

Meeting: Housing Oversight Committee (Meeting 11)
Date: Wednesday, May 6, 2020
Time: 9 to 11:15 a.m.
Place: Virtual video conference meeting
Purpose: Presentation and conversation with Fair Housing Council of Oregon, review of racial equity metrics, quarterly implementation progress, and interim expenditures
Outcome(s): Shared understanding of fair housing considerations for implementation and committee feedback on racial equity metrics, quarterly progress, and interim expenditures

9 a.m. Welcome and Updates

9:15 a.m. Public Comment

9:25 a.m. Presentation: Fair Housing Council of Oregon

10:25 a.m. Break

10:30 a.m. Presentation: Racial Equity Metrics

10:40 a.m. Discussion of fair housing and racial equity in the context of the Housing Bond

10:55 a.m. Quarterly progress report and expenditures report

11:05 a.m. Next steps and evolving context

11:15 a.m. Adjourn

Meeting minutes

Meeting: Metro Housing Oversight
Committee Meeting 9

Date/time: Wednesday, February 5, 2020

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

Purpose: Decision on recommending one Local Implementation Strategy (LIS)

Attendees

Manuel Castaneda, Dr. Steven Holt, Mitch Hornicker, Mesha Jones, Ed McNamara, Steve Rudman, Bandana Shrestha

Absent

Serena Cruz, Melissa Earlbaum, Jenny Lee, Andrew Tull, Tia Vonil

Metro

Emily Lieb, Jes Larson, Ashley McCarron, Valeria Vidal, Jonathan Williams, Patrick McLaughlin, Megan Gibb, Choya Renata

Facilitators

Allison Brown, Hannah Mills

Next meeting

Wednesday, May 6, 2020, 9:00 a.m. – 11:00 a.m.
Virtual video conference meeting

Welcome and Agenda

Co-chair Steve Rudman welcomed the Committee and explained that many members would not be able to attend this meeting. Emily Lieb, Metro, gave updates on the:

- Schedule for Intergovernmental Agreements (IGAs) and LISs
- Solicitation schedule and project review volunteer process
- Developer and general contractor information session
- Phase 1 projects
- Metro internal audit

Public Comment

Allison Brown, facilitator with JLA Public Involvement, opened the floor for public comment. No members of the public submitted comment.

Metro Update: T2020 Housing Elements

Jes Larson, Metro, gave an update and explanation on Metro's T2020 effort. Below is a summary of her comments.

Metro is currently preparing a system-wide transportation measure which includes potential funding for 13 major corridors as well as a variety of programs. One program directly associates transportation with housing. The primary goal of the T2020 Task

Meeting minutes

Force for this program is to prevent displacement along those corridors, but also to complement the efforts of the housing bond. We are proposing a revolving bridge loan along with grants to fill the gaps.

LIS Review – Portland Housing Bureau (PHB)

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

Allison reviewed the questions submitted by the Committee that PHB would be answering during the presentation, and asked if the members would like to include any additional questions. Shannon Callahan, Jill Chen, and Molly Rogers with the PHB briefly answered the questions put forth by the Committee. Questions and answers are summarized below.

- Why is “price” not included when selecting a building contractor?
 - *We aren't selecting a contractor; we're selecting an owner/operator that will identify a contractor. We will consider cost-sensitivity and whether the owner/operator has thought through the full development.*
- What is your approach to homeownership? Where does homeownership fall in terms of priority?
 - *In our LIS we made sure homeownership was an option for all solicitations, and we are considering a single homeownership solicitation. Our main priority is ensuring we reach the 0-30% AMI goal.*
- How are you considering using the Metro bonds to fill gaps in existing projects?
 - *We are proposing to use bond funding to achieve a small number of projects that are already in our pipeline – to increase bedrooms and achieve the 0-30% AMI goal.*
- How are you including the cost of services as an operating expenses?
 - *We've allowed [tenant] services to be included as operating expenses ~~as a part of~~ fin the budget for many years, and we have sponsors with different strategies. We ask our proposers to provide a specific plan, but we allow between \$250 ~~million~~ to \$350 ~~million~~ per person per year of service funding.*
- Can other jurisdictions take a cue from you in regards to operating expenses before they release their RFPs?
 - *We have been providing some technical assistance as well as sharing the lessons we've learned. We've also been doing joint solicitations with the operations office and making sure the service funding connections are made early.*
- Page 19 of the LIS implies it will take up to seven years to complete all projects. Does that mean all the funding will be awarded by the end of 2026 with completion to come later? Even if all projects are completed by 2026, is there a way to speed up the timeline?
 - *Our goal is to release solicitations this year (2020) for the Metro bond, and we're proposing full alignment with Oregon Housing and Community Services Department (OHCS). We want to get the money out in the most responsive way to ensure we are planning for the future. 2026 is our goal and this is in line with our larger citywide initiatives.*



