

Agenda



Metro

600 NE Grand Ave.
Portland, OR 97232-2736

Meeting: Housing Oversight Committee (Meeting 8)
Date: Wednesday, Sept. 4th, 2019
Time: 9 a.m. to 11:15 a.m.
Place: Metro Council Chambers
Purpose: Review one Local Implementation Strategy (LIS), and discuss programmatic updates
Outcome(s): Decision on recommendation to Council regarding one LIS.

9 a.m. Welcome and Updates

9:10 a.m. Public Comment

9:20 a.m. LIS Review: Hillsboro

- Review committee questions (10 min)
- Q/A with jurisdiction staff (15 min)
- Committee discussion and decision (35 min)

10:20 a.m. Break

10:25 a.m. Programmatic Updates

- Phase 1 projects
- Cost efficiency memo
- Racial equity metrics

11:10 a.m. Next steps

- Next Meeting: October 2
- Review of 1 Implementation Strategy in the next meeting

11:15 p.m. Adjourn

Meeting minutes

Meeting: Metro Housing Oversight
Committee Meeting 7

Date/time: Wednesday, August 7, 2019

Place: Metro, Council chamber, 600 NE Grand Ave, Portland, OR 97232

Purpose: Review two Local Implementation Strategies (LISs), provide time for committee to continue discussions on ongoing oversight duties.

Attendees

Manuel Castaneda, Dr. Steven Holt, Mitch Hornicker, Mesha Jones, Ed McNamara, Bandana Shrestha, Melissa Earlbbaum, Andrew Tull

Absent

Serena Cruz, Jenny Lee, Steve Rudman, Shannon Singleton, Tia Vonil

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Emily Lieb, Eryn Kehe, Jes Larson, Laura Dawson Bodner, Ashley McCarron, Valeria Vidal, Megan Gibb, Patrick McLaughlin, Jonathan Williams

Facilitators

Allison Brown, Hannah Mills

Next meeting

Wednesday, September 4, 9:00 a.m. – 11:15 a.m.
Metro, 600 NE Grand Avenue, Portland, Council chamber

Welcome and Agenda

Emily Lieb, Metro, welcomed the Committee and provided updates on the following:

- The updated Committee schedule for 2019
- Metro Council review of the Washington County and Beaverton's submitted strategies

Emily explained that Co-Chair Shannon Singleton would be stepping down from her position. Jes Larson, Metro, continued noting that Metro Council felt it was not the right time to bring on a new member, and that Jenny Lee graciously accepted the request to fill Shannon's role.

The Committee unanimously approved the meeting minutes from the last meeting.

Public Comment

Allison Brown, facilitator with JLA Public Involvement, opened the floor for public comment. Diane Linn of Proud Ground and representative from the Alliance for Homeownership submitted the following summarized comment along with a letter which was included in the Committee's meeting packet.

Homeownership should be considered as a part of this process. The goal of equity calls for stabilization of families, and providing opportunities for homeownership can help reach that goal. Embedding homeownership into these strategies and plans is an important step.

Meeting minutes

Follow-Up from Last Meeting

Allison asked the Committee if they were prepared to review the revised language from Washington County's strategy regarding screening criteria. Following a brief discussion, the Committee agreed to vote on the new language. Andrew Tull moved to approve the new language, Ed McNamara seconded the motion. The Committee unanimously voted to approve the updated language from Washington County.

LIS Review

Allison explained that the Committee has three decision-making options for the LISs. The options include recommendation for approval, recommendation for approval with consideration, and returning the strategy to the jurisdiction for further review and refinement.

Strategy 1: Clackamas County

Allison reviewed the questions submitted by the Committee that Clackamas County would be answering during their presentation, and asked if the members would like to include any additional questions. Jill Smith and Stephen McMurtrey, staff with Clackamas County, briefly answered the questions put forth by the Committee. Questions and answers are summarized below.

- Do you foresee a substantial increase in the amount of affordable housing units within the three projects referenced (Hillside, Clackamas Heights, and Oregon City View Manor)? Is the bond the most appropriate way to finance these projects?
 - *We anticipate a substantial increase in units. Some of the units will be torn down and rebuilt, but they are not eligible for bond resources.*
- Are there plans to budget residential connection services and allocate full time resources to residents at all proposed projects?
 - *We expect that any project will have resident services within them. There may be more robust services provided at some more than others. Additionally, we found that a lot of the folks that need affordable housing overlap with those using the other services we provide.*
- What contingencies are built into the financial projections to ensure that Clackamas can meet the production goal for projects developed over the next five to seven years?
 - *Our financial modeling anticipates increased cost, and some contingency is built into that.*
- If property tax exemption is only available to Housing Authority of Clackamas County (HACC) projects, would it be more cost-effective to have HACC develop all 812 units?
 - *It's a question of capacity. There may be opportunity to co-develop some of the units, and we're reaching out to jurisdictions to identify those opportunities.*
- Does Clackamas County have a financial model showing how it would be using 80% MFI to cross subsidize lower income units and how much subsidy the 80% MFI units would produce? Does this assume using Low-Income Housing Tax Credit (LIHTC) income averaging?
 - *The financial model looks at the possibility of income averaging. An 80% MFI and cash flow can stabilize a project. All projects should be using the LIHTC. We*



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will be encouraging developers to use the LIHTC and working with them on feasibility.

- Is there a goal for providing two to three bedroom units for each project?
 - *We have a goal and we anticipate that every project will have some unit mix to achieve our goal.*
- Is there a way to strengthen the language in the LIS regarding the criteria for selecting developers?
 - *We reviewed our language and think we could strengthen that in the RFPs. There are criteria in the NOFA process.*
- How many members are on the Clackamas County Housing Advisory Board (HAB)? How is it structured? Is there a charter? How will it engage communities that may be hesitant to provide feedback directly?
 - *The HAB is a chartered board. We are seeking up to nine members based on a specific set of criteria. It's the responsibility of the HACC and our partners to perform direct engagement with communities and bring that feedback to help guide the HAB.*
- How many people in affordable housing are able-bodied and looking for work?
 - *We can try and get those numbers.*
- How will you be marketing to communities of color?
 - *We have contracted with Unite Oregon to do the outreach and specifically target communities of color. We may expand as needed, and it is a part of the RFP process. The goal is to exceed the population by race.*

Strategy 2: Metro

Allison reviewed the questions submitted by the Committee that Metro would be answering during their presentation, and asked if the members would like to include any additional questions. Pat McLaughlin and Megan Gibb staff with Metro, briefly answered the questions put forth by the Committee. Questions and answers are summarized below.

- Will Site Acquisition Program (SAP) funding only be used for sites that Metro acquires and then offers for development?
 - *SAP funds will only be used for acquiring land that can be developed. We will also use SAP funds for gap funding on sites that Metro already owns in order to leverage all available resources.*
- How much of the SAP is estimated for land and how much for additional gap funding?
 - *It will depend on the sites and their location. Some jurisdictions want more for acquisition, and some want more for gap funding.*
- Are the site prioritization criteria listed on page 12 of equal rank and priority?
 - *Yes, they were not intended to be listed based on priority, but three of those points are meant to address racial equity considerations.*
- How do the SAP priorities relate to the technical criteria?
 - *The priorities are regional in nature. These are the types of properties we want to purchase. The technical criteria look at whether the sites will serve the needs.*
- How does the SAP implement anti-displacement policies?
 - *The SAP addresses anti-displacement through land acquisition – purchasing land in areas currently experiencing displacement, with anticipated displacement, or that have already been displaced.*



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- If a project achieves priorities two through six on page 12, could this result in asking people of color to once again move from their current locations to enjoy the benefits of these investments?
 - *It's our goal to help people stay in their communities and also to provide opportunities in locations that have not historically had affordable housing opportunities.*
- What are the difficulties and challenges associated with acquiring sites that meet Metro's priorities? Are any priorities inconsistent with each other? Will these priorities vary by jurisdiction?
 - *The priorities are not necessarily inconsistent with each other. For example, Metro owns a property in Beaverton that will be used for bond-funded housing that meets all the criteria. Staff do not expect every property to meet all criteria and expect properties to address some criteria better than others. These priorities will vary by jurisdiction depending on the strategic focus of their LIS.*

Considerations and Recommendations

Following each question-answer session, the Committee was given time to discuss and determine their recommendation.

Voting Results

For the Clackamas County's LIS, Ed McNamara moved to recommend Metro Council approval, subject to the County's revision of language related to public solicitation processes described on Pg. 8, as discussed by the committee. The motion was seconded by Dr. Steven Holt. The Committee unanimously voted to approve recommending the LIS to Metro Council with considerations (listed below).

For Metro's SAP implementation strategy, Ed McNamara moved to recommend Metro Council approval, subject to Metro SAP's revision of language related to prioritization of racial equity regarding site acquisition criteria on Pg. 12, as discussed by the committee. The motion was seconded by Andrew Tull. The Committee unanimously voted to approve recommending the implementation strategy to Metro Council with considerations (listed below).

Considerations

The Committee identified the following considerations specific to Clackamas County's ongoing implementation and monitoring of outcomes:

- The County should further define strategies and outcomes that will be measured to demonstrate the advancement of racial equity, including low-barrier screening criteria, affirmative marketing, universal design, voucher prioritization, wraparound services, and contract and workforce diversity.

Meeting minutes

The Committee identified the following considerations specific to Metro's SAP ongoing implementation and monitoring of outcomes:

- Metro's Site Acquisition Program should acknowledge that all developments will have units dedicated to serving households with incomes at 0-30% AMI, and that dedicated income streams are critical to provide ongoing supportive services to these households. Metro's Site Acquisition Program should commit to working with partners to identify ways to provide these services.

The Committee requested an early response from Clackamas County and Metro's SAP regarding the considerations above and ongoing updates as part of the jurisdictions' annual LIS progress reports.

In addition to the above listed considerations, Committee members offered the following considerations for all jurisdictions participating in implementation of the Housing Bond. These considerations may be further refined as the Committee discusses Local Implementation Strategies from other jurisdictions in coming months:

- Use language that acknowledges intersectionality of populations; avoid differentiating between homelessness, disabling conditions including physical and mental health, and addiction.
- Identify screening criteria not relevant to likelihood of successful tenancy that should not be considered.
- Additional resources need to be identified to successfully serve tenants who need permanent supportive housing.
- Measuring outcomes regarding workforce equity should include all workers, not solely apprentices.
- Many minority owned businesses need additional support to successfully participate in the COBID certification program.
- Consider sustainability/durability and life cycle costs, and incorporate findings from the 2015 Meyer Memorial Trust study on cost efficiencies in affordable housing in evaluating project costs.

Committee Business

Due to time constraints and the number of Committee members absent from the meeting, the Committee Business discussion will take place at the September 4th meeting.

Next Steps and Close

Emily briefly recapped the discussion and recommendations and explained that Metro staff would be working with the co-chairs to check in on the revisions before submitting them to Metro Council. Jes explained that the Committee would only be reviewing one LIS at the next meeting, allowing more time for the Committee Business portion of the meeting.

The meeting was adjourned.

METRO HOUSING BOND OVERSIGHT COMMITTEE

September 2019

COMMITTEE RECOMMENDATIONS AND CONSIDERATIONS RELATED TO LOCAL IMPLEMENTATION STRATEGIES AND METRO SITE ACQUISITION PROGRAM

BEAVERTON (MEETING DATE: JULY 24, 2019)

The Oversight Committee recommends that Metro Council take action to approve the City of Beaverton's Local Implementation Strategy (LIS). The Committee has identified the following considerations specific to the City of Beaverton's ongoing implementation and monitoring of outcomes:

- The City should further define strategies and outcomes that will be measured to demonstrate the advancement of racial equity, including low-barrier screening criteria, affirmative marketing, universal design, voucher prioritization, wraparound services, and contract and workforce diversity.
- The City should incorporate findings from the 2015 Meyer Memorial Trust study on cost efficiencies in affordable housing in evaluating project costs.

The Oversight Committee has requested an early response from the City of Beaverton regarding the considerations above and ongoing updates as part of the City's annual LIS progress report. The Oversight Committee expects to address these considerations in its annual LIS review.

WASHINGTON COUNTY (MEETING DATE: JULY 24, 2019)

The Oversight Committee recommends that Metro Council take action to approve Washington County's Local Implementation Strategy (LIS), subject to the County's revision of language related to screening criteria on Pg. 15, section B, item ii, as discussed during the July 24th meeting. The Oversight Committee will be reviewing and approving the revised language at their August 7th meeting. The Committee has identified the following considerations specific to Washington County's ongoing implementation and monitoring of outcomes:

- The County should further define strategies and outcomes that will be measured to demonstrate the advancement of racial equity, including low-barrier screening criteria, affirmative marketing, universal design, voucher prioritization, wraparound services, and contract and workforce diversity.
- The County should provide further clarification regarding intentions for geographic distribution as part of project solicitations.
- The County should provide a plan and measurable outcomes that demonstrate progress toward reaching the 20% MWESB participation goal.

CLACKAMAS COUNTY (MEETING DATE: AUGUST 7, 2019)

The Oversight Committee recommends that Metro Council take action to approve Clackamas County's Local Implementation Strategy (LIS), subject to the County's revision of language related to public solicitation processes described on page 8 as discussed during the August 7th meeting. The Committee has identified the following considerations specific to the County's ongoing implementation and monitoring of outcomes:

- The County should further define strategies and outcomes that will be measured to demonstrate the advancement of racial equity, including low-barrier screening criteria, affirmative marketing, universal design, voucher prioritization, wraparound services, and contract and workforce diversity.

The Oversight Committee has requested an early response from the County regarding the considerations above and ongoing updates as part of the County's annual LIS progress report. The Oversight Committee expects to address these considerations in its annual LIS review.

METRO SITE ACQUISITION PROGRAM (MEETING DATE: AUGUST 7, 2019)

The Oversight Committee recommends that Metro Council take action to approve Metro's Site Acquisition Program Implementation Strategy, subject to Metro's Site Acquisition Program's revision of language related to prioritization of racial equity regarding site acquisition criteria described on page 12 as discussed during the August 7th meeting. The Committee has identified the following considerations specific to Metro's Site Acquisition Program's ongoing implementation and monitoring of outcomes:

- Metro's Site Acquisition Program should acknowledge that all developments will have units dedicated to serving households with incomes at 0-30% AMI, and that dedicated income streams are critical to provide ongoing supportive services to these households. Metro's Site Acquisition Program should commit to working with partners to identify ways to provide these services.

