

IN CONSIDERATION OF RESOLUTION NO. 20-5126 FOR THE PURPOSE OF AUTHORIZING
THE EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT WITH CITY OF PORTLAND
FOR IMPLEMENTATION OF THE METRO AFFORDABLE HOUSING BOND MEASURE

Date: August 20, 2020
Department: Planning & Development

Prepared by: Jonathan Williams
Presenter(s): Jonathan Williams
Ashley McCarron

Meeting date: September 3, 2020

Length: 10 minutes

ISSUE STATEMENT

As directed by the Program Work Plan, staff has prepared an intergovernmental agreement (IGA) setting forth the terms and conditions under which Metro will disburse Metro Housing Bond funding to the City of Portland ("City") for eligible program activities. The proposed IGA is attached as Exhibit A to the Resolution. The IGA is intended to provide clarity and accountability regarding the expenditure of bond funds to achieve specific Unit Production Targets.

Eligible funding amounts

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

- Eligible Share: \$192,605,635 to be disbursed on a Project by Project basis to support direct capital investments in eligible Affordable Housing Projects. This amount reflects a transfer of \$22,894,240 of eligible share from the City to Home Forward to redevelop the Dekum Court housing project.

Unit production targets

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

- A total of 1,315 permanently affordable homes.
- At least 539 (41% of total) homes will be restricted to households earning 30% or less of area median income (AMI).
- At least 644 (49%) homes will be restricted to households earning 31% to 60% of AMI
- No more than 10% of units (132 of 1,315 total units) may be affordable to households making 61-80% of AMI.
- At least 657 (50%) of units will contain two or more bedrooms.

General IGA provisions to ensure transparency and accountability

- All projects selected for bond funding must demonstrate consistency with Portland's Local Implementation Strategy (LIS), as confirmed through Metro staff review at the concept and final funding stage. See City's LIS attached as Exhibit A to the IGA.
- City will record a restrictive covenant ensuring long-term affordability and monitoring obligations for all approved projects.
- City will submit annual progress reports to Metro, which will be utilized by the Housing Bond Community Oversight Committee as part of their annual review. Along with project progress information, these reports will include metrics and narratives describing outcomes related to advancing racial equity.

- All of Portland's bond funds will be used to pay direct project costs. To cover its administrative costs, Portland will charge projects a 2.307% Project Delivery Fee which, based on the formula used for Metro's IGA with other implementing jurisdictions, is equivalent to the Administrative Share the City otherwise would have received from Metro.
- Portland will submit annual end-of-fiscal-year reports to Metro summarizing direct project expenditures and program administrative expenditures, the latter of which is subject to the 5% administrative cap (shared between Metro and the local implementation partners) included in the Housing Bond Measure.

City of Portland Local Implementation Strategy (LIS)

On February 5th 2020, the Housing Bond Oversight Committee voted unanimously to endorse the City of Portland's Local Implementation Strategy (LIS). In accordance with requirements set forth in Metro's Housing Bond Program Work Plan, Portland's LIS includes a development plan to achieve the City's share of unit production targets and strategies for advancing racial equity and ensuring community engagement throughout implementation. Key highlights of Portland's LIS include:

Project Selection Criteria and Process

- **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:
 - ✓ Identify Communities of Color as a priority community to serve.
 - ✓ 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 apprenticed 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.
- **Comprise evaluation committees with racially diverse membership possessing experience in advancing equity in housing.**

Marketing and Lease-Up

- Require low barrier screening criteria to increase accessibility for Communities of Color and other individuals experiencing housing discrimination and barriers.
- Align delivery of culturally specific services and supportive services.

Metrics and Reporting

- **Identify metrics to measure progress:** Measures for housing access, development and workforce will be identified to track progress and include:
 - As applicable, number of referrals by partner agencies
 - As applicable, number of successful move-ins made by partner agency referrals
 - Demographic data on tenants, including race, ethnicity, gender, age, income and disability

- Percent utilization of DMWESB-SDV contracts in bond funded construction
- **Provide progress updates and reports:** Progress will be reported back to community members and stakeholders in a variety of ways, including regular updates through PHB's 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.

The Portland LIS was reviewed and discussed by the Housing Bond Community Oversight Committee at their February 5th 2020, meeting, where Committee members present voted unanimously to recommend the LIS to Metro Council for approval. A copy of the Oversight Committee's recommendation and noted considerations is attached to this Staff Report.

REQUESTED

Adopt Resolution 20-5126, authorizing the Chief Operating Officer to execute an intergovernmental agreement with the City of Portland for implementation of the Metro Affordable Housing Bond Measure.

IDENTIFIED POLICY OUTCOMES

Once the IGA is finalized, Portland will be eligible to receive \$192,605,635 in Metro bond funding for disbursement on a project-by-project basis. Ongoing disbursement of funds will be contingent upon demonstrated progress toward achieving Portland's share of the Unit Production Targets and Portland's compliance with its LIS.

POLICY QUESTION(S)

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

POLICY OPTIONS FOR COUNCIL TO CONSIDER

- Authorize the execution of an intergovernmental agreement with the City of Portland for implementation of the Metro Affordable Housing Bond Measure by adopting Resolution No. 20-5126. Such authorization would effectively approve Portland's LIS, which is incorporated into the IGA as Exhibit A.
- Reject proposed intergovernmental agreement with the City of Portland for implementation of the Metro Affordable Housing Bond Measure, and direct staff to renegotiate the terms and conditions upon which funding will be provided.

STAFF RECOMMENDATIONS

Staff recommends adoption of Resolution No. 20-5126.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

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

Metro staff have worked with staff at all seven eligible local implementation partners over the past months to develop IGA terms that protect the integrity of the program and ability for implementation partners to achieve prescribed outcomes. This will be the sixth of seven total IGA's to be completed between Metro and local implementation partners. Portland City Council voted to approve the IGA, including the final LIS, on August 12, 2020.

Portland developed its LIS by building on feedback gathered from outreach with the Portland Bond and then conducting deeper outreach with targeted communities to identify access issues facing Communities of Color, seniors, immigrants, refugees and persons living with disabilities. Portland also focused engagement efforts to hear perspectives from neighbors in Southwest, North/Northeast and East Portland. 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.

Oversight Committee members present at the February 5th, 2020 meeting voted unanimously to recommend Metro Council approval of the LIS as part of the IGA. Staff are not aware of any opposition to Portland's LIS or to the IGA.

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

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

ATTACHMENTS

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