600 NE Grand Ave.
Portland, OR 97232-2736

Meeting minutes

- One of the Committee's goals is to "recommend changes, as necessary, to implement strategies to achieve unit production targets..." Since Portland is more experienced than other jurisdictions, do you have any recommendations?
 - *One of the biggest challenges is meeting the 0-30% AMI goal without rent support.*
 - *The administration cost cap is not enough to cover fees. We need to make sure our compliance team is able to perform necessary monitoring.*
 - *We have faced issues related to capitalizing costs when we are not the owner of the projects. This has resulted in a lot of work on the front end.*
 - *We have to consider the predevelopment costs. We're frontloading our own resources which means we are looking at a reimbursement model.*
- How soon do you think you could accomplish all bond projects?
 - *It's difficult to answer, but we are working to align projects with the permanent supportive state funding to maximize the resources. There are some projects that won't be able to be completed sooner due to their alignment with transportation projects and land acquisition.*
- How are you addressing upfront costs for applicants and potential tenants?
 - *We have worked with owners to reduce sections of their screening criteria. It is a relationship so we want successful tenancy, but we're exploring reduced upfront costs and looking at trends so we can support new tenants.*

Considerations and Recommendations

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

Voting Results

Mitch Hornicker moved to recommend the PHB's LIS for Metro Council approval with considerations, which was seconded by Ed McNamara. The Committee unanimously voted to approve recommending PHB's LIS to Metro Council with the equity considerations for all jurisdictions, as well as one additional consideration (listed below).

Considerations

The Committee identified the following consideration for the Portland Housing Bureau's ongoing implementation and monitoring of outcomes:

- The City of Portland 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 make a good faith effort to identify opportunities to accelerate the implementation timeline to commit funding to projects within the 5-7 year timeline committed to voters in 2018.

Meeting minutes

Committee Considerations

The Committee requested that staff provide more information about the following:

- Prioritization of the 0-30% AMI requirement when considering the potential impact to jurisdiction efficiency
- IGAs
- Administrative costs

Committee Business

Metro Councilor Christine Lewis briefly spoke to the Committee highlighting the proposed homeless services ballot measure for May and outreach related to the measure.

A Committee member requested further information about the measure at future meetings.

Next Steps and Close

Emily informed the Committee on the following:

- Proposed 2020 Committee calendar
- Council updates
- Request for project review and project funding structure volunteers

A Committee member suggested that the next meeting allow additional time to discuss the topics raised during this meeting, including the update on the proposed racial equity metrics that was initially planned for this meeting. Allison determined that the Committee would be comfortable with setting three hours for the next meeting at which they could decide whether they would like to schedule additional meetings.

Co-chair Rudman thanked the Committee. The meeting was adjourned.

Metro Affordable Housing Bond Community Oversight Committee

Recommendations and Considerations for Local Implementation Strategies

Updated February 2020

Beaverton (Meeting Date: July 24, 2019)

The Oversight Committee recommends that Metro Council approve the City of Beaverton's Local Implementation Strategy (LIS). The Committee has identified the following considerations for the City'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 Oversight Committee has requested an early response from the City of Beaverton regarding the considerations above, as well as ongoing updates as part of the City's annual LIS progress report. The Oversight Committee expects to address these considerations in its annual program review.

Washington County (Meeting Date: July 24, 2019)

The Oversight Committee recommends that Metro Council 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 reviewed the revised language at their August 7th meeting. The Committee has identified the following considerations for 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 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.

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

Clackamas County (Meeting Date: August 7, 2019)

The Oversight Committee recommends that Metro Council 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. Clackamas County submitted revised language in response to these concerns, which was provided to the Committee as part of their Sept. 4 meeting packet. The Committee has identified the following considerations for 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 Clackamas County regarding the considerations above, as well as ongoing updates as part of the County's annual LIS progress report. The Oversight Committee expects to address these considerations in its annual program review.

Metro Site Acquisition Program (Meeting Date: August 7, 2019)

The Oversight Committee recommends that Metro Council approve Metro's Site Acquisition Program Implementation Strategy, subject to the Program's revision of language related to prioritization of racial equity in site acquisition criteria, as described on page 12 of the Strategy discussed at the August 7th meeting. Metro submitted revised language in response to these concerns, which was provided to the Committee as part of their Sept. 4 meeting packet. The Committee has identified the following considerations for Metro's ongoing implementation and monitoring of outcomes:

- Metro 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 Metro's Site Acquisition Program regarding the considerations above, as well as ongoing updates as part of the Program's annual progress report. The Oversight Committee expects to address these considerations in its annual program review.

Hillsboro (Meeting Date: September 4, 2019)

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

- The City of Hillsboro 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 City of Hillsboro regarding the considerations above, as well as ongoing updates as part of the City's annual LIS progress report. The Oversight Committee expects to address these considerations in its annual program review.

Home Forward (Meeting Date: November 6, 2019)

The Oversight Committee recommends that Metro Council approve Home Forward's Local Implementation Strategy (LIS). The Committee has identified the following considerations for Home Forward's ongoing implementation and monitoring of outcomes:

- Home Forward 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 Home Forward regarding the considerations above, as well as ongoing updates as part of Home Forward's annual LIS progress report. The Oversight Committee expects to address these considerations in its annual program review.