The Oversight Committee has requested an early response from Metro's Site Acquisition Program regarding the considerations above and ongoing updates as part of Metro's Site Acquisition Program annual progress report. The Oversight Committee expects to address these considerations in its annual program review.

ADDITIONAL GUIDANCE FOR ALL JURISDICTIONS

In addition to the above listed considerations, Committee members offered the following considerations for all jurisdictions participating in implementation of the Housing Bond. These considerations may be further refined as the Committee discusses Local Implementation Strategies from other jurisdictions in coming months:

- Use language that acknowledges intersectionality of populations; avoid differentiating between homelessness, disabling conditions including physical and mental health, and addiction.
- Identify screening criteria not relevant to likelihood of successful tenancy that should not be considered.
- Additional resources need to be identified to successfully serve tenants who need permanent supportive housing.
- Measuring outcomes regarding workforce equity should include all workers, not solely apprentices.
- Many minority owned businesses need additional support to successfully participate in the COBID certification program.
- Consider sustainability/durability and life cycle costs, and incorporate findings from the 2015 Meyer Memorial Trust study on cost efficiencies in affordable housing in evaluating project costs.

The Housing Authority will utilize the Clackamas County Housing Advisory Board (HAB) as a review committee. The HAB is comprised of Clackamas County residents and industry experts from the fields of affordable housing finance, resident services, homelessness, affordable housing development, real estate management, culturally specific service providers, the elder community and the construction general contracting industry. The HAB will provide feedback to staff and advise the HACC Board regarding proposed Housing Bond projects. The project selection process will include public and open solicitations via Notice of Funds Availability (NOFA), Requests for Qualification (RFQ) and Requests for Proposals (RFP), and may also consider unsolicited proposals or negotiated agreements.

The selection process will include a set of expectations for all developers/owners to ensure selected projects achieve both the framework goals and racial equity outcomes. These requirements include a 60-year affordability covenant, inclusion of minority and women-owned contractor participation in the development process and the use of best practice outreach and tenant selection criteria. Specific requirements are fully described in the Project Selection Criteria and Project Implementation sections below.

HACC anticipates that a Notice of Funding Award (NOFA) process will be used to provide early access to bond resources for projects that can demonstrate project readiness. A NOFA is expected to be released as early as fall of 2019. Request for Qualification (RFQ) or Request for Proposal (RFP) are anticipated to be used by HACC for the redevelopment of HACC's public housing portfolio. Though subject to change, HACC anticipates that the first of our public housing redevelopments, Hillside Park in Milwaukie, will begin in 2021. Following Hillside Park, HACC expects that Clackamas Heights in Oregon City (also a public housing site) would begin its process for redevelopment approvals in 2021 with an RFP for bond resources available sometime after final redevelopment approvals have been granted. --

In some instances, HACC may choose to engage in a negotiated agreement or unsolicited proposal. An example of this type may be the acquisition and rehabilitation of an existing building that provides an opportunity to further Clackamas County's affordable housing stock. In all cases, any proposed use of bond resources will be reviewed first through HACC staff and then via the Housing Advisory Board (HAB) before any recommendation to the HACC board and Metro.

~~The selection process will include a set of expectations for all developers/owners to ensure selected projects achieve both the framework goals and racial equity outcomes. These requirements include a 60-year affordability covenant, inclusion of minority and women-owned contractor participation in the development process and the use of best practice outreach and tenant selection criteria. Specific requirements are fully described in the Project Selection Criteria and Project Implementation sections below.~~

An exception to this process is the Gladstone SRO affordable housing project which had been identified as a potential Bond funded project prior to the development of this LIS. This project is expected to be the first project to be funded with Housing Bond resources

emissions, a key component of Metro’s Climate Smart Strategy to help mitigate climate change. Adopted in 2014, Metro’s Climate Smart Strategy for the Portland metropolitan region identifies implementing the regional land use plan and investing in transit as two of the most impactful strategies we can take to reduce per capita greenhouse gas emissions. Focusing Site Acquisition Program funds into these areas will not only ensure that residents’ access to transit but helping support the climate future for the next generation of Portland metro residents.

Metro will not only leverage its transportation planning work to help better locate housing investments, but also its efforts to plan and invest in parks and nature. Metro’s Parks and Nature Department brings people closer to nature and protects regional habitat through habitat restoration, park improvements, nature education, land acquisition, and other community investments. With access to parks being a key community priority of where housing should be located, the Site Acquisition Program will coordinate with future parks investments, existing local parks and nature projects, and community projects that could provide value to affordable housing residents.

Regional Site Acquisition Program Criteria

The Site Acquisition Program will support Metro’s policies to advance racial equity by working to address segregation, prevent displacement, and stabilize communities while reinforcing already established policies related to growth management, climate action, and transportation. The program will prioritize racial equity by acquiring sites purchases in the following locations:

- **In areas where there are existing marginalized communities including communities of color, English language learners, and low-income households.**
- **In areas lacking investments in affordable housing**
- **In neighborhoods where displacement is occurring or has occurred.**
- **Near amenities identified as priorities in Metro’s community outreach process.**

Participants in Metro’s community outreach process identified transit proximity as their number one priority and will be a program focus. Also reflecting comments from the outreach process, Metro will prioritize sites with convenient access to full service and culturally specific grocery stores, particularly those that offer affordable prices for food. Some local farmer’s markets may also offer access to affordable produce, but may not operate year round. For projects with family size units, the program will make efforts to secure sites with access to schools and daycare. **Within**

- In addition, Metro will consider existing regional policies for making investments in areas within designated 2040 Growth Areas that support Metro’s regional growth management policies. These include areas the 2040 Growth Concept identifies as the central city, town centers, main streets, regional centers, and corridors.

Along and along established bus and rail transit routes or areas where future transit, parks and nature investments are planned.

- ~~**Near amenities identified as priorities in Metro’s community outreach process.**~~

~~Participants in Metro’s community outreach process identified transit proximity as their number one priority and will be a program focus. Also reflecting comments from the outreach process, Metro will prioritize sites with convenient access to full service and culturally specific grocery stores, particularly~~

City of Hillsboro Local Implementation Strategy Evaluation Worksheet

August 27, 2019

LOCAL IMPLEMENTATION STRATEGY REQUIREMENTS CHECKLIST

Meets requirements?		1. Development Plan to achieve the Unit Production Targets that includes the following elements:	Metro Staff Notes	Oversight Committee Notes																																													
Committee member review	Staff review																																																
<input type="checkbox"/>	√	<p>1a. Anticipated number, size, and range of project types (estimates are acceptable) and cost containment strategies to achieve local share of unit production targets (including 30% AMI and family-size unit goals and the cap on units at 61-80% AMI) using local share of eligible funding;</p>	<p>Allocation: \$40,657,081 for Hillsboro. 284 units of affordable housing with 117 for households with income at or below 30% of area median income. At least 43 of the deeply affordable units will be supported with rental assistance provided by the Housing Authority of Washington County. At least 142 units will include two or more bedrooms throughout two to five affordable housing projects.</p> <p>(See p. 3)</p> <p>Cost Containment: Hillsboro may also explore options to include units appropriate for households with incomes from 61% to 80% AMI. No more than 29 bond financed units at this income level (10% of regional target total) will be counted toward the regional targets, as outlined in the Metro Bond Framework.</p> <p>(See p. 3)</p> <p>Example Portfolio:</p> <p>EXHIBIT 2 Hillsboro Example Bond-Funded Project Portfolio - with Estimated Development Outcomes</p> <p>The following table represents a hypothetical Bond-funded Hillsboro affordable housing portfolio consisting of three example projects. It is provided for illustrative purposes to demonstrate how a project "portfolio" or group approach could achieve Hillsboro's affordable housing production targets under the Bond Framework. This preliminary project portfolio is subject to change in a variety of ways: the number of bond-funded projects could be increased or reduced, the project types could differ, the number of units and income targets per project may be adjusted dependent on individual project conditions, and the estimated Metro Bond funds utilized per project is also variable as described in the Local Implementation Strategy. The projects and outcomes listed are conceptual, are not site or geography-specific, and are also subject to change and variability as described above.</p> <table border="1"> <thead> <tr> <th>Project</th> <th>Project Type</th> <th>Total Estimated # of Units</th> <th>30% AMI Units</th> <th>30-60% AMI Units</th> <th>60-80% AMI Units</th> <th>Target Population</th> <th>2+ bedroom Units</th> <th>Estimated Metro Bond Funds</th> </tr> </thead> <tbody> <tr> <td>Project #1</td> <td>Regulated Affordable Apartments</td> <td>125</td> <td>50</td> <td>65</td> <td>10</td> <td>Individuals and families</td> <td>63</td> <td>\$16 Million</td> </tr> <tr> <td>Project #2</td> <td>Regulated Affordable Apartments</td> <td>50</td> <td>20</td> <td>25</td> <td>5</td> <td>Individuals and families</td> <td>25</td> <td>\$7 Million</td> </tr> <tr> <td>Project #3</td> <td>Regulated Affordable Apartments</td> <td>120</td> <td>48</td> <td>60</td> <td>12</td> <td>Individuals and families</td> <td>60</td> <td>\$17 Million</td> </tr> <tr> <td>Total</td> <td></td> <td>295</td> <td>118</td> <td>150</td> <td>27</td> <td></td> <td>148</td> <td>\$40 Million</td> </tr> </tbody> </table> <p>(See Exhibit 2)</p>	Project	Project Type	Total Estimated # of Units	30% AMI Units	30-60% AMI Units	60-80% AMI Units	Target Population	2+ bedroom Units	Estimated Metro Bond Funds	Project #1	Regulated Affordable Apartments	125	50	65	10	Individuals and families	63	\$16 Million	Project #2	Regulated Affordable Apartments	50	20	25	5	Individuals and families	25	\$7 Million	Project #3	Regulated Affordable Apartments	120	48	60	12	Individuals and families	60	\$17 Million	Total		295	118	150	27		148	\$40 Million	
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City of Hillsboro Local Implementation Strategy Evaluation Worksheet

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<input type="checkbox"/>	<p>√</p>	<p>1b. Consideration for how new bond program investments will complement existing regulated affordable housing supply and pipeline;</p>	<p>General</p> <p>Hillsboro will monitor the pipeline of projects being proposed and funded in Hillsboro and will collaborate with developers to identify the most appropriate funding packages and other support that can be provided to those projects.</p> <p>(See p. 10)</p> <p>Summary of existing need/supply:</p> <p>Hillsboro has an existing inventory of over 2,500 regulated affordable housing units.</p> <p>(See p. 2)</p> <p>This LIS and associated bond-funded projects are anticipated to help complement Hillsboro’s base of existing affordable housing through new construction of projects especially in neighborhoods that do not currently have significant amounts of regulated affordable housing.</p> <p>(See p. 8)</p>	
<input type="checkbox"/>	<p>√</p>	<p>1c. Goals and/or initial commitments for leveraging additional capital and ongoing operating and/or service funding necessary to achieve the local share of Unit Production Targets;</p>	<p>Potential leverage of resources:</p> <ul style="list-style-type: none"> • The 4% LIHTC program is available on a non-competitive basis to provide equity for affordable housing development. • While ensuring that projects have appropriate operating budgets and reserves, private debt should be secured for projects whenever feasible. • A variety of local resources may be available to support capital and operating expenses: <ul style="list-style-type: none"> • Project based rental assistance. The Housing Authority of Washington County has committed project-based Section 8 assistance for 43 units to Hillsboro Bond projects. • Affordable Housing Property tax exemption. • Publicly owned land. The City will prioritize projects that are developed on City-owned sites • Other existing affordable housing resources (Federal, State and County resources). Sources such as the County HOME funds, Oregon Affordable Housing Tax Credits, Local Innovation and Fast Track (LIFT) funds and other sources may be needed. <p>(See p. 10)</p> <p>The City of Hillsboro, in partnership with the Housing Authority of Washington County, will allocate available project-based Section 8 assistance in an approach that works to achieve the goals of this Local Implementation Strategy and the Metro Bond Framework.</p> <p>(See p. 7)</p>	
<input type="checkbox"/>	<p>√</p>	<p>1d. Strategy for aligning resident or supportive services with housing investments, including [optional] any local goals or commitments related to permanent supportive housing; and</p>	<p>Supportive Services:</p> <p>Hillsboro will encourage affordable housing developers, owners and operators to work with social service agencies and other community partners to link supportive services to the affordable housing to ensure that residents are stable and secure.</p> <p>(See p. 3)</p> <p>Resident Services:</p> <p>Hillsboro expects that some level of Resident Service Coordination will be provided at all projects, appropriate to the level of need of the target population. Resident Services will focus on eviction prevention, helping residents access mainstream services for which they may be eligible, and community building activities.</p>	

