

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF APPROVING FISCAL YEAR)	RESOLUTION NO. 16-4753
2016-2017 FUNDING FOR EQUITABLE HOUSING)	
PLANNING AND DEVELOPMENT GRANTS)	Introduced by Chief Operating Officer
FUNDED WITH CONSTRUCTION EXCISE TAX)	Martha Bennett in concurrence with
)	Council President Tom Hughes

WHEREAS, in 2006, Metro adopted Ordinance No. 06-1115, establishing a construction excise tax (CET) to generate revenue for providing grants to local governments for regional and local planning (“2006 CET Ordinance”); and

WHEREAS, the 2006 CET Ordinance contained a sunset provision based on a maximum amount collected of \$6.3 million, which amount was reached in 2009; and

WHEREAS, on recommendation of an advisory group and the Metro Chief Operating Officer (“COO”) regarding the continuing need for funding regional and local planning, on June 11, 2009 the Metro Council adopted Ordinance No. 09-1220, extending the CET for an additional five year period, with a sunset date of September 2014; and

WHEREAS, the CET has successfully raised approximately \$14 million in revenue that has been distributed by Metro to local governments through the Community Planning and Development Grant (“CPDG”) program for planning work across the region that otherwise could not have been funded; and

WHEREAS, on recommendation of an advisory group and the Metro COO, on June 19, 2014 the Metro Council adopted Ordinance No. 14-1328, extending the CET for an additional five year period, with a new sunset date of December 31, 2020; and

WHEREAS, on September 24, 2015 the Metro Council adopted Resolution No. 15-4640, which awarded approximately \$4.76 million in grants for the fiscal year 2015-2016 CPDG cycle (“Cycle 4”), leaving approximately \$230,000 of CET revenue unallocated; and

WHEREAS, in Resolution No. 15-4640 the Metro Council directed the COO and her staff to return to the Council with a proposal regarding possible uses of unallocated CET revenue from Cycle 4; and

WHEREAS, in response to the Metro Council’s directive, the COO and Metro staff developed the Equitable Housing Planning and Development Grant Program as a subset of the CPDG program in order to provide grants using unallocated Cycle 4 CET revenue to support local implementation of projects that eliminate barriers to construction of affordable housing across the region; and

WHEREAS, on February 16, 2016 the Metro Council accepted the COO’s recommendation to create the Equitable Housing Planning and Development Grant Program and to provide an initial budget of \$500,000 for a first round of grants, consisting of the \$230,000 in unallocated Cycle 4 revenue, plus an additional \$270,000 of CET revenue; and

WHEREAS, the COO established an Equitable Housing Grant Screening Committee (“Grant Screening Committee”) consisting of six stakeholders with broad expertise to provide the COO an

assessment of the strength of each grant application in accordance with the criteria set forth in Metro Code Chapter 7.04 and the Administrative Rules; and

WHEREAS, Metro received eight applications from seven local governments seeking a total of \$680,000 in grant funding for equitable housing grant projects; and

WHEREAS, after the eight applications were received, Multnomah County relinquished a \$75,000 grant it received during Cycle 4, which was for the purpose of planning and developing a homeless shelter, causing those funds to also become unallocated; and

WHEREAS, on October 13, 2016 the Grant Screening Committee submitted its recommendations to the COO identifying the projects they selected for grant funding; and

WHEREAS, in accordance with Metro Code Chapter 7.04 and the Administrative Rules, the COO reviewed the recommendations of the Grant Screening Committee, and presented to the Metro Council the COO's recommendations for grant funding, attached to this Resolution as Exhibit A; and


WHEREAS, the Metro Council has reviewed the recommendations of the COO, the work done by the Grant Screening Committee, the grant applications, the grant evaluation criteria, and the public testimony of grant applicants and other interested members of the public;

NOW THEREFORE, BE IT RESOLVED as follows:

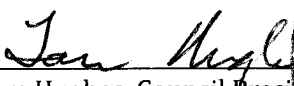
- (1) The Metro Council accepts the COO's recommendation to add the unallocated \$75,000 from the lapsed Multnomah County grant to the \$500,000 in unallocated Cycle 4 funds that may be distributed by this resolution, resulting in a total equitable housing grant funding amount of \$575,000; and
- (2) The Metro Council makes the grant awards for the fiscal year 2016-2017 equitable housing grant cycle totaling \$575,000, as set forth in Exhibit A, attached hereto and incorporated herein, to those grant recipients and for those projects and in the amounts listed in Attachment A, subject to the conditions listed in Attachment B; and
- (3) The Metro Council hereby authorizes and directs the Metro COO and staff, and the Office of Metro Attorney, to negotiate Intergovernmental Agreements with the grant recipients, which shall set forth milestones and funding allocation dates that comply with the Metro Code Construction Excise Tax Chapter 7.04, the CET Administrative Rules, this Resolution No. 16-4753, and Exhibit A attached hereto, including compliance with the conditions of approval attached to each grant award; and
- (4) The Metro Council directs the Metro COO and her staff to develop a program for monitoring success of the investments over time.

ADOPTED by the Metro Council this 1 day of December 2016

Approved as to form:



for Alison R. Kean, Metro Attorney



Tom Hughes, Council President

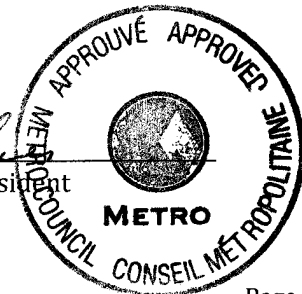


EXHIBIT A TO RESOLUTION NO. 16-4753

Date: October 20, 2016
To: President Tom Hughes, Metro Council
From: Martha Bennett, Chief Operating Officer
Subject: 2016-17 Equitable Housing Planning and Development Grants

I am pleased to present my recommendations for the 2016-17 Equitable Housing Planning and Development Grants, a subset of the Community Planning and Development Grant (CPDG) program. Since the Metro Council established the CPDG program with funding from the construction excise tax, it has helped many communities turn potential into vision and vision into action for local and regional plans and policies.

This past spring, after learning that construction excise tax revenue was projected to exceed the grant amounts awarded during Cycle 4 of the CPDG program, the Council instructed staff to develop an Equitable Housing Grant program to help communities undertake planning efforts that will facilitate the creation of equitable housing—defined as *diverse, quality, physically accessible, affordable housing choices with access to opportunities, services and amenities*.

Staff held a pre-application meeting in May; in June, we received eight letters of interest from seven jurisdictions regarding potential projects. Staff provided feedback on letters of interest, and jurisdictions submitted full applications in August.

In July, I appointed a seven-member Grants Screening Committee with varied expertise and backgrounds in the private, nonprofit and public sectors. The Committee reviewed the eight applications submitted by seven jurisdictions, and I asked them to develop recommendations for two funding scenarios: \$500,000 (the amount initially discussed by the Council during the decision to create the program) and \$575,000 (the initial amount plus \$75,000 from the Cycle 4 CPDG grant that was awarded to Multnomah County but that did not move forward because the County returned the funds). The Committee submitted its recommendations to me on October 13, 2016, recommending that seven of the eight proposed projects be fully or partially funded under both the \$500,000 and the \$575,000 scenarios.

The Committee's recommendations are outlined in [Attachment A](#). In accordance with the Committee's recommendations, and to ensure that reduced funding levels do not compromise projects, I recommend total funding of \$575,000, consistent with the Committee's recommendations. Because the \$75,000 that was returned from Multnomah County was for a project dealing with equitable housing issues (barriers to shelter siting), it seems appropriate that this funding be re-allocated to another housing-related project. In addition to the Committee's recommendations, I have proposed some additional funding conditions (in addition to those put forth by the Screening Committee) for the approved projects; you will find these in [Attachment B](#). The full recommendations of the Committee are in [Attachment C](#).

All seven of the projects recommended by the committee for funding meet the requirements of the construction excise tax code and the administrative rules governing the CPDG program. The projects are diverse, ranging from those focused on eliminating barriers to development on specific sites to corridor-, district-, or jurisdiction-wide policy and strategy efforts. These projects will develop and produce policies and plans that will become the foundation for public, private and nonprofit investments in equitable housing. As the first round of CPDG grants specifically focused

on housing equity, this portfolio of projects will also yield valuable insights and lessons to help inform future funding for similar work.

One project, the City of Portland's proposal for Terminal One, was not recommended for funding by the Committee. Given the legal and political challenges that exist with the site—including but not limited to its designation as a Metro Title 4 Regionally Significant Industrial Area (RSIA)—I agree with the Committee's recommendation not to invest these resources in a study for a proposal that appears to have feasibility barriers that are unlikely to be overcome. However, recognizing the tremendous challenge our region faces with regard to homelessness, I also recommend that Metro continue exploring ways to partner with the City of Portland, Multnomah County, and other jurisdictions to find policy solutions for addressing barriers to shelter siting and evaluating the viability of potential solutions, such as the Trail of Hope/Haven of Hope concept.

A binder containing the applications submitted by local governments will be delivered to you. After reading the applications, I believe you will share with me an appreciation for the high quality of local planning and development work in our region, and the creative approaches jurisdictions have developed to tackle equitable housing in a way that works for their communities. Please let me or Equitable Housing Initiative Project Manager Emily Lieb know if you have any questions.

Thank you.

Attachments

cc: Elissa Gertler, Planning and Development Department Director
Gerry Uba, CPDG project manager

**Attachment A: (COO Recommendations to Metro Council)
2016-2017 Equitable Housing Planning and Development Grants**

Projects Recommended for Funding

Project	Funding Request	Recommended Funding @ \$500,000	Recommended Funding @ \$575,000
Portland Equitable Housing Strategy for the Southwest Corridor	\$100,000	\$86,207	\$100,000
Tigard Southwest Corridor Affordable Housing Predevelopment Analysis	\$50,000	\$43,104	\$50,000
Beaverton Anti-Displacement Housing Strategy	\$100,000	\$86,207	\$100,000
Washington County Affordable Housing Site Evaluation, Barriers & Solutions	\$100,000	\$86,207	\$97,500
Oregon City Equitable Housing	\$100,936	\$86,207	\$100,000
Milwaukie Cottage Cluster Feasibility Analysis	\$65,000	\$56,035	\$65,000
Wilsonville Equitable Housing Strategic Plan	\$65,000	\$56,035	\$62,500
	\$680,936	\$500,001	\$575,000

Projects Recommended for No Funding

Portland Terminal One (Feasibility assessment of Terminal 1) \$100,000

Attachment B: COO recommended funding conditions in addition to Grants Screening Committee recommendations

Funding conditions recommended for all projects:

- *Engagement:* Within the negotiation of IGAs, it is important to distinguish outreach for site-specific elements of projects from outreach for policy projects. Outreach for site-specific projects or milestones should be focused on property owners (both of the site and its surroundings) and surrounding residents, as well as any development partners and potential target populations that would be served by a site. Outreach and engagement to inform broader policy outcomes should, on the other hand, be more expansive, and should also include specific efforts to reach underrepresented populations and communities of color.
- *Application of “equity lens”:* The screening committee recommended that each project should describe, as a condition for funding, how an equity lens will be applied throughout the project. I would like to propose some more specific guidance regarding equity in light of Metro’s recently adopted Equity Strategy—namely, that all grantees address the following question within their scope of work: *Do we have barriers in our current code that create impediments to housing for communities of color?* Jurisdictions may address this question in a way that makes sense for them. Metro staff will be available to provide technical assistance and, as available, research and data. In addition, grantee jurisdictions within Clackamas County may benefit from the County’s recent Fair Housing Assessment, which is the first assessment of its kind completed in our region under the new federal guidelines for Affirmatively Furthering Fair Housing.