Gresham (Meeting Date: November 6, 2019)

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

- The City of Gresham 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 City of Gresham regarding the considerations above, as well as ongoing updates as part of the City's annual LIS progress report. The Oversight Committee expects to address these considerations in its annual program review.

Portland (Meeting Date: February 5, 2020)

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

- The City of Portland 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 make a good faith effort to identify opportunities to accelerate the implementation timeline to commit funding to projects within the 5-7 year timeline committed to voters in 2018.

The Oversight Committee has requested an early response from the City of Portland regarding the considerations above, as well as ongoing updates as part of the City's annual LIS 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:

- When describing strategies to advance racial equity, be specific about prioritization among various strategies.
- Expand the impact of the affordable housing bond program by seeking ways to achieve more than the minimum housing unit production targets.

- Work with your own jurisdiction and overlapping jurisdictions to identify local regulatory tools and financial incentives that could be implemented to support affordable housing. Example could include property tax abatements or exemptions, SDC and fee waivers, local construction excise tax, reduced parking requirements, etc.
- 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.
- Provide further information about jurisdiction commitments to fund supportive services as needed to meet the needs of certain tenants.
- Additional resources need to be identified to successfully serve tenants who need permanent supportive housing.
- Consider further specificity about family sized unit production that includes goals or requirements to ensure three bedroom and larger homes.
- 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.

Measuring outcomes in racial equity

Affordable housing bond implementation

DRAFT 1/29/20

Metro is working with implementing jurisdictions to establish standardized metrics and procedures to support consistent reporting on racial equity elements described in Local Implementation Strategies. The following is a final draft list of proposed metrics for tracking racial equity outcomes in projects. These were developed through conversations with community partners about best practices as well as conversations with practitioners about existing practices and feasibility. Metro is working with Local Implementation Partner jurisdictions to create clear expectations, standard reporting templates, and tools to gather and report on data provided by developers, property owners, and property managers.

Required project outcomes metrics	By whom; when
<p>1. Community engagement that informs the project*</p> <ul style="list-style-type: none"> a. Description of engagement events/activities b. Outreach strategies/methods used to encourage participation c. Participant information, including number of attendees and demographics or other information to demonstrate participation from historically marginalized communities d. Information about participation of CBO and culturally specific partners e. Summary of feedback received (major themes) f. Description of how feedback from communities of color and historically marginalized communities informed project implementation and outcomes g. Evaluation of engagement effort; include feedback from staff and participants (optional) <p><i>*This reporting is focused on engagement to inform project implementation, including ensuring engagement to shape project outcomes to support the success of future residents. Examples could include engagement to inform a funding solicitation, jurisdiction-wide or project specific engagement, where the feedback received has opportunity to affect project outcomes, regardless of who conducts the engagement (e.g. jurisdiction, developer, partner). Metro defines “project outcomes” to mean permanent or long-range aspects of the housing development that can improve resident experience, such as: solicitation selection criteria, location, unit composition, individual project design principles or specific features (such as external landscaping, community space, etc.), onsite services, or particular management practices.</i></p>	<p>Provided by jurisdiction and developer at final funding approval.</p>
<p>2. Contracting</p> <ul style="list-style-type: none"> a. Percentage and dollar amounts of total construction costs (i.e., hard costs) contracted to COBID-certified firms for all contracts above \$250,000** <ul style="list-style-type: none"> • Minority-owned business (MBE), disaggregated by race • Women-owned business (WBE) • Disadvantaged business enterprise (DBE) • Service disabled veteran (SDV) owned business • Emerging small business (ESB) 	<p>Provided by developer at construction completion.</p>

<ul style="list-style-type: none"> b. Dollar amount of funding paid to COBID-certified firms by trade c. Summary of outreach to COBID-certified firms <ul style="list-style-type: none"> • Experience and lessons learned • Total dollar amount paid by trade categories <p><i>**COBID participation will be tracked in two ways: one that allows for double-counting firms with multiple certifications and one that requires each firm/contract to be assigned to a single certification according to an agreed upon hierarchy.</i></p>	
<p>3. Workforce (if applicable)</p> <ul style="list-style-type: none"> a. Number and percentage of total hours worked by apprentices, disaggregated by race and gender b. Number and percentage of total hours worked by women, disaggregated by race c. Percentage of total hours worked by people of color, disaggregated by race 	<p>Provided by general contractor at construction completion, if a project has stated workforce goals or tracking commitments.</p>
<p>4. Affirmative marketing</p> <ul style="list-style-type: none"> a. List of community contact and/or partnership that directly supported affirmative marketing activities and description of role played by each organization b. Summary of how applicants heard about the project c. Total number of applicants referred by cultural specific organization and other community-based organizations d. Description of effectiveness of marketing activities and lessons learned 	<p>Provided by project owner or property manager at stabilized occupancy.</p>
<p>5. Rental applications</p> <ul style="list-style-type: none"> a. Total rental applications received disaggregated by unit type b. Total applications screened c. Of the applications screened, total applications initially accepted d. Total number of appeals e. Total applications approved after appeal f. Total number of applicants that withdrew, dropped out, or stopped following up during the process g. Reasons for application denial h. Total accessible (Type A/ADA) units and tenant matching 	<p>Provided by property manager at stabilized occupancy.</p>
<p>6. Tenant diversity</p> <ul style="list-style-type: none"> a. Household demographics (OHCS required reporting) <ul style="list-style-type: none"> • HH size • HH income • Children under 18 & under 6 • HH with senior (+62) • HH with a disabled member • Voluntary race/ethnicity 	<p>Completed by property manager at stabilized occupancy and annually.</p>