City of Hillsboro Local Implementation Strategy Evaluation Worksheet

August 27, 2019

<input type="checkbox"/>	√	<p>1e. Description of project selection process(es) and prioritization criteria, including anticipated timing of competitive project solicitations and how existing or new governing or advisory bodies will be involved in decisions regarding project selection.</p>	<p>(See p. 12)</p> <p>Project selection process: The project selection process will include public and open solicitations via Notice of Funding Availability (NOFA), Requests for Qualifications (RFQs), and Requests for Proposals (RFPs). Unsolicited projects that conform to this Local Implementation Strategy and the Metro Framework and Work Plan may be considered on a rolling basis. Conditions described on page 10.</p> <p>(See p. 7)</p> <p>Prioritization criteria for projects:</p> <ul style="list-style-type: none"> • a 60-year affordability covenant for new construction and a 30-year covenant for acquired and rehabilitated projects • the inclusion of Minority-owned, Women-owned, and Emerging Small Business (MWESB) contractor participation in the development process • the use of best practice marketing and outreach to communities of color • low-barrier tenant selection criteria. <p>(See p. 7)</p> <p>Sites identified by the City:</p> <ul style="list-style-type: none"> • The City affordable housing team is exploring sites that the City already owns, controls or may purchase that have potential for bond-financed affordable housing projects. The City will prioritize such sites if they are viable for affordable housing development and will help to fulfill Local Implementation Strategy goals. The City will take into consideration: <ul style="list-style-type: none"> • The significant beneficial leverage of already controlled/owned land; • High opportunity areas, defined by access to transit, schools, services and other amenities • Opportunities to meet community development goals, LIS and Bond Framework goals, and/or to develop beneficial service partnerships; • Opportunities to use 4% or 9% Low Income Housing Tax Credits (LIHTC) resources, especially in Difficult to Develop Areas, Qualified Census Tracts and Opportunity Zones. <p>Should the City identify, acquire or make available City-controlled development sites under this Local Implementation Strategy through use of Bond resources, the developer/owner of such sites will be chosen based on the competitive project selection processes described.</p> <p>(See p. 8)</p> <p>Sites Identified by Metro The allocation of Affordable Housing Bond funds includes an allocation for land acquisitions carried out by Metro rather than by the implementing jurisdictions. Metro has allocated an estimated \$21 million for acquisition of sites in Washington County. While it is uncertain whether any such sites will be in Hillsboro, the City is committed to working closely with Metro should such sites are identified and agreed upon by both parties. If such sites are identified and meet LIS criteria, Hillsboro would plan to select a developer/owner and/or project through a competitive project selection process.</p> <p>Sites Proposed by Developers The City of Hillsboro may accept unsolicited proposals from developers for projects with potential for use of bond funds. Developers should be aware that, depending on progress against the Bond framework, such proposals may need to achieve specific targets for income levels, unit types, geographic area, racial equity, or other characteristics. Developer/owners are encouraged to work closely with the City to ensure that their proposals are responsive to the evolving needs of the City's Local Implementation Strategy and comply with all LIS, Bond Framework and Work Plan requirements. As described, Hillsboro may also choose to conduct periodic NOFA, RFQ or RFP processes</p>
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			<p>to select projects with sites proposed or controlled by developers for funding under the Bond program. In addition, any unsolicited proposals will be expected to demonstrate the need for expediency in market or development conditions. Examples could include land or building acquisition opportunities subject to market competition and/or projects that have conditional funding commitments in place.</p> <p>(See pgs. 8-10)</p> <p>Anticipated timing of competitive solicitations: An initial City RFP/NOFA process is anticipated in the first quarter of 2020.</p> <p>(See p. 9)</p> <p>Project selection process and role of governing/advisory bodies: Hillsboro will work in partnership with developers/property owners that have demonstrated experience, skills and success providing and operating affordable housing. The City of Hillsboro itself does not intend to be a developer, owner, or operator of affordable housing. The City expects that the Bond funds may provide support for approximately two to five affordable housing projects.</p> <p>The City of Hillsboro will create an Affordable Housing Project Advisory Committee that will provide feedback to staff on the solicitation and selection of affordable housing projects, with particular emphasis on reviewing projects proposed to include Bond funds. The Project Advisory Committee will review proposed projects before consideration of approval by Hillsboro City Council.</p> <p>(See p. 7)</p>	
		2. Strategy for advancing racial equity in implementation that includes:		
<input type="checkbox"/>	√	2a. Location strategy that considers geographic distribution of housing investments, access to opportunity, strategies to address racial segregation, and strategies to prevent displacement and stabilize communities;	<p>The City of Hillsboro will focus its bond-financed affordable housing on new construction of affordable rental projects especially in neighborhoods that do not currently have significant amounts of regulated affordable housing. This will promote the dispersal of new affordable housing to help create mixed-income neighborhoods and communities. The City of Hillsboro also may consider new construction as well as acquisition/rehabilitation projects to prevent rent increases and displacement in low-income areas, especially in the downtown core area.</p> <p>(See p. 11)</p> <p>The City of Hillsboro may also provide new affordable housing in high opportunity neighborhoods and sites. This would include sites that have good access to public transit, jobs, quality schools, commercial services, parks & open space, etc.</p> <p>(See p. 12)</p>	
<input type="checkbox"/>	√	2b. Fair housing strategies and/or policies to eliminate barriers in accessing housing for communities of color and other historically marginalized communities, including people with low	<p>Affirmative Marketing, Tenant Selection & Lease-Up Hillsboro will require that project developers/owners make units available to minorities and disadvantaged populations using best practice strategies. In general, this will require:</p> <ul style="list-style-type: none"> Affirmative outreach and marketing to target populations. Developers/owners, and their property management companies (if applicable) will be expected to engage in proactive efforts to make disadvantaged populations aware of the availability of units, and the process and timeline for application. The City will work with project sponsors to help identify specific target populations for each project and will review the proposed outreach and marketing strategy for each project. 	

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		incomes, seniors and people with disabilities, people with limited English proficiency, immigrants and refugees, and people who have experienced or are experiencing housing instability;	<ul style="list-style-type: none"> Hillsboro will require that project sponsors use low barrier screening criteria that balances access to target populations, project operations, and community stability. Typical requirements may include less than standard market apartment income-to-rent ratios, reduced credit history requirements, and criminal history requirements that are most directly tied to tenant success. Project sponsors will be required to review appeals to denials of standard screening criteria that take into consideration efforts of applicants that demonstrate stability and potential for tenant success. Project sponsors are also required to review appeals if the disqualifying aspects of a denial are related to a disability and make reasonable accommodations as appropriate. <p>(See pgs. 15-16)</p>	
<input type="checkbox"/>	√	2c. Strategies and/or policies, such as goals or competitive criteria related to diversity in contracting or hiring practices, to increase economic opportunities for people of color;	<p>MWESB Contracting Project sponsors will be requested to achieve an aspirational goal of 20% of total development costs for contracts to certified minority, women, and emerging small businesses. Specific NOFAs, RFQs, or RFPs may have additional goals and/or requirements. Project sponsors will be required to provide documentation of contracting efforts and results.</p> <p>Workforce Participation. Hillsboro is interested in encouraging participation in project workforce hours by minorities, women and disabled veterans. Hillsboro will work with Metro, other implementing jurisdictions, and with project sponsors to explore ways to maximize participation in project workforce hours.</p> <p>(See p. 15)</p>	
<input type="checkbox"/>	√	2d. Requirements or competitive criteria for projects to align culturally specific programming and supportive services to meet the needs of tenants.	<p>The City of Hillsboro approach to racial equity in project selection will take into consideration the following factor:</p> <p>Supporting project teams that have a proven track record of:</p> <ul style="list-style-type: none"> Outreach, engagement and ensuring participation of minority and women-owned contractors in predevelopment, construction, and ongoing maintenance and operations of the building Engaging targeted and/or marginalized communities including communities of color as part of its leasing process Creating an inclusive tenant screening criteria process that minimizes barriers to communities of color and other underserved groups Providing culturally specific resources and services. <p>Hillsboro will prioritize projects addressing historical racism and lack of housing access experienced by communities of color, whether that is represented by projects sponsored by culturally-specific organizations, projects in which culturally-specific organizations have a meaningful role in project design, resident services and operations, or when project sponsors provide proof of their ability to serve communities of color.</p> <p>(See pgs. 11-12)</p>	
		3. Engagement report summarizing engagement activities, participation and outcomes, including:		
<input type="checkbox"/>	√	3a. Engagement activities focused on reaching	<p>Broad Engagement The collaborative effort between Washington County, Hillsboro and Beaverton resulted in hearing from over 300 community members and over 50 agencies. Additionally, as nearly one of every four Hillsboro residents identified as Hispanic and/or Latino, the City of</p>	

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		<p>communities of color and other historically marginalized communities, including people with low incomes, seniors and people with disabilities, people with limited English proficiency, immigrants and refugees, and people who have experienced or are experiencing housing instability;</p>	<p>Hillsboro focused its efforts on community listening sessions with low-income Latino community members to discuss affordable housing needs and preferences. These sessions were conducted entirely in Spanish with translation available for English speakers.</p> <p>(See Exhibit I)</p> <p>Focus Engagement</p> <p>Two sessions were held with residents of Bienestar affordable/farmworker housing properties.</p> <ol style="list-style-type: none"> 1) Approximately 20 resident leaders in the Promotoras program who provided feedback and distributed a housing survey to residents in multiple sites. This survey resulted in input from over 200 Bienestar residents. 2) Follow Up session was held with approximately 35 Bienestar residents from various properties both in and outside of Hillsboro <p>Listening session with a dozen Latino parents from the Hillsboro School District</p> <p>(See pgs. 4-5)</p> <p>Hillsboro staff also hosted a breakfast at the Shute Park Library inviting homeless community members in the Downtown area and conducted a one-on-one interview with “Sammy,” a homeless veteran living with HIV who shared his housing needs and insights.</p> <p>(See Exhibit 1)</p>	
<input type="checkbox"/>	<p>√</p>	<p>3b. Summary of key community engagement themes related to local housing needs and priority outcomes for new affordable housing investments, approach to geographic distribution and location strategies, acknowledgement of historic/current inequitable access to affordable housing and opportunities for stakeholders to identify specific barriers to access, and opportunities to advance racial equity through new investments;</p>	<p>Themes from Bienestar</p> <ul style="list-style-type: none"> • Overcrowding is a problem in Hillsboro, especially with low-income Latinos – there is a real need for family sized affordable housing units • New affordable housing is preferred to be located within close access to public transit, health services, daycare, shopping, schools, and parks • Challenges to access for affordable housing include long wait lists, rent amounts, credit scores, legal immigration status, and application requirements (such as social security numbers) • There is a strong interest in affordable homeownership, especially for families with steady employment and income who want to build wealth/equity and take pride in ownership • Challenges to being successful in affordable rental housing include rent and other cost of living increases and property rules that are too strict, especially for households with children • Many community members find out about affordable housing opportunities largely by word of mouth through family, friends and neighbors, and also through community organizations like churches and service providers <p>Themes from Hillsboro School District</p> <p>Feedback themes were similar to the one listed above but also included</p> <ul style="list-style-type: none"> • Preference for family-friendly housing types, including single-family homes, townhomes and duplexes • Locations that provide ample opportunities and proximity to MAX transit, park, family services and good schools. The performance or reputation of individual schools was one key driver for the geographic preference of housing <p>(See p. 5)</p>	
<input type="checkbox"/>	<p>√</p>	<p>3c. Summary of how the above themes are reflected in the Local Implementation Strategy.</p>	<p>Geographic Site and project selection Affirmative and culturally competent marketing and services Low Barrier Screening Criteria</p> <p>(See p. 6)</p>	

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	<p>4. Plan to ensure ongoing community engagement to inform project implementation, including:</p>	
<input type="checkbox"/>	<p>√</p> <p>4a. Strategies for ensuring that ongoing engagement around project implementation reaches communities of color and other historically marginalized community members, including: people with low incomes, seniors and people with disabilities, people with limited English proficiency, immigrants and refugees, existing tenants in acquired buildings, and people who have experienced or are experiencing housing instability;</p>	<p>The City may partner with other jurisdictions such as in Phase I community engagement and/or may contract with a community engagement practitioner to provide additional capacity to continue efforts to engage under-represented communities, neighborhoods living in the area of the new affordable housing development and the community in general.</p> <p>(See p. 17)</p> <p>In-house staff will be responsible for community engagement and outreach, project selection, project documentation, and funding processes, and overall monitoring and reporting. (</p> <p>(See p. 7)</p> <p>Community engagement Phase II will target:</p> <ul style="list-style-type: none"> • Underrepresented communities – These are communities who have historically faced systemic barriers to affordable housing such as communities of color, people with low incomes, seniors, people with physical or mental disabilities, people involved with the justice system, people with limited English proficiency, immigrants and refugees, tenants of affordable housing, people at risk of displacement, and people experiencing homelessness. Engagement will focus on community members providing advice about how the City can address and reduce these systemic barriers both in regard to a specific project(s) and also on an ongoing basis. • Neighbors living in the area or adjacent to the new affordable housing developments –Engagement strategies will be focused on neighborhoods where a specific housing project is proposed. These efforts may coincide with, or may be separate from outreach and notifications associated with land use processes. <p>(See pgs. 16-17)</p>
<input type="checkbox"/>	<p>√</p> <p>4b. Strategy for ensuring community engagement to shape project outcomes to support the success of future residents.</p>	<p>To ensure that impacted communities are involved in decision making as much as possible, the City of Hillsboro will:</p> <ul style="list-style-type: none"> • Maintain an interested and affected group contact list • Promote, publish and share opportunities and updates in multiple formats and languages as needed. This may include electronically, hard copy, social media, and by telephone (as requested) • Ensure that in-person engagement opportunities are accessible to all by being held in evenings and/or on weekends, in different community locations and places where people naturally convene, and include community support such as food, child care and translation services <p>The City will develop evaluation measures that allow adjustments to community engagement approaches related to ongoing bond implementation.</p> <p>(See p. 17)</p>



Local Implementation Strategy

For the Metro Regional Affordable Housing Bond
September 2019

Hillsboro Local Implementation Strategy (LIS)
Metro Affordable Housing Bond

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I. Introduction

Hillsboro is now home to nearly 102,000 residents, making it the largest city in Washington County and the fifth largest city in Oregon. Hillsboro residents are racially and ethnically diverse, with over 40% of the total population represented by communities of color. Hillsboro is often cited as the “economic engine” of the region, with high tech manufacturing and associated industries playing a prominent role in providing thousands of high wage jobs. Yet Hillsboro also has several of the lowest-income census tracts in Oregon and over 20% of renters are severely cost burdened. Even with an existing inventory of over 2,500 regulated affordable housing units, there is a clear need for more affordable housing in Hillsboro, particularly for our lowest-income community members.

This Local Implementation Strategy (LIS) will guide the efforts of the City of Hillsboro as it works to create affordable housing using the Metro Affordable Housing Bond. Hillsboro welcomes the opportunity to be an implementing jurisdiction in this program and expects that these resources will play a critical role in meeting a range of important housing needs in the community.

Principles of Autonomy & Collaboration for Participating Jurisdictions in Washington County

Three jurisdictions in Washington County will participate in implementation of the Metro Affordable Housing Bond—Washington County, the City of Hillsboro and the City of Beaverton. While each will have a separate LIS, the jurisdictions have agreed to several principles and practices with respect to the development and operation of their implementation strategies.

- The three jurisdictions will receive an allocation of bond resources based on the share of bond revenue generated by each of the three jurisdictions.
- Each jurisdiction will have autonomy in project selection, commitment of bond resources, and oversight of bond funded projects. The jurisdictions may choose to collaborate on specific projects that will serve their individual as well as collective community needs. This may result in actual expenditure of the bond across the three jurisdictions in a different blend than envisioned at the outset.
- Recognizing that many community partners serve the larger Washington County area, the three implementing jurisdictions will collaborate on community outreach efforts and on developing partnerships that will help to ensure the success of all bond projects in Washington County.

Metro Affordable Housing Bond Resources and Framework Targets

This LIS focuses on the City of Hillsboro’s efforts to deliver newly developed or acquired and rehabilitated affordable housing in Hillsboro with use of revenues from the Metro Affordable Housing Bond. It was formulated based on the input and needs of Hillsboro community members, policy goals of the Hillsboro City Council, as well as being guided by Metro’s Affordable Housing Bond Program Work Plan, approved by Metro Council in January 2019. The

Metro Bond Work Plan sets the regional goal of creating 3,900 regulated affordable units - 1,600 of which are for households earning 30% or less of the Area Median Income (AMI) and 1,950 housing units with two or more bedrooms.