Funding conditions recommended for specific projects:

- *Milwaukie / Cottage Cluster Feasibility Analysis:* The scope needs to be refined to ensure that the code audit happens before any site-specific feasibility analysis. The scope should include robust outreach to ensure that property owner support is secured prior to undertaking any site-specific work.
- *City of Portland / Equitable Housing Strategy for the Southwest Corridor:* The project should be closely coordinated with the recently awarded Federal Transit Administration’s Transit-Oriented Development Planning Grant to Metro for the Southwest Corridor Equitable Development Strategy.
- *Wilsonville / Equitable Housing Strategy:* The scope needs to be refined to be more specific and more targeted to reflect different market contexts in the Downtown and Frog Pond areas. The refined scope should lay out 3-5 specific policy strategies focused on multifamily infill development that will be explored for the Downtown area, and 3-5 specific policy strategies to be explored with the aim of increasing affordable homeownership options and “missing middle” housing in the Frog Pond area. Further, the City should commit to implementing a specific number of policies as an outcome of the grant.

Attachment C: Equitable Housing Grants Screening Committee Recommendations to COO

Date: October 13, 2016

To: Martha Bennett, Metro Chief Operating Officer

From: Alisa Pyszka and Leila Aman, Co-Chairs, Equitable Housing Planning and Development Grants Screening Committee

Subject: Equitable Housing Grants Screening Committee Recommendations

As co-chairs of the Equitable Housing Planning and Development Grants Screening Committee, we are pleased to present our recommendations for the 2016-17 Equitable Housing Planning and Development Grants awards.

Before we present the recommendations, we think it important to give you an overview of our committee's work. You appointed our committee in July 2016. Our discussions were guided by the overarching direction in the Administrative Rules for the Construction Excise Tax Funding for Community Planning and Development Grants (CPDG), which includes the Equitable Housing Grants program. Additional guidance for the committee was provided in the Equitable Housing Grants Application Handbook, including:

- the program's goal to fund projects that will remove barriers to equitable housing development
- planning activities supported by the grant
- criteria for evaluating the applications

Our committee met two times between September and October to review the eight applications submitted by seven local governments. Staff had previously reviewed and provided feedback on letters of interest.

We were impressed with the diversity of proposals and with the range of communities that applied, and we believe this round of grants will yield important lessons for how the region responds to the current housing crisis. Some of the proposed projects will support planning activities focused on eliminating barriers to development on a specific site, leading to formal development commitments and development agreements that will result in near term on-the-ground development. Others focus on policy development and strategic planning that will eventually lead to development.

The diverse backgrounds of the committee members created very lively and thorough discussions of the strengths and weaknesses of each of the applications. Although we did not come to consensus in every case, committee members generally agreed about which projects should be recommended for funding, and how much.

Attachment C: Equitable Housing Grants Screening Committee Recommendations to COO

Funding Recommendations:

The total funding requested for the eight projects was \$680,936. Staff advised the committee that Metro Council had previously discussed making \$500,000 available for the project, but that the COO also planned to recommend allocating an additional \$75,000 in funding from an approved Cycle 4 Community Planning and Development Grant (CPDG) project that did not move forward to the funding allocation for the Equitable Housing Grants 2016-17 allocation. For that reason, the committee developed two sets of recommendations: one for a \$500,000 total funding package, and one for a \$575,000 total funding package, summarized below.

Our committee recommends funding for all but one of the projects: the City of Portland’s Terminal One proposal. In order to develop recommendations for a \$500,000 funding recommendation package, the committee recommended an across-the-board 13.8% cut to the seven projects recommended for funding. This approach reflects the importance and the merit of the all the projects that were recommended for funding. For the \$575,000 funding recommendations package, the committee recommended slight cuts to two of the projects: Washington County and Wilsonville.

Summary of Funding Requests and Recommendations for \$500,000 and \$575,000 Funding Scenarios

Project	Funding Request	Rec'd Funding @ \$500,000	Rec'd Funding @ \$575,000
Beaverton Anti-Displacement Housing Strategy	\$100,000	\$86,207	\$100,000
Milwaukie Cottage Cluster Feasibility Analysis	\$65,000	\$56,035	\$65,000
Oregon City Equitable Housing	\$100,936	\$86,207	\$100,000
Portland Terminal One	\$100,000	\$0	\$0
Portland Equitable Housing Strategy for the Southwest Corridor	\$100,000	\$86,207	\$100,000
Tigard Southwest Corridor Affordable Housing Predevelopment Analysis	\$50,000	\$43,104	\$50,000
Washington County Affordable Housing Site Evaluation, Barriers & Solutions	\$100,000	\$86,207	\$97,500
Wilsonville Equitable Housing Strategic Plan	\$65,000	\$56,035	\$62,500
	\$680,936	\$500,001	\$575,000

Committee members expressed mixed reactions to the Terminal One proposal. Some committee members felt the project had strong merits. Although individual committee members did not agree on all of the merits and weaknesses of the Terminal One proposal, the committee did reach consensus on the recommendation not to recommend funding for this project, given that it ranked the lowest in the committee’s evaluation, and given staff direction regarding maximum available resources for the grant program.

Attachment C: Equitable Housing Grants Screening Committee Recommendations to COO

Appendix contains a summary of committee comments, including positive comments, concerns, and suggestions for how applicants should adjust their scope of work in order to realize the intended outcomes of their projects. Not all committee members agreed with each of the positive comments or concerns in the summary, and in a few cases, comments may reflect an individual committee member's perspective.

Additional Comments and Suggestions for Future Funding Cycles

Our Committee also recommends the following actions to improve the Equitable Housing Grants program for future funding allocations:

- **Site specific proposals should have potential for impact that is much broader than simply achieving development on a single site.** For example, site-specific projects could be used to identify broader policy or administrative changes that could help to eliminate barriers to development; they could be catalytic in supporting overall goals for achieving the region's 2040 vision; or they could be significant in that they are addressing a critical need, such as affordable housing development.
- **Although the program is focused on "equitable housing," the application requirements and evaluation criteria could provide more specificity about the definition of "equity" in this context, and could elevate the focus on equity within the evaluation criteria.** The current description of "equity" within the evaluation criteria, as described in the Equitable Housing Grant Application Handbook, states that "Equity exists relative to the benefits and burdens of growth and change to the region's communities, and the proposed project will facilitate investments that address the needs of underserved and underrepresented groups. Applicants are encouraged to think about how their project supports efforts to 'Affirmatively Furthering Fair Housing'." However, equity is listed only under the "regional significance" criteria as one of six desired outcomes. Metro should consider making equity a separate criterion and/or providing more guidance regarding how applicants should demonstrate the use of an equity lens both in evaluating the potential outcomes of the project and/or engagement components.
- **Metro's program should encourage local strategies focused on preserving existing affordable housing.** The preservation of existing affordable housing (both regulated and non-regulated) is widely recognized as an important strategy that needs to be expanded to address our region's housing needs. Preservation is generally more cost effective than new development, and if we aren't able to preserve existing affordable housing, many affordable housing experts believe we will never be able to "build" our way out of the affordable housing crisis. The City of Beaverton's Equitable Housing Grant proposal included (along with elements focused on eliminating barriers to new development of equitable housing) a component focused on exploring strategies for the preservation of "naturally occurring" or non-regulated affordable housing—something we saw as an innovative and regionally significant approach and therefore recommended for funding. Given that Metro code states that the construction excise tax should be used "to provide funding for regional and local planning that is required to make land ready for development

Attachment C: Equitable Housing Grants Screening Committee Recommendations to COO

after its inclusion in the Urban Growth Boundary,” it may be helpful for Metro to consider whether this language is still relevant for achieving the original intent of the program. From our perspective, supporting the preservation of existing affordable housing is compatible with the overall goal of achieving the six desired outcomes for the 2040 Growth Vision adopted by Metro Council.

- **The lessons learned from projects approved for funding through the 2016-17 Equitable Housing Grant program should be used to help provide more direction for future funding cycles.** The eight applications we reviewed represent a wide range of approaches, presenting an opportunity for learning about what kinds of approaches are most effective in yielding significant policy outcomes and on-the-ground development. One thing Metro could explore in future modifications of the program would be to develop a checklist of the different kinds of planning efforts (i.e., housing needs analysis, code audit, opportunity site inventory, funding/incentive analysis, etc.) local jurisdictions should undertake to identify problem statements and develop approaches to addressing them. Staff could also consider developing more prescriptive templates for effective scopes of work that would meet the funding criteria, as well as case study examples of successful projects based on the 2016-17 funding cycle. This could help eliminate some of the barriers smaller jurisdictions may face in completing the application process, which is fairly involved. Additionally, it would help ensure that the applications Metro receives encompass the kinds of activities necessary to achieve the desired outcomes of the program.
- **Require applicants to provide more specific information about deliverables and how they will be shared with Metro and other stakeholders across the region.**

We will be happy to join you in presenting all of these recommendations to the Metro Council on November 1 if you so desire.

On behalf of the members of our Equitable Housing Grants Screening Committee, we want to thank you for giving us the opportunity to participate in this process and assist Metro in funding projects that eliminate barriers to equitable housing development.

APPENDIX (Co-Chairs Aman and Pyszka Recommendations to COO)

COMBINED SCREENING COMMITTEE COMMENT SUMMARY AND CONCERNS FOR 2016-17 EQUITABLE HOUSING GRANT APPLICATIONS
Oct. 12, 2016

2016-17 EQUITABLE HOUSING PLANNING AND GRANT APPLICATIONS
TABLE OF PROJECTS

PROJECTS

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APPENDIX (Co-Chairs Aman and Pyszka memo to COO)

COMBINED SCREENING COMMITTEE COMMENT SUMMARY AND CONCERNS FOR EQUITABLE HOUSING GRANTS

October 12, 2016

Applicant/Project City of Beaverton / Anti Displacement Strategy	
Requested Grant \$100,000	Recommendation options: If \$575,000 in total funding: \$100,000 If \$500,000 in total funding: \$86,207
Total Project Cost \$116,832	Financial Match: n/a In-kind Match: \$16,832
Project Description	The City of Beaverton requests \$100,000 to create an Anti-Displacement Housing Strategy. The City will hire a consultant to work with the city to a) map all current unregulated affordable housing (below 80% AMI) and developable properties, and b) identify strategies the city and the housing partners can implement to preserve and/or develop new affordable housing going forward.
Project Location	City of Beaverton (citywide)
Partners	Community Housing Fund, Network for Oregon Affordable Housing (NOAH), Washington County Housing Authority

Positive Comments

- High regional significance due to potential to generate lessons learned; focus on preserving “naturally occurring” affordable housing is innovative
- Strong potential for partnerships with interested funders
- Strong commitment for action; city has already allocated funding for acquisition of “naturally occurring” affordable housing
- Explicit focus on anti-displacement reflects commitment to equity

Concerns

- Community engagement component is not as strong as other applications
- Some questions as to the project team’s capacity to manage the project; specific staff were not noted because the city was in the process of hiring for the project manager position

Conditions for Funding

- Verify planning staff capacity.
- Engagement strategy should specifically identify target participants, including income levels/types of residents to be engaged.
- Scope of work should include how the city will share best practices and lessons learned with interested stakeholders, including Metro, Metro Technical Advisory Committee (MTAC), peer jurisdiction staff, and other identified stakeholders.
- Scope of work should include how the city will communicate information about projects more broadly with interested regional stakeholders (e.g., project website, etc.).
- Clarify how equity lens will be applied to shape the project.