<p>7. Tenant stability (tentative)***</p> <ul style="list-style-type: none"> a. Building status report <ul style="list-style-type: none"> • Resident and supportive services onsite b. Tenant exit data <ul style="list-style-type: none"> • Length of tenancy • Reason for exit • Demographics c. Voluntary and anonymous tenant survey <ul style="list-style-type: none"> • Change in income • Length of tenancy • Voluntary race/ethnicity • Satisfaction survey d. Voluntary and anonymous tenant exit survey <ul style="list-style-type: none"> • Change in income • Length of tenancy • Voluntary race/ethnicity • Satisfaction survey • Where are you moving to <p>***This is data that has been identified as useful to inform policy, but not currently gathered/reported through existing structures. Metro would like to work with implementation partners to explore opportunities to pilot new approaches and build systems capacity for gathering this kind of information.</p>	<p><i>Tentative; possible opportunities to gather some of this data through property managers' annual resident surveys.</i></p>
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Housing Bond Quarterly Report | 4/28/20

This is the first quarterly progress report for the Metro Affordable Housing Bond. A similar report will be produced quarterly with the goal of keeping the Housing Bond Community Oversight Committee, Metro Council, and other stakeholders and partners informed about ongoing work of the program.

LOCAL IMPLEMENTATION STRATEGIES

Currently, all implementation partners have completed a Local Implementation Strategy and all eight strategies have been reviewed and recommended by the Community Oversight Committee, along with considerations for ongoing implementation and monitoring. Currently, five of seven local implementation partners have completed intergovernmental agreements with Metro. These include the cities of Beaverton, Gresham, and Hillsboro, along with Washington and Clackamas counties. Intergovernmental agreements are expected to be signed with the City of Portland and Home Forward in coming months.

Implementation Partner	Community Oversight Committee review of LIS	Metro Council approval of LIS/IGA
Beaverton	July 24, 2019	Nov. 21, 2019
Washington County	July 24, 2019	Dec. 5, 2019
Clackamas County	August 7, 2019	Nov. 21, 2019
Metro Site Acquisition Program	August 7, 2019	Oct. 17, 2019
Hillsboro	Sept. 4, 2019	Jan. 23, 2020
Gresham	Nov. 6, 2019	Feb. 6, 2020
Home Forward	Nov. 6, 2019	Anticipated summer 2020
Portland	Feb. 5, 2020	Anticipated summer 2020

