measure authorizes Metro to issue up to \$652,800,000 in general obligation bonds for the development or acquisition of affordable housing. Leading up to the vote, Metro conducted a series of public engagement activities. From those emerged the regional investment strategy for the Metro Housing Bond (“Metro Bond”).

The primary goal of the Metro Bond is to create at least 3,900 new affordable homes across the region, of which:

- At least 1,600 will be affordable to households making 30% of area median income (AMI) or below;
- At least 1,950 will be sized for families, with 2 or more bedrooms; and
- No more than 10 percent will be provided for households making 61-80% of area median income.

Using a formula based on assessed (real property) value, the City of Portland (City)’s share of the Metro Bond is approximately 38 percent, or \$211 million, to create at least 1,475 units of affordable housing within the City. Of this total, 605 units will be for households with incomes at 30% AMI and 737 will be family-sized units.

The Portland Housing Bureau (PHB) is the lead bureau for the City responsible for Metro Bond implementation. PHB’s work will be guided by the four principles from Metro’s strategy prioritized in conversations with key stakeholders who participated in a six-month public process prior to the referral of the Measure:

1. **Lead with racial equity.** Ensure that racial equity considerations guide and are integrated throughout all aspects of program implementation.
2. **Create opportunity for those in need.** Create housing for Communities of Color, families, people living with disabilities, seniors, Veterans, and households experiencing or at risk of homelessness.
3. **Create opportunity throughout the region.** Ensure investments are distributed across the region.
4. **Ensure long-term benefits and good use of public dollars.** Provide for community oversight to ensure transparency and accountability in program activities and outcomes.

The Metro Bond program directly aligns with, and is very similar to, Portland’s Housing Bond (“Portland Bond”), a \$258.4 million general obligation bond passed by Portland voters in 2016. While both housing bond programs have similar goals and affordability targets, the implementation strategy for the Metro Bond will need to reflect differing levels of long-term rent support available within Multnomah County to achieve the goals for deeply affordable units. Building on PHB’s prior experience with the Portland Bond, the focus of the Metro Bond is to reach individuals and organizations from and/or representing communities in need identified by Metro: Communities of Color; families with children and multiple generations; people living with disabilities; seniors; Veterans; and households

experiencing homelessness and/or imminent displacement.

## HOUSING NEEDS IN PORTLAND

Based on the 2018 State of Housing in Portland report, Portland has a total population of 620,589 people and is now the 26th most populous city in the United States and the fifth largest city on the West Coast. Portland focuses its resources strategically to increase opportunities across the housing spectrum to address the housing shortage, bridge the affordability gap, remove barriers to access, stabilize and protect Portlanders where they live and leverage the momentum in the private market.

While incomes have risen overall in the City over the past five years, disparities in income growth by race and ethnicity persist, with median income among White households (\$62,158) being nearly double that of Communities of Color (\$32,685). Rentership continues to increase in Portland, from 46 percent of the population in 2011 to 47 percent in 2016.

With the average rent at \$1,645 for a 2-bedroom apartment, many community members still cannot afford to live in the city and significant disparities remain in terms of who can successfully access opportunities. Households earning 30% AMI or below, single parent households, and households from Black, Native American and Pacific Islander communities on average cannot afford rents anywhere in the city. National and local data also confirm people who are gender non-conforming and transgender are significantly overrepresented in the homeless population (National Coalition for the Homeless, 2017).

Fifty-three percent of Portland renters are paying more than 30 percent of their income for housing, which is the traditional measure of affordability. Housing cost pressures in Portland are greatest for low income families. While about 28% of Portland households earn less than \$43,950 (half of the AMI), only about 8 percent (23,800 units) of the housing stock is publicly subsidized and maintained as affordable to these households. The need for housing for the lowest income households remains large and acute.

Portland's estimated rental housing needs data are shown below<sup>1</sup>:

Total affordable rental housing needed:	58,975
Total 30% AMI rental housing needed:	25,155
Total 31-50% AMI rental housing needed:	17,465
Total 51-80% AMI rental housing needed:	13,435
Total 80% AMI rental housing needed:	2,920

While rentership is increasing in the City, homeownership has been declining over the past five years. White and Asian households have the highest rates of homeownership in the city at 56 percent. Homeownership rates are significantly lower for all other Communities of Color, with Black homeownership rates the lowest at 28 percent.

## LEADING WITH RACIAL EQUITY

Leading with racial equity is a Guiding Principle of the Metro Bond framework and is a priority for the City of Portland and PHB. PHB works to advance racial equity for Communities of Color in services and housing to reduce barriers and disparities in program access and outcomes. Communities of Color is a term used primarily in the United States to describe communities of people who are not identified as White, emphasizing common

<sup>1</sup> 2012-2016 Comprehensive Housing Affordability Strategy (CHAS) data: renter households with housing problems

experiences of racism<sup>2</sup>. The following six Communities of Color are disproportionately over-represented among the population experiencing poverty: African American/Black, Asian American, Hawaiian/Pacific Islander, Immigrant and Refugees (including Somali, Slavic, Middle Eastern), Hispanic/Latinx, and Native American/Alaska Native. The PHB's Racial Equity Plan outlines the bureau's strategies to improve outcomes across all program areas - housing development, homeownership, rental services and internal departments. Leading with racial equity was also established as a guiding principle of the Portland Bond.

PHB focuses on increasing affordable housing to provide housing opportunity and prevent displacement for our most vulnerable communities, including Communities of Color and people experiencing homelessness. The 2019 Point-in-Time Count of Homelessness shows that Communities of Color as a whole, and people identifying as American Indian or Alaska Native, Native Hawaiian or Pacific Islander, and Black or African American, in particular, were overrepresented in the homeless population<sup>3</sup>. Furthermore, Communities of Color experience higher rates of being renters and are more rent burdened than their White counterparts. Historic and current actions and policies of institutional racism and discrimination against persons of color continue to persist and pose barriers to racial equity in housing.

In order to make strides towards equitable access and outcomes, policymakers must implement goals, strategies, approaches and progress measures to measure progress. During implementation of the Portland Bond over the past two years, PHB used a variety of strategies and approaches to advance equitable access and outcomes. The bureau will use and build upon this foundation and incorporate racial equity goals, strategies and tracking into the Metro Bond process.

PHB will use several approaches to prioritize racial equity in Metro Bond implementation:

### **Outreach and Engagement**

- **Partner with trusted community members and use existing networks, community events and venues to reach marginalized communities:** In Fall 2017, PHB and community partners conducted outreach and engagement, reaching nearly 1,000 community members to gather feedback on the Portland Bond framework. PHB contracted with the Community Engagement Liaisons (CELs), trusted leaders in their respective communities to reach more than 300 members from 16 linguistically-specific immigrant and refugee groups. The CELs used the approach of going to community locations and cultural events where people were already gathered to collect input. Places visited included: school gatherings, houses of worship, restaurants, cafes, apartment complexes, beauty salons and markets. Furthermore, PHB reached out to nearly two dozen existing stakeholder groups and staff at culturally specific agencies to gather perspectives.
- **Develop and encourage the use of linguistically appropriate materials:** As part of Portland Bond engagement, PHB developed a housing survey and a one-page overview summary document. Materials were translated into the top 14 languages spoken in Portland other than English and made available in print and online form. The CELs used these materials to reach members and conducted the surveys in the appropriate language(s) spoken in their communities.
- **Conduct outreach to minority-owned businesses, contractors, subcontractors, professional services, culturally specific providers and networks to provide information on City procurement opportunities and facilitate relationship-building.**

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<sup>2</sup> City of Portland Office of Equity, <https://www.portlandoregon.gov/oehr/article/581458>

<sup>3</sup> 2019 Point-in-Time Count of Homelessness in Portland/Gresham/Multnomah County, Oregon

PHB conducts outreach to minority-owned businesses, ethnic chambers of commerce, minority entrepreneurs' and contractors' associations, to inform them about City opportunities and promote partnership-building. These include attending community fairs, organizing "meet-and-greets" with contractors, subcontractors and service providers, and holding information sessions for procurement opportunities.

- **Develop communication plans with targeted approaches to reach marginalized populations:** In February 2018, the Portland Bond Oversight Committee approved a Community Engagement Plan with a focus on reaching agencies and members from Communities of Color, including culturally specific partners, CELs and people with lived experience of housing instability and homelessness.

### **Project Selection Criteria and Process**

- **Demonstrate commitment to advance racial equity and serve Communities of Color as priority populations:** Requirements in Metro Bond solicitations will include Communities of Color and families (including intergenerational households) as a priority population; contracting goals for work performed by Disadvantaged, Minority, Women, Emerging Small Business – Service Disabled Veteran (DMWESB-SDV) certified firms; use of culturally appropriate and effective outreach and marketing strategies; provision of culturally responsive service delivery; partnerships with culturally specific providers; and tracking progress and outcomes disaggregated by race and ethnicity.
- **Increase housing opportunities for Communities of Color:** Prioritize bond investments in areas with high amenities, diverse neighborhood demographics and proximity to services and cultural resources; as well as support to prevent displacement in rapidly gentrifying neighborhoods.
- **Include equity criteria in the evaluation process:** Solicitations will require proposers to submit an Equity Plan which will:
  - o Identify Communities of Color as a priority community to serve.
  - o Demonstrate ability to meet City DMWESB-SDV contracting goals:
    - *Construction contracting:* goal of 30% DMWESB-SDV hard cost subcontracts;
    - *Professional services:* goal of 20% DMWESB-SDV professional services contracts; and
    - *Workforce:* goal of 20% of labor hours for each apprenticeable trade worked by state-registered apprentices on subcontracts of \$300,000 or more. Goals for apprentices and journey level workers are 22% for minorities and 6% for women.
  - o Include culturally appropriate and effective strategies to outreach and market to members of Communities of Color.
  - o Demonstrate experience and plan to use low barrier screening criteria to make housing available to households with adverse credit, rental, and legal histories and very low income.
  - o Demonstrate experience and plan to provide culturally responsive resident and supportive services.
  - o Demonstrate experience and plan to partner with culturally specific providers and other community agencies to effectively reach and serve Communities of Color.

- **Comprise evaluation committees with racially diverse membership possessing experience in advancing equity in housing:** Review committees will be convened to review and rank applications from the solicitation, focusing on technical and financial feasibility, alignment to framework priorities and ability to advance Metro Bond goals for equity in housing access and economic opportunity. In the 2019 review of Portland Bond proposals, more than half (54%) of the reviewers were persons of color and many reviewers brought expertise in the areas of fair housing, equity and inclusion, and community development in Communities of Color. Diverse perspectives informed decision-making and kept equity impacts and opportunities central to discussions and project selection.

### **Marketing and Lease-Up**

- **Require low barrier screening criteria to increase accessibility for Communities of Color and other individuals experiencing housing discrimination and barriers.** For the two Portland Bond properties in operation (the Ellington Apartments and East Burnside Apartments), low barrier criteria were developed and used in lease-up to increase access for populations with multiple housing barriers. The criteria included allowances such as multiple forms of personal identification, 1.5 to 1 income to rent ratio, reduced “look back” periods for criminal histories and security deposits equal to one month’s rent.
- **Align delivery of culturally specific services and supportive services:** For the same two Portland Bond properties in operation, PHB worked with culturally specific agencies and homeless service agencies to provide advance notification of vacancies, prioritize access into units and ensure delivery of cultural appropriate services and support for residents.

### **Metrics and Reporting**

- **Identify metrics to measure progress:** Measures for housing access, development and workforce will be identified to track progress and include but are not limited to:
  - o As applicable, number of referrals by partner agencies
  - o As applicable, number of successful move-ins made by partner agency referrals
  - o Demographic data on tenants, including race, ethnicity, gender, age, income and disability
  - o Percent utilization of DMWESB-SDV contracts in bond funded construction
- **Provide progress updates and reports:** Communication about progress will include highlights of the individuals and families served in bond-funded housing and information on access and outcomes. Progress will be reported back to community members and stakeholders in a variety of ways, including regular updates through our website, social media and at PHB’s advisory and oversight committee meetings, semiannual newsletters, report-back sessions with the CELs, and annual reports to Portland City Council.