APPENDIX (Co-Chairs Aman and Pyszka memo to COO)

COMBINED SCREENING COMMITTEE COMMENT SUMMARY AND CONCERNS FOR EQUITABLE HOUSING GRANTS

October 12, 2016

Applicant/Project City of Milwaukie / Cottage Cluster Feasibility Analysis	
Requested Grant \$65,000	Recommendation options: If \$575,000 in total funding: \$65,000 If \$500,000 in total funding: \$56,035
Total Project Cost \$77,000	Financial Match: n/a In-kind Match: \$12,500
Project Description	The City of Milwaukie requests \$65,000 to conduct a feasibility analysis and preliminary site design work for four sites to examine their potential for a cottage cluster development that can provide equitable housing opportunities to a variety of groups identified by community partners, including affordable housing, workforce housing, senior housing, and special needs housing.
Project Location	Four sites located within the City of Milwaukie's medium density residential zones (r-2, R-2.5, and R-3). Exact sites to be determined as part of the proposal.
Partners	Northwest Housing Alternatives, Providence Milwaukie Hospital, and Clackamas County Health, Housing and Human Services

Positive Comments

- Potential for regional significance given ability to generate lessons learned regarding cottage clusters
- Strong potential for partnerships

Concerns

- Code barriers to cottage clusters need to be addressed before development could move forward.
- The city notes in their application that their initial outreach was not successful in identifying any interested property owners.
- The scope is more narrow than some other projects.

Conditions for Funding

- City should confirm property owner interest before moving forward with a feasibility analysis on any site.
- Engagement strategy should specifically identify target participants, including income levels/types of residents to be engaged.
- Scope of work should include how the city will share best practices and lessons learned with interested stakeholders, including Metro, Metro Technical Advisory Committee, staff of other jurisdiction, and other identified stakeholders.
- Scope of work should include for how the city will communicate information about projects more broadly with interested regional stakeholders (e.g., project website, etc.).
- Clarify how equity lens will be applied to shape the project.

APPENDIX (Co-Chairs Aman and Pyszka memo to COO)

COMBINED SCREENING COMMITTEE COMMENT SUMMARY AND CONCERNS FOR EQUITABLE HOUSING GRANTS

October 12, 2016

Applicant/Project City of Oregon City / Equitable Housing	
Requested Grant \$100,936	Recommendation options: \$575,000 in total funding: \$100,000 \$500,000 in total funding: \$86,207
Total Project Cost \$124,650	Financial Match: n/a In-kind Match: \$23,714
Project Description	The City of Oregon City requests \$100,936 to work with a network of local partners to evaluate the process for constructing equitable housing and remove barriers to development as well as implement incentives to facilitate and encourage new equitable housing in Oregon City.
Project Location	The project area is city-wide, although emphasis will be placed on specific development areas and zones through the analysis of site background information and mapping.
Partners	Clackamas County Health, Housing and Human Services; Northwest Housing Alternatives, Citizens Involvement Committee, Main Street Oregon City, Oregon City Chamber of Commerce, Oregon City Business Alliance

Positive Comments

- Strong potential for leverage given other economic development initiatives underway in Oregon City.
- Good combination of breadth and specificity.
- Proposed project addresses a very real need to eliminate code barriers to development, so potential for tangible impact is high.

Concerns

- Description of equity components of the grant is vague.
- Proposed “partners” and public involvement plan consists mostly of technical advisors; not enough outreach to disadvantaged groups or collaboration with community-based organizations.
- Important to have clearly defined outcomes; unclear whether and how the proposed scope would lead to ongoing activity.

Conditions for Funding

- Clarify roles of partner organizations beyond serving in a technical advisory capacity.
- Engagement strategy should specifically identify target participants, including income levels/types of residents to be engaged.
- Scope of work should include how the city will share best practices and lessons learned with interested stakeholders, including Metro, Metro Technical Advisory Committee, staff of other jurisdiction, and other identified stakeholders.
- Scope of work should include how the city will communicate information about projects more broadly with interested regional stakeholders (e.g., project website, etc.).
- Clarify how equity lens will be applied to shape the project.

APPENDIX (Co-Chairs Aman and Pyszka memo to COO)

COMBINED SCREENING COMMITTEE COMMENT SUMMARY AND CONCERNS FOR EQUITABLE HOUSING GRANTS

October 12, 2016

- Specify income-based performance measures related to number of units envisioned to be created.

APPENDIX (Co-Chairs Aman and Pyszka memo to COO)

COMBINED SCREENING COMMITTEE COMMENT SUMMARY AND CONCERNS FOR EQUITABLE HOUSING GRANTS

October 12, 2016

Applicant/Project City of Portland / Terminal One	
Requested Grant \$100,000	Recommendation options: \$575,000 in total funding: \$0 \$500,000 in total funding: \$0
Total Project Cost \$265,000	Financial Match: n/a In-kind Match: \$165,000
Project Description	PHB requests \$100,000 for a feasibility assessment of Terminal 1 related to the proposed Oregon Trail of Hope concept, a multi-service center providing shelter, services, and housing for people experiencing homelessness. The 12-month project will fund a consultant to conduct analysis of the site and produce outcomes in phases of: Visioning, Feasibility Analysis, and Master Plan development.
Project Location	Terminal 1 (2400 NW Front Avenue, Portland, OR 97209) is 14.48 acres with a 96,000 sq. foot warehouse in downtown Portland on the Willamette River.
Partners	Joint Office of Homeless Services (Multnomah County), Oregon Trail of Hope (nonprofit)

Note: Individual committee members had very different opinions about this proposal. Many of the comments summarized below do not reflect a majority perspective, and some may reflect individual committee members' perspectives.

Positive Comments

- Homelessness is a region-wide issue, and Portland has taken on a disproportionate burden. There is potential for this concept to relieve pressure on other parts of the region by siting a shelter in a location with higher real estate values rather than in an area with lower income areas (e.g., East Portland).
- There is a huge shortage of shelter beds and the overall concept is worthy of studying.
- Project includes strong matching funds and partner support.
- The proposal is innovative in that it seeks to use an integrated, comprehensive approach, modeled on a national best practice.

Concerns

- Concerns about the legal and political viability of the site, due to recent state land use decisions clearly prohibiting use of industrial land for mass shelters and anticipated political challenges of a zoning change on the Terminal One site.
- Studying a homeless shelter does not fit with the grant program criteria or program goals.
- Concept could equate to “warehousing” approach; placing people on an industrial site that isn’t integrated into communities and neighborhoods.

COMBINED SCREENING COMMITTEE COMMENT SUMMARY AND CONCERNS FOR EQUITABLE HOUSING GRANTS
October 12, 2016

- Unclear how this proposal fits with Metro’s role of shaping a long-term vision of integrated land use and transportation.

Conditions for Funding

- Funding not recommended

Additional Comments:

- The committee recommends that the applicant consider the following potential changes to the scope for future grant cycles:
 - Conduct a broader analysis of zoning barriers to shelter siting
 - Conduct a broader analysis of the proposed homeless campus concept, including criteria for identifying appropriate sites

APPENDIX (Co-Chairs Aman and Pyszka memo to COO)

COMBINED SCREENING COMMITTEE COMMENT SUMMARY AND CONCERNS FOR EQUITABLE HOUSING GRANTS

October 12, 2016

Applicant/Project City of Portland / Equitable Housing Strategy for the Southwest Corridor	
Requested Grant \$100,000	Recommendation options: \$575,000 in total funding: \$100,000 \$500,000 in total funding: \$86,207
Total Project Cost \$120,000	Financial Match: n/a In-kind Match: \$20,000
Project Description	The City of Portland requests \$100,000 to set a target for affordable housing preservation and production as part of the Southwest Corridor transit project, estimate potential funding sources and funding gap to meet targets and build a community coalition to support inclusion of affordable housing as part of Southwest Corridor transit investment.
Project Location	One-half mile buffer around Barbur Blvd from the Barbur/Naito South Portland District to downtown Tigard via the Tigard Triangle
Partners	City of Tigard will serve as primary project partner. Additional collaborators include: Community Housing Fund, Community Partners for Affordable Housing (CPAH), Organizing People/Activating Leaders (OPAL), and the Washington County Housing Authority

Positive Comments

- Creating an affordable housing strategy in advance of a major regional infrastructure investment is an innovative approach with the potential to generate valuable lessons for the rest of the region
- Strong regional significance, including inter-jurisdictional collaboration (partnership with Tigard)
- Strong public involvement and partnerships with nonprofits

Concerns

- Unclear from the proposal what income levels would be served by the project
- Unclear from the proposal what kinds of implementation tools and tangible outcomes are most likely

Conditions for Funding

- Engagement strategy should specifically identify target participants, including income levels/types of residents to be engaged.
- Scope of work should include how the city will share best practices and lessons learned with interested stakeholders, including Metro, Metro Technical Advisory Committee, staff of other jurisdiction, and other identified stakeholders.
- Scope of work should include how the city will communicate information about projects more broadly with interested regional stakeholders (e.g., project website, etc.).

APPENDIX (Co-Chairs Aman and Pyszka memo to COO)

COMBINED SCREENING COMMITTEE COMMENT SUMMARY AND CONCERNS FOR EQUITABLE HOUSING GRANTS

October 12, 2016

- Clarify how equity lens will be applied to shape the project.
- Specify income-based performance measures related to number of units envisioned to be created or preserved.

APPENDIX (Co-Chairs Aman and Pyszka memo to COO)

COMBINED SCREENING COMMITTEE COMMENT SUMMARY AND CONCERNS FOR EQUITABLE HOUSING GRANTS

October 12, 2016

Applicant/Project City of Tigard / SW Corridor Affordable Housing Predevelopment Project	
Requested Grant \$50,000	Recommendation options: \$575,000 in total funding: \$50,000 \$500,000 in total funding: \$43,104
Total Project Cost \$73,080	Financial Match: n/a In-kind Match: \$23,080
Project Description	The City of Tigard requests \$50,000 for the SW Corridor Affordable Housing Predevelopment project, which will mitigate the effects of potential market displacement of affordable housing residents in Tigard’s Town Center by: identifying opportunity sites for housing relocation and preservation; developing a funding analysis to support an anti-displacement strategy; and engaging with affordable housing residents on equitable solutions.
Project Location	Tigard Town Center (Downtown Tigard and Tigard Triangle)
Partners	Community Partners for Affordable Housing (CPAH), 1,000 Friends of Oregon, Community Housing Fund, Unite Oregon, City of Portland

Positive Comments

- Creating an affordable housing strategy in advance of a major regional infrastructure investment is an innovative approach with the potential to generate valuable lessons for the rest of the region
- Strong regional significance, including inter-jurisdictional collaboration (partnership with Portland)
- Strong nonprofit partners

Concerns

- Unclear from the proposal what income levels would be served by the project

Conditions for Funding

- Engagement strategy should specifically identify target participants, including income levels/types of residents to be engaged.
- Scope of work should include how the city will share best practices and lessons learned with interested stakeholders, including Metro, Metro Technical Advisory Committee, staff of other jurisdiction, and other identified stakeholders.
- Scope of work should include how the city will communicate information about projects more broadly with interested regional stakeholders (e.g., project website, etc.).
- Performance measures should specify income-based performance measures related to number of units created or preserved.
- Clarify how equity lens will be applied to shape the project.