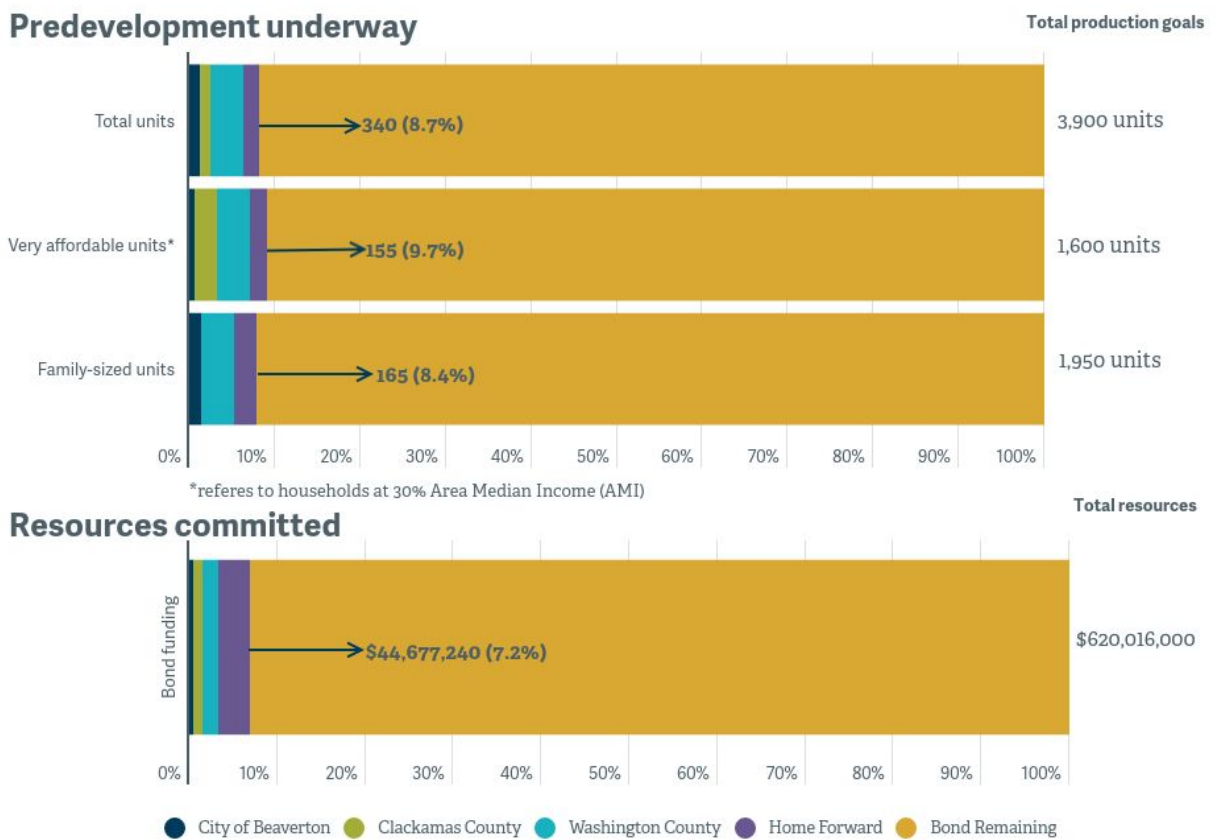
PROJECTS IN PREDEVELOPMENT

In Spring 2019, Metro Council approved concept endorsements for four projects. These preliminary funding commitments were fast-tracked based on the Council’s desire to ensure early results to respond to the region’s housing crisis, while allowing more time for local implementation planning and engagement to occur. Each of the below projects will come back to Metro for final funding approval prior to its financial close and groundbreaking.

Now that local jurisdictions have completed local implementation strategies, which have or are being adopted by Metro as part of implementation intergovernmental agreements (IGAs), Metro’s project concept endorsement and final approval process will be administrative and will not require Metro Council action.

Collectively, the above projects will create 340 new affordable homes, or 8.7% of the total production target for the Housing Bond, while using up approximately 7.2% of total funding available. Of these homes, 165 will have 2 or more bedrooms, representing 8.4% of the Housing Bond’s target for family-size homes; and 155 will be affordable to households at 30% or below of area median income (AMI), representing 9.7% of the Housing Bond’s target for deeply affordable homes.

Production and funding dashboard



Summary of projects in predevelopment

Project Name & Location	Implementation Partner	Developer	Number of units			Metro bond funds and total project cost (TPC)*	Concept endorsement	Anticipated groundbreaking
			Total	30% AMI	2+ BR			
Mary Ann <i>Beaverton</i>	City of Beaverton	REACH CDC	54	11	29	\$3M TPC: \$21.9M	3/21/2019 Resolution 19-4975	June 2020
72nd & Baylor <i>Tigard</i>	Washington County	Community Development Partners	81	33	55	\$11.4M TPC: \$32.9M	5/2/2019 Resolution 19-5007	July 2020
18000 Webster Rd <i>Gladstone</i>	Clackamas County	Housing Authority of Clackamas County	45	45	0	\$6.9M TPC: \$17.9M	7/11/2019** Resolution 19-4991	Winter 2020-21
Dekum Court <i>Portland</i>	Home Forward	Home Forward	160***	65	80	\$22.9M TPC: \$65.9M	7/11/2019 Resolution 19-4997	Spring 2021

*Total project costs reflect early estimates at concept or acquisition phase. These will be updated within 1-3 months prior to anticipated groundbreaking, as projects are submitted for final funding approval.

**\$2.6 million was disbursed to Clackamas County to acquire the property. An additional funding request is expected in fall 2020 for the rehabilitation. A preliminary estimate of \$4.2 million in rehabilitation costs was provided by Housing Authority of Clackamas County in Spring 2020; a refined request is expected in Fall 2020.

***Number of units for Dekum Court only reflects Metro bond funded units. In addition to 160 units eligible for Metro funding, the site will also include 40 units of “replacement housing” for public housing units currently on the site, for a total of 200 units.

Select development metrics

The following reflect select performance metrics based on preliminary cost estimates and development plans. These figures will be updated as projects are refined during the planning process.