From the regional total, **\$40,657,081** in bond revenues is dedicated to Hillsboro based on the percentage of assessed value (AV) generated by Hillsboro households and property owners. The overall goal for Hillsboro is to support at least **284 units of affordable housing** in the community with use of the bond revenues. These may be newly-built units or preservation of existing units that are at risk of rapidly rising rents. While many of these units are expected to provide rental housing, affordable homeownership projects may also be supported with the bond resources.

Recognizing that our lowest income neighbors have the greatest challenges in securing affordable housing, and consistent with the Metro Bond Framework, at least **117** of the Bond-funded units produced will be affordable for households with income at or **below 30% of area median income**. These units may serve people with special needs, people who earn low wages or live on fixed incomes. As least **43** of the deeply affordable units will be supported with rental assistance provided by the Housing Authority of Washington County, targeting the most fragile households. Hillsboro will encourage affordable housing developers, owners and operators to work with social service agencies and other community partners to link supportive services to the affordable housing to ensure that residents are stable and secure.

Because the need for affordable housing crosses many income levels, and because serving moderate-income households can effectively provide a source of cross subsidization for lower income households, Hillsboro may also explore options to include units appropriate for households with incomes from **61% to 80% AMI**. No more than **29** Bond-financed units at this income level (10% of regional target total) will be counted toward the regional targets, as outlined in the Metro Bond Framework.

The private rental housing market typically concentrates on producing smaller units, but the need for affordable housing crosses a range of household sizes. Particularly in Hillsboro where overcrowding is a key problem expressed by low-income communities of color and multigenerational households, the need for affordable housing with larger bedroom sizes is crucial. The Metro Bond Framework has set a goal that aligns with this local need - half of the units developed under the bond program must include two or more bedrooms. For Hillsboro, this means that at least **142 units** produced with the help of Bond funds will include **two or more bedrooms**.

The table on the following page outlines the unit production targets for Hillsboro to be produced with use of Metro Affordable Housing Bond revenues as per this Local Implementation Strategy, the Metro Affordable Housing Bond Framework, and Work Plan.

Hillsboro Unit Production Targets	
Total Affordable Units	284
Minimum number of 30% AMI Units (43 units with Project Based Section 8 rent assistance)	117
Maximum number of 60%-80% AMI Units	29
Minimum number of 2 Bedroom & Larger Affordable Units	142

These unit production targets are anticipated to be achieved through a portfolio of projects. Hillsboro expects that the Bond funds will provide support for approximately **two to five** affordable housing projects.

Advancing Racial Equity

As noted previously, Hillsboro is among the most racially diverse cities in Oregon, with two of every five residents identifying as a person of color. Notably, 50% of low-income residents and 65% of individuals living below the poverty line are people of color. The Metro Council and the City of Hillsboro have made advancing racial equity a priority for implementation of the Affordable Housing Bond. Decades of housing policy from the federal to local level have contributed to disparate outcomes for communities of color in housing. As a result, people of color struggle with housing cost burdens, displacement and homelessness. Local studies have indicated that Latino, African American, Vietnamese, Filipino and Slavic communities in Hillsboro have higher percentages of severe cost burdening, paying over half of household monthly incomes on housing expenses. The implementation of the Affordable Housing Bond provides an opportunity to work toward addressing these inequities and striving to better meet the needs of historically marginalized communities.

Efforts and opportunities to address racial equity occur at many points in the implementation of the Affordable Housing Bond. The selection of projects, inclusion of minority and women-owned contractors in building housing, the formation of culturally specific partnerships for outreach and services, accessible tenant selection processes, and ongoing reporting of outcomes all provide opportunities to advance racial equity. Specific implementation strategies that Hillsboro will employ to advance racial equity are discussed in various sections throughout this plan.

II. Local Implementation Strategy Development – Phase I Community Engagement

Meaningful community engagement, especially with communities of color and marginalized communities, serves as the basis of the Local Implementation Strategy. Washington County, Hillsboro and Beaverton jointly developed and implemented an outreach plan that focused on regional and local nonprofit partners as well as localized outreach to residents within communities. The collaborative work of the three jurisdictions resulted in hearing from over 500 community members and over 50 agencies, which provided perspectives on housing needs

across Washington County that targeted racially-diverse, low-income and special needs populations.

As nearly one of every four Hillsboro residents identifies as Hispanic and/or Latino, the City of Hillsboro focused its efforts on community listening sessions with low-income Latino community members to discuss affordable housing needs and preferences. These sessions were conducted entirely in Spanish with translation available for English speakers. Two sessions were held with residents of Bienestar affordable/farmworker housing properties. The first was comprised of approximately 20 resident leaders in the *Promotores* program who provided feedback and distributed a housing survey to residents of multiple sites. This survey resulted in input from over 200 Bienestar residents. A second follow up session was held with approximately 35 Bienestar residents from various properties both in and outside of Hillsboro.

Themes and feedback from the surveys and sessions included the following:

- Overcrowding is a problem in Hillsboro, especially with low-income Latinos - there is a real need for family-sized affordable housing units;
- New affordable housing is preferred to be located within close access to public transit, health services, child care, shopping, schools, and parks;
- Challenges in affordable housing access include long wait lists, rent amounts, credit scores, legal immigration status, and application requirements (such as social security numbers);
- There is a strong interest in affordable homeownership, especially for families with steady employment and incomes who want to build wealth/equity and take pride in ownership.
- Challenges to being successful in affordable rental housing include rent increases, other cost of living increases and property rules that are too strict, especially for households with children.
- Many community members find out about affordable housing opportunities largely by word of mouth through family, friends and neighbors, and also through community organizations like churches and service providers.

Another affordable housing listening session was conducted with Latino parents from the Hillsboro School District with approximately a dozen total participating attendees. The feedback themes were similar to those listed above but also included a clear preference for family-friendly housing types, such as single-family homes, townhomes and duplexes and in geographic locations that provide ample opportunities and proximity to MAX transit, parks, family services and schools. The performance or reputation of individual schools was one key driver for the geographic preference of housing at this session.

The feedback provided by all of these key stakeholders, focused on low-income communities of color, directly informs the racial equity components of this LIS relative to geographic site and project selection, affirmative and culturally competent marketing and services, and in approaches to low barrier screening criteria.

As mentioned previously, community engagement also included discussions with homeless and special needs communities, multiple community-based organizations, service providers, non-profit and for-profit developers and other groups. The attached Exhibit I details this community engagement activity and provides summary themes, which have been incorporated to develop this LIS.

III. Implementation Timeline and LIS Review

Implementation of Bond-funded projects is expected to occur over a period of **five to seven years**. This timeline will allow for the identification of sites and acquisition as needed, securing needed resources for capital and services, developing partnerships with developers and service providers, and completing construction.

During this period, community needs and opportunities may change. New census data will become available, new community planning efforts will be initiated or completed (for example, the development of Washington County's 2020-2024 Consolidated Plan in which Hillsboro is a participant), and new resources or opportunities may become available while other resources or opportunities may not materialize as anticipated. In addition, certain framework goals may be easily fulfilled while others may prove more challenging. Because of the dynamic nature of this work, Hillsboro proposes to periodically review, and potentially reset, this Local Implementation Strategy.

Hillsboro proposes to monitor and adjust this LIS based on the commitment and/or expenditure of bond resources to specific projects. Hillsboro will use a tracking worksheet to monitor bond investments made into individual projects, the project's yield of unit production targets, and the overall portfolio of unit production relative to bond investments. This will provide an ongoing, up-to-date evaluation to guide selection of subsequent projects and keep resource investments on track with unit production. Another area of monitoring and review will be racial equity outcomes – namely, the performance of each project and the overall project portfolio in achieving the racial equity components contained in this LIS. If these ongoing reviews indicate that a modification to the LIS is advisable, the amendment process will include community outreach and engagement, review and amendment by the Hillsboro City Council and submittal to Metro for review and approval.

IV. Organizational Plan for Implementation

Hillsboro will use a combination of staff and consultants to administer this Local Implementation Strategy. In-house staff will be responsible for community engagement and outreach, project selection, project documentation and funding processes, overall program

implementation, monitoring and reporting. Hillsboro may engage consultants with expertise in financial packaging of affordable housing to review proposed projects during the selection and commitment phases. Similarly, Hillsboro may engage consultants or partner with other project funders to leverage their expertise in construction management to help oversee project development. Some aspects of implementation will require the development of systems that are new to Hillsboro or that are not efficient for the handful of projects expected to be funded with Bond revenues. In these situations, Hillsboro may work with consultants and/or other jurisdictions for various components of project implementation.

Metro has committed a total of \$856,000 available in administrative funds over five-seven years to support Hillsboro's bond implementation. Initially, Hillsboro anticipates that these funds will support work related to project implementation (for example, contracting for underwriting and compliance).

V. Leveraging Other Affordable Housing Resources

While the Metro Bond resources are substantial, in order to accomplish the unit targets of the Bond Framework, the funds will need to be blended with other public and private funding sources. There are a number of principles that will guide our efforts to leverage the Bond funds:

- **Maximize the use of non-competitive resources.** The 4% LIHTC program is available on a non-competitive basis to provide equity for affordable housing development. This program is especially useful for larger projects or scattered site projects that can be bundled to achieve the scale desired by equity investors. Developing projects in Hillsboro's Qualified Census Tracts (QCTs) or Difficult to Develop Areas (DDAs) can maximize the usefulness of the 4% tax credits.
- **Maximize use of private resources.** Many projects will generate sufficient rental income to be able to make debt service payments on loans from private banks or other conventional financing. While ensuring that projects have appropriate operating budgets and reserves, private debt should be secured for projects whenever feasible. In the case of affordable homeownership projects, this could include home mortgages.
- **Maximize local resources.** A variety of local resources may be available to support capital and operating expenses:
 - **Project based rental assistance.** The Housing Authority of Washington County (HAWC) has committed project-based Section 8 assistance for 43 units to Hillsboro Bond projects. This assistance will allow residents to pay based on their household income, while the project will receive a set rental income based on their Section 8 payment standard. The City, in partnership with HAWC, will allocate available project-based Section 8 assistance in an approach that works to achieve the goals of this Local Implementation Strategy and Metro Bond Framework.

- **Affordable Housing Property tax exemption.** The City offers property tax exemption to developer/owners that are non-profits under the provisions of ORS 307.540.
- **Publicly owned land.** The City will prioritize projects that are developed on City-owned sites. The ability of the City to donate some portion of the value of the sites may vary, but discounted values would likely be available.
- **Seek other existing affordable housing resources (Federal, State and County resources).** The City recognizes that despite the availability of Bond funding, private equity and applicable resources from the City, projects may have financing gaps that are best filled with other traditional affordable housing program resources. Sources such as HOME funds, Oregon Affordable Housing Tax Credits, Local Innovation and Fast Track (LIFT) funds and other sources may be needed to complete financing packages for specific projects. Hillsboro and project developers will work with other funders in a transparent way to find the most effective and efficient way to bring these resources to Bond funded housing projects.
- **Complement existing regulated housing and support pipeline of other affordable housing projects.** This LIS and associated bond-funded projects are anticipated to help complement Hillsboro's base of existing affordable housing through new construction of projects especially in neighborhoods that do not currently have significant amounts of regulated affordable housing. While much of Hillsboro's efforts during the implementation of the Affordable Housing Bond will be focused on moving the pipeline of Bond funded projects forward, the ongoing availability of other Federal and State affordable housing resources will mean that there is a likelihood of other projects moving forward during the same timeframe. The City will monitor the pipeline of projects being proposed and funded in Hillsboro and will collaborate with developers to identify the most appropriate funding packages and other support that can be provided to those projects.

VI. Project Selection Process

Hillsboro will work in partnership with developers/property owners that have demonstrated experience, skills and success providing and operating affordable housing. The City of Hillsboro itself does not intend to be a developer, owner, or operator of affordable housing. The primary role of the City in Affordable Housing Bond implementation will be to provide financing to private and nonprofit development partners for affordable housing projects through use of the allocated Bond funds. As indicated, the City expects that the Bond funds may provide support for approximately **two to five affordable housing projects**. The attached Exhibit 2 outlines a hypothetical Bond-funded portfolio of three projects that, in combination, achieves Hillsboro's unit production targets. The actual number of projects may vary.

The project selection process will be made through public and open solicitations via Notice of Funding Availability (NOFA), Requests for Qualifications (RFQs), and Requests for Proposals (RFPs). An initial City RFP/NOFA process is anticipated in the first quarter of 2020. Unsolicited proposals that conform to this Local Implementation Strategy and the Metro Bond Framework and Work Plan may also be considered as described on Page 10 under the heading “Sites Proposed by Developers.” The City of Hillsboro will create an Affordable Housing Project Advisory Committee that will provide feedback to staff on the solicitation and selection of affordable housing projects, with particular emphasis on reviewing all projects proposed to include Bond funds. The Project Advisory Committee will review proposed projects before consideration of approval by Hillsboro City Council.

Each solicitation and project selection process will include a set of expectations of developers/owners to ensure that selected projects align with this Local Implementation Strategy and help achieve both the Framework goals and racial equity outcomes. These requirements include but are not limited to:

- a 60-year affordability covenant for new construction and a 30-year covenant for acquired and rehabilitated projects
- the inclusion of Minority-owned, Women-owned, and Emerging Small Business (MWESB) contractor participation in the development process
- the use of best practice marketing, engagement and outreach to communities of color
- low-barrier tenant selection criteria.

Other requirements are described in the Project Selection Criteria and Project Implementation sections below.

Sites Identified by the City

The City affordable housing team is exploring sites that the City already owns, controls or may purchase that have potential for bond-financed affordable housing projects. The City will prioritize such sites if they are viable for affordable housing development and will help to fulfill Local Implementation Strategy goals.

The City will take into consideration:

- the significant beneficial leverage of already controlled/owned land;
- high opportunity areas, defined by access to transit, schools, services and other amenities
- opportunities to meet community development goals, LIS and Bond Framework goals, and/or to develop beneficial service partnerships;
- opportunities to use 4% or 9% Low Income Housing Tax Credits (LIHTC) resources, especially in Difficult to Develop Areas, Qualified Census Tracts and Opportunity Zones.