Outcomes from the past three years of Portland Bond implementation (2016 to 2019) include:

- 159 new households were placed into housing, of which 71% (113 households) came through referrals from community partners. Of those households referred through partners, 40% (45 households) came from culturally specific agencies.



## Exhibit A to Resolution No. 20-5126

- Demographic information Portland Bond housing residents include race, ethnicity and income level, as reported in the Portland Housing Bond Resident Demographics Report (May 2019).
- All 12 Portland Bond projects aim to meet PHB's DMWESB-SDV goals. PHB's current DMWESB-SDV utilization rate for hard costs is 24.5%. PHB will continue to report on utilization rates for projects as they move through the development pipeline.

PHB will build upon this foundation of effective approaches and lessons learned from the Portland Bond to incorporate strategies and goals to prioritize racial equity in the Metro Bond implementation. PHB will apply a racial equity lens to decision-making, including, but not limited to:

- Targeted outreach and engagement efforts to reach members from Communities of Color, immigrants and refugees and other marginalized communities in planning decisions.
- Outreach to include members from Communities of Color, culturally specific agencies and Diversity/Equity/Inclusion representatives to participate in solicitation review panels.
- Ensure reporting is disaggregated by race and ethnicity and other demographic data.
- Analyze data and processes to determine opportunities for improvement.
- Conduct additional outreach to developers, general contractors, subcontractors and service providers, to build and strengthen partnerships to create housing opportunities for Communities of Color.

Racial equity goals, strategies and approaches are further incorporated throughout Sections II., V., VI., VII. and VIII. of this document.

### PRINCIPLES OF AUTONOMY AND COLLABORATION

PHB will seek to collaborate with Home Forward and Gresham on outreach and engagement efforts to strengthen partnerships with stakeholders and minimize the duplication of efforts across the broader Multnomah County region. One example is that during Metro Bond engagement, the three jurisdictions collaborated to host a focus group with service providers and community partners in East Multnomah County to better understand urgent housing needs for residents. As potential future opportunities arise for PHB to support and learn from other jurisdictional partners throughout implementation, PHB will remain a fully engaged partner in those conversations and work to advance Metro Bond goals in Portland and support the broader success across the Metro region.

## II. OVERVIEW OF COMMUNITY ENGAGEMENT AND STRATEGY DEVELOPMENT

PHB is committed to creating equitable and transparent engagement that effectively reaches and includes perspectives from underrepresented communities throughout planning, implementation and evaluation of the Metro Bond. This is based on a central tenet of public participation that states public entities have a responsibility to inform and engage communities about decisions which are most likely to directly impact those communities and members.

### BUILDING ON PORTLAND BOND PROGRESS

PHB gained experience and lessons learned through the implementation of the Portland Bond. To inform and guide development of the Portland Housing Bond Policy Framework, PHB and community partners reached out to nearly 1,000 community members over a five-week period to gather feedback. Table A summarizes key themes and recommendations incorporated into the Portland Bond framework which are also included in Portland's Local Implementation Strategy (LIS).

Table A: Community Engagement for the Portland Bond	
Purpose	Hear from community members and stakeholders on priority housing needs, location, access issues and recommendations for equity and implementation.
Timeline	Five weeks (August 18 to September 25, 2017)
Methods, Number of People Reached, Types of Groups	<p><b>Nearly 1,000 people were reached through the following ways:</b></p> <ul style="list-style-type: none"> <li>• Member Networks: ~125 individuals reached as members and supporters of Metropolitan Alliance for Common Good and OPAL Environmental Justice.</li> <li>• In-Person Surveys: 302 individuals reached representing 16 linguistically- specific immigrant and refugee communities (Chinese, Russian, Spanish, Nepali, Burmese/ Zomi, Somali, Kenyan, Ethiopian, Central African, Congo, Ghana, the Gambia, Cambodian, Vietnamese, Chuukese).</li> <li>• Feedback Sessions: ~200 individuals representing housing stakeholders.</li> <li>• Online Survey: 367 individuals responded representing the general public.</li> </ul>



<p>Key Themes and Recommendations Incorporated in Portland's LIS</p>	<p><b>Key Overall Themes</b></p> <ul style="list-style-type: none"> <li>• Spread housing across city in neighborhoods with high amenities.</li> <li>• Ensure equity and accountability in planning and implementation (outreach, marketing, construction and evaluation).</li> <li>• Maximize opportunities to leverage public and private resources.</li> </ul> <p><b>Production Targets</b></p> <ul style="list-style-type: none"> <li>• Prioritize new construction in high opportunity areas and acquisition/rehab in areas at high risk for gentrification.</li> <li>• Include goal for 300 supportive housing units.</li> </ul> <p><b>Implementation and Engagement</b></p> <ul style="list-style-type: none"> <li>• Create housing in areas without existing development resources.</li> <li>• In addition to priority communities, also serve older adults, people with disabilities and youth.</li> <li>• Partner with culturally specific agencies and other community agencies to promote access during lease-up for Communities of Color and provision of culturally responsive services.</li> <li>• Adopt low barrier screening to support households with barriers.</li> <li>• Ensure resident services and support services are available to promote stability for vulnerable households.</li> </ul>
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## METRO BOND OUTREACH AND ENGAGEMENT

PHB's approach for the Metro Bond was to build upon the valuable feedback gathered from outreach with the Portland Bond and conduct a deeper dive on access issues in vulnerable communities, particularly Communities of Color, seniors, immigrants, refugees and persons living with disabilities. PHB also focused engagement efforts to hear perspectives from neighbors in Southwest, North/Northeast and East Portland.

**The key recommendation is to continue the effective strategies used in implementing the Portland Bond framework** with emphasis on continuing to:

- **Partner with culturally specific agencies** and other trusted groups to reach and serve Communities of Color, immigrants and refugees.
- **Leverage and align system** resources with Multnomah County Joint Office of Homeless Services (JOHS), Home Forward, State and other funders.
- **Establish clear and measurable goals for equity**; report on progress; enforce DMWESB-SDV goals in contracting and construction.
- **Secure funding to support 30% AMI** operations and services.
- **Use low barrier criteria** to increase access for people with barriers.

**Set clear production targets for:**

- **Type A units** for people with mobility disabilities.
- **Supportive housing units** for households exiting chronic homelessness with robust services.

### During Implementation:

- Allow funds to be used for homeownership, focusing efforts to serve African American, Latinx, Native American and other Communities of Color to address historic discrimination and inequities in housing access.
- Use targeted and differentiated methods for outreach in cultural communities (See Exhibit A, Summary of Key Engagement Themes), acknowledging that different outreach methods are needed to successfully reach the hardest to reach communities.
- Align with existing citywide housing strategies and resources, such as SW Equitable Housing Strategy and Portland Clean Energy Fund.

**These items, in addition to those in Table A, directly informed the goals, strategies and approaches incorporated in the LIS.** Furthermore, Table B summarizes PHB's outreach and engagement process for the Metro Bond. The full community engagement process, including a synopsis of additional public comments related to improving access to housing, is described in Exhibit A: Community Engagement Report.

Table B: Community Engagement for Metro Bond	
Purpose	Engagement efforts to inform the LIS were focused on: <ol style="list-style-type: none"> <li>1. Gathering feedback from community members about housing access issues and effective ways people learn about housing opportunities.</li> <li>2. Gathering feedback from housing and neighborhood stakeholders on location priorities, strategies to increase equitable access to housing and approaches to releasing bond funds.</li> </ol>
Timeline	Four months (March 22 to July 18, 2019)
Methods, Number of People Reached, Types of Groups	<b>More than 250 people were reached by:</b> <ul style="list-style-type: none"> <li>• Surveys: 88 individuals representing 11 cultural communities.</li> <li>• Focus Group: 30 individuals representing East County stakeholders.</li> <li>• Email Notices: 25 individuals representing disability rights.</li> <li>• Feedback Sessions: 113 individuals representing housing stakeholders, SW Portland, N/NE Portland and Neighborhood Prosperity Network Districts.</li> </ul>

### STRATEGY DEVELOPMENT AND APPROVAL TIMELINE

PHB provided multiple opportunities for community members and stakeholders to receive information and provide feedback during the development of the LIS. PHB conducted community engagement from March to July 2019 that informed the development of the draft LIS. PHB released the draft LIS for public comment on November 4th on its website (<https://www.portlandoregon.gov/phb/79282>) and held an open comment period for the month of November to receive additional feedback on the draft document. PHB staff also presented and received feedback at community meetings, including the Portland Housing Advisory Commission, N/NE Housing Strategy Oversight Committee, Housing Oregon, East Portland Action Plan Housing committee and a report-back session to community partners. As the final step, the LIS will be presented to Portland City Council, Metro's Bond Community Oversight Committee and Metro Council for final approval.

### III. FRAMEWORK TARGETS AND AVAILABLE RESOURCES

Portland's LIS was developed based on the needs, priorities and requirements identified in Metro's Affordable Housing Bond Program Work Plan. The strategy was further informed by feedback and recommendations gathered through outreach and engagement for the Portland and Metro Bonds.

#### UNIT PRODUCTION TARGETS

Within the city limits of Portland there is **\$211,056,579** available in Metro Bond funds to create **1,475 units of affordable housing**. Of this total, the City will create at least **737 family-sized units** (two or more bedrooms) to respond to the housing need for families. The City will also create **605 deeply affordable units** for households with incomes at 30% AMI, to serve people who earn low wages, live on fixed incomes, have experienced homelessness and/or have other special needs. A priority of Metro Bond funds is to make the deeply affordable 30% AMI units available for the most vulnerable, lowest income residents in our community.

#### METRO'S PHASE I PROJECT: DEKUM COURT

In July 2019, Metro Council approved \$22.9 million in Metro Bond funds to redevelop Dekum Court, a public housing complex in Northeast Portland built in 1972 and owned and managed by Home Forward. The newly redeveloped Dekum Court will convert 40 units of public housing into a mixed-income community with 200 apartments, 160 of which will be supported by Metro Bond funds. Historically and currently marginalized communities will once again find affordable homes in the Concordia neighborhood after a 75% increase in median home prices over ten years resulted in a 42% decrease in neighbors representing Communities of Color.

The redevelopment of this property will provide the following community benefits:

- 160 new apartments will be constructed, including 66 regulated at 30% AMI and 80 apartments with two-, three-, and four-bedrooms.
- 40 families currently living at Dekum Court will have their apartments renovated and improved.

Programming at Dekum Court will focus on early childhood development and education to complement the state-of-the-art learning environment located just three blocks away at Faubion Elementary School. Designed to serve a racially diverse population living with low incomes, Faubion Elementary School's award-winning 3-to-PhD program focuses on nurturing all aspects of a child's wellbeing and will now be available to generations of children growing up at Dekum Court. Home Forward will redevelop the project and receive a direct allocation of Bond funds. The units will count toward Portland's total unit production targets. With the Dekum Court project underway, the resulting Bond funding available and unit production targets for Portland is summarized below:

## Exhibit A to Resolution No. 20-5126

	Original	Phase 1 Project: Dekum Court	Remaining Portland funds and Production Targets
Total Project Funds	\$211,056,579	\$22,894,240	<b>\$188,162,339</b>
Subsidy/Unit	\$143,089	\$143,089	<b>\$143,089</b>
Total Units	1,475	160	<b>1315</b>
Family-Sized Units	737	80	<b>657</b>
30% AMI Units	605	66	<b>539</b>

### ADDITIONAL TARGETS: SUPPORTIVE HOUSING AND ACCESSIBLE UNITS

Portland's commitment to increasing supportive housing capacity is driven by our local priorities and strategies, including the City's October 2017 Supportive Housing Resolution to create 2,000 new units in Portland/Multnomah County by 2028, A Home for Everyone Chronic Homelessness Plan, Portland's Housing Bond Policy Framework and the Tri-County Equitable Housing Strategy to Expand Supportive Housing for People Experiencing Chronic Homelessness. Since the passage of the City's Supportive Housing Resolution, our community has made progress in adding nearly 800 new supportive housing units, of which 240 are in operation and 552 are in the development pipeline. To achieve the goal, the City has worked in close coordination and collaboration with Multnomah County, Home Forward and other community partners to align resources and prioritize access for eligible households.