	MARY ANN	72ND & BAYLOR	DEKUM COURT	18000 WEBSTER RD	Average
Metro bond subsidy per bond eligible unit	\$55,556	\$143,000	\$143,089	\$151,319	\$130,255
Total cost per total units	\$404,950	\$405,844	\$329,253	\$397,778	\$364,451
Total cost per total bedrooms	\$254,271	\$209,385	\$259,254	\$397,778	\$261,284
Percent of bond eligible units at 30% AMI	20%	42%	41%	100%	41%
Percent of bond eligible units with 2+ bedrooms	54%	68%	40%	0%	43%
Within 0.25 miles of frequent service bus or 0.5 miles of MAX?	yes	no (but likely to be in future)	yes	No (bus service but not frequent)	n/a
Contracting goal (% of total hard costs to be awarded to COBID firms)	20%	20%	20%	20%	20%
Workforce goal?	no	TBD – under consideration	yes	no	n/a

Project outcome metrics

In the future, once projects begin to reach construction completion and occupancy, quarterly reports will also include performance metrics related to project outcomes for advancing racial equity in the following areas:

- MWESB participation outcomes, disaggregated by race and gender
- Workforce participation outcomes (if applicable based on the jurisdictions' LIS and project)
- Marketing and application outcomes
- Resident demographics

COMPETITIVE SOLICITATIONS

There are currently four open solicitations for Metro bond projects as well as one that just closed. Combined, these represent up to \$167 million in bond funds (27% of total bond funds allocated for direct project costs in Metro's Work Plan) that may be committed to project concepts by this summer. Below is a summary of each solicitation and outcomes to date.

Beaverton (closed Feb. 28): \$9 million in Metro bond funds (29% of Beaverton's total bond resources) and two project-based Section 8 vouchers from the Housing Authority of Washington County (HAWC) to select one affordable housing project. The City received three solicitations and plans to announce a project this summer, following Metro concept endorsement.

Clackamas County (closed April 20): \$40.67 million in Metro bond funds (35% of Clackamas County's total bond resources) and 125 project-based Section 8 vouchers to support units serving households with incomes at or below 30% of area median income (AMI). The County received five proposals and plans to announce selected projects this summer, following Metro concept endorsements.

Washington County (closes May 26): Up to \$80 million in Metro bond funds (69% of Washington County's total bond resources) and 62 project-based Section 8 vouchers to be awarded to multiple affordable housing projects. The NOFA includes a \$25 million set aside for non-profits that meet the definition of a Community Housing Development Organization (CHDO) and are based in Washington County.

Hillsboro (closes June 1): Up to \$18 million in Metro bond funds (45% of Hillsboro's total bond funds), 6 acres of city owned land, and 15 project-based Section 8 vouchers committed by Washington County, targeted at achieving a minimum of 120 units, including at least 48 of which would be regulated to be affordable to households making 30% of AMI or below.

Gresham (closes June 3): Up to \$20.1 million (75% of Gresham's total bond funds) available to select multiple eligible projects.

Portland: The City of Portland anticipates issuing a solicitation for Metro bond funds in fall 2020.

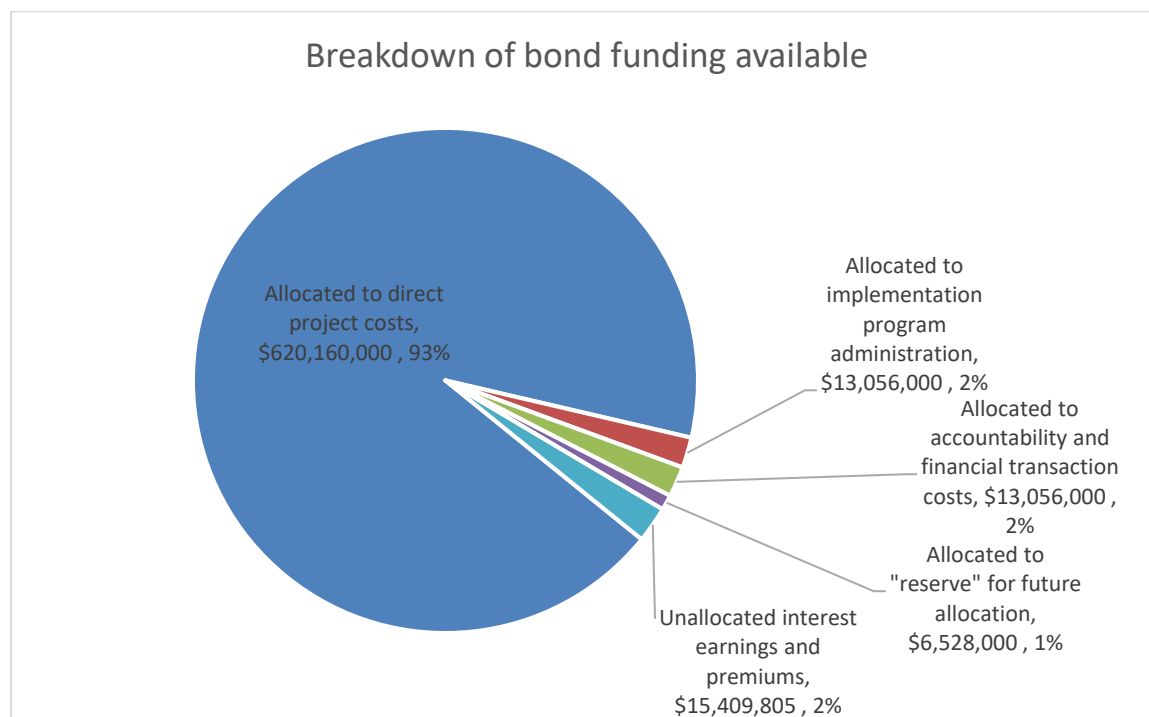
Housing Bond Program funding availability and expenditures through March 2020