Should the City identify, acquire or make available City-controlled development sites under this Local Implementation Strategy with associated Bond resources, the developer/owner of such sites will be chosen based on the competitive project selection processes described herein. As previously indicated, an initial City RFP/NOFA process is anticipated by the first quarter of 2020 related to this category.

Sites Identified by Metro

The allocation of Affordable Housing Bond funds includes an allocation for land acquisitions carried out by Metro rather than by the implementing jurisdictions. Metro has allocated an estimated \$21 million for acquisition of sites in Washington County. While it is uncertain whether any such sites will be in Hillsboro, the City is committed to working closely with Metro should such sites be identified and agreed upon by both parties. If such sites are identified and meet LIS criteria, Hillsboro would plan to select a developer/owner and/or project through a competitive project selection process.

Sites Proposed by Developers

As described, Hillsboro will conduct periodic NOFA, RFQ or RFP processes to competitively select projects with sites proposed or controlled by developers for funding under the Bond program. The City of Hillsboro may also consider unsolicited proposals from developers on a rolling basis for projects with potential for use of bond funds in some circumstances. In consideration of such proposals, the City expects that affordable housing developers will have site control on a proposed property through outright ownership, a long-term lease, or at a minimum, through an option to purchase the property through a purchase and sale agreement or other documentation. In addition, any unsolicited proposals will be expected to demonstrate the need for expediency in market or development conditions or other unique circumstances. Examples would include land or building acquisition opportunities subject to active market competition and/or for qualifying affordable homeownership development opportunities. Developers should be aware that, depending on progress against the Bond framework, such proposals may need to achieve specific targets for income levels, unit types, geographic area, racial equity, or other characteristics. To ensure transparency, the City will document findings and justifications for any project selection or endorsement awarded through an unsolicited proposal.

Developer/owners are encouraged to work closely with the City to ensure that their proposals are responsive to the evolving needs of the Hillsboro's Local Implementation Strategy and comply with all LIS, Bond Framework and Work Plan requirements.

VII. Project Selection Criteria

Metro Framework Unit Production Targets

Hillsboro will take a number of factors into consideration in the selection of Housing Bond-funded projects. The first consideration will be how each project contributes to the

accomplishment of the unit production targets of the Metro Bond Framework (outlined on page 4). The City does not expect that each project will reflect the exact unit ratios expressed by these targets, but instead that the overall portfolio of funded projects in Hillsboro will achieve this mix.

The ratio of unit bedroom sizes will reflect the characteristics of the target population of specific projects, and that in turn should reflect characteristics of the site in terms of suitability to individuals, smaller or larger families. The City does expect that most projects will include units that are two bedroom or larger in order to reflect local need and the Bond Framework production target requirements.

The City also anticipates that all multifamily rental projects will include some units with rents at or below 30% AMI. In some cases, projects will be targeted to low wage earners or people on fixed-income, while others may be targeted to people with disabilities or other special needs, or people who have experienced homelessness. Some projects may include higher concentrations of 30% units so long as there is an identified funding source for the corresponding supportive services needed.

Hillsboro anticipates including 60%-80% AMI units for mixed-income projects when appropriate for the project and depending on the project's place in the bond-funded portfolio. As mentioned previously, inclusion of these units may also help to cross subsidize lower income units or reduce the amount of Bond financing needed for a given mixed-income project. Hillsboro also hopes to see mixed-income and/or mixed-use projects where only a portion of the project is supported with Bond funds.

Furthering Hillsboro's Affordable Housing Goals

In addition to fulfilling the Metro Framework, the City will work to align the affordable housing developed with Bond revenues to support a number of local goals and policies. These goals and policies are enumerated primarily in the Hillsboro Affordable Housing Policy and Action Plan, the Hillsboro Comprehensive Plan, as well as in this Local Implementation Strategy. Each of these policies and strategies is based on feedback provided through extensive community engagement.

Consistent with these plans and community needs, the City of Hillsboro:

- Will focus its Bond-financed affordable housing on new construction of affordable rental projects especially in neighborhoods that do not currently have significant amounts of regulated affordable housing. This will promote the dispersal of new affordable housing to help create mixed-income neighborhoods and communities.
- May consider new construction as well as acquisition/rehabilitation projects to prevent rent increases and displacement in low-income areas, especially in the downtown core area.

- Will prioritize projects in geographic locations with proximate access to public transit, schools, parks, shopping options, health care and other services as per the needs and preferences expressed by low-income communities engaged through outreach.
- Will consider investing bond resources in the development of affordable homeownership units with consideration given to how the proposed project adheres to this LIS and contributes to the accomplishment of the unit production targets of the Metro Bond Framework.

Racial Equity

Hillsboro’s approach to racial equity in project selection will take into consideration factors such as:

- Increasing regulated affordable housing opportunities in areas with existing underserved diverse populations, especially in areas that may be subject to displacement.
- Providing new affordable housing in high opportunity neighborhoods and sites. This would include sites that have good access to public transit, jobs, quality schools, commercial services, parks & open space, etc.
- Supporting project teams that have a proven track record of:
 - Outreach, engagement and ensuring participation of minority and women-owned contractors in predevelopment, construction, and ongoing maintenance and operations of the building
 - Engaging targeted and/or marginalized communities including communities of color as part of its leasing process
 - Creating an inclusive tenant screening criteria process that minimizes barriers to communities of color and other underserved groups
 - Providing culturally specific resources and services. Hillsboro recognizes that culturally specific programs can achieve strong outcomes for diverse groups in the community.

Hillsboro will prioritize projects addressing historical racism and lack of housing access experienced by communities of color, whether that is represented by projects sponsored by culturally-specific organizations, projects in which culturally-specific organizations have a meaningful role in project design, resident services and operations, or when project sponsors provide proof of their ability to serve communities of color.

Connection to Resident/Tenant Services

Hillsboro expects that some level of Resident Service Coordination will be provided at all projects, appropriate to the level of need of the target population. Resident Services will generally focus on eviction prevention, helping residents access mainstream services for which they may be eligible, and community building activities.

Projects serving high needs populations will require more robust supportive services to ensure resident stability and positive outcomes. While the City is not a provider or funder of supportive services, it is available in partnership with Washington County, to help connect developer/owners to public and private service providers in the community to create needed partnerships. Hillsboro will evaluate each project's target population and service plan to help ensure that it is appropriate and durable.

Project Cost/Leveraging Funds

The City plans to use Bond funds to support a portfolio of projects that provide the best return on investment in the form of long-term, sustainable affordable housing. These projects will be characterized by quality design and durable construction. Wherever possible, they will use cost effective sustainable building measures to create efficient use of energy and water and select materials to create healthy living environments. They will be well-aligned with the needs of the target households in terms of space, amenities and service requirements, and will be valuable assets in the communities in which they are located.

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

The City will evaluate all proposed projects to ensure that the costs are reasonable and appropriate to the specific project, focusing on the amount of Bond funds requested relative to the housing product(s) delivered. This evaluation may consider:

- Scale appropriate to the target population and income levels of tenants.
- Scale appropriate to the size of the units, including number of bedrooms.
- Scale appropriate to the neighborhood in which the project is located.
- Costs associated with mixed-use or mixed-income projects.
- Quality of construction materials.
- Costs associated with service needs of the target population.
- Resident amenities and other services provided.
- Project-related public infrastructure costs.
- Reasonable fees and reserves.

The City recognizes that in order to accomplish the overall unit production target, it will need to have an average Housing Bond expenditure per unit of **approximately \$143,000**. Hillsboro expects that some projects may receive significantly less Bond funds than this amount, while

others may receive significantly more, depending in part on the factors listed above. Hillsboro will monitor the overall pipeline of projects to ensure that the target number of units will be achieved.

Capacity/Readiness to Proceed

Hillsboro recognizes that the development of affordable housing differs in many ways from market rate housing or other real estate development. Hillsboro will seek to partner with non-profit, for-profit, or governmental organizations that have demonstrated skills as affordable housing developer/owners. Expertise with the framework target unit types and with the specific population proposed by a project will also be considered.

Timely implementation of the Housing Bond is critically important. In its project selection process, Hillsboro will prioritize projects that have a clear path to timely completion. This may include a priority for projects that have appropriate zoning, have secured much or all of the other financing sources, have secured needed service partnerships, and have a clear and achievable racial equity plan. While Hillsboro may not make a funding commitment until projects meet “ready to proceed” and all other applicable criteria, Hillsboro suggests that interested developers begin conversations with the City at the earliest stages of pre-development to ensure that project programming aligns with the Implementation Strategy.

VIII. Project Implementation

Review & Approval of Projects

Bond funded projects will go through a multi-stage review and approval process as follows:

- Hillsboro concept endorsement. To be considered for City of Hillsboro concept endorsement, a project must at a minimum have site control, a preliminary development plan, preliminary estimate of total development costs, preliminary estimate of needed Housing Bond funds, an identified development team and a preliminary racial equity plan. Hillsboro will process and determine recommendations for concept endorsements utilizing the Affordable Housing Project Advisory Committee and will present recommended projects to the City Council. If Council approves the concept endorsement, staff will submit the project to Metro for concept endorsement.
- Metro concept endorsement. Hillsboro staff, in conjunction with Metro staff, will present the project to Metro for endorsement by the Metro COO. Metro will review the project for conformance to the adopted Local Implementation Strategy and Bond Framework.
- Hillsboro project approval & funding authorization. As the project completes due diligence and moves to financial closing, Hillsboro will consider project approval by presenting final project details to the Affordable Housing Project Advisory Committee for final review and recommendation. These recommendations will be presented to

City Council for formal action appropriate to the project (for example, authorizing a Disposition and Development Agreement (DDA), funding commitment, etc.)

- Metro project approval & funding authorization. Hillsboro staff, in conjunction with Metro staff, will present the project to Metro for final approval and funding authorization.
- Release of Funds. Once a project has received approval by the Hillsboro City Council and Metro, funds will be released to the City of Hillsboro and disbursed to the project in accordance with the provisions of the project documents.

Project Closing

- Metro-Approved Regulatory Agreement. All projects will be required to execute a Metro-approved Regulatory Agreement that acknowledges the use of Metro Housing Bond funds and the restrictions associated with the use of such funds. The Regulatory Agreement shall be recorded against the project at or prior to closing.
- Period of Affordability. The Regulatory Agreement will generally specify a 60-year period of affordability for new construction projects. For acquisition projects that are more than 10 years old, the City may consider a shorter period of affordability, but no less than 30 years. The Regulatory Agreement will provide a first right of refusal for qualified nonprofit organizations or government entities to acquire the project upon expiration of the affordability period.
- Accomplishment of Framework Targets. The Regulatory Agreement will also specify the level of affordability of the units and the unit bedroom sizes of the project.
- Reporting Requirements & Monitoring During Operations. The Regulatory Agreement or similar agreement will also provide requirements for the developer or owner/operator to periodically provide information relating to the project's financial performance, physical condition, occupancy, tenant income verification, and voluntarily collected tenant demographics. The agreement calling for these reports shall provide that reports will be made for the benefit of both Metro and the City of Hillsboro. The agreement shall also provide physical access to the property when requested by Metro, the City of Hillsboro, or other project financing partners.
- Jurisdiction Documents. The City of Hillsboro will require a variety of other documents relating to the project. These may include:
 - Disposition & Development Agreements. In the case of properties controlled by the City of Hillsboro, the City will develop agreements relating to the transfer of property to the developer/owner and associated development commitments.
 - Hillsboro will develop documents relating to the form of investment of Bond Funds. These may vary depending on projected cash flow of different projects and may take the form of cash flow dependent loans or grants. In general, Hillsboro will support the allocation of modest amounts of program income to restricted reserve accounts dedicated first to the provision of Resident Services.

Projects that are expected to have more significant program income may have requirements for cash flow dependent distributions to the City.

- Hillsboro will specify requirements relating to implementation of Racial Equity Strategies. Strategies will be developed for each project, and requirements will be documented in agreements with the City. This will include:

- **MWESB Contracting.** Project sponsors will be requested to achieve an aspirational goal of 20% of total development costs for contracts to certified minority, women, and emerging small businesses. Specific NOFAs, RFQs, or RFPs may have additional goals and/or requirements. Project sponsors will be required to provide documentation of contracting efforts and results.
- **Workforce Participation.** Hillsboro is interested in encouraging participation in project workforce hours by minorities, women and disabled veterans. Hillsboro will work with Metro, other implementing jurisdictions, and with project sponsors to explore ways to maximize participation in project workforce hours.
- **Affirmative Marketing, Tenant Selection & Lease-Up.** Consistent with the Bond Framework and with community feedback, Hillsboro will work with developers/owners to ensure that Bond financed housing serves communities of color, families with children and multiple generations, people living with disabilities, seniors, veterans, households experiencing or at risk of homelessness, and households at risk of displacement. Hillsboro will require that project developers/owners make units available to minorities and disadvantaged populations using best practices.

In general, this will require:

- Affirmative outreach and marketing to target populations. Developers/owners, and their property management companies (if applicable) will be expected to engage in proactive efforts to make disadvantaged populations aware of the availability of units, and the process and timeline for application. The City will work with project sponsors to help identify specific target populations for each project and will review the proposed outreach and marketing strategy for each project. Consistent with the feedback provided in the community engagement phase, affirmative marketing may include working with community-based organizations that serve communities of color, low-income and/or special needs populations.

- Hillsboro will require that project sponsors use low barrier screening criteria that balances access to target populations, project operations, and community stability. Typical requirements may include less than standard market apartment income-to-rent ratios, reduced credit history requirements, and criminal history requirements that are most directly tied to tenant success. Project sponsors will be required to review appeals to denials of standard screening criteria that take into consideration efforts of applicants that demonstrate stability and potential for tenant success. Project sponsors are also required to review appeals if the disqualifying aspects of a denial are related to a disability and make reasonable accommodations as appropriate.

Project Monitoring

Projects will be subject to monitoring throughout the development process and period of affordability. The monitoring process and expectations will be documented in agreements with the City. In general, this will include:

- Monitoring During Development & Lease Up. Hillsboro will require monthly reports during the project development and will conduct monthly site inspections in coordination with other funding partners to ensure progress to on-time and on-budget completion. Hillsboro will sign off on any change orders and on monthly draw requests.
- During Operations. Hillsboro will require annual reports that include information about project physical condition, fiscal condition, occupancy, tenant income verification, and voluntarily collected tenant demographics. Hillsboro will conduct periodic site inspections in coordination with other funding partners.