APPENDIX (Co-Chairs Aman and Pyszka memo to COO)

COMBINED SCREENING COMMITTEE COMMENT SUMMARY AND CONCERNS FOR EQUITABLE HOUSING GRANTS

October 12, 2016

Applicant/Project City of Wilsonville / Equitable Housing Strategic Plan	
Requested Grant \$65,000	Recommendation options: \$575,000 in total funding: \$63,500 \$500,000 in total funding: \$56,035
Total Project Cost \$76,235	Financial Match: n/a In-kind Match: \$11,235
Project Description	Wilsonville is proposing to research, develop, adopt, and begin implementation of an Equitable Housing Strategic Plan that identifies and prioritizes policies and programs for the City to implement that address current needs and gaps in Wilsonville's housing market.
Project Location	This project encompasses all of the City of Wilsonville with a special focus on the Frog Pond and Town Center areas.
Partners	n/a

Positive Comments

- High opportunity area with strong potential for regionally significant impact.

Concerns

- Some of the research components seem duplicative of Metro's Equitable Housing report, Metro's housing needs analysis, and the City's 2013 housing needs analysis.
- Value of the proposed housing summit and resource fair is unclear; engaging employers might be a more impactful approach.
- Description of equity components of the grant is vague; proposal indicates openness to different housing options, but they are not necessarily affordable.

Conditions for Funding

- Engagement strategy should specifically identify collaborators, including nonprofits and employers.
- Engagement strategy should specifically identify target participants, including income levels/types of residents to be engaged.
- Scope of work should include how the city will share best practices and lessons learned with interested stakeholders, including Metro, Metro Technical Advisory Committee, staff of other jurisdiction, and other identified stakeholders.
- Scope of work should include how the city will communicate information about projects more broadly with interested regional stakeholders (e.g., project website, etc.).
- Clarify how equity lens will be applied to shape the project.
- Clarify how market research will build on previous analyses, and how it will be targeted toward evaluating feasibility and impact of specific investment and policy tools.

APPENDIX (Co-Chairs Aman and Pyszka memo to COO)

COMBINED SCREENING COMMITTEE COMMENT SUMMARY AND CONCERNS FOR EQUITABLE HOUSING GRANTS

October 12, 2016

Applicant/Project Washington County / Equitable Housing Barriers and Solutions	
Requested Grant \$100,000	Recommendation options: \$575,000 in total funding: \$97,500 \$500,000 in total funding: \$86,207
Total Project Cost \$150,000	Financial Match: n/a In-kind Match: \$50,000
Project Description	Washington County requests \$100,000 to identify 3-5 potential affordable housing development (AHD) sites, evaluate AHD site suitability and key barriers through code and financial feasibility analysis, and then draft and evaluate potential solutions. It is expected to lead to community plan and/or code amendments, and pre-development work on at least one site.
Project Location	Potential affordable housing development sites within Washington County's Metro-designated Corridors, Centers, State Areas or Main Streets, including County-owned property at Cornell Road and Murray Boulevard.
Partners	Community Partners for Affordable Housing (selected developer for the County-owned Cornell-Murray property)

Positive Comments

- Strong partnerships with nonprofits
- Strong potential to link site-specific projects to more flexible regulations that eliminate barriers to equitable housing development

Concerns

- Proposed budget allocation for staff is higher than other applications
- Description of equity components of the grant is vague, and the proposal does not include a plan for how to reach out to disadvantaged populations.
- Only one of five sites is identified.
- Application does not describe the project team.
- Application does not provide examples of potential implementation strategies.

Conditions for Funding

- Clarify who serve on the project team.
- Clarify potential implementation strategies to be explored and how the scope will address them.
- Engagement strategy should specifically identify target participants, including income levels/types of residents to be engaged.
- Scope of work should include how the city will share best practices and lessons learned with interested stakeholders, including Metro, Metro Technical Advisory Committee, staff of other jurisdiction, and other identified stakeholders.
- Scope of work should include how the city will communicate information about projects more broadly with interested regional stakeholders (e.g., project website, etc.).
- Clarify how equity lens will be applied to shape the project.

APPENDIX (Co-Chairs Aman and Pyszka memo to COO)

COMBINED SCREENING COMMITTEE COMMENT SUMMARY AND CONCERNS FOR EQUITABLE HOUSING GRANTS

October 12, 2016

- Specify income-based performance measures related to number of units envisioned to be created or preserved.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 16-4753
FOR THE PURPOSE OF APPROVING FY 2016-17 FUNDING FOR EQUITABLE HOUSING PLANNING AND
DEVELOPMENT GRANTS FUNDED WITH CONSTRUCTION EXCISE TAX

Date: 11/18/2016

Prepared by: Emily Lieb, 503-797-1921
and Gerry Uba, 503-797-1737

BACKGROUND

In September 2015, Metro’s Chief Operating Officer (COO) presented her recommendations for Cycle 4 of the Community Planning and Development Grants (CPDG). The recommendations included information about the proposed Cycle 4 award left an excess of \$230,000 for the COO and Metro Council to utilize as they see fit.

At the January 7, 2016 Council work session, the Council expressed interest in further understanding how to expend the unallocated CPDG Cycle 4 fund. After consultation with the Office of the Metro Attorney and guidance from the Equitable Housing Initiative Work Group, the COO proposed at the February 16, 2016 Council work session that the unallocated Cycle 4 CPDG fund for use in creating housing planning and development grants. The COO also informed Council that additional construction excise collections during the cycle could be used to boost funding for housing planning and development grants to ensure that the program is able to generate benefits across the region. She recommended an initial budget of \$500,000.

The Metro Council decided to create the Equitable Housing Planning and Development Grants (“Equitable Housing Grants”) program as a subset of the CPDG program to use additional, unallocated funds to inspire and foster innovative local planning projects that support the creation of equitable housing – defined as *diverse, quality, physically accessible, affordable housing choices with access to opportunities, services, and amenities*.

The Equitable Housing Grants are intended to specifically support local governments and their partners in eliminating barriers to equitable housing development—while also helping to build a body of housing-related projects that support regional innovation and knowledge sharing.

In 2015, Metro’s Equitable Housing Initiative led a yearlong research and engagement process that culminated in the creation of a collaborative framework for equitable housing and the convening of a regional equitable housing leadership summit. More information is available at oregonmetro.gov/equitable-housing.

ADMINISTRATIVE RULES

Per Council direction, staff developed the Equitable Housing Grants program to conform to the revised Administrative Rules for Construction Excise Tax for CPDG adopted by Metro Council in March 2015 (Resolution 15-4615) and implemented in Cycle 4 of the Community Planning and Development Grants. The 2015 update to the Administrative Rules adjusted the goal of the CPDG program, defined types of eligible projects, and revised the criteria for evaluating grant applications, reflecting recommendations

developed by Metro Technical Advisory Committee (MTAC) and recommended by Metro Policy Advisory Committee (MPAC) to Metro Council.

Eligible Projects

Based on the CPDG Administrative Rules and with input from CPDG staff and former CPDG screening committee members, staff identified two categories of projects that would be eligible for funding:

- 1) Opportunity site identification and analysis: Conduct predevelopment work on potential affordable or mixed-income housing development sites in centers and corridors (as identified in Title 6 of Metro’s Urban Growth Management Functional Plan).

Examples of potential projects:

- Site identification
- Environmental analysis and brownfield site assessments
- Financial feasibility analysis and funding strategy development
- Parking analysis
- Schematic design

- 2) Policy evaluation and implementation: Conduct evaluation and develop tools to support modification of local code, zoning or permitting processes, or create incentives that eliminate barriers to equitable housing development.

Examples of potential projects:

- Zoning/code changes to eliminate barriers to and/or create incentives for the development of “missing middle” housing and creative infill housing, such as accessory dwelling units or cottage clusters
- Evaluation and implementation of a regulatory or incentive program, such as Vertical Housing Tax Credits, tax exemptions for affordable units, or inclusionary zoning
- Implementation of streamlined permitting for affordable housing projects

Evaluation Criteria

Consistent with previous recommendations from evaluations of applications for the CPDG program, Equitable Housing Grants applications were evaluated on their ability to achieve the goals of the Regional Framework Plan, which identifies regional policies to implement the 2040 Growth Concept.

Specifically, projects were evaluated on the following criteria:

- Expected development outcome
- Regional significance, including how well the project addresses the needs of underrepresented or underserved groups (equity)
- Ability to support vibrant Centers, Corridors, and Main Streets
- Use of best practices
- Leveraging past or future public and private investments, such as transit projects
- Available matching funds
- Potential to absorb projected growth
- Public involvement

- Commitment for action by a governing body
- Capacity of applicant

SOLICITATION AND EVALUATION OF APPLICATIONS

Pre-Application Meeting

On May 13, 2016, Metro held a pre-application meeting to explain the grant process and answer questions from local government representatives and interested community partners. The meeting notice went out to Metro’s Equitable Housing Initiative interested parties list, which includes over 600 people spanning government, developers, financial institutions, advocacy groups, community-based organizations, and more.

Approximately 35 people attended the pre-application meeting, including several nonprofit and community-based organizations interested in partnering with a local government on a proposal. The meeting including time for attendees to ask staff questions about the process, as well as time for networking for applicants to connect with non-governmental attendees interested in exploring partnerships.

Letters of Interest

Seven local governments submitted eight letters of interest (LOI) by the June 8 deadline. Metro staff reviewed the proposals and provided comments intended to ensure that projects met the criteria necessary to be eligible for funding, and to help strengthen the competitiveness of full applications. In the case of one LOI, which was focused on equitable leasing practices, staff provided feedback that the project did not meet the eligibility of the program as set forth by Metro’s code and the Administrative Rules for the CPDG program, because it did not include any components related to “planning that is required to make land ready for development.”

Applications

Seven local governments submitted eight applications by the Aug. 12 deadline. In total, the eight applications requested \$680,936 ([Attachment 1](#)).

The proposed projects will support planning activities that will lead to such outcomes as eliminating barriers to housing development on a specific site and changes to zoning, permitting, and creation of incentives to support equitable housing at the jurisdiction scale. Applications were required to address:

- Locations of proposed projects
- Role of partnerships
- Potential for innovation/best practices
- Range of different types of projects
- Regional significance – especially equity
- Total financial and in-kind matches

Grants Screening Committee

As directed in the Administrative Rules ([Attachment 2](#)), Metro's Chief Operating Officer appointed six individuals with experience in a variety of fields relating to economic development and planning to the Equitable Housing Grants Screening Committee. In September and October, the Screening Committee met two times to evaluate the applications and develop funding recommendations. In addition, members were invited to an optional meeting to provide feedback on the criteria and evaluation process to inform program evaluation and future grant cycles.

As the Screening Committee was evaluating the applications, Multnomah County relinquished its \$75,000 CPDG grant for "Moving to Permanent Housing" planning project. Staff informed the Screening Committee that the COO has directed them to present recommendations for two funding options, one for \$500,000 and the second for \$575,000.

RECOMMENDATIONS

The Screening Committee submitted its recommendations to the Metro COO on Oct. 13, 2016.

Description of recommendations:

- Recommended funding package at \$500,000
- Recommended funding package at \$575,000
- Recommended funding conditions and performance measures

Additional committee recommendations

- Recommendations for ongoing program modifications

The COO sent her own recommendations to the Metro Council along with the recommendations of the Screening Committee. The COO's recommendations reflect the Screening Committee recommendations with a few exceptions.

The COO's recommendations include some additional funding conditions to be fulfilled by grant recipients, shown in [Exhibit A](#) to this resolution. These conditions are intended to ensure that the projects are successful and meet the objectives of the grant program.

