

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF REFERRING TO THE METRO)	RESOLUTION NO. 18-4898
AREA VOTERS A BALLOT MEASURE AUTHORIZING)	
GENERAL OBLIGATION BOND INDEBTEDNESS IN AN)	
AMOUNT NOT TO EXCEED \$652.8 MILLION TO FUND)	Introduced by the Metro Council
AFFORDABLE HOUSING; AND SETTING FORTH THE)	
OFFICIAL INTENT OF THE METRO COUNCIL TO)	
REIMBURSE CERTAIN EXPENDITURES OUT OF THE)	
PROCEEDS OF SAID BONDS UPON ISSUANCE)	
)	

WHEREAS, both nationally and in the Metro region, rents and housing prices are rising faster than incomes, increasingly limiting mid-and lower-income households to neighborhoods farther from jobs, transit, social services and other services and amenities; and

WHEREAS, national economic forces and growth patterns have pushed the affordable housing crisis in metropolitan regions across the country, and strong continuing growth has impacts across city and county lines, making a regional approach appropriate and necessary in addition to the ongoing local efforts aimed at easing the crisis;

WHEREAS, the Metro Council has acknowledged that continued and accelerated population growth is likely to negatively affect the availability and affordability of housing in the Metro region, and that the lack of sufficient funding for affordable housing remains a major barrier to the production of affordable housing; and

WHEREAS, Title 7 Housing Choice of Metro Code Chapter 3.07 Urban Growth Management Functional Plan, Metro Code Section 3.07.750 Technical Assistance, encourages cities and counties to take advantage of the programs of technical and financial assistance provided by Metro to help achieve the goal of increased production and preservation of housing choices and affordable housing; and

WHEREAS, on January 25, 2007, the Metro Council amended and adopted the Regional Framework Plan and the Metro Code, via Ordinance No. 06-1129B (“For the Purpose of Amending the Regional Framework Plan to Revise Metro Policies on Housing Choice and Affordable Housing and Amending Metro Code Sections 3.07.710 through 3.07.760 to Implement the New Policies”); and

WHEREAS, Section 4 of the Metro Charter, entitled “Jurisdiction of Metro,” provides that, “Metro has jurisdiction over matters of metropolitan concern. Matters of metropolitan concern include the powers granted to and duties imposed on Metro by current and future state law and those matters the Council by ordinance determines to be of metropolitan concern”; and

WHEREAS, in February of 2010, the Metro Council passed Ordinance No. 10-1231B (“For the Purpose of Determining that Providing Financial Resources to Increase the Supply of Affordable Housing is a Matter of Metropolitan Concern”), which included the finding that “providing Metro funding for increasing the Metro region’s supply of affordable housing is a function of metropolitan concern”; and

WHEREAS, in 2015, Metro created the Equitable Housing Initiative to better coordinate efforts already underway and find shared understanding of needs, opportunities and best practices, supporting

local jurisdictions, housing developers and advocates to put those best practices to work and build their own capacity to conduct research and develop policies and resources; and

WHEREAS, in 2016, Metro and its regional partners convened a regional housing summit to dig deeper into a challenge that has been called a “state of emergency” by advocates and local and state officials; and

WHEREAS, before the November 6, 2018 General Election, the Metro Council will have passed an ordinance establishing that affordable housing is a “matter of metropolitan concern” and exercising jurisdiction over functions related thereto (the “Assumption Ordinance”); and

WHEREAS, in accordance with Chapter II Section 7(2)(a) and Section 12 of the Metro Charter, upon passage of the Assumption Ordinance by the Metro Council and upon voter approval of the referred bond measure, Metro will have authority under the laws of the State of Oregon and the Metro Charter to issue bonds and other obligations payable from ad valorem property taxes for the purpose of financing and identifying funds to be used for affordable housing; and

WHEREAS, pending the issuance and availability of the proceeds from the sale of such bonds, some expenditures will be made that have been and will be paid for by Metro on an advance basis, with the expectation and intent that Metro will be reimbursed for all such advances out of the bond proceeds as and when the same are issued; and

WHEREAS, United States Treasury Regulation 1.150-2 requires issuers of tax-exempt bonds to declare their intention if the issuers intend to use bond proceeds to reimburse eligible expenditures that are initially funded from other sources; now therefore

BE IT RESOLVED:

1. That the Metro Council hereby submits to the qualified voters of the Metro Area the ballot measure attached hereto as Exhibit A, authorizing the issuance of general obligation bonds in an amount not to exceed \$652,800,000.00 for the purpose of funding affordable housing (the “Affordable Housing Ballot Measure”). The bonds may be issued from time to time in one or more series, and any series of bonds shall mature over a period of not more than 30 years from the date of issuance; and

2. That the Metro Council hereby certifies the Ballot Title attached hereto as Exhibit B for the placement of the Affordable Housing Ballot Measure on the ballot for the November 6, 2018 General Election; and