At the February 1 Oversight Committee meeting, Committee members requested an update on financial expenditures to date. This report summarizes Housing Bond revenues and expenditures through March 2020, including how these expenditures track to the 5% administrative funding cap described in the bond measure and the funding distribution prescribed in Metro's Affordable Housing Bond Program Work Plan. For context, it also provides additional information regarding anticipated expenditures based on known administrative funding disbursement schedules, preliminary project funding commitments, and active/upcoming solicitations. A full breakdown of Housing Bond revenues and expenditures is provided in Exhibit A.

TOTAL BOND FUNDING AVAILABILITY

As of March 2020, housing bond revenues totaled \$668,209,804 and expenditures totaled \$6,497,888, with \$661,711,916 in remaining funds available.

The bonds were sold on May 1, 2019. The entire issuance was sold on a taxable basis and in a single sale, which was determined through financial analysis to be the best approach to maximize value for taxpayers. The issuance was sold at a 3.3% interest rate over 20 years and achieved a \$2.6 million premium, which is unusual for bonds issued on a taxable basis. The projected levy rate for the bonds is 20 cents, which is lower than the 24 cents communicated to voters. Since the issuance, a total of \$12,779,469 has been earned in interest on the bond proceeds.



Allocated bond funds

Metro's Affordable Housing Bond Program Work Plan allocated a total of \$652,800,000 in funding eligibility, as summarized below.

Jurisdiction/category	Project funding eligibility allocated	Administrative funding eligibility allocated	Total funding allocated
Beaverton	\$31,140,595	\$655,591	\$31,796,186
Clackamas County	\$116,188,094	\$2,446,065	\$118,634,159
Gresham	\$26,756,995	\$563,305	\$27,320,300
Hillsboro	\$40,657,081	\$855,939	\$41,513,020
Home Forward (balance of Multnomah County)	\$15,879,123	\$334,297	\$16,213,420
Portland	\$211,056,579	\$4,443,296	\$215,499,875
Washington County	\$116,465,532	\$2,451,906	\$118,917,438
Metro Site Acquisition Program	\$62,016,000	\$1,305,600	\$63,321,600
Metro accountability and financial transaction costs	n/a	\$13,056,000	\$13,056,000
Reserved for future allocation as determined necessary to achieve targets	n/a	\$6,528,000	\$6,528,000
Total	\$620,160,000	\$32,640,000	\$652,800,000

Funding for future allocation

In addition to the above described \$6,528,000 in funding identified in the Work Plan as "reserved for future allocation as determined necessary to achieve targets," housing bond revenues currently exceed the amount allocated in the Work Plan by \$15,409,805. This additional revenue consists of one-time premiums on the bond sales and interest earnings through March 2020. Metro will continue to track and report on interest earnings, which are subject to the same requirements as bond proceeds. Allocation of this revenue is subject to the future direction of Metro Council as determined necessary to achieve the goals and outcomes committed to voters, and will be informed by annual program reports from the Community Oversight Committee.

Tracking the 5% administrative cap

Housing bond funds are being allocated and tracked in two categories to ensure compliance with the 5% cap on administrative costs specified in the Housing Bond Measure:

1. Direct project costs: Costs of acquiring, developing, and/or rehabilitating property to create new affordable housing, including due diligence and project planning/design.
2. Program administration costs (subject to 5% administrative cap): Program costs that are not direct project costs, including:
 - *Metro oversight and accountability costs*: Includes Oversight Committee facilitation and staffing, project review and evaluation, program evaluation and reporting
 - *Metro financial transaction costs*: Includes bond issuance, bond management, and financial disbursement
 - *Implementation program costs for Metro's Site Acquisition program*: Includes planning and evaluation, development and management of competitive solicitations and project selection, community engagement, and coordination with partner jurisdictions
 - *Local implementation partners' implementation program costs*: Includes planning and evaluation, development and management of competitive solicitations and project selection processes, community engagement, and site acquisition or project due diligence costs not covered through direct project costs.

BOND EXPENDITURES THROUGH MARCH 2020

As of March, \$2,635,057 had been expended on direct project costs and \$3,540,396 had been expended on administrative costs.

Project funding expenditures

Project funding expenditures of \$2,635,057 represent 0.42% of project funding allocated in the Work Plan¹. These include \$2.6 million in funding for Clackamas County's acquisition of an existing building at 18000 Webster Rd. in Gladstone, which will be rehabilitated into 45 units of housing, with additional bond funds anticipated to be committed toward rehabilitation of the building later this year. They also include \$25,724 in due diligence costs for potential acquisitions under consideration by Metro's Site Acquisition Program.