Intergovernmental agreements (IGAs) between Metro and grantees will be negotiated by staff after the Metro Council approves the grant awards. Additional conditions related to administration of the grant program may be included in the IGA. These could include:

- grant payment procedures
- eligible expenses
- documentation related to implementation of tasks involved in the projects
- maintenance of project records
- audits, inspections and retention of records
- encouragement to seek out local minority-owned, women-owned and emerging small businesses for professional services.

ANALYSIS/INFORMATION

1. Known Opposition

There is no known opposition to the proposed grant allocation amounts, except potentially from any or all of the grant applicants who will not be receiving 2016-17 Equitable Housing Grant Funding.

2. **Legal Antecedents**

Ordinance 06-1115, "Creating a New Metro Code Chapter 7.04 Establishing a Construction Excise Tax" was adopted on March 23, 2006; Ordinance 09-1220, "Extending the Metro Construction Excise Tax and Amending Metro Code Chapter 7.04" was adopted on June 11, 2009; Ordinance No. 14-1328, "Extending the Metro Construction Excise Tax for Community Planning and Development Grants" was adopted June 19, 2014; Resolution 15-4615, "Approving Amended Construction Excise Tax Administrative Rules proposed by the Chief Operating Officer for the Community Planning and Development Grants Program" was adopted on March 19, 2015.

3. **Anticipated Effects**

This Resolution designates Equitable Housing Grant Awards funded with the construction excise tax subject to receipt of construction excise tax funds.

4. **Budget Impacts**

The Proposed FY 2015-2016 budget includes resources for staff in the Planning and Development Department to work on this project. The budget contains sufficient funds to produce and disseminate progress updates for the grant projects to stakeholders and other residents of the region. These updates will include information about how the grants are supporting local communities and the region to remove barriers to development and put local plans into action.


RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of Resolution No. 16-4753.

ATTACHMENT 1 (to Staff Report)

Applications Submitted by Local Governments for Equitable Housing Planning and Development Grants

Applicant	Project Name	Project Description	Amount Requested	Total Project Cost	Metro District
City of Beaverton	Anti-displacement housing strategy	The City of Beaverton requests \$100,000 to create an Anti-Displacement Housing Strategy. The City will hire a consultant to work with the city to a) map all current unregulated affordable housing (below 80% AMI) and developable properties, and b) identify strategies the city and the housing partners can implement to preserve and/or develop new affordable housing going forward.	\$100,000	\$116,832	3,4
City of Milwaukie	Cottage Cluster Feasibility Analysis	The City of Milwaukie requests \$65,000 to conduct a feasibility analysis and preliminary site design work for four sites to examine their potential for a cottage cluster development that can provide equitable housing opportunities to a variety of groups identified by community partners, including affordable housing, workforce housing, senior housing, and special needs housing.	\$65,000	\$77,500	2
City of Oregon City	Oregon City Equitable Housing	The City of Oregon City requests \$100,936 to work with a network of local partners to evaluate the process for constructing equitable housing and remove barriers to development as well as implement incentives to facilitate and encourage new equitable housing in in Oregon City.	\$100,936	\$124,650	2
City of Portland / Portland Housing Bureau	Feasibility Assessment of Terminal 1	PHB requests \$100,000 for a feasibility assessment of Terminal 1 related to the proposed Oregon Trail of Hope concept, a multi-service center providing shelter, services, and housing for people experiencing homelessness. The 12-month project will fund a consultant to conduct analysis of the site and produce outcomes in phases of: Visioning, Feasibility Analysis, and Master Plan development.	\$100,000	\$265,000	5
City of Portland	Equitable housing strategy for the SW Corridor	The City of Portland requests \$100,000 to set a target for affordable housing preservation and production as part of the Southwest Corridor transit project, estimate potential funding sources and funding gap to meet targets and build a community coalition to support inclusion of affordable housing as part of Southwest Corridor transit investment.	\$100,000	\$120,000	5,6
City of Tigard	SW Corridor Affordable Housing Predevelopment Project	The City of Tigard requests \$50,000 for the SW Corridor Affordable Housing Predevelopment project, which will mitigate the effects of potential market displacement of affordable housing residents in Tigard's Town Center by: identifying opportunity sites for housing relocation and preservation; developing a funding analysis to support an anti-displacement strategy; and engaging with affordable housing residents on equitable solutions.	\$50,000	\$73,080	3
City of Wilsonville	Equitable Housing Strategic Plan	The City of Wilsonville requests \$65,000 to research, develop, adopt, and begin implementation of an Equitable Housing Strategic Plan that identifies and prioritizes policies and programs for the City to implement that address current needs and gaps in Wilsonville's housing market.	\$65,000	\$76,235	3
Washington County	Equitable Housing Barriers and Solutions	Washington County requests \$100,000 to identify 3-5 potential affordable housing development (AHD) sites, evaluate AHD site suitability and key barriers through code and financial feasibility analysis, and then draft and evaluate potential solutions. It is expected to lead to community plan and/or code amendments, and pre-development work on at least one site.	\$100,000	\$150,000	3,4
			\$680,936	\$1,003,297	

 Metro | Policies and procedures

Subject: Construction Excise Tax (CET) Administrative Rules – Funding for Community Planning and Development Grants (revised March 2015)

Section: COO/Planning and Development

Approved by: Martha J. Bennett, Chief Operating Officer



POLICY

The Construction Excise Tax, Chapter 7.04 of the Metro Code, was established under Metro Ordinance No. 06-1115, which directed the Metro Chief Operating Officer to promulgate Administrative Rules to implement the Ordinance and new Metro Code chapter. CET revenues fund Community Planning and Development Grants in accordance with Metro Code Chapter 7.04. In June 2014, the Metro Council adopted Ordinance No. 14-1328, which extended the CET for an additional five years through December 31, 2020 and directed the Metro COO to promulgate amendments to the Administrative Rules governing the CET program. On March 19, 2015 the Metro Council adopted Resolution No. 15-4595 approving the Metro COO's proposed amendments to the CET Administrative Rules. The attached CET Administrative Rules are revised to implement Cycles 4 and 5 of the CET program pursuant to Metro Ordinance No. 14-1328 and Metro Code Chapter 7.04.

Applicable to

CET funding for Community Planning and Development Grants.

Definitions

See Metro Code Chapter 7.04 and the attached Administrative Rules.

Guidelines

See Metro Code Chapter 7.04 and the attached Administrative Rules, revised March 2015.

Procedures

See Metro Code Chapter 7.04 and the attached Administrative Rules, revised March 2015.

References/Attachments

See Metro Code Chapter 7.04 and the attached Administrative Rules, revised March 2015.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF APPROVING)	RESOLUTION NO. 15-4595
AMENDED CONSTRUCTION EXCISE TAX)	
ADMINISTRATIVE RULES PROPOSED BY)	Introduced by Chief Operating Officer Martha
THE METRO CHIEF OPERATING OFFICER)	Bennett in concurrence with Council
FOR THE COMMUNITY PLANNING AND)	President Tom Hughes
DEVELOPMENT GRANT PROGRAM)	

WHEREAS, in 2006 the Metro Council adopted Ordinance 06-1115, titled, “An Ordinance Creating a New Metro Code Chapter 7.04 Establishing a Construction Excise Tax,” which ordinance created a construction excise tax (“CET”) to generate revenue for providing grants to local governments for regional and local planning (“2006 CET Ordinance”); and

WHEREAS, the 2006 CET Ordinance contained a sunset provision based on a maximum amount collected of \$6.3 million, which amount was reached in 2009; and

WHEREAS, on recommendation of an advisory group and the Metro Chief Operating Officer (“COO”) regarding the continuing need for funding regional and local planning, on June 11, 2009, the Metro Council adopted Ordinance 09-1220, extending the CET for an additional five year period, with a sunset date of September 30, 2014; and

WHEREAS, the CET has successfully raised approximately \$14 million in revenue that has been distributed by Metro to local governments through the Community Planning and Development Grant (“CPDG”) program for planning work across the region that otherwise could not have been funded; and

WHEREAS, on recommendation of an advisory group and the Metro COO, on June 19, 2014, the Metro Council adopted Ordinance 14-1328, extending the Metro CET for an additional five year period (“2014 CET Ordinance”), with a new sunset date of December 31, 2020; and

WHEREAS, the 2014 CET Ordinance directed the Metro COO to propose amendments to the existing administrative rules implementing the CET and CPDG programs under Metro Code Chapter 7.04 (“Administrative Rules”) and to return to the Metro Council for its approval of the revised Administrative Rules prior to promulgating them; and

WHEREAS, the Metro COO presented her proposed Administrative Rule amendments to the Metro Policy Advisory Committee (“MPAC”) on February 25, 2015, and MPAC voted to recommend approval of the Administrative Rule amendments; and

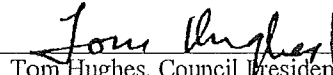
WHEREAS, the Metro Council finds that the amendments to the Administrative Rules proposed by the Metro COO and recommended for approval by MPAC are consistent with the 2014 CET Ordinance and Metro Code Chapter 7.04, and will improve the process for implementing the CET and CPDG programs; now therefore

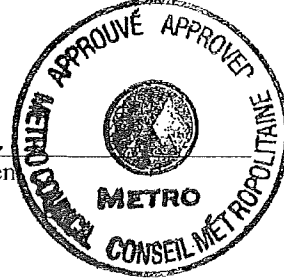
THE METRO COUNCIL RESOLVES AS FOLLOWS:

1. The amendments to the Administrative Rules proposed by Metro COO Martha Bennett attached hereto as Exhibit A are hereby approved; and

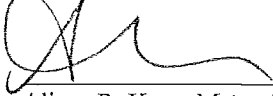
2. The Metro COO is directed to promulgate the amended Administrative Rules consistent with Chapter 7.04 of the Metro Code.

ADOPTED by the Metro Council this 19th day of March 2015.


Tom Hughes, Council President



Approved as to form:



Alison R. Kean, Metro Attorney

ADMINISTRATIVE RULES: METRO CODE CHAPTER 7.04
[Revised March 2015]

Effective July 1, 2006, and extended through December 31, 2020, Metro has established as Metro Code Chapter 7.04 a Construction Excise Tax (“CET”) to fund Community Planning and Development Grants (“CPDG”). These Administrative Rules establish the procedures for administering this tax as mandated in Metro Code Section 7.04.050 and Metro Code Section 7.04.060. For ease of reference a copy of Metro Code Chapter 7.04 is attached to these administrative rules.