Portland has set an aggressive target to create **300 supportive housing units as part of the Metro Bond effort. The City's ability to reach this goal is contingent upon identifying non-Bond resources for rent support, operations and services.** Based on the significant progress the City and Multnomah County have made toward its overall goals for supportive housing either planned or in operation for families, **implementation of the Metro Bond's supportive housing goals will focus predominately on housing for singles and couples.**

The goal is responsive to the City's and Multnomah County's commitment to increase supportive housing capacity and regional coordination efforts in the Tri-County region (Multnomah, Clackamas, Washington). The goal also reflects what we heard from multiple stakeholder groups and community members during our engagement process, particularly those who serve and support families and individuals experiencing homelessness. Supportive housing combines deep affordability with the delivery of wrap-around services. It is an effective housing solution for people who are highly vulnerable and have the experience of chronic homelessness. The City anticipates needing to secure up to \$3,000,000 per year (\$10,000/household) to support supportive services<sup>4</sup>. The City will explore all options to identify funding commitments in advance of supportive housing production.

Furthermore, the City has established a goal that all newly constructed units should also use best design practices including accessibility and visitability standards, such as the Universal Federal Accessibility Standards, which exceed Oregon State's minimum standards for accessibility. During the community engagement process, multiple stakeholder groups and community members shared about the need for accessible units and the importance of connecting families and individuals living with mobility disabilities and other disabilities to those units.

<sup>4</sup> "Scaling Smart Resources, Doing What Works: A System-Level Path to Producing 2,000 Units of Supportive Housing in Portland and Multnomah County." CSH, September 11, 2018.

## HOMEOWNERSHIP

Homeownership is a critical strategy to advance racial equity outcomes and housing opportunity for low- and moderate-income households from Communities of Color. Allowing funds to be used for homeownership responds to feedback heard from stakeholder groups and community members during the engagement process. The Metro Bond offers an opportunity to provide homeownership opportunities with these funds. Homeownership opportunities with Metro Bond funds will focus on increasing housing access to low- and moderate-income households from African American, Latinx, Native American and other Communities of Color who experience disproportionate housing discrimination and barriers to homeownership opportunities.

The City will also pursue the goal that all newly constructed homeownership units use best design practices including accessibility and visitability standards, such as the Universal Federal Accessibility Standards, which exceed Oregon State's minimum standards for accessibility, as described in Section III.C. above, to address the community's identified need for homes accessible to individuals and families with disabilities.

Homeownership can be challenging to build and sustain for households below 80% AMI. In PHB's most recent homeownership projects, interested buyers ranged from 45% to 100% AMI. Any model employed for homeownership needs to ensure safeguards for homeowners against unexpected costs related to homeownership, such as Homeowners Association fees or expiration of tax exemptions, as considerations for low-income households. The ability to reach a very-low income population (30% AMI) as prioritized in the Metro Bond will be challenging due to the homeowner's need to qualify for a mortgage, even for homes that are deeply subsidized.

Due to the lack of rent support available to reach the 30% targets, PHB needs to be cautious with its investments of Metro Bond funds to ensure it can implement all the production goals. Cross-subsidization of units will be required to reach the goals, meaning that housing at higher incomes will need to support the deeply affordable units in developments. Therefore, it is not financially feasible to set aside a certain percentage of units for homeownership at higher income levels. Solicitations that PHB releases under the Metro Bond will allow both rental development and homeownership development. In addition, if PHB reaches its 30% AMI targets in early phases of implementation, PHB may prioritize funds for homeownership and allow for up to 80% AMI.

## 80% AMI UNITS

The City expects to invest the majority of Metro Bond resources to create rental housing in response to our jurisdiction's significant gap in affordable housing for very-low and low-income households. In alignment with identified need within the City for housing affordable to households making less than 60% AMI, the LIS will focus on developing or acquiring units to be regulated at 60% AMI and below. PHB reserves the option to allow a very small number of units to be eligible for households with incomes from 61% to 80% AMI, and the number of units at this level will not exceed 10% of total units (147). The City may consider this option as an anti-displacement strategy for households whose incomes rise in place or are over-income at the time of acquisition by the City, as described in PHB's ***Portland Bond: Over-Income at Acquisition and Income Rising in Place Policy***. It may also be explored as an opportunity to cross-subsidize operations of properties with very low-income households. This goal responds to feedback heard from stakeholder groups and community members during the engagement process, which focused on the importance of ensuring bond investments are used to prevent displacement and provide opportunity for low-income households to remain in the neighborhoods where they are already living.

## IV. IMPLEMENTATION PLAN

### STRATEGIES TO ACHIEVE UNIT PRODUCTION TARGETS

#### 1. Advancing Racial Equity

PHB will use a racial equity lens at the forefront when assessing opportunities for new construction and acquisition/rehab projects. Projects will be required to show demonstrated success and commitment to advancing equity in accessing development opportunities. Examples include, but are not limited to, creating housing that is culturally appropriate in design and form, having partnerships with culturally specific agencies to effectively reach and serve priority communities, meeting the City's DMWESB-SDV contracting goals, adhering to the City's Workforce Training and Hiring policies, and meeting green building and accessibility standards.

Throughout community engagement for the Portland and Metro Bonds, PHB heard about the housing needs for historically underserved communities in neighborhoods experiencing rapid gentrification. Priority will be placed on developments that partner with culturally specific agencies and other trusted groups, demonstrate targeted methods of outreach to increase access in different cultural communities, and support vulnerable households in neighborhoods where they have established social support networks in place.

PHB will prioritize projects addressing the historical racism and lack of housing access and opportunity to build equity and generational wealth experienced by Communities of Color. This will include projects sponsored by culturally specific agencies and/or projects sponsored by partnerships in which culturally specific agencies who have a meaningful role in project design or operations, lease up, service provision, or as sponsors demonstrating commitment and experience in effectively reaching and serving Communities of Color.

#### 2. Furthering Portland's Affordable Housing Goals

**Geographic Goals:** Portland will seek to disperse units throughout the city in areas where limited affordable housing resources exist, including high opportunity neighborhoods that have good access to transportation, commercial services, and community amenities, as supported in feedback gathered through PHB's community engagement with the Metro Bond.

**Target Population Goals:** Through the community engagement process, PHB received reminders of the need for senior housing, family housing, housing accessible to high needs populations, and housing that is compliant with the Americans with Disabilities Act (ADA) by utilizing universal design. Due to limited resources, addressing all these needs will not be feasible, but the City will strive to support as many of these needs as possible while maximizing housing choice for tenants.

**Advance city-wide initiatives and affordable housing targets:** PHB is responsible for leading housing policy for the City and administering programs to produce affordable rental housing, increase and stabilize homeownership, end homelessness, and regulate and assist landlords and tenants in the rental housing market. The bureau will look to strategically align Metro Bond planning and implementation with the City's existing housing plans and policies:

- **2035 Comprehensive Plan:** Adopted in 2016, the 2035 Comprehensive Plan is a long-range plan that helps the City prepare for and manage expected population and employment growth, as well as plan for and coordinate major public investments. The plan guides land use and investment decisions through 2035. It includes goals to build



new units at 0-80% AMI, mitigate and prevent displacement and affirmatively further fair housing.

- **Portland Plan:** Adopted in 2012, the Portland Plan presents a strategic roadmap for the City of Portland through the plan's three integrated strategies—Thriving Educated Youth, Economic Prosperity and Affordability, and Healthy Connected City—and its framework for advancing equity, designed to help realize the vision of a prosperous, educated, healthy and equitable Portland.
- **East Portland Action Plan:** Adopted in 2009, the East Portland Action Plan contains strategies and actions to provide guidance and direction to public agencies, nonprofit organizations, businesses and individuals to address the broad array of opportunities and challenges facing East Portland.
- **North/Northeast Neighborhood Housing Strategy:** The N/NE Neighborhood Housing Strategy is a City initiative to address the legacy of displacement in North and Northeast Portland through investments to create new affordable housing, opportunities for first-time homebuyers, and home retention programs for longtime residents of the area. The N/NE Preference Policy for unit marketing and lease-up will be used if the project is located within the Policy's service boundaries, the Interstate Corridor URA (ICURA).
- **Broadway Corridor Project:** The Broadway Corridor project is an opportunity site for high-density employment, mixed-income housing, and city attractions and amenities. This project will connect the Old Town/Chinatown and Pearl District neighborhoods and seek to maximize community benefits.
- **Division Corridor Transit Project:** The Division Corridor Transit Project will improve travel between Downtown Portland, Southeast and East Portland and Gresham with easier, faster and more reliable bus service.
- **Southwest Corridor Project:** Adopted in 2018, the SW Corridor Equitable Housing Strategy will help ensure that homes along a new transit line meet the needs of households of different sizes and incomes. It will also support the City's and regional efforts to leverage a major public transit project with housing policies and investments so all Portlanders—regardless of race, ethnicity, family status, income, or disability—have a range of affordable choices of where to live.

### **3. Leveraging the Commitment of Other Housing Resources**

**Capital:** The City recognizes that despite the substantial amount of Metro Bond funding and the strong commitment of resources from the City, projects may have financing gaps that are best filled with other traditional affordable housing program resources. Sources such as U.S. Department of Housing and Urban Development HOME and Community Development Block Grant (CDBG), State of Oregon Document Recording Fee (GHAP), Local Innovation and Fast Track (LIFT) programs, Oregon Affordable Housing Tax Credit (OAHTC), and other sources may be needed to complete financing packages for specific projects. Many projects will be eligible for Metro's Transit Oriented Development (TOD) grants, Energy Trust grants, and weatherization funds.

PHB anticipates projects funded by the Metro Bond will need to leverage other capital resources both managed by PHB and from outside sources with the exception of the Portland Bond. The production goals of the Portland and Metro Bonds are unique and distinct, and comingling the two housing bond funds in a project compromises the promises made to voters regarding production of new units. While much of PHB's efforts during the implementation of the Metro Bond will operate on a parallel track to the

Portland Bond, PHB plans to keep the two bond fund sources separate with the possible exception of a single project at the end of each timeline if both bonds are needed to make a project work.

**Leverage pre-development pipeline:** PHB is looking into the feasibility of using the Metro Bond to fund gaps in projects that have already received awards but are seeking additional funding in order to move forward. Through this process, PHB may be able to leverage other sources of financing, quickly deliver units that meet the Metro Bond targets, and achieve more deeply affordable targets. PHB would allocate less than 10% of the Metro Bond to these projects in the pre-development phase but are stalled due to financing gaps.

**Operating Support:** Home Forward, Multnomah County's housing authority, made a commitment of Project Based Rental Assistance (Section 8 Vouchers) to the Portland Bond. This assistance will allow residents to pay based on their household income, while the project will receive a set rental income based on a contract rent, established by Home Forward. For the Portland and Metro Bonds, this contract rent is set at 60 percent of AMI. If there are undeployed vouchers remaining from the Portland Bond after the unit production targets have been achieved, PHB is requesting of Home Forward the ability to transfer that commitment to the Metro Bond. Currently, PHB anticipates the unused voucher support could be enough to support approximately 25 units. Modeling for the Metro Bond shows an additional operating gap of approximately the equivalent of 250-300 units of rent supported housing to reach the 30% AMI goal.

**Transient Lodging Tax:** In November 2019, Portland City Council, Metro and Multnomah County approved the use of the Transient Lodging Tax as a resource to assist formerly homeless households residing in supportive housing. This resource will help cover the costs of supportive services for those households residing in housing funded by the Portland or Metro Bonds. Additionally, a portion of this fund would be needed for rent support tied to the supportive housing units generated by Metro Bond resources.