IX. Ongoing Community Engagement – Phase II

The completion and approval of this LIS will initiate the beginning of Phase Two for community engagement related to Bond implementation. Phase Two is the long-term and ongoing community engagement directly related to planning, identification and development of affordable housing projects. For this future effort, the City may partner with other jurisdictions such as in Phase I community engagement and/or may contract with a community engagement practitioner to provide additional capacity to continue efforts to engage under-represented communities, neighborhoods living in the area of the new affordable housing developments and the community in general.

The City will work to ensure that the ongoing community engagement will be timely, transparent and include materials in all appropriate languages and interpretation as needed.

Community engagement will target:

- Underrepresented communities who have historically faced systemic barriers to affordable housing such as communities of color, people with low incomes, seniors, people with physical or mental disabilities, people involved with the justice system, people with limited English proficiency, immigrants and refugees, tenants of affordable housing, people at risk of displacement, and people experiencing homelessness. Engagement will focus on community members providing advice about how the City can address and reduce these systemic barriers both in regard to a specific project(s) and also on an ongoing basis.
- Neighbors living in the area or adjacent to the new affordable housing developments – Engagement strategies will be focused on neighborhoods where a specific housing project is proposed. These efforts may coincide with, or may be separate from, outreach and notifications associated with land use processes.

To ensure that impacted communities are involved in decision-making the City will:

- Maintain an interested and affected group contact list.
- Promote, publish and share opportunities and updates in multiple formats and languages as needed. This may include electronically, hard copy, social media, and by telephone (as requested.)
- Ensure that in-person engagement opportunities are accessible to all by being held in the evenings and/or on weekends, in different community locations and places where people naturally convene, and include community support such as food, child care and translation services.

The City will also develop evaluation measures that allow adjustments to community engagement approaches related to ongoing bond implementation.

X. Reporting on the Implementation Strategy

Annual Report

Hillsboro staff will prepare an annual report to the Hillsboro City Council on the progress of the Local Implementation Strategy. This report will be made available to the public and interested stakeholders. The report will include information on committed and completed projects (e.g. project status, Bond funding amounts, total project cost, and units produced by unit size, type and income level served). The report will also include information on overall progress toward achievement of the framework goals and the balance of Bond funding available.

Reporting to Metro

Hillsboro will submit annual reports to Metro in accordance with the Intergovernmental Agreement.

Exhibit I

Phase I Community Engagement Report

The City of Hillsboro Affordable Housing and Community Services Team conducted numerous community engagement activities to discuss the Metro affordable housing bond and listen to community feedback on housing needs - focusing on listening sessions with low-income communities of color. Throughout the engagement process, the City presented information about the bond resources, goals, and targets and included the following questions for discussion:

1. What are the things that are most important to you and/or your family when you think about where you want to live?
2. What do you think are the biggest challenges people have with keeping their housing?
3. What types of services, programs, and/or activities are needed to overcome these challenges?
4. What do you think are the biggest challenges people face when trying to find a place to live?
5. What is the best way for you to find out about available housing?
6. Is there anything else you'd like to share about your experience or the need for housing in your community?

City of Hillsboro Engagement with Communities of Color

As nearly one of every four Hillsboro residents identifies as Hispanic and/or Latino, the City focused its efforts on listening sessions with low-income Latino community members to discuss affordable housing needs and preferences. These sessions were conducted entirely in Spanish with translation available for English speakers. The discussions were held in the evening to provide better convenience for working families and each event included food and refreshments.

Two sessions were held with residents of Bienestar affordable/farmworker housing properties. The first was conducted on April 8th and was comprised of approximately 20 resident leaders in the Promotoras program who provided feedback and distributed a housing needs survey to residents of multiple sites. This survey resulted in input from over 200 Bienestar residents. A second follow up session was held on April 25th with approximately 35 Bienestar residents from various properties both in and outside of Hillsboro.

Key themes and feedback from these surveys and sessions included the following:

- Overcrowding is a problem in Hillsboro, especially with low-income Latinos - there is a real need for family-sized affordable housing units;

- New affordable housing is preferred to be located within close access to public transit, health services, daycare, shopping, schools, and parks;
- Challenges to access for affordable housing include long wait lists, rent amounts, credit scores, legal immigration status, and application requirements (such as social security numbers);
- There is a strong interest in affordable homeownership, especially for families with steady employment and incomes who want to build wealth/equity and take pride in ownership.
- Challenges to being successful in affordable rental housing include rent and other cost of living increases and property rules that are too strict, especially for households with children.
- Many community members find out about affordable housing opportunities largely by word of mouth through family, friends and neighbors, and also through community organizations like churches and service providers.

Another affordable housing listening session was conducted on May 7th with Latino parents from the Hillsboro School District with a dozen total participants in attendance. The feedback themes were similar to those listed above but also included a clear preference for:

- Family-friendly housing types, including single-family homes, townhomes and duplexes
- Geographic locations that provided ample opportunities and proximity to transit, parks, family services and good schools.

At the end of this session, a map of Hillsboro was provided and participants were asked to place a sticker on the areas of the city where they would most like to live. The results showed a variety of locations throughout the city, primarily near MAX transit stops. The performance or reputation of individual schools was another key driver for the geographic preference of housing, as was the proximity to parks and other family destinations.

The feedback provided by these discussions focused on Latino low-income communities of color directly informs the racial equity components of Hillsboro's Local Implementation Strategy. The findings help shape components such as geographic site and project selection criteria, affirmative and culturally competent marketing and services, and in approaches to low barrier screening criteria.

City Engagement with Homeless and Special Needs Community Members

Hillsboro staff also hosted a breakfast at the Shute Park Library inviting homeless community members in the Downtown area and conducted a one-on-one interview with "Sammy," a homeless veteran living with HIV who shared his housing needs and insights. Although he has income from retirement and help from the Veteran's Administration and Cascade Aids project, Sammy has faced recurring barriers to permanent affordable housing due to eviction and past debt. He cited that there are lack of shelters for individuals throughout the County. When asked about resident services that may help him be successful in permanent housing, Sammy

cited help with the administrative process of paying bills each month and other money management help. He also mentioned the importance of comradery and emotional support in remaining stable in housing. Sammy’s feedback will help inform the delivery of deeply affordable units in Hillsboro’s Bond implementation and the associated services that will be necessary to ensure tenant success.

City Engagement with Affordable Housing Development Community

Hillsboro staff met in person with affordable housing developers and industry professionals and discussed various elements of the Metro Bond. These conversations helped shape project selection and financing components and identified other issues relevant to the delivery of new affordable housing and the acquisition and rehabilitation of housing. The following table represents the sponsors/developers and other agencies contacted and the dates of the meetings.

Organization	Date
REACH CDC	1/29/19
Habitat For Humanity	2/8/19
Inland Construction	2/12/19
Housing Development Center	2/14/19
Community Partners for Affordable Housing (CPAH)	3/15/19
African American Alliance for Homeownership (AAAH)	3/6/19
Network for Oregon Affordable Housing (NOAH)	3/6/19
PedCor Companies	3/6/19
Cardno Engineering	3/7/19
LRS Architects	3/20/19
Hacienda CDC	3/29/19
Bienestar	5/2/19
Cascade Housing	5/12/19
Colliers International	5/30/19
Northwest Housing Alternatives	6/5/19

Collaboration on Community Engagement with Washington County Participating Jurisdictions

The City of Hillsboro also partnered with Washington County and the City of Beaverton in a collaboration for engagement and outreach. By collaborating with Washington County and Beaverton, the City gained feedback from nearly 300 additional people representing over 50 agencies. At each opportunity, the team provided a brief overview of the Metro Affordable Housing Bond and its impact in Hillsboro, Beaverton and Washington County and a description of the collaborative community engagement conducted between the three jurisdictions. Discussions were based on the six questions listed previously, with agency staff largely representing the perspectives of their clients which include mentally ill, homeless, low-income, and other underrepresented special needs groups.

The table below outlines the community engagement opportunities conducted through city of Hillsboro, Beaverton and Washington County collaboration:

Date	Stakeholder Group	Location	Total Participants	Agencies
02/07/2019	Coalition of Housing Advocates	Beaverton	12	11
02/06/2019	Housing Support Services Network	Beaverton	57	42
02/13/2019	Washington County Resident Advisory Board	Hillsboro	20	
03/11/2019	Self Determination Resources Inc.	Beaverton	5	1
3/14/2019	SOAR Immigration Legal Services/EMO	Hillsboro	3	1
3/14/2019	Marjorie Stewart Senior Center	Sherwood	22	
3/18-3/27	Homeplate Youth Services	(survey)	10	1
3/18/2019	Consolidated Plan Workgroup	Hillsboro	31	17
3/25/2019	Washington County Parole and Probation	Hillsboro	11	2
3/26/19	OR Law Center	(survey)	15	1
3/27/2019	Community Action/CPOs Homeless Forum	Cornelius	43	2
4/4/2019	Community Action – Family Advocates & Housing Specialists	Hillsboro	15	1
4/12/2019	Centro Cultural/DAVS Seniors and Tribal Community	Cornelius	24	
4/16/2019	Head Start Policy Council (parents)	Hillsboro	23	
4/15-4/17	Con Plan Focus Groups (6)	Hillsboro	38	4
5/22/19	Behavioral Health Council	Hillsboro	20	8
		TOTAL	349	91

Through this outreach, the City and its partners were able to reach affected residents and stakeholders to discuss priorities for the Metro housing bond, provide education and awareness around the impact of the bond, and build community trust. Staff is developing and maintaining an interested parties contact list that will be utilized as the City moves into later phases of community engagement associated with Metro bond implementation.

The input and suggestions received during the community engagement opportunities substantiated the findings from housing-related documents reviewed. Documents reviewed include:

- Coalition of Communities of Color – Leading with Race, Research Justice in Washington County
- Metro Equitable Housing Report and Housing Inventory
- Washington County Consolidated Plan 2015-2020

Evaluation Summary

Since the same questions were utilized by each of the participating jurisdictions, staff was able to compile, code, and analyze responses for some key themes. The key themes illustrated throughout community responses included barriers to housing, service needs, location, marketing, and a small number of answers did not fit into any of these categories necessitating an “other” category. A detailed description of each theme is listed below and the percentage of responses that spoke to each theme. Overall the feedback was largely consistent with the City’s specific outreach to Latino residents cited previously.

Washington County, City of Beaverton and City of Hillsboro Engagement Opportunities

Results:

Input from all of the engagement opportunities was compiled, coded and analyzed for key themes related to the following 5 categories:

- Barriers (46% of total)
- Service Needs (24% of total)
- Location (16% of total)
- Marketing (11% of total)
- Other (2% of total)

Barriers

This category includes a variety of factors that prevent people from being able to secure or maintain housing. Specifically, these responses fell into one of the following categories:

- Cost (41%) – affordability of rent; application fees; costs to move; deposits; costs related to past rental history, criminal history, and credit history; and utility costs
- Screening Criteria (24%) – rental history; criminal history; credit history; citizenship status; and understanding what purpose screening serves and why it is necessary
- Navigation (12%) – complex system of finding and securing housing; complex application process; ability to understand and follow through with finding and securing housing; bureaucracy is overwhelming; mobility/transient nature of clientele;
- Housing Needs (10%) – unit size; accessibility for developmentally delayed people; safety/livability of units; spaces not trauma informed
- Cultural and Trust (8%) – Cultural differences in understanding of norms and compliance; and fear or distrust about stability of housing, neighbors, environment

Service Needs

This category includes factors that are related to specific services that could be offered onsite or ways in which services could better meet the needs of tenants. For the most part, responses were categorized as the following:

- Education (28%) – skills building for self-sufficiency, housing sustainability; vocational training and mentorships; and renter education related to navigating the system, understanding tenant rights, and compliance with rules
- Service Alignment (22%) – coordination between community-based organizations, agencies and other service providers; coordination of services specific to families and seniors;
- Addictions/Mental Health or other Case Management (15%) – onsite mental health and addictions services as well as case management for others who need that level of support
- Other mentions included accommodations within the physical space such as community rooms, common space, and storage space

Location

This category includes specifics about where housing is located, proximity to things people may need to thrive and the environment in which housing is situated. Responses primarily fell into the following groups:

- Services (24%) – proximity to grocery stores, employment, medical providers, and other supportive services
- Safe/Sense of community (45%) – good schools; sense of community; and safe, quiet, walkable neighborhood
- Transit (17%) – close to public transportation; and accessible for special needs transportation (LIFT)
- Other comments included equitable distribution of housing in mixed-income areas with broad geographical dispersal

Marketing for Housing Opportunities

This category was specifically focused on how people hear about housing and considerations in how to share information about housing with communities. This was a smaller number of comments that predominately focused on sharing information through community based organizations and other word-of-mouth opportunities as well as communicating information in multiple languages and formats.

Phase II Community Engagement

As the City of Hillsboro enters Phase two of community engagement for the Metro affordable housing bond and beyond, the City will seek to target audiences that include communities of color, underrepresented and historically marginalized communities, and neighborhood residents proximate to potential affordable housing projects.

EXHIBIT 2

Hillsboro Example Bond-Funded Project Portfolio - with Estimated Development Outcomes

The following table represents a hypothetical Bond-funded Hillsboro affordable housing portfolio consisting of three example projects. It is provided for illustrative purposes to demonstrate how a project “portfolio” or group approach could achieve Hillsboro’s affordable housing production targets under the Bond Framework. This preliminary project portfolio is subject to change in a variety of ways: the number of bond-funded projects could be increased or reduced, the project types could differ, the number of units and income targets per project may be adjusted dependent on individual project conditions, and the estimated Metro Bond funds utilized per project is also variable as described in the Local Implementation Strategy. The projects and outcomes listed are conceptual, are not site or geography-specific, and are also subject to change and variability as described above.

Project	Project Type	Total Estimated # of Units	30% AMI Units	30-60% AMI Units	60-80% AMI Units	Target Population	2+ bedroom Units	Estimated Metro Bond Funds
Project #1	Regulated Affordable Apartments	125	50	65	10	Individuals and families	63	\$16 Million
Project #2	Regulated Affordable Apartments	50	20	25	5	Individuals and families	25	\$7 Million
Project #3	Regulated Affordable Apartments	120	48	60	12	Individuals and families	60	\$17 Million
Total		295	118	150	27		148	\$40 Million

Date: Tuesday, August 27, 2019
To: Housing Bond Community Oversight Committee
From: Emily Lieb, Housing Bond Program Manager
Subject: Update on cost efficiency considerations in the Housing Bond

In order to further respond to questions and considerations previously raised by Community Oversight Committee regarding the importance of accountability structures for cost containment and efficient use of Housing Bond resources, our team has updated this memo, previously shared on May 31, 2019, to provide updated and additional information about existing policy direction and preliminary metrics related to how cost and subsidy efficiency will be considered in the implementation of the Housing Bond.