I. Metro Administrative Matters.

- A. Definitions. These administrative rules incorporate the definitions as set forth in Metro Code Section 7.04.030 of Chapter 7.04, Construction Excise Tax, and Chapter 3.07, the Urban Growth Management Functional Plan.
- B. Designated Representatives (Metro Code Section 7.04.060). The Metro Chief Operating Officer (“COO”) is responsible for the administration and enforcement of the Metro Code Chapter 7.04 and these administrative rules.
1. The COO may delegate his authority in administration and enforcement of the Code chapter and these administrative rules as he determines and as set forth herein.
 2. The COO shall appoint a Hearings Officer(s), which appointment shall be confirmed by the Metro Council. The Hearings Officer(s) shall have the authority to order refunds or rebates of the Construction Excise Tax or waive penalties as a result of the hearings process. Upon appointing a Hearings Officer, the Chief Operating Officer shall delegate authority to the Hearings Officer to administer oaths, certify to all official acts, to subpoena and require attendance of witnesses at hearings to determine compliance with this chapter, rules and regulations, to require production of relevant documents at public hearings, to swear witnesses, to take testimony of any Person by deposition, and perform all other acts necessary to adjudicate appeals of Construction Excise Tax matters.
- C. Internal Flow of Funds. Funds will be accounted for in a Construction Excise Tax account that will be created by the effective date of Metro Code Chapter 7.04.
- D. Rate Stabilization Reserves. Metro Code Chapter 7.04.200 states that the Council will, each year, as part of the Budget process, create reserves from revenues generated by the CET. These reserves are to even out collections thereby stabilizing the funds needed to support the applicable programs despite industry building activity fluctuation. These reserves can only be drawn on to support the specific budgeted activities as discussed in Section I.E. of these administrative rules. Due to their restricted nature, these reserves shall be reported as designations of fund balance in Metro’s General Fund.
- E. Dedication of Revenues. Revenues derived from the imposition of this tax, netted after deduction of authorized local jurisdiction costs of collection and administration will be solely dedicated to grant funding of the regional and local planning that is required to make land ready for development after inclusion in the Urban Growth Boundary.
- F. Rule Amendment. The Chief Operating Officer retains the authority to amend these administrative rules as necessary for the administration of the Construction Excise Tax, after consultation with Metro Council.

II. Construction Excise Tax Administration.

A. Imposition of Tax (Metro Code Section 7.04.070).

1. The CET is imposed on every Person who engages in Construction within the Metro jurisdiction, unless an Exemption applies as set forth herein.
2. The tax shall be due and payable at the time of the issuance of any building permit, or installation permit in the case of a manufactured dwelling, by any building authority, unless an Exemption applies as set forth herein.
3. The CET shall be calculated and assessed as of the application date for the building permit. Persons obtaining building permits based on applications that were submitted prior to July 1, 2006 shall not be required to pay the CET, unless the building permit issuer normally imposes fees based on the date the building permit is issued.
4. If no permit is issued, then the CET is due at the time the first activity occurs that would require issuance of a building permit under the State of Oregon Building Code.

B. Calculation of Tax (Metro Code Section 7.04.080). The CET is calculated by multiplying the Value of New Construction by the tax rate of 0.12%

(0.0012 x Value of New Construction)

- a. In the case of a Manufactured Dwelling for which no Exemption is applicable, and for which there is no building code determination of valuation of the Manufactured Dwelling, the applicant's good faith estimate of the Value of New Construction for the Manufactured Dwelling shall be used.

C. Exemptions (Metro Code Section 7.04.040).

1. Eligibility for Exemption. No obligation to pay the CET is imposed upon any Person who establishes, as set forth below, that one or more of the following Exemptions apply:
 - a. The Value of New Construction is less than or equal to One Hundred Thousand Dollars (\$100,000); or
 - b. The Person who would be liable for the tax is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), or a limited partnership the sole general partner of which is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), the Construction is used for residential purposes AND the property is restricted to being occupied by Persons with incomes less than fifty percent (50%) of the median income for a period of 30 years or longer; or
 - c. The Person who would be liable for the tax is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3) AND the Construction is dedicated for use for the purpose of providing charitable services to Persons with income less than fifty

percent (50%) of the median income.

2. Procedures for Establishing and Obtaining an Exemption; Exemption Certificates:
 - a. For exemption (a) above, the exemption will be established at the building permit counter where the Value of New Construction as determined in the building permit is less than or equal to One Hundred Thousand Dollars (\$100,000).
 - b. For exemptions (b) and (c) above, prior to applying for a building permit a Person claiming an exemption may apply to Metro for a Metro CET Exemption Certificate, by presenting the appropriate documentation for the exemption as set forth herein, and upon receiving a Metro CET Exemption Certificate the Person may present the certificate to the building permit issuer to receive an exemption from paying the CET; or
 - c. For exemptions (b) and (c) above, instead of going to Metro to obtain a Metro CET Exemption Certificate, a Person claiming an exemption from the CET when applying for a building permit may submit to the building permit issuer Metro's CET Exemption Certificate application form. Upon receiving a Person's Metro CET Exemption Certificate application, the building permit issuer shall preliminarily authorize the exemption and shall not collect the CET. The building permit issuer shall forward the Person's Metro CET Exemption Certificate application to Metro along with the quarterly CET report. It shall be Metro's responsibility to determine the validity of the exemption and to institute collection procedures to obtain payment of the CET, as well as any other remedy Metro may have under law, if the Person was not entitled to the exemption;
 - d. To receive a Metro CET Exemption Certificate from Metro, or to substantiate to Metro the validity of an exemption received from a local building permit issuer, an applicant must provide the following:
 - i. IRS tax status determination letter evidencing that the Person seeking the building permit is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3); and
 - ii. In the case of residential property, proof that the property is to be restricted to low income persons, as defined, for at least 30 years. Proof can be in the form of loan covenants; rental agreements or grant restrictions; a certification from the entity's corporate officer attesting that the exemption is applicable; or any other information that may allow the exemption determination to be made; and
 - iii. In the case of a qualified tax-exempt entity providing services to Persons with incomes less than 50 percent of the median income, the applicant must provide information that will allow such tax exempt status to be verified, and proof that the property will be restricted to such uses. Proof can be in the form of loan covenants; rental agreements or grant restrictions; certification from the entity's corporate officer attesting that the exemption is applicable; or any other information that may allow the exemption determination to be made; and

- iv. In the case of a limited partnership with a tax-exempt sole general partner corporation, verification from the partnership's attorney of that status is required; and
- v. Authorization to audit the records to verify the legal status and compliance with Metro qualifications of all entities claiming exempt status.
- e. Partial Applicability of Exemption. If an exemption is applicable to only part of the Construction, then only that portion shall be exempt from the CET, and CET shall be payable for the remainder of the Construction that is not eligible for an exemption, on a pro-rata basis. It shall be the responsibility of the Person seeking the partial exemption to fill out a Metro CET Exemption Certificate application for the partial exemption, declaring on that application the proportion of the Construction qualifies for the exemption. Upon receiving a Person's Metro CET Exemption Certificate application claiming a partial exemption, the building permit issuer shall preliminarily authorize the partial exemption and shall only collect the pro-rata CET as declared by the applicant. The building permit issuer shall forward the Person's Metro CET Exemption Certificate application to Metro along with the quarterly CET report. It shall be Metro's responsibility to determine the validity of the partial exemption and to institute collection procedures to obtain payment of the remainder of the CET, as well as any other remedy Metro may have under law, if the Person was not entitled to the partial exemption.

D. Ceiling (Metro Code Section 7.04.045).

- 1. If the CET imposed would be greater than \$12,000.00 (Twelve Thousand Dollars) as measured by the Value of New Construction that would generate that amount of tax, then the CET imposed for that Construction is capped at a Ceiling of \$12,000.00 (Twelve Thousand Dollars).
- 2. The Ceiling applies on a single structure basis, and not necessarily on a single building permit basis. For example:
 - a. If a single building permit is issued where the Value of New Construction is greater than or equal to Ten Million Dollars (\$10,000,000), then the CET for that building permit is capped at Twelve Thousand Dollars (\$12,000.00).
 - b. If Construction in a single structure will require multiple building permits during the pendency of the CET program, and the total CET that would be imposed for those building permits would add up to more than Twelve Thousand Dollars (\$12,000.00), then the total CET for those building permits within the same structure during the pendency of the CET program is capped at Twelve Thousand Dollars (\$12,000.00). Once a total of \$12,000.00 has been paid in CET for a particular structure, then no additional CET will be collected for that structure during the pendency of the CET program.

- E. Rebates (Metro Code Section 7.04.120). If a CET has been collected and a CET Exemption or the CET Ceiling was applicable, a rebate for the CET may be obtained from Metro.
1. Procedures for obtaining rebate are:
 - a. Within thirty (30) days of paying the CET, the Person who believes that the CET was not applicable due to a CET exemption or CET Ceiling, shall apply for a rebate in writing to Metro and provide verification that the exemption eligibility provisions of Metro Code Section 7.04.040, or that the CET Ceiling provisions of Metro Code Section 7.04.045, have been met. Failure to seek a rebate within the thirty (30) day time limit will terminate a Person's right to seek a rebate.
 - b. Applicant shall provide proof that the CET was paid, in the form of a paid receipt from the building permit issuer showing the tax was paid. All supporting documentation for the exemption or ceiling shall be submitted at the time of the rebate claim. The rebate will only be made to the name that is listed on the receipt unless the applicant has a written assignment of rebate.
 - c. A rebate or a letter of denial shall be issued by Metro within thirty (30) days of receipt of a written request for rebate provided that the request includes all required information. The rebate will be calculated based upon the paid receipt, less the five percent (5%) administrative fee already retained by the building permit issuer and the five percent (5%) Metro administration fee.
- F. Refunds (Metro Code Section 7.04.150). If a CET has been collected and the Construction was not commenced and the building permit was cancelled, a refund for the CET may be obtained from Metro.
1. Eligibility is determined by the absence of Construction and cancellation of the building permit.
 2. Procedures for obtaining refund:
 - a. Apply in writing to Metro within thirty (30) days of permit cancellation.
 - b. Provide copy of canceled permit.
 - c. Provide proof of payment of the tax in the form of the paid receipt.
 - d. A refund or a letter of denial shall be issued by Metro within thirty (30) days of receipt of the written request for refund provided that the request includes all required information. The refund will be calculated based upon the paid receipt, less the five percent (5%) administrative fee already retained by the building permit issuer and the five percent (5%) Metro administration fee.
 - e. Failure to seek a rebate within the thirty (30) day time limit will terminate a Person's right to receive a refund.

G. Appeals. The Hearings Officer shall conduct hearings related to enforcement or appeals of the CET. The appeal to the Hearings Officer must be:

1. In writing;
2. Made within ten (10) calendar days of denial of a refund, rebate, or exemption request. Notice of denial to the party denied, is deemed to have occurred three days after the mailing of the certified denial letter from Metro;
3. Tax must be paid prior to appeal;
4. Directed to the Office of Metro Attorney, who will contact the Hearings Officer to schedule a hearing upon receipt of a written appeal. The Hearings Officer will at that time provide further information as to what documentation to bring to the hearing.

H. Review. Review of any action of the Chief Operating Officer or Hearings Officer, taken pursuant to the Construction Excise Tax Ordinance, or the rules and regulations adopted by the Chief Operating Officer, shall be taken solely and exclusively by writ of review in the manner set forth in ORS 34.010 through 34.100, provided, however, that any aggrieved Person may demand such relief by writ of review.

I. CET Sunset (Metro Code Section 7.04.230).

1. The CET shall not be imposed on and no person shall be liable to pay any tax for any Construction activity that is commenced pursuant to a building permit issued on or after December 31, 2020.
2. Local governments collecting CETs shall remit the CETs to Metro on a quarterly or monthly basis, based on the jurisdiction's CET Collection IGAs with Metro. Each quarter, within thirty days of receiving CET remittances from all collecting local jurisdictions, Metro will issue a written statement of the total CET that Metro has received that quarter and cumulatively.
3. CET remittance to Metro shall be net of the local government's administrative expenses in collecting the CET, up to five percent (5%) of the CET collected by the local government as set forth in the Metro CET Collection IGA. This net amount of CET remitted to Metro shall be the basis for Metro's calculations of CET cumulative totals.
4. The CET shall cease to be imposed by local governments on December 31, 2020, and shall be remitted by the local governments to Metro as soon thereafter as possible.