**Metro's Site Acquisition Program:** Metro has allocated an estimated \$23 million for land acquisition or additional gap financing to help Portland achieve its total production targets. PHB and Metro will collaborate and coordinate purchases of the Metro Site Acquisition Program. To ensure full alignment and a coordinated portfolio approach, PHB recommends: 1) to approve sites that Metro purchases with the site acquisition fund, 2) PHB become the lender of said projects, and 3) Metro and PHB agree on an estimated amount of gap subsidy from the site acquisition fund, including number of units, and programming goals we would deploy for the development of the site.

**Land Leverage:** Portland will look to leverage available land from City-owned sites, other publicly-owned sites, or land donated from a private entity for the purpose of affordable housing development. Additionally, PHB anticipates some sites will be developed with site control from the sponsoring developer.

**Leverage Low Income Housing Tax Credits (LIHTCs):** The 4% LIHTC program is available on a non-competitive basis to provide equity for affordable housing development. This program is especially useful for larger projects or scattered site projects that can be bundled to achieve the scale desired by equity investors. Developing projects in Qualified Census Tracts (QCTs) or Difficult to Develop Areas (DDAs) can maximize the usefulness of the 4% tax credits. Projects that require a deeper level of equity may pursue applying for competitive 9% LIHTCS from Oregon Housing and Community Services (OHCS).

**Layer in private debt where feasible:** While ensuring that projects have appropriate operating budgets and reserves, private debt should be secured for projects whenever feasible.



**Local development incentives:** The City offers property tax exemption to developer-owners that are non-profits under the provisions of ORS 307.540 and apply to the City's program, and System Development Fees (SDC) assistance. Portland waives all SDC fees on regulated affordable housing, as well as exempts affordable housing from Construction Excise Taxes.

#### **4. Aligning with System Resources and Partners for Services**

PHB will work closely with regional, state and local partners to identify and align resources for resident and support services in Metro Bond housing. PHB and partners will explore opportunities to determine if fund sources are an appropriate fit for combining with Metro Bond housing, including whether the fund source is consistent and can be used to serve communities in need, including persons experiencing homelessness and other vulnerable populations.

PHB will coordinate with Home Forward to identify potential opportunities for alignment of federal and local resources to support rent subsidies and/or services. PHB will also continue to work closely with the JOHS and other Multnomah County departments to align local, state and federal fund sources for services. PHB and JOHS have a successful track record of braiding capital and services funding in housing solicitations over the past years to support the development and operation of permanent supportive housing (PSH), including the 2018 Summer NOFA for PSH Pilots, and the most recent 2019 Spring Bond Opportunity Solicitation. Furthermore, PHB leadership will actively engage with our stakeholder advisory bodies, elected leadership, and City bureau leadership, to learn of existing and/or potentially new resources for services, including partners at the State, healthcare and philanthropy.

PHB will ensure projects receiving Metro Bond funds have plans in place to effectively deliver services to the intended populations in a culturally responsive manner. PSH for adults is not limited to the SRO model. Larger size units, such as 1-bedrooms, may be more effective in serving the needs of members from different cultural communities. Funding solicitations will require the submission of Resident Services plans and Supportive Services plans for PSH units. PHB's underwriting guidelines allow for resident services costs to be a part of the property's operating budget. The service plans will outline the types of services to be delivered, the staff FTEs required to provide the services, and include how the project will collect and report data related to the services plans.

#### **5. Building Sustainable Real Estate**

**Green Building Policies Applied to Metro Bond Funded Projects:** Portland City Council adopted the PHB Affordable Housing Green Building Policy to ensure that construction funded by the City will advance environmental, social and economic goals. The policy aims to improve tenant health, reduce operation and maintenance costs, provide equitable access to high performance buildings and implement the City/County Climate Action Plan. The policy aims to reach the goals of: net zero energy consumption in affordable housing projects by 2050, 50% water reduction by 2040, and enhanced indoor air quality.

The policy applies to the construction and rehabilitation of affordable housing projects with 20 units or more that receive at least 10 percent of their funding from PHB, as well as PHB-owned buildings. It calls for the use of an approved Life Cycle Cost Analysis tool developed by Earth Advantage for Oregon that uses building design data to more accurately and consistently measure and compare the construction and operation costs of various green building strategies, allowing design teams to make better informed design decisions and PHB to make informed, data-driven decisions and investments.

**Financial Sustainability Guidelines:** PHB uses quantitative standards (“Underwriting Metrics” or “Metrics”) to evaluate projects for financial feasibility and sustainability. These Metrics are based on PHB-funded projects and current industry standards to promote long-term financial sustainability. PHB will refer to these Metrics for all projects applying for Metro Bond funds. These Metrics are subject to periodic review and revision as needed. Interpretation of all terms is at PHB’s sole discretion.

## **TIMELINE AND PHASES**

PHB expects Metro Bond implementation will occur over a period of seven years starting in calendar year 2020. Because of the dynamic nature of housing development opportunities and the continual availability of updated data, PHB will conduct periodic reviews, and potential resets, to its LIS to be responsive to our communities’ most urgent needs. PHB proposes to take a portfolio approach to implementing the Metro Bond and will continuously monitor and adjust the LIS when appropriate and as more projects are identified and funded.

**Implementation is planned in three phases:**

### **Phase 1: Dekum Court**

Phase 1 is a Metro-led phase of projects that were identified prior to the passage of the Metro Bond measure. In July 2019, Metro Council approved \$22.9 million in Metro Bond funds to redevelop Dekum Court, and to directly engage with Home Forward as the lender and funder. The timeline for the redevelopment of Dekum Court will be managed by Metro through its IGA with Home Forward, and these units will contribute to Portland’s production targets.

### **Phase 2: Leveraging pre-development pipeline, emphasis on increasing 30% AMI units**

There are a few projects within the City in the pre-development stage that are stalled due to financing gaps. In order to move these projects forward, Metro Bonds would be deployed to leverage federal and local capital resources such as CDBG, HOME and Tax Increment Financing. PHB would commit no more than 10% of the Metro Bond to projects in the current pre-development phase, allowing the remaining 90% to future projects yet to be identified. PHB’s leverage model would prioritize increasing the number of deeply affordable, 30% AMI, units in the project.

Projects in the pre-development pipeline have received funding awards through PHB competitive solicitations, including evaluations by external stakeholders and approval by the City Commissioner-in-Charge of Housing. Pre-development pipeline projects identified for Metro Bond funding will be evaluated to ensure each project’s ability to meet Metro Bond targets and will follow the review and approval process described in Section V.B., beginning with Metro’s concept endorsement.

### **Phase 3: Align with other public funders timing of solicitations**

To the extent possible, PHB will aim to align its funding awards with other public funders. As of September 2019, OHCS announced a semi-annual competitive NOFA of their funds, to be released in January and July. To assist Portland projects that may need additional gap financing or 9% LIHTC awards, PHB aims to align bond solicitations with OHCS’s NOFAs. This alignment means Portland projects will receive an award shortly prior to the release of the competitive OHCS NOFA in either January or July.

The City expects to issue periodic Metro Bond solicitations once the existing projects are underway, utilizing potential sites owned by the City and building upon partnerships with

existing affordable housing development teams. Continued implementation will occur over the next seven years to identify additional sites; secure needed resources especially for operations and services for supportive housing and very-low income households; expand partnerships with developers and providers; and complete construction and lease up.

**Cumulative Tracking:** Because the pace of implementation is uncertain, these review points will not occur at specific points in time, but instead will be based on the commitment of bond resources to specific projects. Portland will use Exhibit B (the “Metro Bond Proposed Portland Portfolio Tracking Template”) as an addendum to this LIS. As project commitments are made, the template will be updated to show balances of funds available and the unit production goals met and still to be achieved. This will provide a real-time update to guide the selection of subsequent projects to ensure overall goals and resource commitments are consistent with the Metro Bond framework. Should the tracking template indicate a modification to the LIS is advisable, the amendment process will include engagement based on our ongoing community engagement plan. Proposed changes would then be submitted to Metro for review and approval.

## **ORGANIZATIONAL PLAN FOR PROJECT MONITORING**

Housing development is a complex process and evaluating prospective Metro Bond projects for feasibility in the very early stages include risks due to unknown conditions and changes in assumptions that occur as actual planning and development activities get underway. Furthermore, Metro Bond funds are to be used only for development of affordable housing that are capitalizable under generally acceptable accounting principles (GAAP), which costs include the costs of capital construction, capital improvements or other capital costs, as those terms are defined by the relevant provisions of the Oregon Constitution and Oregon law (including ORS 310.140).

Given these considerations, PHB has instituted an organizational structure of underwriters, senior construction coordinators, closers, finance coordinators, and legal advisors, led by an Executive Team, each playing a role to monitor each stage of the development process to reduce the risk of PHB’s funding exceeding the awarded amount and subsidy/unit limit. Additionally, the City’s Office of Management and Finance, City’s Attorney’s Office, Risk Management, Procurement, and many other departments stand ready to assist PHB in implementing the Metro Bond.

### **Solicitation / Pre-Award**

Prior to issuing solicitations for Metro Bond funds, PHB will review projects in its portfolio and pipeline to form benchmark estimates for reasonableness in construction costs, financing assumptions, contingencies and operating expenses. Through this analysis, PHB will determine reasonable criteria in order to meet all the Metro Bond goals, including income levels and family-sized units. To ensure consistency among projects’ financials, PHB will require proposers to use an adapted OHCS pro forma template to include the same line items for uses/sources for capital costs and income/expenses spreadsheets to prompt proposers to consider leveraging noncompetitive 4% LIHTC and Senior Debt. This process enables PHB to quickly compile and compare key metrics across all proposals, including subsidy/unit, costs/unit, costs/square foot, operating expense/unit, requested vouchers, and any funding gaps to gauge reasonableness which helps inform the technical and financial feasibility evaluation.

PHB will pre-negotiate key conditions with short-listed development teams that may be asked to:

- correct for errors in the pro forma that do not meet initial investment requirements;

- use the appropriate level of wage rates (BOLI and/or Davis Bacon) for construction costs;
- meet PHB maximums for developer fees;
- contain all the minimum required construction hard costs, soft cost, estimating and escalation contingencies and disclose these amounts;
- identify the full team roster including their costs.

If the proposals do not contain sufficient or accurate information, development teams will be asked to provide an updated pro forma including any changes in the subsidy requested. Prior to selection of projects, PHB will communicate with each team on key issues. Award letters will contain critical aspects regarding how unexpected cost increases in the construction budget will be absorbed and request updated, detailed financing plans.

### **Pre-Development**

The biggest challenges in cost containment typically arise during predevelopment, which occurs during the time after the award date and before financial close. When proposers submit an application for funding, many are at the very early stages of their real estate development process. Some may have only Letters of Intent to purchase the land, and others may be more advanced in the process with construction cost estimates from contractors and letters of interests from financing institutions. However, typically, most will not have advanced schematic designs or detailed costs. This is especially true for many rehab/acquisition projects with only a Letter of Intent as evidence of site control.

Many affordable housing developers do not have substantial internal funds to pursue predevelopment, until they know their project has public funding committed. Once awarded, proposers usually request a predevelopment loan from PHB to pay for due diligence costs (i.e. environmental and geotechnical reports), architectural designs, permitting and cost negotiations which can greatly impact the scope and scale of the project. During predevelopment, senior commercial lenders and tax credit investors also refine their requirements and gaps may be caused by revisions in the financing assumptions, such as in 2017 when changes in the federal tax codes occurred and devalued LIHTC from over \$1.00 to under \$0.85, resulting in significant funding gaps and delays in closing.

PHB is working to identify sources of funds for predevelopment loans. At financial close, the PHB predevelopment loan would be repaid from the Metro Bond disbursement and/or from other funding sources. Predevelopment loans are handled like many of the loans PHB processes. There is a promissory note with terms and a maturity date. The loan is recorded and tracked in the bureau's loan management system (HDS). Funds are disbursed through the City's accounting system (SAP). A Senior Construction Coordinator reviews invoices and approves disbursements, which are then approved by the Housing Investments and Portfolio Preservation Manager and the Deputy Director. The Finance and Accounting staff ensures that sufficient funds are appropriated for the loan and disburses the funds in a manner that they can be tracked by project. The City Office of Management and Finance reviews the disbursement to verify that the correct party is paid.