3. That the Metro Council hereby authorizes and directs the Metro Chief Operating Officer, the Metro Chief Financial Officer and the Metro Attorney, or their respective designees (each, an “Authorized Representative”), each acting individually, to file with the county elections official the Ballot Title and a related explanatory statement prepared by the Authorized Representative pursuant to Metro Code Section 9.02.020; and

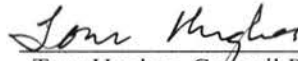
4. That the Metro Council hereby authorizes and directs the Authorized Representative to submit the Ballot Title to the Tax Supervising and Conservation Commission in a timely manner, as required by law; and

5. That the Metro Council hereby further authorizes and directs the Authorized Representative to take all other actions necessary for placement of the Affordable Housing Ballot

Measure on the ballot for the November 6, 2018 General Election in a manner consistent with and in furtherance of this Resolution; and

6. That the Metro Council hereby declares its official intent to reimburse eligible prior expenditures of Metro with the proceeds of general obligation bonded indebtedness referenced herein for the purpose for establishing compliance with the requirements of United States Treasury Regulation 1.150-2 and does not bind Metro to make any expenditure or incur any debt.

ADOPTED by the Metro Council this 7th day of June 2018.



Tom Hughes, Council President

Approved as to Form:



Alison R. Kean, Metro Attorney

Exhibit A

AFFORDABLE HOUSING BALLOT MEASURE

This measure will authorize Metro to issue \$652.8 million in general obligation bonds to provide affordable housing for low-income families, seniors, veterans and people with disabilities in the Metro region which includes Washington, Clackamas and Multnomah counties. Metro will use the bond funds for its affordable housing program, and will work cooperatively with local housing providers to provide them with bond funds to build affordable housing for low-income households, to purchase and rehabilitate existing housing to preserve its affordability and prevent displacement, and to buy land for the immediate or future construction of new affordable housing.

For purposes of the bond measure, “Affordable Housing” means land and improvements for residential units occupied by low-income households making 80% or less of the area median income, which in 2018 for a family of four was \$65,120. The improvements constructed or purchased with bond funds may be composed of a mix of unit sizes, and may include spaces for community and resident needs and services, such as, without limitation, spaces for childcare services, healthcare services, greenspace, grocery, coffee shop, onsite utility and building facilities, and other commercial, office and retail uses. Some units will be accessible for people with disabilities and seniors. The income eligibility rules may provide for a waiver or temporary relief from the limitations on qualifying income, if needed to avoid undue hardship or displacement of persons living in existing housing.

The measure will create an affordable housing function for Metro. The administrative costs of Metro and local housing providers paid for by the measure will not exceed 5% of bond funds. Metro may issue the bonds over time in multiple series. Metro estimates that the cost of the measure to the average homeowner to be 24 cents per \$1,000 of assessed value annually, or approximately \$5.00/month. An independent community oversight committee will review bond expenditures and provide annual reports, and an independent public accounting firm will perform an annual financial audit of the expenditure of bond funds.

Exhibit B

BALLOT TITLE

Caption: (10 words max)	Bonds to fund affordable housing in Washington, Clackamas, Multnomah counties. (10 words)
Question: (20 words max)	<p>Shall Metro issue bonds, fund affordable housing for low-income families, seniors, veterans, people with disabilities; require independent oversight, annual audits? (20 words)</p> <p>If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.</p>
Summary: (175 words max)	<p>Measure authorizes \$652.8 million in general obligation bonds to fund affordable housing in Washington, Clackamas, and Multnomah counties.</p> <p>Bonds will be used to build affordable housing for low-income households; purchase, rehabilitate, and preserve affordability of existing housing; buy land for affordable housing; help prevent displacement.</p> <p>Affordable housing means land and improvements for residential units occupied by low-income households making 80% or less of area median income, which in 2018 for a family of four was \$65,120; improvements may include a mix of unit sizes, spaces for community and resident needs and services. Some units will be accessible for people with disabilities and seniors; flexibility for existing tenants and hardship.</p> <p>Requires community oversight and independent financial audits. Creates affordable housing function for Metro, implemented by Metro and local housing partners. Local and regional administrative costs capped at 5% of bond proceeds. Bond costs estimated at \$0.24 per \$1,000 of assessed value annually, approximately \$5.00/month for the average homeowner. Bonds may be issued over time in multiple series. (166 words)</p>

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 18-4898, FOR THE PURPOSE OF REFERRING TO THE METRO AREA VOTERS A BALLOT MEASURE AUTHORIZING GENERAL OBLIGATION BOND INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$652.8 MILLION TO FUND AFFORDABLE HOUSING; AND SETTING FORTH THE OFFICIAL INTENT OF THE METRO COUNCIL TO REIMBURSE CERTAIN EXPENDITURES OUT OF THE PROCEEDS OF SAID BONDS UPON ISSUANCE

Date: May 31, 2018

Prepared by: Craig Beebe, craig.beebe@oregonmetro.gov

BACKGROUND

Everyone deserves a safe, affordable home. Yet across greater Portland, thousands of people and families, especially communities of color, are unable to afford the high cost of housing and still have enough money for groceries and other necessities. More than 67,000 renters in the three-county region pay more than half their incomes toward housing costs.