III. CET Collection Procedures.

A. Local Government CET Collection and Remittance Via Intergovernmental Agreements (Metro Code Section 7.04.110). For those local governments collecting the CET pursuant to Intergovernmental Agreements with Metro, the following procedures shall apply:

1. CET Report; Information Required. Each quarter (unless a local government prefers to report monthly), along with its CET remittance to Metro, the local government shall prepare and submit to the Metro Chief Operating Officer a report of the CETs and building permits issued for the previous quarter's construction activities. The report shall include: the number of building permits issued that quarter; the aggregate value of construction; the number of building permits for which CET exemptions were given; the aggregate value of

construction for the exempted construction; the aggregate amount of CET paid; and the amount of CET administrative fee retained by the local government pursuant to this CET Collection IGA.

2. CET Remittance to Metro. Local governments collecting CET via IGAs with Metro shall remit the collected CET to Metro. Remittance shall be quarterly, unless a jurisdiction prefers to remit the CET monthly, by the 30th of the month following the quarter (or month) ending. Quarters end on September 30, December 31, March 31 and June 30 of each year. CET remittance and the CET Report shall be sent to Metro, attn Construction Excise Tax Accounting Specialist, 600 NE Grand, Portland, Oregon 97232.
 3. Remuneration to Local Government for Collecting CET. As consideration for collecting the CET, each local government collecting the CET shall retain no more than five percent (5%) of the tax collected by that local government. This payment is intended to be a reimbursement of costs incurred. Prior to submitting the CET to Metro, the local government shall deduct the remuneration agreed upon directly from the collected tax, and the amounts deducted and retained shall be identified on the report submitted to Metro.
 4. Metro Administrative Fee. To partially reimburse Metro for its costs in implementing and administering the CET program, Metro will retain five percent (5%) of the net CET funds remitted by local governments to Metro.
 5. Audit and Control Features. Each local government shall allow the Chief Operating Officer, or any person authorized in writing by the Chief Operating Officer, to examine the books, papers, building permits, and accounting records relating to any collection and payment of the tax, during normal business hours, and may investigate the accuracy of reporting to ascertain and determine the amount of CET required to be paid.
 6. Failure to Pay. Upon a Person's refusal to or failure to pay the CET when due, the local government administering that Person's building permit shall notify Metro in writing within five (5) business days of such failure, with information adequate for Metro to begin collection procedures against that Person, including the Person's name, address, phone numbers, Value of New Construction, Construction Project, and building permit number. Upon a Person's refusal or failure to pay the CET, it shall be Metro's responsibility to institute collection procedures to obtain payment of the CET as well as any other remedy Metro may have under law.
- B. Metro Collection Procedures in Event of Non-payment. The CET is due and payable upon issuance of a building permit. It is unlawful for any Person to whom the CET is applicable to fail to pay all or any portion of the CET. If the tax is not paid when due, Metro will send a letter notifying the non-payer of his obligation to pay the CET along with the following information:
1. Penalty. In addition to any other fine or penalty provided by Chapter 7.04 of the Metro Code, penalty for non-payment will be added to the original tax outstanding. That penalty is equal to fifty dollars (\$50.00) or the amount of the tax owed, whichever is greater.
 2. Misdemeanor. In addition to any other civil enforcement, non-payment of the CET is a misdemeanor and shall be punishable, upon conviction, by a fine of not more than five hundred dollars (\$500.00). This fine shall be charged to any officer, director, partner or other Person having direction or control over any Person not paying the tax as due.

3. Enforcement by Civil Action. If the tax is not paid, Metro will proceed with collection procedures allowable by law to collect the unpaid tax, penalties assessed and fines due, including attorney fees.

IV. Revenue Distribution (Metro Code Section 7.04.220).

- A. Grant Cycles. CET funds collected pursuant to the 2014 extension of the CET shall be allocated in three new application assessment cycles (Cycle 4, Cycle 5 and Cycle 6).
 1. The Cycle 1 fund distribution took place in March 2006, which allocated up to \$6.3 million in grants. Grant requests in this cycle were made for planning only in new areas that were brought into the Urban Growth Boundary (UGB) between 2002 and 2005.
 2. The Cycle 2 grant allocation through the Community Planning and Development Grant program (CPDG) took place in June 2010, which allocated up to \$3.57 million in CET Grant revenue. Grant requests in this cycle were made for planning in all areas inside the UGB as of December 2009.
 3. The Cycle 3 grant allocation took place in August 2013, which allocated \$4.5 million in grants. Grant requests in this cycle were made for planning in all areas that are in the UGB as of December 2009, plus areas added to the UGB since 2009 and Urban Reserves. This cycle earmarked fifty percent (50%) of projected CET revenues for planning in areas added to the UGB since 2009 and Urban Reserves, and required that if the amount of qualified Grant Requests for areas added to the UGB since 2009 and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds may be allocated to Grant Requests for planning in other areas.
 4. The Cycle 4 grant allocation shall take place in 2015-2016 for planning in all areas that are in the UGB and Urban Reserves. This grant allocation shall earmark seventy percent to seventy five percent (70% to 75%) of projected revenue for planning within the existing UGB, and earmark twenty five percent to thirty percent (25% to 30%) of projected revenue for concept planning and comprehensive planning for urban reserves and new urban areas, and require that if the amount of qualified Grant Requests for areas added to the UGB since 2009 and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds may be allocated to Grant Requests for planning in other areas.
 5. The Cycle 5 grant allocation shall take place in 2017-2018 for planning in all areas that are in the UGB and Urban Reserves. This grant allocation shall earmark seventy percent to seventy five percent (70% to 75%) of projected revenue for planning within the existing UGB, and earmark twenty five percent to thirty percent (25% to 30%) of projected revenue for concept planning and comprehensive planning for urban reserves and new urban areas, and require that if the amount of qualified Grant Requests for areas added to the UGB since 2009 and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds may be allocated to Grant Requests for planning in other areas.
 6. The Cycle 6 grant allocation shall take place in 2019-2020 for planning in all areas that are in the UGB and Urban Reserves. This grant allocation shall earmark seventy percent to seventy five percent (70% to 75%) of projected revenue for planning within the existing UGB, and earmark twenty five percent to thirty percent (25% to 30%) of projected revenue for concept planning and comprehensive planning for urban reserves and new urban areas, and require that if the amount of qualified Grant Requests for areas added to the UGB since

2009 and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds may be allocated to Grant Requests for planning in other areas.

7. These cycles may be delayed or amounts reduced if the actual CET receipts remitted by the local governments are not as high as projected, or if CET revenue projections are modified due to market conditions, or if required by Metro's spending cap limitations.
8. Metro may conduct additional allocation cycles if the Metro Chief Operating Officer finds that CET receipts are projected to exceed the grant amounts awarded in Cycle 4 and Cycle 5 and Cycle 6.

B. CPDG Screening Committee.

1. Role. A CPGD Screening Committee ("Committee") shall be created, which Committee shall review Grant Requests submitted by local governments. The Committee shall advise and recommend to the Metro Chief Operating Officer ("COO") the ranking and recommended grant amounts, and whether to grant full, partial, or no awards, in accordance with the grant Evaluation Criteria set forth below. The COO shall review the Committee's recommendations and shall forward her/his own grant recommendations, along with the recommendations of the Committee, to the Metro Council. The Metro Council shall make final grant decisions in a public hearing. A new CPGD Screening Committee shall be established for Cycle 4, Cycle 5 and Cycle 6 grants, but may include members from the previous Committees.
2. CPDG Screening Committee Members. The COO shall appoint six to nine members to the Committee, including the Committee Chair. Skill sets to be represented will be composed of the following expertise:
 - Economic development;
 - Urban planning;
 - Real estate and finance;
 - Infrastructure finance relating to development or redevelopment;
 - Local government;
 - Urban renewal and redevelopment;
 - Business and commerce;
 - Neighborhood Association or Community Planning Commission with an understanding of community livability issues; and
 - Environmental sustainability relating to development or redevelopment.
 - Social equity relating to community development and redevelopment planning

C. CPDG Screening Committee Review of Grant Requests.

1. Metro staff shall forward the letters of intent and Grant Requests to the members of the Committee, and will provide staff assistance to the Committee.
2. The Committee shall then review the Grant Requests and evaluate them based on the CPGD Evaluation Criteria set forth below. The Committee shall use the criteria as guidelines for evaluating applications. The Committee may consult with the proponent of the Grant Request or any others in reviewing the request.
3. After analyzing the Grant Requests, the Committee shall forward to the Metro COO the Committee's recommended ranking and grant amounts for each of the Grant Requests.

4. The Metro COO shall review the Committee's recommendations and shall forward her/his own grant recommendations, based on the CPDG Requests Evaluation Criteria set forth below, along with the recommendations of the Screening Committee, to the Metro Council. The Metro Council shall decide, in a public hearing, whether or not to approve funding of any grants, and the amount of each grant.

D. Metro Council Grant Approval. The Metro COO shall review the Committee's recommendations and shall forward her/his own grant recommendations, along with the recommendations of the Screening Committee, to the Metro Council. The Metro Council shall make final grant decisions in a public hearing.

E. Procedures for Distribution.

1. **Step One: Pre-Grant-Letter of Intent.** Prior to making a request to Metro for CPDG funds, each Grant Applicant that anticipates requesting CPDG funds in Cycle 4, Cycle 5 and Cycle 6 shall submit electronic Letter of Intent to the Metro COO.

a. Grant Applicant. CPDG applicants shall be cities or counties within the Metro boundary. Other local governments, as defined in ORS 174.116, may apply for a CPDG only in partnership with a city or county within the Metro boundary.

b. Letter of Intent Content. The Letter of Intent shall set forth the local government's proposed planning project, the requested grant amount, how the project will address the CPDG Request Evaluation Criteria, and proposed milestones for grant payments. Metro staff and the grant applications Screening Committee shall review the Letter of Intent and Metro staff will send comments to the local governments.

2. **Step Two: Grant Request.** After submitting the Letter of Intent, and after working with Metro staff and Screening Committee if necessary, to revise the proposal, Grant Applicants shall submit an electronic Grant Request to the Metro Chief Operating Officer. The grant request shall include support of the governing body and matching fund commitment with allocation of fund and/or staff resources for the proposed project.

A) Grant Request Evaluation Criteria for proposed projects within the current UGB.

For proposed projects within the UGB, the Grant Request shall specifically address how the proposed grant achieves, does not achieve, or is not relevant to, the following criteria ("CPDG Grant Evaluation Criteria"), consistent with the intent of the Urban Growth Management Functional Plan. Applicants should refer to the Application Handbook for information and guidance regarding how to address specific evaluation criteria set forth below.

1) Expected Development Outcomes: Explain what planning activities are proposed to be undertaken with the planning and development grant, and how those activities will identify and reduce the barriers to developing complete communities. Address:

a) Identification of opportunity site/s within the boundary of the proposed project area with catalyst potential that focus on jobs growth and/or housing. Explain the characteristics of the site/s and how the proposed project will lead to a catalytic investment strategy with private and public sector support.

b) Clearly articulated and realistic desired outcomes from the planning grant that increase community readiness for development.