To ensure projects are within budget and on time, PHB works very closely with developers to problem solve and mitigate risks, including during:

- Due diligence: PHB reviews surveys, geotechnical reports, environmental reports and other due diligence documents to identify potential risks/mitigants, additional costs, and appropriate contingencies;

- Design and the “Early Assist (EA)”: PHB helps identify issues with other bureaus, such as related to land use and/or entitlements approvals, design and budgeting, and possible revisions/value engineering;
- Permitting: Through the Bureau of Development Services (BDS) pre-app meetings, Government Accountability Transparency Review (GATR) processes and established inter-agency relationships, PHB staff problem solve and facilitate the permitting processes to keep projects on schedule and within budget;
- Bidding: PHB works closely with the development team to review and approve the construction budget and final Guaranteed Maximum Price (GMP) contract; and
- Financing: PHB works with the development team to maximize leverage and create a mutually acceptable financing structure.

### **Construction & Close Out Phase**

Cost increases and schedule delays during construction typically occur due to unforeseen, and often uncontrollable, circumstances such as inclement weather, environmental conditions or changes in code during construction. PHB staff work closely with the developer in each stage of a project to ensure a smooth transition from design to construction. PHB coordinates and actively attends preconstruction meetings to discuss a number of issues including: a) DMWESB-SDV reporting requirements, applicable wage rates and Section 3 workforce/apprentice training, b) Bureau of Development Services inspections, to coordinate processes for inspections, deferred submittals and revisions, c) the general contractor and subs to discuss safety, pay app, change order approvals and reporting, d) green building policies and e) funders’ coordination.

During construction, PHB’s Senior Construction Coordinators attend, as needed, regular owner-architect-contractor meetings to track the construction progress, monitor and problem solve issues, approve and track change orders and addbacks, review construction pay-apps and provide any early warnings if construction costs and/or completion schedule are not in-line with PHB approvals. The continuity of PHB’s oversight at these meetings over the course of the construction schedule allow PHB to perform an informed fiduciary review of disbursement requests and change order approvals.

Disbursement requests for construction funds are anticipated to be released by Metro to escrow for the project, at financial close, in accordance with the provisions of the project documents. When project construction is complete, the close out process begins and PHB reviews the reconciled soft and hard costs and approves any cost savings determination. Any identified project cost savings at close out are split between Metro and the developer based on a pre-determined percentage documented in the project’s promissory note. During close out, any senior commercial construction loans are repaid, and the senior permanent loans are executed, and the tax credit investments are all made. It is expected that at this same time, the Bond loan will convert from a construction loan to a permanent loan. If a project experiences unforeseen cost escalation which exceeds identified contingencies, PHB is not required to, and typically does not, provide additional funding beyond the final amount approved by Metro.

PHB’s processes and protocols to oversee project development are in place to establish clear expectations with development teams, including describing the conditions of each award and actively working with teams after the award on cost monitoring throughout predevelopment and construction. The end goal of all these processes and protocols is to ensure Bond funds will be used to support projects that will provide high quality, sustainable affordable housing for Portland’s residents.

## **PROGRAM DELIVERY FEE**

The City will include a program delivery charge within third party Affordable Housing Project financings funded with Metro Bond Proceeds. A program delivery charge will be assessed to and paid by third party Affordable Housing Project partners and capitalized under the capital asset created by the respective third-party Affordable Housing Project. The program delivery charge will be allowable Project Funds to provide a mechanism that capitalizes Administrative Costs (as identified in Section 1.1 of this document) in the third-party financing model allowed by the Oregon Constitution after the passage of Measure 102.



## V. PROJECT SELECTION AND APPROVAL PROCESSES

### SELECTION CRITERIA

Portland will consider criteria in several areas when selecting Metro Bond projects. The criteria will be based on the ability of prospective projects to meet policy goals and unit production targets, including in six main areas: 1) Advancing Racial Equity, 2) Contributing to Metro's Framework Goals, 3) Furthering Portland's Affordable Housing Goals, 4) Connecting to Services, 5) Leveraging Funds, and 6) Readiness to Proceed.

#### Advancing Racial Equity

PHB will specify requirements relating to implementation of Equity Plan strategies. Equity Plans will be required for each project, including:

- **DMWESB-SDV (Disadvantaged, Minority, Women, Emerging Small Business and Service-Disabled Veterans) Contracting.** Metro Bond project sponsors will be required to make good faith efforts to achieve subcontractor participation of 30% on hard cost and 20% participation on soft costs on the development from COBID-certified DMWESB-SDVs. Specific solicitations may have additional goals or requirements. Those responding to Metro Bond offerings will be required to provide a detailed plan of how they intend to meet COBID subcontracting requirements, and successful awardees will be required to report their ongoing project participation to the City. The City will continue to remain proactive in hosting informational events for developers, general contractors, and trade associations about upcoming opportunities.
- **Workforce and Apprenticeship Participation.** All projects must meet the requirements of PHB's Workforce Training and Hiring Program (WTHP), which includes hiring goals for subcontracts of \$300,000 or more. All contractors are required to submit a workplan detailing their approach and strategies to achieve the targeted workforce goals of 20% apprenticeship, 22% minority and 6% women employment hours established by the City. Prime contractors are also required to report payroll, hiring and training information to the City through the WTHP.
- **Affirmative Marketing, Tenant Selection & Lease-Up.** PHB will work to ensure access to Metro Bond financed housing for Communities of Color and Metro's priority populations. Project developers/owners will be required to exert best faith efforts to make units available using affirmative outreach, marketing and screening criteria strategies. Developers/owners, and their property management companies (if applicable), will be expected to engage in affirmative outreach and marketing to make disadvantaged populations aware of the availability of units, and the process and timeline for application.
- **Resident Screening Criteria Guidelines.** PHB will also require that project sponsors use low barrier screening criteria that balances access to target populations, project operations, and community stability. PHB will work with project sponsors to identify specific target populations for each project and will review the proposed outreach, marketing and lease-up strategy for each project.

#### Contributing to Metro Bond Goals

The first consideration will be how each project contributes to the accomplishment of total production targets in the Metro Bond framework as stated in Section III.A. PHB does not

expect that each project will reflect the ratios expressed by these targets, but instead will ensure the overall portfolio of funded projects will achieve this mix. Instead, every project receiving Metro Bond funds will be required to meet a portion of the framework targets, including specific requirements such as:

- A maximum subsidy/unit for both new construction and acquisition/rehabilitation projects.
- Projects are financially sustainable over the long term.
- Project delivery to be within a minimum specified time.
- Project delivery of a minimum number of supportive housing units.
- Minimum units/project.
- Average bedroom count to ensure family-sized units, unless the project is specifically designed for very low-income residents or is supportive housing for single adult households.
- Programming appropriate to the Priority Populations, including low-barrier screening and effective marketing and lease-up plans.
- Compliance with City and PHB DMWESB-SDV contracting goals and Workforce Training and Hiring program.

### **Furthering Portland's Affordable Housing Goals**

The PHB is responsible for leading housing policy for the City and administering programs to produce affordable rental housing, increase and stabilize homeownership, end homelessness, and regulate and assist landlords and tenants in the rental housing market. The bureau will look to strategically align Metro Bond planning and implementation with the City's existing housing plans and policies listed in the Strategies Section (Section IV.A.).

### **Connecting to Services**

Metro Bond funded projects will provide access to quality, community-based, and culturally specific resident services, supportive housing and service partnerships. Each project will be required to submit separate plans, one each for Resident Services and for Supportive Housing Services, in collaboration with jurisdictional partners, culturally specific agencies, homeless services agencies and other partners.

Projects serving high needs populations will require robust supportive services to ensure resident stability and positive outcomes. For supportive housing and other housing focused on serving high needs households, service plans will be expected which bring adequate staffing, resources and service delivery to meet residents' needs. This may include trauma informed case management, mental health services, alcohol and drug recovery, health care, domestic violence services, peer-delivered support, employment and legal services, and house-keeping. PHB will evaluate each project's target population and service plan to ensure that it is appropriate and durable.

### **Leveraging Funds**

Portland plans to use Metro Bond funds to support a portfolio of projects that provide quality and financially sustainable housing. These projects will be characterized by efficient design and durable construction and will comply with PHB's Green Building Policy, described in more detail in Section VI.C. Projects will be well aligned with the



needs of households from priority communities in terms of space, amenities, service requirements and connections to the surrounding neighborhoods.

The blend of funding sources will have an impact on both hard and soft costs. Hard costs will be impacted by type of building, cost of materials, location of the project, and development standards of investors, lenders and other public funders. Soft costs will vary with requirements for specific legal, accounting, reserve requirements, and fees. Leverage will also be impacted by the service needs of the residents.

PHB will evaluate all proposed projects to ensure that the costs are reasonable and appropriate to the specific project. In doing this evaluation, PHB will focus on the amount of Metro Bond funds needed rather than the total development costs of projects. This evaluation may consider:

- Financial feasibility, including meeting requested bond subsidy per unit.
- Long-term operational viability.
- Inclusion of parking and amenities.
- Location of project.
- Scale appropriate to the target population.
- Scale appropriate to the neighborhood in which the project is located.
- Quality and durability of project and construction materials.
- Costs associated with and funding available for the service needs of the target population.
- Reasonable fees and reserves.
- Total funding leveraged and any funding gaps remaining.

### **Readiness to Proceed**

Affordable housing is a specialty business that differs in many ways from market rate housing or other real estate development. PHB will seek to partner with non-profit, for-profit, or governmental organizations that have demonstrated experience as affordable housing developers and/or owners. Expertise with serving the specific populations proposed by the project will also be considered.

Timely implementation of the Metro Bond is critically important. In its selection process, Portland will prioritize projects that have identified a clear path to timely completion. The City may prioritize projects that have identified a financing plan, have secured needed service partnerships, have a clear and achievable racial equity plan, and meet other policies and goals of the Metro Bond. Once a project is selected, the City will work with and assist the selected developer, to whatever degree possible, through the land use and permitting processes.

PHB anticipates issuing periodic solicitations or making strategic acquisitions, until all bond funds have been committed and production goals met. As a development strategy, solicitations may be aligned to other funding sources as described further in Section VI. B. PHB will seek feedback on the requirements, preferences and processes of each solicitation from existing advisory councils and community groups that work in partnership with the bureau, including the Portland Housing Advisory Commission (PHAC), Bond Oversight Committee (BOC), Rental Services Commission (RSC), N/NE Neighborhood Housing Strategy

Oversight Committee, and the Fair Housing Advisory Council (FHAC). PHB will also engage with other stakeholder groups before solicitations are released, including those outlined in the Community Engagement Report (Exhibit A).

## **REVIEW AND APPROVAL OF PROJECTS**

**Portland concept endorsement:** The project solicitation and selection process will include review and recommendations by two review committees:

- **Technical and Financial Feasibility (TFF) Committee** – comprised of financial underwriters, construction coordinators and representatives of any funding partners contributing to the proposed projects. Members will review proposals based on all solicitation requirements and preferences, materials submitted and other evaluation criteria. The results and recommendations of this review are shared with the Community Review Committee.
- **Community Review (CR) Committee** – comprised of volunteer community stakeholders and representatives from partner organizations. In addition to the results and recommendation information provided by the TFF Committee, members evaluate proposals' alignment to community needs and Metro Bond priorities. The CR Committee will also interview proposing teams before submitting final recommendations to the PHB Director and the Commissioner-in-Charge of Housing.

Each review committee may consist of multiple teams depending on the number of proposals received in any given solicitation so that committees have a manageable portfolio of proposals to review. This process will result in a series of projects to be recommended to the PHB Director and the Commissioner-in-Charge of Housing. Once projects are approved by the Commissioner-in-Charge, they will be submitted to Metro for concept endorsement.

**Metro concept endorsement:** Metro staff will review the request to assess the project's compatibility with the LIS, and to provide a recommendation for endorsement by the Metro Chief Operating Officer (COO). The City and Metro may make a joint-public announcement of projects endorsed by the Metro COO at this stage in the approval process, including sponsor name(s), estimated number of units by affordability levels and investment level.