Stemming from dual roots of rapid in-migration to the Portland region and a virtual shutdown of housing construction during the Great Recession, this crisis exacerbates other challenges our communities are confronting. These include gaps in educational achievement, economic opportunity, health, and access to key regional amenities, including parks and natural areas and safe, reliable transportation. It is a challenge affecting every community in the region, large and small. Yet historically, 95 percent of public investment in affordable homes in the region has been confined to Portland city limits.

Metro has worked with local partners for many years to support the creation of new housing for our region's growing population. Title 7 of the Metro Code encourages cities and counties to take advantage of technical and financial assistance programs provided by Metro to help achieve these goals. In 2007, the Metro Council adopted amendments to the Regional Framework Plan and the Metro Code that further clarified and advanced regional policies on housing choice and affordable housing. In 2010, the Metro Council passed Ordinance 10-1231B, including a finding that "providing Metro funding for increasing the Metro region's supply of affordable housing is a function of metropolitan concern."

The Metro Council launched the Equitable Housing Initiative in 2015 to continue Metro's history of responding to challenges that cross city and county lines through collaborative regional policymaking and strategy-setting. The initiative has described its goal as "ensuring diverse, quality, physically accessible, affordable housing choices with access to opportunities, services and amenities."

In January 2016, following considerable collaboration with regional partners, Metro released a four-part strategic framework for responding to the region's housing challenge. This strategic framework, presented at a regional housing summit in February 2016, included a number of actions intended to increase housing opportunity and mitigate displacement for different kinds of households and income levels across the region. The strategic framework clearly identified a need for public investment to create and protect affordable homes for residents and households the private housing market is largely unable to serve, including low-income families, seniors, people with disabilities, people of color and those experiencing or at risk of homelessness.

In late 2017, the Metro Council directed staff to collaborate with a broad range of local government and community partners to develop a potential investment framework that could create thousands of affordable homes throughout the region. Since that time, staff have worked with two advisory tables, jurisdictional partners, housing providers, culturally specific organizations and other stakeholders around the region to identify needs, opportunities and an implementation approach to do just that. Staff have also conducted detailed technical analysis and assessment of different investment scenarios, guided by values articulated by community stakeholders and technical advice provided by housing practitioners and jurisdictional partners. Staff have regularly consulted with the Metro Council throughout this time in briefings and work session discussions.

Based on this work with partners and the community, staff recommend a general obligation bond of \$652.8 million as a feasible and impactful regional investment in affordable homes for families, seniors and other individuals who need them. This resolution would refer such a bond to the Portland region's voters in November 2018.

ANALYSIS/INFORMATION

1. Known Opposition

Staff are aware that several local elected officials and citizens in the Metro region have stated they intend to oppose a regional investment in affordable homes, although others have stated they intend to support such an investment.

2. Legal Antecedents

Metro is authorized under the Metro Charter, Chapter III and ORS Chapter 268 to issue and sell voter-approved general obligation bonds to finance the implementation of Metro's authorized functions.

On, January 25, 2007, the Metro Council amended and adopted the Regional Framework Plan and the Metro Code, via Ordinance No. 06-1129B ("For the Purpose of Amending the Regional Framework Plan to Revise Metro Policies on Housing Choice and Affordable Housing and Amending Metro Code Sections 3.07.710 through 3.07.760 to Implement the New Policies").

In February of 2010, the Metro Council passed Ordinance No. 10-1231B ("For the Purpose of Determining that Providing Financial Resources to Increase the Supply of Affordable Housing is a Matter of Metropolitan Concern"), which included the finding that "providing Metro funding for increasing the Metro region's supply of affordable housing is a function of metropolitan concern."

3. Anticipated Effects

The effect of this resolution will be the referral to voters of a general obligation bond measure in the November 6, 2018 General Election.

4. Budget Impacts

If the Metro Council approves this resolution, Metro staff would work with participating jurisdictions, including the three county housing authorities and eligible cities, to support the pre-development of local implementation strategies and intergovernmental agreements to advance affordable home creation through the bond. These activities will be funded through Metro's Equitable Housing

Initiative funding identified in the FY 2018-19 budget. If the measure is approved by voters, these related expenses can be reimbursed from bond proceeds.

The Council President's 2018-19 Budget also includes expenditures for information development and distribution through the Regional Investment Strategy.

The referral of this measure to the voters will require Metro to pay for election expenses, estimated at approximately \$150,000. This amount can change based on the number of issues on the ballot, and the number of region-wide items on the ballot. The Council President's 2018-19 adopted budget includes appropriation for this expense.

At the recommendation of the TSCC, budget authority for program expenses after the voters approve the measure is not included in the Council President's 2018-19 adopted budget. The Council will have the can establish appropriation authority related to the successful passage of the measure once the election has been certified. If the measure passes, staff will work with Council on the development of the bond measure program and the necessary budgetary appropriation to be approved by Ordinance at a later date.

RECOMMENDED ACTION

Staff recommends Council adoption of the resolution.