- c) The level of community readiness and local commitment to the predicted development outcomes; considerations include:
 - i. Track record of successful implementation of community development projects and/or past CPDG plan implementation
 - ii. Development sites of adequate scale to generate critical mass of activity;
 - iii. Existing and proposed transportation infrastructure to support future development;
 - iv. Existing urban form provides strong redevelopment opportunities;
 - v. Sound relationship to adjacent residential and employment areas;
 - vi. Compelling vision and long-term prospects;
 - d) Describe the roles and responsibilities of the applicant and county or city, and relevant service providers for accomplishing the goals of the proposed project.
- 2) Regionally Significant: Clearly identify how the proposed planning grant will benefit the region in achieving established regional development goals and outcomes, including sustainability practices, expressed in the 2040 Growth Concept and the six Desired Outcomes, adopted by the region to guide future planning, which include:
- a) People live and work in vibrant communities where their everyday needs are easily accessible;
 - b) Current and future residents benefit from the region's sustained economic competitiveness and prosperity;
 - c) People have safe and reliable transportation choices that enhance their quality of life;
 - d) The region is a leader in minimizing contributions to climate change;
 - e) Current and future generations enjoy clean air, clean water and healthy ecosystems;
 - f) The benefits and burdens of growth and change are distributed equitably.
- 3) Centers, Corridors, Station Communities and Main Streets: Areas identified on the 2040 Growth Concept Map in the Metro Regional Framework Plan as Centers, Corridors, Station Communities and Main Streets have been recognized as the principal centers of urban life in the region. These areas are at different stages of development and each has its own character. For planning projects proposed for or within these areas, describe how the planning actions identified in Title 6 of the Metro Urban Growth Management Functional Plan have been previously addressed or will be addressed as part of the proposed project. This includes establishing an area boundary, performing an assessment of the areas, and adopting a plan of actions and investments.
- 4) Other locations: Discuss how the proposed planning grant facilitates development or redevelopment of the following areas, as applicable:
- a) Employment and industrial areas;
 - b) Areas recently brought into the UGB where concept planning has been completed but where additional planning and implementation work is needed in order to make these areas development ready; and/or

- c) Areas with concentrations of underserved or underrepresented groups.
- 5) Best Practices Model: Consideration will also be given to applications that can be easily replicated in other locations and demonstrate best practices. Discuss how lessons learned from the planning project will be shared with other communities in the region.
- 6) Leverage: Discuss whether and how the proposed planning grant will leverage outcomes across jurisdictions and service providers, or create opportunities for additional private/public investment. Investments can take the form of public or private in-kind or cash contributions to the overall planning activity.
- 7) Matching Fund/Potential: A ten percent (10%) local match is required either as a direct financial contribution or as an in-kind contribution. Discuss whether any portion of the total project cost will be incurred by the applicant and/or its partners. Explain specific portions of the work scope the match money would fund.
- 8) Growth Absorption: Discuss how this project will create opportunities to accommodate expected population and employment growth consistent with local planning.
- 9) Public Involvement: Discuss whether and how the public, including neighbors of the project, businesses, property owners, key stakeholders, and disadvantaged communities including low income and minority populations, will be involved in the project and how their input will be used to strengthen the project outcomes and increase the likelihood of implementation.
- 10) Governing Body: Describe the role of the governing body in relation to:
 - a) The type of action to be taken to implement the final product; and
 - b) Where applicable, how public voting requirements for annexation and transit improvements will be addressed so that the outcome of proposed planning projects can be realized.
- 11) Capacity of applicant: Describe the skill set needed and the qualifications of the staff and/or consulting teams proposed to carry out the planning project.

B) Grant Request Evaluation Criteria for proposed projects within areas added to the UGB since 2009 and Urban Reserves.

Grant requests for projects in areas added to the UGB since 2009 and Urban Reserves shall specifically address how the proposed grant achieves, does not achieve, or is not relevant to the following criteria, drawn from the Urban Growth Management Functional Plan (UGMFP). While the UGMFP's Title 11 (Planning for New Urban Areas) calls for completion of a concept plan prior to Council decision to add the area to the UGB, award of a grant for concept planning in urban reserves by the Metro Council should not be interpreted as a commitment by Metro to add the area to the UGB in the next cycle. Applications should note whether the planning project includes an Urban Reserve area. The Screening Committee shall emphasize using available funds to spur development. Applicants should refer to the Application Handbook for information and guidance regarding how to address specific evaluation criteria set forth below.

- 1) Address Title 11 requirements for a concept plan or comprehensive plan. Describe how the proposed planning grant will address the requirements for either a concept plan or comprehensive plan or both as described in Title 11.

- a) If not proposing to complete a full plan, describe how the portion proposed will result in an action that secures financial and governance commitment that facilitates the next steps in the planning process.
 - b) If not proposing a planning grant for the full Urban Reserve area, describe how the proposal will still allow for coordinated development of the entire area as a complete community and address any applicable principles for concept planning of urban reserves contained in the urban and rural reserve intergovernmental agreement between Metro and the county.
- 2) Regionally Significant: Unless addressed in criteria #1, describe how the proposed planning grant will benefit the region in achieving established regional development goals and outcomes, including sustainability practices, as expressed in the 2040 Growth Concept and the Six Desired Outcomes adopted by the Metro Council to guide future planning in the region, which include:
- a) People live and work in vibrant communities where their everyday needs are easily accessible;
 - b) Current and future residents benefit from the region's sustained economic competitiveness and prosperity;
 - c) People have safe and reliable transportation choices that enhance their quality of life;
 - d) The region is a leader in minimizing contributions to climate change;
 - e) Current and future generations enjoy clean air, clean water and healthy ecosystems; and
 - f) The benefits and burdens of growth and change are distributed equitably.
- 3) Address how the proposed project will meet local needs and contribute solutions to regional needs. Describe whether and how the proposal will meet a variety of community needs, including land uses such as mixed use development and large lot industrial sites that are anticipated to continue to be regional needs.
- 4) Demonstrate jurisdictional and service provider commitments necessary for a successful planning and adoption process. Applications should reflect commitment by county, city and relevant service providers to participate in the planning effort and describe how governance issues will be resolved through or prior to the planning process. Describe the roles and responsibilities of the county, city and relevant service providers for accomplishing the commitments.
- 5) Address readiness of land for development in areas added to the UGB since 2009 and Urban Reserves. For applications in areas added to the UGB since 2009, demonstrate that market conditions would be ready to support development and efficient use of land or define the steps that the project would undertake to influence market conditions.
- 6) Best Practices Model: Consideration will also be given to applications that can be easily replicated in other locations and demonstrate best practices. Discuss how lessons learned from the planning project will be shared with other communities in the region.

- 7) **Leverage:** Discuss whether and how the proposed planning grant will leverage outcomes across jurisdictions and service providers, or create opportunities for additional private/public investment. Investments can take the form of public or private in-kind or cash contributions to the overall planning activity.
- 8) **Matching Fund/Potential:** A ten percent (10%) local match is required either as a direct financial contribution or in-kind contribution. Discuss whether any portion of the total project cost will be incurred by the applicant and/or its partners. Explain specific portions of the work scope the match money would fund.
- 9) **Growth Absorption:** Explain how this project will create opportunities to accommodate expected population and employment growth consistent with local planning.
- 10) **Public Involvement:** Discuss whether and how the public, including neighbors to the project, businesses, property owners, key stakeholders, and disadvantaged communities including low income and minority populations, will be involved in the project and how their input will be used to strengthen the project outcomes and increase the likelihood of implementation.
- 11) **Governing Body:** Describe the role of the governing body in relation to:
 - a) The type of action to be taken to implement the final product; and
 - b) Where applicable, how public voting requirements for annexation and transit improvements will be addressed so that the outcome of proposed planning projects can be realized.
- 12) **Capacity of applicant:** Describe the skill set needed and the qualifications of the staff and/or consulting teams proposed to carry out the planning project.

C) Proposed Scope of Work, Milestones and Budget.

The Grant Request shall include a proposed scope of work and budget, setting forth the expected completion dates and costs for achieving the milestones proposed in the Grant Request. The Grant Request shall include also outcome measures specific to the project and source of data and information for Metro's use for evaluation of the progress of the CPDG program. Milestones and grant payment allocations should follow the following general guidelines:

- 1) Execution of the CPDG IGA;
- 2) Grant Applicant staff's draft or proposed plan, report, code change, zoning change, redevelopment plan, Urban Growth Diagram, Concept Plan, urban services delivery plan, or other plan or agreement consistent with the CPDG;
- 3) Grant Applicant staff's final recommended plan, report, code change, redevelopment plan, zoning change, Comprehensive Plan or Comprehensive Plan amendment, development agreement, urban services delivery plan, or other plan or agreement consistent with the CPDG award, addressing compliance with the Urban Growth Management Functional Plan, the applicable conditions of the CPDG award, and applicable state laws and regulations; and
- 4) Grant Applicant's action on the final plan, report, code change, redevelopment plan, zoning change, Comprehensive Plan or Comprehensive Plan amendment, urban services

delivery plan, or other plan or agreement consistent with the CPDG award, consistent with the Functional Plan, the applicable conditions of the CPDG award, and applicable state law. The governing body of the applicant shall authorize the action on the final products.

- 5) Grant Applicant's proposed outcome measures specific for the project and source of data and information for Metro's use for evaluation of the progress of this grant program.
- 6) Grant Applicant's proposed method of sharing lessons learned during the planning project for the purpose of benefiting other jurisdictions in the region.

3. Step Three: Grant Intergovernmental Agreement ("IGA"). Upon the award of a grant, the Metro COO shall issue a Grant Letter for the grant amount determined by the Metro Council. Metro and the Grant Applicant shall enter into a Grant Intergovernmental Agreement ("IGA"). The governing body of the Grant applicant jurisdiction shall authorize the approval of the IGA. The IGA shall set forth an agreed-upon scope of work and budget, completion dates of expected milestones and deliverables, and Grant payment dates and payment amount for each milestone. The scope of work in the grant application and guidelines above as modified by any condition in Metro Council grant award shall be the basis for Metro and grantee to negotiate the IGA.

- a. **Deadline for Signing IGA:** If the IGA has not been signed by Metro and grantee within six months of grant award, the COO shall exercise the authority to cancel the grant award.
- b. **Grant Payments:** The grant payment amount and marching fund shall be stated in the IGA. Grant payments shall be made upon the completion of those milestones set forth in the IGA, as determined by Metro in accordance with the requirements of the Metro Code and the IGA. In general, a portion of the Grant funds shall be distributed upon execution of a IGA with Metro, with the remainder of the Grant being paid out as progress payments upon completion of the milestones in the IGA. Grantees shall submit progress reports to Metro documenting the milestone and the completed deliverables for grant payment.
- c. **Eligible Expenses.**
 1. The following expenses shall be considered Eligible Expenses for CPDG consideration for eligible direct costs, which will have priority for funding over indirect costs:
 - a) Materials directly related to project;
 - b) Consultants' work on project;
 - c) Grant Applicant staff support directly related to project; and
 - d) Overhead directly attributable to project;
 2. Grant requests to reimburse local governments for planning work already completed shall not be considered.
 3. If the total Grant Requests from participating Grant Applicants exceed the total CET actual revenues, Metro shall first consider awarding funds for eligible direct costs, which will have priority for funding over indirect costs.

- d) Metro staff liaison: Grantees shall work closely with the Metro staff liaison, and include them in the appropriate advisory committee for the project.
- e) Completion of grant project: The COO shall retain the right to terminate a CPDG award if the milestones set forth in the IGA are not met within the timeframes set forth in the IGA.

4. Application Handbook: Before soliciting applications for the planning and development grants, Metro shall publish a handbook with details on how to submit applications, prepare a project budget linked to expected outcomes and milestones, and deadlines for applicants to submit letters of intent and full applications.