**Portland project approval and funding authorization:** Once a project concept endorsement is approved by the Metro COO, PHB's staff will proceed with due diligence. Once a financial structure and development plan has been agreed upon, PHB will present the plan to a Metro-specific Housing Investment Committee (M-HIC). The M-HIC will be staffed by PHB and could include a Metro-designated representative. The committee will evaluate each project's financial feasibility and vote to approve the release of funds. Once approved by M-HIC, PHB will present the funding request to Metro staff to request the appropriate action, as outlined in the IGA.

**Metro-approved Regulatory Agreement:** All projects will be required to execute a Metro-approved Regulatory Agreement that acknowledges the use of Metro Bond funds and the restrictions associated with the use of such funds. The Regulatory Agreement will be recorded against the project at or prior to closing and Metro will be the 3rd party beneficiary for the term of the bonds.

- **Period of Affordability:** The Regulatory Agreement will generally specify a 99-year period of affordability for rental developments. The Regulatory Agreement will provide a right of first refusal for qualified nonprofit organizations or government entities to acquire the project upon expiration of the affordability period.

- Accomplishment of Metro Bond targets: The Regulatory Agreement will also specify the level of affordability and the unit bedroom sizes of the project.
- Reporting Requirements & Monitoring During Operations: The Regulatory Agreement or similar agreement will also provide requirements for periodically providing information relating to the project's financial performance, physical condition, occupancy, tenant income verification, and voluntarily collected tenant demographics. Projects will follow OHCS's schedule and requirements for monitoring and reporting for the benefit of Metro and, when applicable, the City. The agreement will also provide physical access to the property when requested by Metro, the City, or other project financing partners.

**Loan agreements and promissory notes:** All projects will be required to execute a Loan Agreement and Promissory Note outlining the terms of bond subsidy. The City will develop documents relating to the form of investment of bond funds. These may vary depending on projected cash flow of different projects and may take the form of cash flow dependent loans. In general, the City will support the allocation of modest amounts of program income to restricted reserve accounts dedicated to capital accounts and/or the provision of resident services.

**Jurisdiction Documents:** The City may require a variety of other documents relating to the project. In the case of properties controlled by the City, the City will develop agreements relating to the transfer or leasing of property to the developer/owner.

## **ALIGNING WITH CITY HOUSING ADVISORY COMMITTEES**

In addition to the approval process that will be used for individual projects, the City will communicate with its community advisory boards, particularly the Portland BOC and PHAC, to ensure Metro Bond project implementation and timelines are aligned to the broader affordable housing pipeline funded with the Portland Bond and other City resources. The BOC has no fiduciary or oversight responsibilities over the Metro Bond. However, the experiences and knowledge BOC committee members have gained over the last three years in overseeing bond implementation will bring valuable perspectives to help guide the successful development and completion of Metro Bond projects, and we intend to ask our Portland Housing Bond Oversight Committee for advice throughout implementation.

## VI. ENGAGEMENT AND REPORTING THROUGHOUT IMPLEMENTATION

### PLAN TO ENSURE ONGOING COMMUNITY ENGAGEMENT TO INFORM PROJECT IMPLEMENTATION

In 2018, PHB developed a “Community Engagement Plan” and “Community Notification Schedule at Key Milestones” for the Portland Bond to ensure the bureau provided ongoing information to the community and engagement opportunities throughout program implementation. PHB will use strategies from these existing plans to guide our communication and engagement strategy with Metro Bond projects.

The goals for continuous engagement are to:

1. Keep the public informed of progress toward the goals of the Metro Bond;
2. Share the availability and locations of housing opportunities as they arise, with a focus on reaching communities in need (people with low incomes, seniors, Veterans, people with disabilities, people with limited English proficiency, immigrants, refugees, and people experiencing homelessness or housing instability); and
3. Build, sustain and institutionalize relationships with community members and organizations serving underrepresented communities as prioritized in the LIS in ways that are meaningful to them and defined by them.

Metro Bond projects will have plans for community engagement to ensure that services and partnerships exist to support resident stability. Examples include having project selection criteria in future solicitations that describe engagement of community members and partnerships to support residents. More detail is found in Section V. Project Selection and Approval Processes of this document and include: description of outreach activities with the broader community to understand housing needs; conducting targeted marketing through culturally specific and other community partners to reach priority populations; requiring submission of an equity plan, resident services plan and supportive housing plan, including identifying partnerships that respond to the goals of equitable housing access, outcomes and opportunities with Metro Bond funds. Stakeholder engagement will be a main strategy throughout implementation of the Metro Bond, including outreach to community organizations, neighborhood coalitions, non-profit housing providers, and low-income renters.

### POINTS OF NOTIFICATION

Metro Bond projects will keep the public, stakeholders and organizations serving communities in need informed on the project, particularly at points when members have opportunities to provide feedback or receive direct information, such as in the case of notification of housing vacancies. Stakeholders may include neighborhood groups, affordable housing developers, culturally specific agencies, homeless and housing service providers, and faith communities who are notified at different points in the development process, such as at the time of land or building acquisition, design phase, completed construction/Grand Opening and lease-up/marketing.

### METHODS OF OUTREACH AND ENGAGEMENT

Portland and Metro Bond projects will provide information and notices to the public via:

- Portland Housing Bureau's website, <https://www.portlandoregon.gov/phb/> features news and updates, general information, project fact sheets, schedule of public meetings, and a link to sign up to receive updates.
- Metro's website, <https://www.oregonmetro.gov/public-projects/affordable-homes-greater-portland>, features news, updates, information and public meeting information on the Metro Bond.
- Updates at stakeholder meetings: PHB staff will provide updates on Metro Bond progress at a variety of housing and community stakeholder networks, including the bureau's advisory committees (Portland Housing Advisory Commission, Rental Services Commission, Fair Housing Advocacy Committee, N/NE Neighborhood Housing Strategy Oversight Committee, Portland's Bond Oversight Committee), A Home for Everyone, Housing Oregon Portland Metro Policy Council and East Portland Action Plan Housing committee.
- Partnerships with culturally specific agencies and other community partners: For vacancies and waitlist openings, PHB will encourage and work with housing partners to engage community-based and culturally-specific organizations and service providers to target outreach when vacancies occur and when waiting lists open.

## LANGUAGE AND ACCOMMODATION

The City operates in accordance with Title VI of the Civil Rights Act of 1964, the Americans with Disabilities Act, ORS Chapter 659 A, Portland City Code Title 23, and other related statutes and regulations, such that no person shall be excluded from participation in, denied the benefits of, or be subjected to discrimination in any City program, service or activity on the basis of race, color, national origin, English proficiency, disability, sex, age, religion, sexual orientation, gender identity, marital or familial status, or source of income.

The City's policy is to translate applicable materials into the appropriate languages of the communities to be reached, including languages on the City of Portland Language List: Spanish (Español); Vietnamese (Tiếng Việt); Chinese (中文); Russian (Русский); Romanian (Română); Ukrainian (Українська); Japanese (日本語); Somali (Soomaali); Arabic (عربي) Laotian. When PHB posts notices for public meetings, information will be made available one week in advance of the date of the meeting and will include the below description to allow individuals to request accommodations:

Accessibility: To help ensure equal access to City programs, services and activities, the City of Portland will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities. Call 3 days in advance to request special assistance for ADA accessibility. 503-823-2375, TTY, 503-823-6868. Language Services: To help ensure equal access to City programs, services and activities, the City of Portland will reasonably provide translation services with at least 48 hours advance notice. 503-823-2375, TTY 503-823-6868.

## REPORTING

PHB staff will prepare an annual report that will highlight overall progress on the LIS. The report will include, but not be limited to: number of projects acquired with Metro Bond funds (including committed and completed projects, and total project costs); progress made on overall production goals and racial equity outcomes; bond funding amounts; number of households housed in Metro Bond housing; and program highlights.

## VII. EXHIBITS

### EXHIBIT A: METRO BOND COMMUNITY ENGAGEMENT REPORT

#### 1. PURPOSE AND APPROACH

The development of Portland's LIS was directly informed and guided by the feedback, perspectives and recommendations of communities and members of underrepresented groups. Public entities have a responsibility to inform and engage communities about decisions which are most likely to directly impact those individuals and communities. Additionally, engaging stakeholders who are former, current or potential residents of affordable housing is critical to informing development of effective and equitable policies and practices that respond to the community's most pressing barriers and needs.

During the creation of the Portland Bond policy framework in Fall 2018, stakeholders developed engagement principles to guide PHB's implementation of the bond, which included:

- conduct meaningful engagement to prevent “engagement fatigue” and undue burden on people most impacted by the housing crisis;
- go to where people are gathered, (e.g. community events, resource fairs, existing meetings); depend on the expertise of trusted community partners who can effectively reach people;
- ensure equitable access to information for residents from Communities of Color, including immigrants, refugees and persons with limited English proficiency, who have historically been excluded in City processes and decisions; and
- reach out to affordable housing stakeholders including nonprofit developers and organizations representing low-income residents and marginalized communities.

PHB developed Portland's LIS based on community priorities, perspectives and recommendations from community members and housing stakeholders. Our approach was two-fold:

- **Incorporate feedback previously gathered from the Portland Bond:** PHB conducted robust engagement in 2018, reaching nearly 1,000 people, to inform creation of the policy framework for the Portland Bond. The recommendations gathered through this process, and lessons learned through implementation, were incorporated in Portland's LIS, including location priorities and strategies to increase equitable access and outcomes in housing and workforce.
- **Conduct additional engagement to better understand access issues and housing opportunities from the perspectives of Communities of Color, immigrants, refugees and persons living with disabilities.** Additional outreach was conducted to enhance understanding of key issues and approaches for members from vulnerable communities, focusing on reaching persons living with disabilities, Communities of Color, immigrant and refugee communities and persons with lived experience of homelessness and housing instability. Outreach was focused on gathering feedback and recommendations on access Issues (eliminating barriers and identifying effective outreach and marketing approaches in different cultural communities) and housing needs and opportunities issues for neighbors throughout the city, including SW, N/NE and East Portland.



## 2. OVERVIEW OF TIMELINE AND METHODS FOR METRO BOND ENGAGEMENT

Multiple methods for outreach and engagement were used:

- A. **In-Person Surveys** to reach immigrant and refugee communities;
- B. **Focus Group** to reach East County community members and housing agencies;
- C. **Email Communication** to reach persons living with disabilities;
- D. **Feedback Sessions** to reach housing, neighborhood and community groups; and
- E. **Community Report-Back Session** to reach housing, neighborhood and community groups.

An overview of engagement activities, meeting dates, locations and types of individuals and groups who were reached is summarized in the following tables.

### A. In-Person Surveys – Immigrant and Refugee Communities

In-person surveys were conducted by leaders from immigrant and refugee cultural communities. The questions asked and feedback requested focused on:

- What is your most urgent housing need?
- Which community agencies are you familiar with? Received help from? (from a list)
- When looking for housing, where do you get information from? (from a list)
- Are there other places or ways that you get information on housing?
- If you are looking for support to stay in housing, where do you get information?

Date	Location	Description of People Reached	Number of Participants
March 23 to April 6	Shopping center (122nd and Glisan); Ethiopian restaurant on 122nd Ave.	African immigrant community	9
March 23 to April 6	Various (at restaurants, community events, community agencies)	Russian and Ukrainian community	8
March 23 to April 6	Apartment complexes around the area of 112th Ave and 162nd Ave.	Bhutanese and Nepali community	10
March 23 to April 6	Cambodian temples, community events, individual meetings	Cambodian community	7
March 23 to April 6	Apartment complexes around the area of SE/NE 178th and 160th Ave.	Burmese community	11
March 23 to April 6	Apartment complexes in Cully (60th and Killingsworth); community agencies	Latinx community	13

**Exhibit A to Resolution No. 20-5126**

March 23 to April 6	Various apartment complex locations in N, SE and NE Portland	Chuukese community	9
<b>Total</b>			<b>88</b>

**B. Focus Group – East County Community Members and Housing Agencies**

A focus group was co-hosted by Home Forward, City of Gresham and PHB to reach East County housing agencies and community members. The questions asked and feedback requested focused on:

- Housing location preferences;
- Types of housing needs;
- Social services needed; and
- Barriers to access.