Metro Council direction

Metro's Housing Bond Program Work Plan, adopted by Metro Council in January 2019, outlines expectations for participating jurisdictions to develop plans for how they will achieve the local share of unit production goals using the local share of eligible bond funding, as outlined in Exhibit B of the Work Plan. In accordance with this distribution framework, which was informed through extensive stakeholder and expert discussions in 2018, each jurisdiction's portfolio is allocated an average of \$143,000 per targeted housing unit in eligible local share of housing bond subsidy, plus anticipated investment by Metro's Site Acquisition Program equivalent to approximately \$16,000 per unit, for a total average bond subsidy per unit of \$159,000.

The Work Plan provides flexibility for variation in bond subsidy per unit across a jurisdiction's portfolio, as long as the jurisdiction demonstrates a plan and progress toward achieving the local share of unit production targets. There is no per unit cap on bond subsidy, and the Work Plan does not establish any caps on total cost, total subsidy, or other measures of cost efficiency. However, the Work Plan does ask jurisdictions to describe, in their local implementation strategies, goals and commitments for leveraging other capital and ongoing operating and/or service funding as well as cost containment strategies.

Reviewing projects

As directed by the Work Plan, Metro staff will evaluate each project proposal at both the concept and final funding approval stages on the basis of its proportionate contribution to unit production targets relative to bond funds requested and its consistency with the adopted Local Implementation Strategy. Staff will confer with members of the Oversight Committee in the project review process, but this evaluation of individual projects during the funding decision process is not a formal role of the Committee as a whole.

Monitoring trends

Metro staff are coordinating with eligible implementation partners to establish performance and outcome metrics to be tracked throughout implementation, including metrics related to unit production and cost/subsidy efficiency, as well as outcomes for advancing racial equity. Staff will seek input from the Community Oversight Committee to create a series of dashboards and reporting tools to support ongoing monitoring of trends and evaluation of outcomes. These trends and outcomes will be presented to Metro Council as part of the Committee's annual report, along

with any recommendations regarding actions needed to ensure that the program stays on track to achieve the outcomes that have been committed to voters and stakeholders.

On p. 3 of this memo, you will find sample cost efficiency metrics for our four Phase 1 projects alongside additional contextual data, including modeling assumptions that informed the Housing Bond targets and average costs of affordable housing projects that have received funding from Metro's Transit Oriented Development program since 2017 or from Oregon Housing and Community Services (OHCS) during the past three years. As you will see, there is a wide spread in project costs owing to a number of factors, including construction type, presence of non-residential space, size of units, cost of land in different locations, and other factors. We will continue working to assemble data points that will help to provide further context on cost and subsidy efficiency, and we hope this initial data for our Phase 1 projects is useful to you.

Modeling targets

In early 2018, Metro contracted Structure Development to develop financial modeling to inform the establishment of unit production targets for the housing bond. This modeling was further shaped by community values and guiding principles established by a stakeholder advisory table and vetted by a technical advisory table. This process is fully described in the Housing Bond Framework adopted by Metro Council in July 2019.

Estimated construction costs used for modeling were informed through analysis of recent costs observed across the region and refined through multiple meetings with technical experts. The modeling did not assume any leverage other than non-competitive 4% Low Income Housing Tax Credits (LIHTC), 400 rental assistance vouchers committed in Clackamas and Washington Counties, and modest private debt. In reality, it is anticipated that most Housing Bond projects will include other sources of leveraged funds.

Additional resources

In October 2015, Meyer Memorial Trust convened a Cost Efficiency Work Group, which published its finding in a final report, also attached for your reference. The executive summary, included as Exhibit A, of this memo, provides an excellent overview of some of the general factors and challenges related to cost efficiency in affordable housing.

In June 2019, Blue Sky Consulting Group, on behalf of OHCS, published an affordable housing cost study analysis that influence the cost of building affordable housing in Oregon. The full report is attached for your reference, and the executive summary, is included as Exhibit B, of this memo.

Sample Cost Efficiency Metrics: Bond Modeling, Phase 1 projects endorsed to date, and sample data from Metro TOD and OHCS

Metric	Metro Bond Phase 1 Projects				Contextual data			
	Beaverton Phase 1 Project: Mary Ann	Clackamas Phase 1 Project: Gladstone SRO/Supportive Housing (Acquisition)	Washington County Phase 1 Project: Tigard Triangle	Home Forward Phase 1 Project: Dekum Court	Modeling assumptions to inform Metro bond targets	TOD Affordable Housing Projects	OHCS new construction projects in Metro region	OHCS acquisition projects in Metro region
	<i>Status: Concept Endorsement 9% LIHTC application was approved</i> <i>Proposed composition: 54 units, including 29 family-sized units</i>	<i>Status: Funding approved to acquire building; rehab cost estimates are very preliminary</i> <i>Proposed composition: 45 units, all SROs</i>	<i>Status: Concept Endorsement was approved</i> <i>Proposed composition: 80 units, including 55 family-sized units</i>	<i>Status: Concept Endorsement was approved</i> <i>Proposed composition: 160 units, including 80 family-sized units</i>	<i>Modeling conducted by Structure PDX in 2018 with input from a technical advisory committee convened by Metro</i>	<i>13 projects approved for TOD funding since 2017</i>	<i>26 new construction projects endorsed for 4% or 9% LIHTC in Multnomah, Clackamas, or Washington Counties over the past three years</i>	<i>12 rehab projects endorsed for 4% or 9% LIHTC in Multnomah, Clackamas, or Washington Counties over the past three years</i>
Bond subsidy per bond funded unit	\$55,556	\$153,153	\$143,000	\$143,089	\$143,077,000**			
Bond subsidy per bond funded bedroom*	\$38,372	\$153,153	\$73,806	\$78,674	\$59,800			
Bond subsidy per bond funded gross SF	\$43	\$238	\$137	\$151***	N/A			
Total cost per total units	\$388,401	\$241,049	\$360,042	\$332,794	\$245,000	Avg: \$284,378 Range: \$163,595 to \$426,680	Avg: \$280,391 Range: \$121,346 to \$428,496	Avg: \$230,609 Range: \$158,270 to \$306,532
Total cost per total bedrooms	\$243,880	\$241,049	\$185,828	\$168,503	N/A	N/A	N/A	N/A
Total cost per gross SF	\$352	\$374	\$346	\$352	N/A	Avg: \$345 Range: \$271 to \$536	Avg: \$356 Range: \$184 to \$894	Avg: \$327 Range: \$186 to \$737

*For the purpose of this summary, we have counted SRO units the same as one-bedroom units.

**Assumes \$620,016,000 bond subsidy after 5% administrative cost for a total of 3,900 units; based on forecasted construction costs for 2022; does not include Metro Site Acquisition Investments

***Reflects prorated share of gross square footage.

Executive Summary

The cost of new affordable housing has been a topic of intense scrutiny recently as the need for affordable housing across Oregon continues to significantly outpace the current system's ability to deliver additional units. Many people have questioned why costs for publicly subsidized affordable projects are as high as they are, and whether there are ways to significantly reduce the cost of new affordable housing.

Meyer Memorial Trust convened the Cost Efficiencies Work Group to answer questions like these. Meyer recruited sixteen experts from development, construction, finance, and related fields and charged this Work Group with three major tasks:

- 1) To create a clear and concise summary of key factors affecting the cost of developing affordable housing;
- 2) To identify opportunities – whether policy and systems changes, or innovative approaches to design, construction, and financing – to deliver affordable units at a lower cost; and
- 3) To advise Meyer on pilot or demonstration projects to test new approaches to affordable housing development.

This report synthesizes the results of this work over the last year. The full report engages a wide variety of topics in detail – and the details and nuances are important – but the key results are summarized below.

Summary of Key Findings

1. *Comparing costs between different housing projects is difficult and complex – and often misleading.*

Simple comparisons (for instance, dividing the total development cost of a project by the number of units) will almost always be highly misleading. A meaningful comparison must take into account an array of large and small factors: the cost of land in different locations, type of construction, any non-- housing space, size of the units, etc. For this reason, we declined to try to specify a reasonable target for what an affordable project “should” cost. There are simply too many variables, and too many dynamic factors affecting costs to make a simple number meaningful.

2. *Subsidized affordable housing differs from market rate development in fundamental ways that tend to add cost; affordable projects balance the needs and interests of residents, developers, public funders, and lenders and investors.*

Affordable housing is a specific and unusual niche in real estate development, premised on the basic fact that the tenants can't pay the full cost of their housing. Long-- term affordability – i.e. restrictions on rents and on rent increases over time – drives a housing model fundamentally dependent on public subsidies, and one which brings a string of additional (and not always obvious) costs that aren't faced by market rate housing developers.

Affordable housing projects tend to be small, complex real estate deals, and the interests and requirements of the many parties involved – developers, public funders, lenders and investors all tend to add incrementally to the cost of development. Public funding also brings with it a number of requirements that tend to add to costs (prevailing wage requirements, green building standards, etc.), and other costs stem from private lenders and investors hedging their risks in ways that don't apply to market rate developers.

3. Affordable housing provides more than just a place to live.

Affordable housing usually includes features and services meant to support residents' well-being, which are not common in market rate housing. This larger mission, not just to house people, but to help people with an array of issues (including health needs, early childhood, financial literacy, employment, etc.) affects how the housing is designed and constructed, and adds costs a market rate developer does not take on. Not every affordable project includes intensive services, but each does more than simply house people.

4. The current delivery system for affordable housing prioritizes other goals over the lowest possible upfront costs.

Nonprofit and for-profit developers of affordable housing are skilled and experienced professionals, making prudent decisions within a complex and challenging framework. However, that framework does not prioritize lowest initial cost. Holding down costs is less important in the competition for funding for new affordable projects than other factors, including: alignment with other public goals, quality and durability, long-term financial sustainability, and providing appropriate resident services.

5. Public and private funders could do more to expedite funding processes and help reduce unnecessary costs, but dramatic reductions are probably unattainable without new, more flexible sources of funding.

There are some opportunities to reduce costs (explored in more detail in the Recommendations section below), and public funders could choose to emphasize cost efficiency over other goals. But dramatic reductions will be challenging, given the factors documented in this report that tend to add costs to publicly subsidized affordable projects.

Any strategies to deliver significant cost reductions probably also require a departure in the way projects are funded. Reliance on federal Low Income Housing Tax Credits (LIHTC) – the major source of funding for low-income housing – has led to a system that has evolved toward essentially mandatory higher costs to limit risk to private sector partners and create high quality, attractive and durable housing.

The Work Group is skeptical that costs in affordable housing projects can be radically lower without compromising their long-term viability, the interests of residents, and the ability to attract needed private investment. However, new strategies to test models that don't rely on established, complex subsidies would be worth trying. An exclusive focus on lower initial costs at the expense of higher long-term maintenance and utility costs could be counterproductive. But with new funding from the state or from local governments that promote simpler, more cost-efficient projects, developers could be rewarded for finding ways to keep costs down consistent with broader housing goals.

Summary of Recommendations

1. *Funders should reward cost-- efficient development without compromising other important goals like long-- term affordability and financial sustainability.*

Public funders can and should use their leverage to encourage cost-- efficient development in a thoughtful way. While there is little reason to believe that costs can be reduced *dramatically* without compromising other priorities, quality development at a lower cost is attainable, and the expertise and creativity to bring projects in for less money lies with development teams themselves.

2. *Funders should revisit funding processes and criteria for ways to align and coordinate requirements to reduce unnecessary complexity, delay and uncertainty.*

The Work Group understands that better coordination and alignment is difficult in practice, as different funding partners have different priorities and report to different decision makers, but recommended some specific areas where public funders could aim to reduce unnecessary complexity, delay and uncertainty.

3. *Lenders and investors should explore alternatives to capitalized operating reserves.*

Lenders and investors typically require an affordable housing developer set aside six months of operating costs, on a project-- by-- project basis, as a buffer against unexpected vacancies or other operating losses. This capitalized operating reserve can amount to several hundred thousand dollars on a typical project, and because it is rarely drawn upon, amounts to a highly inefficient use of capital. The Work Group strongly felt there were sound risk management approaches (managing operating reserves on a portfolio basis, or hedging with an insurance-- like pool) that better deploy scarce capital.

4. *Developers and funders should identify ways to promote more cost-- effective acquisition of existing housing.*

Bringing down rents on existing market rate housing is one lower-- cost strategy for increasing the supply of affordable housing. Acquisition by nonprofits prepared to manage housing for the long term at affordable rents still requires public subsidy, but can usually be done for significantly less than the cost of new construction. Financing for such deals can still be challenging, and it's important to attend to life cycle costs and adequate capitalization; the Work Group called out the need for more attention to encouraging these kinds of projects.

5. *The Oregon Bureau of Labor and Industries (BOLI) should better align its prevailing wage practices with the needs of affordable housing.*

While the Work Group was strongly supportive of the intent behind prevailing wage requirements, the Group recommended two specific changes in BOLI's enforcement of Oregon prevailing wage requirements (Approving "split determinations" for mixed use projects, and issuing more timely and reliable guidance on wage determinations for "prevailed" projects).

6. *Local governments should revisit the impact of design review and other public requirements on housing affordability.*

This is a complex policy area, but the Work Group believes that local jurisdictions (especially those facing intense market pressures driving up housing costs) should look at how land use, zoning, and permitting affect affordability, and consider whether there are ways to expedite more affordable

multifamily development (market rate and affordable) without compromising important public policy goals.

7. *All interested parties should support the search for new, more flexible sources of capital for development.*

As discussed above, so much of what adds costs to affordable housing projects is driven by the complexity of the financing package for each deal, and the costs inherent in obtaining and reconciling multiple sources of subsidy. The State's recently approved \$40 million in general obligation bonds is a welcome example of the kind of potentially less cumbersome funding that could open some alternative models.

Along the same lines, as a next phase task of the Cost Efficiencies work, Meyer Memorial Trust proposes to form a Financial Innovation Work Group to look at specific strategies to engage new and different resources, including more private capital, in affordable housing development.

EXECUTIVE SUMMARY

Housing costs are an important issue for many in Oregon.¹ For low-income households, high housing costs can lead to frequent moves that interfere with children's school performance or force families to live in unhealthy or substandard housing. To address the problems associated with high housing costs, federal, state and local governments have created an array of public programs intended to expand the supply of rental housing affordable to low-income Oregon households. Research suggests that increasing the supply of affordable housing can help to improve the educational attainment and health of residents while increasing economic activity and reducing social services costs.