<b>Date</b>	<b>Location</b>	<b>Description of People Reached</b>	<b>Number of Participants</b>
May 29	Gresham City Hall 1333 NW Eastman Pkwy, Gresham, OR	Social service providers; affordable housing advocates	<b>24</b>

**C. Email Communication – Persons Living with Disabilities**

PHB worked with the coordinator for the City's Portland Commission on Disability to create an accessible PowerPoint presentation to provide an electronic format of information on the Metro Bond. Feedback was requested on:

- Needed housing types for Metro Bond priority communities;
- Location strategies;
- Approaches to advance racially equitable outcomes;
- Opportunities to increase housing access and opportunity for individuals with mobility disabilities and other physical disabilities; and
- Other recommendations.

<b>Date</b>	<b>Location</b>	<b>Description of People Reached</b>	<b>Number of Participants</b>
June 5 to 21	N/A	Persons living with disabilities	<b>25</b>



#### D. Feedback Sessions – Housing, Neighborhood, Community Groups

Informational and feedback gathering sessions were conducted with participants from 10 housing, neighborhood and community groups. Staff presented at meetings of existing groups in North/Northeast, Southwest and East Portland, reaching nonprofit housing developers, low-income renters, leaders and agencies serving Communities of Color, persons living with disabilities and agencies serving people experiencing housing homelessness. Feedback was requested on:

- Needed housing types for Metro Bond priority communities;
- Location strategies;
- Approaches to advance racially equitable outcomes;
- Opportunities to increase housing access and opportunity for individuals with mobility disabilities and other physical disabilities; and
- Other recommendations.

Date	Location	Description of People Reached	Number of Participants
April 17	<b>A Home for Everyone Health and Housing Workgroup</b> Joint Office of Homeless Services, 721 SW Oak St., Suite 100, Portland	Homeless and health providers; advocates	8
May 9	<b>N/NE Housing Strategy Oversight Committee</b> New Song Community Church, 220 NE Russell Street, Portland	Housing agencies, advocates, culturally specific partners, community members	6
May 14	<b>Fair Housing Advisory Committee and Rental Services Commission</b> Portland Housing Bureau, 421 SW 6th Ave, Suite 500, Portland	Fair housing and renter rights stakeholders, advocates	12
June 3	<b>West Portland Town Center Plan – Community Advisory Group</b> Markham Elementary School, 10531 SW Capitol Hwy, Portland	Housing agencies, advocates, community members	18
June 4	<b>Portland Housing Advisory Commission</b> Portland Housing Bureau, 421 SW 6th Ave, Suite 500, Portland	Housing agencies, advocates, community members	7

**Exhibit A to Resolution No. 20-5126**

June 5	<b>Metro Bond Community Oversight Committee</b> Metro, 600 NE Grand Ave, Portland	Metro-region housing stakeholders	12
June 6	<b>Neighborhood Prosperity Network – District Managers Meeting</b> Peace House, 2116 NE 18th Ave, Portland	Cully Boulevard Alliance, Division Midway Alliance, Historic Parkrose, Jade District, Our 42nd Ave, Rosewood Initiative, and St. John's Center for Opportunity.	10
June 10	<b>East Portland Action Plan Housing Committee</b> E. Portland Neighborhood Office, 1017 NE 117th Ave, Portland	Housing agencies, businesses, culturally specific partners, community members	18
July 10	<b>Housing Oregon Portland Metro Policy Council</b> Catholic Charities, 2740 SE Powell Blvd., Portland	Portland-metro affordable housing developers	17
July 18	<b>Bond Oversight Committee</b> Portland Housing Bureau, 421 SW 6th Ave, Suite 500, Portland	Housing stakeholders; community members	5
July 23 (Submitted by Letter)	<b>The Rosewood Initiative</b> 16126 SE Stark St., Portland	Housing agencies, businesses, culturally specific partners, community members	N/A
July 25 (Submitted by Letter)	<b>Central City Concern</b> 232 NW Sixth Ave., Portland	Individuals and families experiencing homelessness; persons with disabilities	N/A
<b>Total</b>			<b>113</b>

**E. Report-Back Sessions – Housing, Neighborhood, Community Groups**

Report-back sessions were held to present on the draft LIS and receive additional feedback from stakeholders prior to the strategy being finalized. PHB staff presented at several stakeholder meetings to receive comments. Additionally, a Community Report-Back Session was held to invite stakeholder groups and community members previously engaged in the Spring/Summer 2019. More than 70 people were invited to provide feedback on the draft LIS.

<b>Date(s)</b>	<b>Location(s)</b>	<b>Description of People Reached</b>	<b>Number of Participants</b>
November 5	<b>Portland Housing Advisory Commission</b> Portland Housing Bureau, 421 SW 6th Ave, Suite 500, Portland	Housing agencies, advocates, community members	10
November 6	<b>East Portland Action Plan Housing Committee</b> E. Portland Neighborhood Office, 1017 NE 117th Ave, Portland	Housing agencies, businesses, culturally specific partners, community members	18
November 13	<b>Housing Oregon Portland Metro Policy Council</b> Housing Development Center, 847 NE 19th Avenue, Suite 150, Portland	Portland-metro affordable housing developers	16
November 14	<b>Community Report-Back Session</b> Portland Housing Bureau, 421 SW 6th Ave, Suite 500, Portland	Housing, neighborhood, community groups	10
November 14	<b>N/NE Housing Strategy Oversight Committee</b> New Song Community Church, 220 NE Russell Street, Portland	Housing agencies, advocates, culturally specific partners, community members	~20
<b>Total</b>			<b>~75</b>

**3. KEY ENGAGEMENT THEMES**

Community members and housing stakeholders provided feedback and recommendations in several key areas, including: barriers to access, approaches to advance racial equity, location preferences and investment priorities.

- Barriers to access:

- o Screening criteria was identified as one of the largest barriers among several

groups. Issues of rental history, criminal background, credit history, and citizenship status seriously limit access for vulnerable communities and often work to “screen-out” people who need housing the most;

- o Racial discrimination creates barriers and prevents families and individuals from Communities of Color fairly accessing housing opportunities;

- o Lack of culturally responsive processes and services leads to disproportionate outcomes for Communities of Color; examples of this include lack of racial equity and trauma-informed training for property management staff and lack of linguistically appropriate materials and information for non-English speaking communities;

- o Overall costs and complex system navigation prevent people from getting the information they need on tenants’ rights, fair housing, and housing application process.

- Approaches to advance racial equity:

- o Use low barrier screening criteria to increase access for households with barriers;

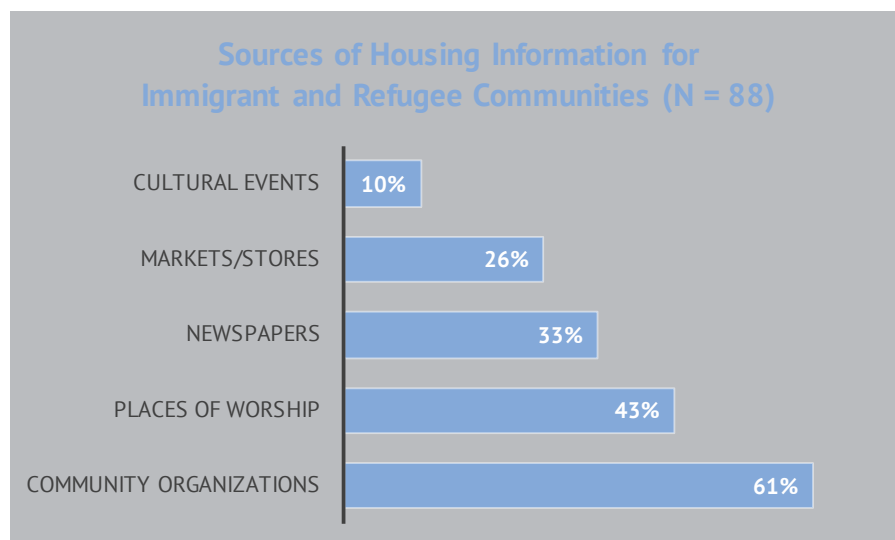
- o Train staff on fair housing and racial equity in housing (property management/ services);

- o Partner with culturally specific agencies and other trusted community-based agencies to effectively reach Communities of Color, immigrant and refugee communities;

- o Require and enforce DMWESB-SDV goals in contracting and construction;

- o Establish clear and measurable goals for equity and report on progress;

- o Use targeted methods for outreach in different cultural communities; responses of immigrants and refugee community members indicate that community organizations (61%) and places of worship (43%) are main sources people go to get information about housing opportunities, followed by ethnic newspapers, markets and cultural events.



- Location preferences:
  - o Create housing in areas with access to amenities, particularly transit, schools, groceries.
  - o Focus on creating affordable opportunities as an anti-displacement strategy to support vulnerable households in neighborhoods where they currently reside and have established social support networks in place.
  - o Explore more targeted allocation method to look at specific neighborhoods or areas within the city; consider soft set-aside allocations.
- Investment priorities:
  - o Options for homeownership need to be considered as part of bond implementation.
  - o Family-sized unit targets must be met, and hopefully exceeded, to prioritize housing to accommodate larger sized families and intergenerational households.
  - o Critical to identify funding to support services and operations for 30% AMI units.
  - o Prioritize goal for supportive housing to serve chronically homeless households.

#### 4. THEMES AND RECOMMENDATIONS REFLECTED IN PORTLAND'S LIS

The feedback and recommendations from engagement efforts of both the Portland and Metro Bond directly informed the goals, strategies and approaches of Portland's LIS. The information incorporated is summarized in the following table.

	Themes and Recommendations from Portland Bond Engagement	Themes and Recommendations from Metro Bond Engagement
<b>Key Themes</b>	<ul style="list-style-type: none"> <li>• Spread housing across city in neighborhoods with high amenities.</li> <li>• Ensure equity and accountability in planning and implementation (outreach, marketing, construction and evaluation).</li> <li>• Maximize opportunities to leverage public and private resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue effective strategies from Portland's Bond:</li> <li>• Partner with culturally specific agencies and other trusted groups to reach and serve Communities of Color, immigrants and refugees.</li> <li>• Leverage and align system resources with Multnomah County JOHS, Home Forward, the State and other funders.</li> <li>• Establish clear and measurable goals for equity; enforce DMWESB-SDV goals.</li> <li>• Secure funding to support 30% AMI operations and services.</li> <li>• Low barrier criteria to increase access for people with barriers.</li> </ul>

<b>Production Targets</b>	<ul style="list-style-type: none"> <li>• Prioritize new construction in high opportunity areas and acquisition/ rehab in areas at high risk for gentrification.</li> <li>• Goal for 300 supportive housing units.</li> </ul>	<ul style="list-style-type: none"> <li>• Set goal for Type A units for people with mobility disabilities.</li> <li>• Set supportive housing goal, with focus on serving the chronic homeless population.</li> </ul>
<b>Implementation and Engagement</b>	<ul style="list-style-type: none"> <li>• Create housing in areas without existing development resources.</li> <li>• In addition to priority communities, also serve older adults, people with disabilities and youth.</li> <li>• Partner with culturally-specific agencies and other community agencies to promote access for Communities of Color.</li> <li>• Adopt low barrier screening to support households with barriers.</li> <li>• Ensure resident services and support services are available to promote stability for vulnerable households.</li> </ul>	<ul style="list-style-type: none"> <li>• Allow funds to be used for homeownership, focusing efforts to serve African American, Latinx, Native American and other Communities of Color to address historic discrimination and inequities in housing access.</li> <li>• Use targeted methods for outreach in different cultural communities.</li> <li>• Align with existing citywide housing strategies and resources, such as SW Equitable Housing Strategy and Portland Clean Energy Funds.</li> </ul>

## 5. ADDITIONAL CONSIDERATIONS

Throughout the outreach and engagement process, the bureau also received several other comments and recommendations which were less popular, but raise important issues requiring attention and consideration to improve access to housing and resources. These items included:

- Policy/Planning/Reporting:
  - o Establish policy for all new city housing units to be universal design.
  - o Housing and support needed for non-binary individuals, LGBTQ community, foster kids, survivors of trafficking/sex workers.
  - o Consider allocation method using a neighborhood strategy or soft set-aside allocations.
  - o Better tracking required for residents living with disabilities and mobility status, in order to not conflate disabilities, particularly mobility disabilities, with mental health issues.
- Design:
  - o Prioritize larger sized family units (3-bedrooms and larger).
  - o Housing design that supports cultural practices of different communities, such as placement of kitchen and living rooms.
- Technical assistance and support:

## Exhibit A to Resolution No. 20-5126

- o Equity in workforce – big challenges exist for vendors from underrepresented communities to access and get through the certification process; offer technical assistance opportunities.
- o Offer training/education on applying for a NOFA and connecting to a community development corporation partner.
- o Require developers to mentor a minority or woman owned firm.
- More resources needed for:
  - o System-level capacity to train property management and resident services in core competencies to serve diverse households with high service needs (racial equity, culturally-responsive care, fair housing and trauma-informed care).
  - o Something like “Housing Connections” - hub for notice of accessible unit vacancies.