Recognizing the importance of affordable housing, in 2018 the Oregon State Legislature passed House Bill 4006, which provided funding to conduct a study of the forces that drive the costs of developing affordable multi-family rental housing in the state.

Over the course of six months, the study team collected and analyzed data from almost 200 new construction affordable housing projects that were completed in Oregon during the past two decades. The efforts of the study team were guided by the leaders of Oregon's Housing and Community Services (OHCS) Department. The affordable housing developments analyzed represent a very diverse set of projects that span the state and provide housing to varied types of residents, including single individuals, large families, and seniors. The analysis employed widely accepted statistical techniques to identify factors that are correlated with raising or lowering the costs of developing affordable housing in Oregon.

The following are the key findings from this analysis:

- Affordable housing development benefits from economies of scale, with larger projects costing less per unit than smaller projects. According to our analysis, for each ten percent increase in the number of units, the cost per unit declines by 0.9 percent.
- Buildings that are more durable or are built to a higher standard of quality cost more. Specifically, for a 10 percent increase in our composite quality measure costs increased by about two percent, on average.
- Local factors such as community opposition can have a measurable impact on costs. Our analysis indicates that projects that had four or more community meetings cost eight percent more on average compared to those that had three or fewer community meetings.

¹ Oregon's housing wage (or the amount one must earn to afford a 2-bedroom rental home), is 17th highest in the nation at \$21.27 an hour, National Low Income Housing Coalition. (2018). Out of Reach 2018. Retrieved from <https://reports.nlihc.org/oor>

-
- Local economic conditions affect the cost of building affordable housing. Our regression analysis found that each percentage point increase in the local unemployment rate (e.g., a change from four to five percent) is associated with a five percent decrease in costs.
 - Prevailing wage requirements add to the development cost of affordable housing, with projects that pay prevailing wages costing nine percent more on average after controlling for other project characteristics.
 - Land costs per acre are much higher in non-rural areas but are comparable across rural and non-rural areas in terms of cost per unit and as a share of total project costs. Land costs also influence the cost of developing affordable housing, largely because they indirectly affect the type of project that is built, as developers are more likely to build taller structures on land that is more expensive to purchase.
 - Taller buildings cost more per unit, with buildings that have four or more stories costing on average seven percent more to develop after controlling for other project characteristics.
 - Since the year 2000, the average costs associated with local System Development Charges (SDCs) have grown almost three times as fast as the overall costs of developing affordable housing and now account for more than \$8,000 per unit on average across the state.
 - Comparing the construction cost of affordable housing to comparable market-rate housing suggests that affordable and market rate projects are on average roughly comparable, with affordable projects costing an average of \$164 per square foot while estimated market project costs ranged from \$149 to \$176 per square foot.

Materials after this page were distributed at the meeting.



Housing Oregon
Board members:

Sheila Stiley,
Board chair – NW
Coastal Housing

Diane Linn,
Vice-chair - Proud
Ground

Travis Phillips,
Secretary –
Catholic Charities
of Oregon

Trell Anderson,
Treasurer –NW
Housing
Alternatives

Rachael Duke -
Community
Partners for
Affordable Housing

Ernesto Fonseca -
Hacienda CDC

Nkenge Harmon
Johnson – Urban
League of Portland

Sean Hubert-
Central City
Concern

Richard Morrow –
Columbia Cascade
Housing Corp.

Lisa Rogers –
CASA of Oregon

August 27, 2019

To: Metro President Lynn Peterson and the Metro Council
Metro Housing Bond Community Oversight Committee

At Housing Oregon, a statewide association of 75 organizations who are building, financing, and supporting affordable housing, we advocate on the local and state levels for programs and policies that enable our members to provide housing for a continuum of needs from people experiencing homelessness to working families, and others struggling to meet their housing needs in communities throughout Oregon.

That includes affordable homeownership opportunities, in addition to critical affordable rental goals especially for the lowest income families and individuals. The regional bond program can and should achieve both, particularly as we look to achieve multiple objectives with the bond program, including equity. ***Affordable homeownership opportunities fulfill the bond program's principal goal of leading with equity, bringing long term stability and security to low-income families, including communities of color, who have historically been shut out of these opportunities to build generational wealth.***

Our member organizations have been working with the local jurisdictions to incorporate affordable homeownership into their bond strategies. Partner organizations have provided specific language feedback on the LIS documents, asking that they are explicit in seeking to achieve affordable homeownership outcomes, and eliminating language that makes affordable homeownership more difficult or not possible.

We wholeheartedly endorse these efforts and ask that the Metro Housing Bond Community Oversight Committee and the Metro Council join us in making affordable homeownership a priority for our region.

Sincerely,

Brian Hoop, Director, Housing Oregon

Measuring outcomes in racial equity

Affordable housing bond implementation

Proposed monitoring metrics. Systems still need to be developed in partnership with implementation jurisdictions

Draft August 26, 2019

Proposed Racial Equity Metrics	By whom and when
1. MWESB/COBID outcomes <ul style="list-style-type: none"> a. Outreach efforts <ul style="list-style-type: none"> • Total COBID firms approached by trade • Total COBID eligible firms approached and assisted with certification, by trade b. Percentage of total construction costs contracted to COBID firms <ul style="list-style-type: none"> • Minority, disaggregated by race • Women • Disabled • Emerging Small Business 	Completed by developer, with contractor , at least at beginning and end of project construction.
2. Workforce participation outcomes <ul style="list-style-type: none"> a. Hours worked by apprentices b. Hours worked by women, disaggregated by race c. Hours worked by people of color, disaggregated by race 	Completed by general contractor , if a project has stated workforce goals.
3. Community engagement outcomes <ul style="list-style-type: none"> a. Description of engagement events/activities b. Marketing strategies used for events c. Event summaries <ul style="list-style-type: none"> • Total participants and CBO partners • feedback received and how it informed the project • Self-review of engagement efforts • Voluntary and anonymous participant survey, including demographics 	Completed by project owner prior to development.
4. Marketing outcomes <ul style="list-style-type: none"> a. Description of marketing activities b. List of culturally specific partners engaged c. List of culturally specific media used 	Completed by project owner after lease up.
5. Applicant outcomes <ul style="list-style-type: none"> a. Total applications received b. Total applications screened c. Total applications initially accepted d. Total applications approved after appeal 	Completed by property manager at end of lease up.

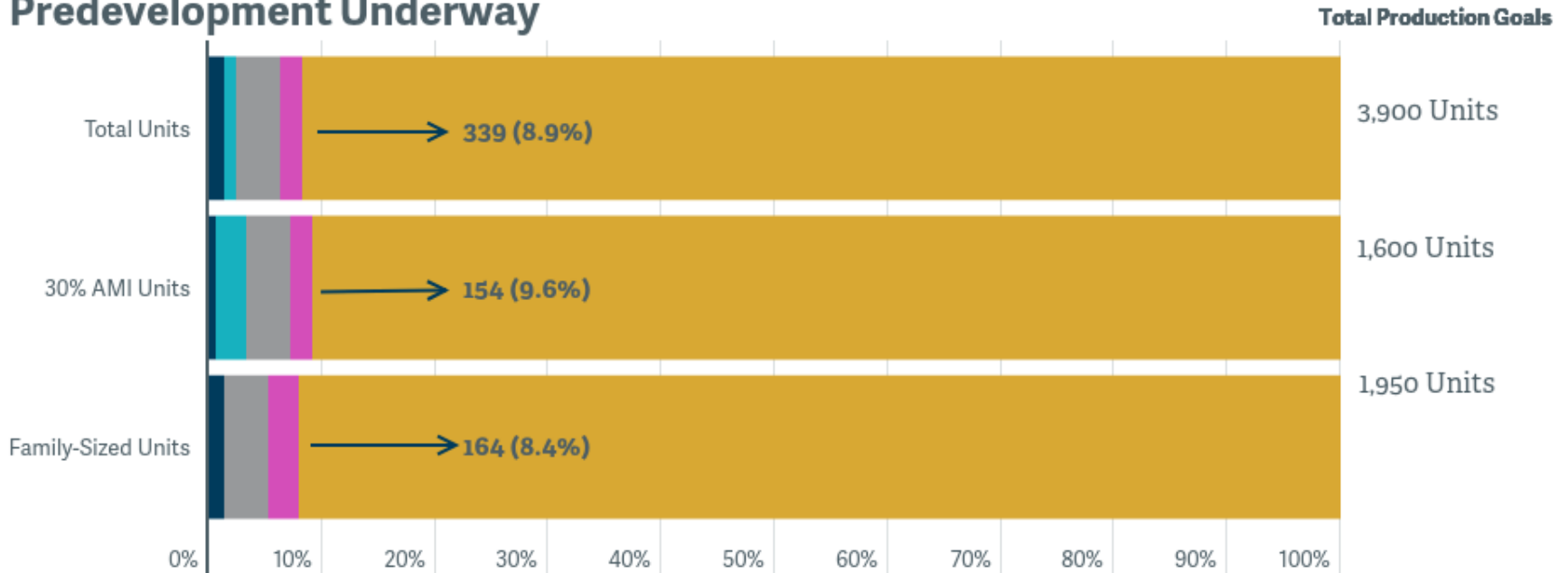
<ul style="list-style-type: none"> e. Total applications approved by reasonable accommodation f. Reasons for application denial g. Applicant survey results - "How did you hear of this housing opportunity?" h. Total applicants referred by CBO, with application outcomes 	
<p>6. Tenant diversity outcomes</p> <ul style="list-style-type: none"> a. Household demographics (OHCS required reporting) <ul style="list-style-type: none"> • Household size • HH income • Children under 18 and under 6 • HH with senior (+62) • HH with a disabled member • Voluntary race/ethnicity • Gender 	<p>Completed by property manager at least three years.</p>
<p>7. <i>Tenant stability outcomes (pending)</i></p> <ul style="list-style-type: none"> a. <i>Building status report</i> <ul style="list-style-type: none"> • <i>Resident and supportive services onsite</i> b. <i>Tenant exit data</i> <ul style="list-style-type: none"> • <i>Length of tenancy</i> • <i>Reason for exit</i> • <i>Demographics</i> c. <i>Voluntary and anonymous tenant survey</i> <ul style="list-style-type: none"> • <i>Change in income</i> • <i>Length of tenancy</i> • <i>Voluntary race/ethnicity</i> • <i>Satisfaction survey</i> d. <i>Voluntary and anonymous tenant exit survey</i> <ul style="list-style-type: none"> • <i>Change in income</i> • <i>Length of tenancy</i> • <i>Voluntary race/ethnicity</i> • <i>Satisfaction survey</i> • <i>Where are you moving to</i> 	<p><i>A structure to collect such data does not currently exist. Metro will work with OHCS and project partners to develop systems and capacity to collect data related to tenant tenure.</i></p> <p><i>(To be completed by property managers every three years.)</i></p>

Regional Housing Bond: Implementation Strategy and IGA Approval Process and Timeline

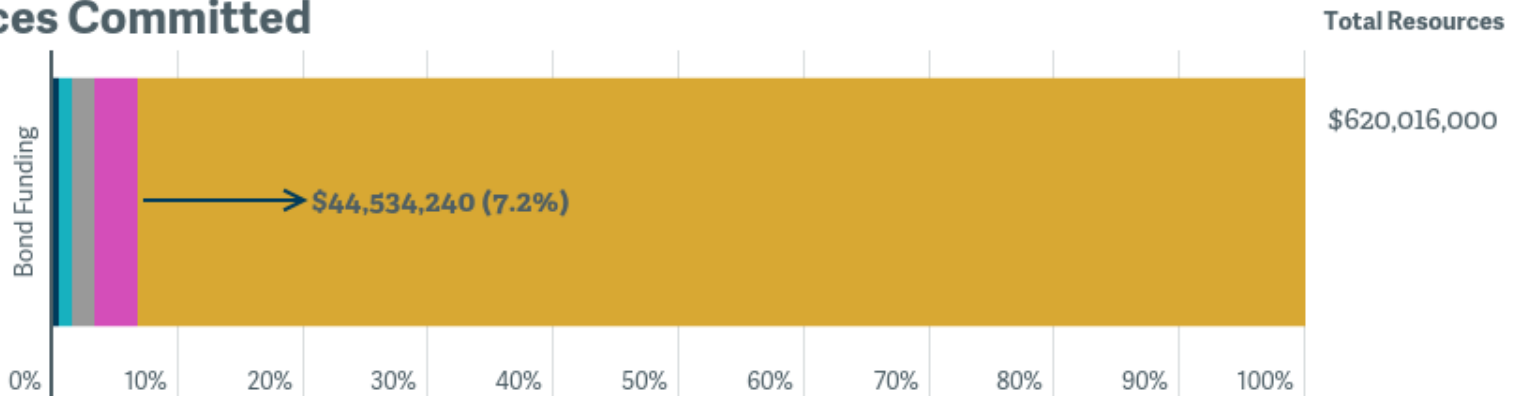
	Local Governing Body Review	Strategy submitted to Metro staff	Metro Council and Oversight Committee Begin Review	Oversight Committee Consideration	Metro Council Consideration	IGA execution (Metro Council)	Local IGA Approval
Washington	June 25	July 5	July 17	July 24	Aug 1	Sept 19	Sept 24
Beaverton	July 9	July 5	July 17	July 24	Aug 1	Sept 19	
Clackamas	July 16	July 17	July 31	Aug 7	Sept 5	Sept 19	Oct 10
Metro Site Acq.	April 30	July 17	July 31	Aug 7	Sept 5		
Hillsboro	Aug 6	Aug 14	Aug 28	Sept 4	Sept 26		
Gresham		Oct 16	Oct 30	Nov 6	Nov 21		
Home Forward	October 15	Oct 16	Oct 30	Nov 6	Nov 21		
Portland	Nov 20	Nov 13	Nov 27	Dec 4	Dec 19		

July 2019 Update

Predevelopment Underway



Resources Committed



● City of Beaverton ● Clackamas County ● Washington County ● Home Forward ● Bond Remaining

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- Learn how the resurgence of co-housing, tiny home communities and creative infill development projects are helping communities to construct more affordable solutions.
- Discover the latest in adding value to your property. From recent ADU developments in cost and valuation, to expert advice on how to finance your ADU build, and ADA-accessible design for all.
- Hear keynote speaker Richard Rothstein, author of *The Color of Law*, talk about the history of housing and race... and a whole lot more!

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