The PHB will continue to explore how, and the intent to which, these considerations can be addressed in upcoming planning and implementation with the Metro Bond and other City programs and policies. For example, PHB is working to enhance data collection processes to collect information on the inventory of Type A and Type B accessible units in the community. The focus of this effort is to gain data on the scope of need, and the policies and procedures required to connect people in need of accessible units to those units.

The bureau will coordinate with stakeholder groups, including advisory bodies, housing developers, providers, contractors and system partners to find opportunities to elevate the issues and support access for marginalized communities and members.

## EXHIBIT B: METRO BOND PROPOSED PORTLAND PORTFOLIO TRACKING TEMPLATE

Phase 1 - Dekum Court	Total Metro Funds Requested	Total New Aff. Units	Total Family-Sized	30% AMI	PSH Units
Metro Regional Site Acquisition Funds	\$23,448,250				
Metro Total Portland Targets	\$211,056,579	1,475	737	605	0
Phase 1 - Dekum being completed by Home Forward	\$22,894,240	160	80	66	0
PHB Total Targets	\$188,162,339	1,315	657	539	300

Phase 2 - Existing Project Funding Gap (up to 10%)	Total Metro Funds Requested	Total New Aff. Units	Total Family-Sized	30% AMI	PSH Units
Project 1					
Project 2...					
Additional projects					
Phase 2 - Total used as Gap Funds					
As a % of total	0%	0%	0%	0%	
Remaining to be done after Phase 2	\$188,162,339				

Phase 3 - New Projects	Total Metro Funds Requested	Total New Aff. Units	Total Family-Sized	30% AMI	PSH Units
Project 1					
Project 2...					
Additional projects					
Phase 3 - Total used for New Projects					
As a % of total	0%	0%	0%	0%	
Remaining to be done after Phase 3	\$188,162,339				



**LIP Anticipated Timeline**

The parties expect to review the following schedule on an annual basis; provided, however, the schedule set forth below may only be revised or amended upon written agreement by both LIP and Metro.

<b>Fiscal year</b>	<b>LIP Anticipated Timeline/ Program Milestones</b>
Year 1: 2019-20	Completion and Metro approval of the LIS
	Execution of the IGA
Year 2: 2020-21	Award letters to 3-5 Phase 2 projects (up to \$15 million of Eligible Share funding) issued and possible financial closing of 1-2 Phase 2 projects by Fiscal Year End
	Potential issuance of a Phase 3, Metro Solicitation focused on Permanent Supportive Housing, expected for 1-3 project (up to \$30 million of Eligible Share funding to be considered). Award Letters to be issued and possible 1 project closing.
Year 3: 2021-22	Closing remaining Phase 2 projects.
	Closing 1-3 projects from Phase 3 Metro focused on Permanent Supportive Housing
	Issuance of a Second Phase 3, Metro Solicitation to include development of certain Metro and PHB sites including NE Glisan and Broadway Corridor (up to \$18million of Metro Site Acquisition funds and up to \$80 million of Eligible Share funding).
Year 4: 2022-23	Closing remaining Phase 3 PSH projects.
	Close projects from the Second Phase 3, Metro Solicitation
Year 5: 2023-24	Close projects from the Second Phase 3, Metro Solicitation
	Issuance of a Final Phase 3, Metro Solicitation to include development of additional PHB sites (up to \$80 million of Eligible Share funding).
Year 6: 2024-25	Close projects from the Second Phase 3, Metro Solicitation
	Close projects from the Final Phase 3, Metro Solicitation
Year 7: 2025-26	Close projects from the Final Phase 3, Metro Solicitation

EXHIBIT C TO IGA

After recording return to:  
Office of Metro Attorney  
600 NE Grand Avenue  
Portland, OR 97232-2736  
Attn: \_\_\_\_\_

**DECLARATION OF AFFORDABLE HOUSING  
LAND USE RESTRICTIVE COVENANTS**

This Declaration of Affordable Housing Land Use Restrictive Covenants (this "Declaration") is entered into as of \_\_\_\_\_, 2019 (the "Effective Date"), by and between Metro, a municipal corporation of the State of Oregon ("Metro") and \_\_\_\_\_ ("Owner").

RECITALS

A. Owner is the owner of certain real property commonly known as \_\_\_\_\_ in \_\_\_\_\_, Oregon, and legally described on Exhibit A attached hereto.

B. Owner and Metro are parties to that certain Intergovernmental Agreement dated \_\_\_\_\_, 20\_\_ (the "IGA"), pursuant to which Metro provided to Owner certain funds applied by the Owner to acquire the Property, which funds were proceeds of certain general obligation bonds issued by Metro for the limited purpose of funding affordable housing projects as authorized by Measure 26-199 approved by the voters on November 6, 2019 (the "Ballot Title").

C. Owner plans to improve a \_\_\_\_ acre parcel [and modify an existing building from its current use as a \_\_\_\_\_] into [BRIEFLY DESCRIBE DEVELOPMENT PLAN].

D. The parties expect that the Property will be redeveloped and comprised of approximately \_\_\_\_\_ units of affordable housing (the "Project"). At initial occupancy, the Project will serve qualifying persons that earn \_\_\_\_% or less of area median income (AMI).

E. As required by the IGA, and as consideration for Metro's provision of general obligation bond funds to the Owner to acquire the Property, Owner agrees to the restrictions, covenants and obligations set forth herein.

**SECTION 1  
PROPERTY USE RESTRICTIONS**

**1.1 Affordable Housing Land Use.** For the term of this Declaration, the Property and the Project shall at all times be owned, developed, constructed, improved and operated solely as "Affordable Housing" within the meaning of the Ballot Title and as described in the Metro Housing Program Work Plan approved by the Metro Council on January 31, 2019 (the "Work Plan"). For

purposes of the Ballot Title and the Work Plan, “Affordable Housing” is defined as improvements for residential units occupied by households earning 80% or less of median gross household income, adjusted for household size, for the Portland, Oregon metropolitan statistical area as established each year by the U.S. Department of Housing and Urban Development.

**1.2 Nondiscrimination.** In accordance with Title VI of the Civil Rights Act, as amended; 42 U.S.C. Section 2000d; Section 303 of the Age Discrimination Act of 1975, as amended; 42 U.S.C. Section 6102; Section 202 of the Americans With Disabilities Act of 1990; 42 U.S.C. Section 12132, no owner of the Property shall discriminate against any employee, tenant, patron or buyer of the Property improvements because of race, color, creed, national origin, sex, age or disability. In addition, any such owner shall comply, to the extent applicable to the Property, with the applicable federal implementing regulations of the above-cited laws and other applicable state and federal laws. “Owner” shall mean the fee simple title holder to the Property or any part thereof, including contract buyers, but excluding those having such interest merely as security for the performance of an obligation.

**1.3 Running with the Land.** Owner hereby declares that the Property subject to this Declaration shall be held, sold and conveyed subject to the forgoing land use restrictions and covenants, which shall run with the Property and shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof, and shall inure to the benefit of Metro. Owner agrees that any and all requirements of the laws of the State of Oregon to be satisfied in order for the provisions of this Declaration to constitute deed restrictions and covenants running with the land shall be deemed to be satisfied in full, and that any requirements of privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to ensure that these restrictions run with the Property for the term of this Declaration.

## **SECTION 2 GENERAL PROVISIONS**

**2.1 Enforcement.** Metro shall have standing, and may bring an action at law or equity in a court of competent jurisdiction to enforce all restrictions and covenants established by this Declaration and to enjoin violations, ex parte, if necessary. The failure to enforce any provision shall in no event be deemed a waiver of the right to do so thereafter. If legal proceedings of any type are begun so as to enforce the Declaration, the prevailing party shall recover reasonable attorney’s fees, including attorney’s fees on appeal. However, attorney’s fees shall not be recovered by a prevailing party that initiated the legal proceedings unless the initiating party provided 30 days’ written notice to the other party, its successors, and assigns, prior to filing any legal action.

Metro is the only party entitled to enforce the restrictions and covenants set forth herein. Nothing in this Declaration gives, is intended to give, or will be construed to give or provide any benefit or right, whether directly, indirectly, or otherwise, to third persons.

**2.2 Duration.** Subject to the provisions of the IGA providing for the early termination of this Declaration upon the occurrence of certain events or conditions, or otherwise upon mutual consent of the parties, the restrictions established by this Declaration shall run with and bind the Property in perpetuity.

**2.3 Amendment.** This Declaration may not be amended or revoked except by written

**Exhibit A to Resolution No. 20-5126**

agreement executed by Metro and Owner, their respective successors and assigns, and duly recorded in the manner then provided for by law.

**2.4 Limitation of Liability of Metro.** Under no circumstances shall Metro have any liability to Owner, its successors and assigns, or other user or tenant, lessee, guest or invitee of Owner, its successors and assigns, by virtue of Metro's enforcement or failure to enforce the rights established by this Declaration, and Owner, its successors and assigns, should defend and hold harmless Metro from same.

**2.5 Choice of Law.** This Declaration shall be interpreted under the laws of the State of Oregon.

**2.6 Breach of Agreements.** Owner represents and warrants that this Declaration does not violate any of the terms or conditions of any other agreement to which Owner is a party, or to which the Property is subject.

The parties have caused this Declaration to be signed by their respective, duly authorized representatives, as of the Effective Date.

OWNER:

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By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

State of Oregon )  
 ) ss.  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 2019, by \_\_\_\_\_, as \_\_\_\_\_, of \_\_\_\_\_, an Oregon \_\_\_\_\_.

(Signature of Notarial Officer)

**Exhibit A to Resolution No. 20-5126**

METRO

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

State of Oregon                    )  
  ss.  
County of \_\_\_\_\_)

        This instrument was acknowledged before me on \_\_\_\_\_, 2019, by  
\_\_\_\_\_, as \_\_\_\_\_, of \_\_\_\_\_, an Oregon \_\_\_\_\_.

\_\_\_\_\_  
(Signature of Notarial Officer)

**Exhibit A to Resolution No. 20-5126**

**Exhibit A**

**Property Legal Description**

**Required Project Completion Reporting**

**Immediate Post Closing (within 10 business days after closing):**

- ☐ Copy of recorded Metro approved restrictive covenant
- ☐ Copy of settlement statement

**Post Construction Completion (within 3 months of recorded temporary certificate of occupancy):**

- ☐ Metro project closeout form attesting to use of Metro bond funds for capital costs
- ☐ Copy of temporary certificate of occupancy
- ☐ Resident Services Plan (OHCS form)
- ☐ Affirmative Fair Housing Marketing Plan (HUD Form)
- ☐ Community engagement report
- ☐ MWESB/COBID participation outcomes
- ☐ Workforce outcomes report, if project has stated workforce goals
- ☐ Draft project summary

**Post-Occupancy (within 3 months of 95% occupancy):**

- ☐ Marketing and application outcomes report
- ☐ Final project summary