Administrative expenditures

Expenditures on administrative costs included \$2,345,262 in total Metro expenditures and \$861,801 disbursed to partner agencies to support their program administration costs.

Bond funds utilized by Metro for accountability and financial costs include \$1,867,934 in one-time financial costs associated with the issuance of the bonds, as well as \$141,082 in ongoing financial

¹ The percentage of project funding committed is based on the project funding allocated in the Work Plan and does not reflect additional revenues designated for future allocation.

management costs, and \$601,155 in accountability and oversight costs covered by the bond. Combined, these expenditures represent 20% of Metro's allocated funding for accountability and financial transaction costs. However, it is important to note that the majority of these costs were one-time costs.

Housing Bond Funds utilized by Metro's Site Acquisition Program total \$68,424. These expenditures supported personnel costs and represent 5.24% of funding allocated for the Site Acquisition Program's administrative costs available for the duration of implementation.

Implementation partners' combined administrative funding disbursements to date total \$861,801, which represents 6.6% of total funding allocated across the eight implementation partner programs (including Metro's Site Acquisition Program). In addition to Metro's Site Acquisition Program, two jurisdictions opted to utilize administrative funding that was made available in FY 2018-19 to support planning and early project evaluation and development, and two jurisdictions have received FY 2019-20 administrative funding disbursements so far, with additional FY 2019-20 administrative funding scheduled to be disbursed to the City of Hillsboro and Washington County this spring. End of fiscal year reports, including a summary of expenditures, will be provided by each partner in September 2020.

Beginning in FY 2020-21, it is anticipated that most partners will receive their administrative funding disbursement in July of each year, in accordance with a schedule described in the Implementation Intergovernmental Agreement (IGA) with each partner and aligning with the funding allocation described in the Metro Housing Bond Program Work Plan. A likely exception is the City of Portland, where it is anticipated that administrative funding disbursements will be coordinated with project funding disbursements.

CURRENT AND ANTICIPATED PROJECT FUNDING COMMITMENTS

Project funding commitments and solicitations

As of March, \$41.5 million (7% of project funding allocated in the Work Plan) had been preliminarily committed to four projects. These projects are in active predevelopment and expected to close between spring 2020 and spring 2021.

In addition, \$167 million has been made available in local solicitations processes to select additional projects this spring/summer. Collectively, these solicitations represent approximately 26-27% of eligible project funding allocated in the Work Plan, in addition to the 7% of funding preliminarily committed to projects.

Administrative funding commitments

Administrative funding schedules and estimates are described below for jurisdictions with completed IGAs.

Fiscal Year	Beaverton	Clackamas Co.	Gresham	Hillsboro	Home Forward	Portland	Washington Co.
FY18-19	\$80,000	--	--	--	--	--	\$148,690
FY19-20	\$143,898	\$489,213	--	\$171,188	--	--	\$460,000
FY20-21	\$115,118	\$489,213	\$140,826	\$171,188	TBD	TBD	\$460,000
FY21-22	\$115,118	\$489,213	\$168,991	\$171,188	TBD	TBD	\$345,450
FY22-23	\$115,118	\$244,607	\$140,826	\$171,188	TBD	TBD	\$345,450
FY23-24	\$56,330	\$244,607	\$56,330	\$171,188	TBD	TBD	\$230,000
FY24-25	\$28,780	\$244,607	\$28,166	--	TBD	TBD	\$230,000
FY25-26	\$0	\$244,607	\$28,166	--	TBD	TBD	\$232,316
Total	\$655,591	\$2,446,067	\$563,305	\$855,940	\$334,297	\$4,432,188	\$2,303,216

Jurisdictions are required to submit end of fiscal year reports summarizing administrative expenditures, anticipated carry over, and interest earnings on administrative funds. Reports for FY 2019 and FY 2020 will be provided to the Committee in Fall 2020 along with an updated summary of expenditures.

METRO AFFORDABLE HOUSING BOND

Revenue and Expenditure Report Through March 2020

HOUSING BOND SUMMARY THROUGH MARCH 2020

TOTAL HOUSING BOND REVENUES:	\$668,209,804
TOTAL HOUSING BOND EXPENDITURES:	\$6,497,888
TOTAL HOUSING BOND REMAINING:	\$661,711,916

HOUSING BOND REVENUES THROUGH MARCH 2020

REVENUE	FY 2018 - 2019	FY 2019 - 2020	TOTAL REVENUE
Bond Proceeds	\$652,800,000		\$652,800,000
Premiums on Bonds	\$2,630,335		\$2,630,335
Interest Earnings (5/29/2019 - 06/30/2019)	\$250,129		\$250,129
Interest Earnings (07/01/2019 - 03/31/2020)		\$12,529,340	\$12,529,340
TOTAL HOUSING BOND REVENUE:	\$655,680,464	\$12,529,340	\$668,209,804

**HOUSING BOND EXPENDITURES
THROUGH MARCH 2020**

PROJECT EXPENDITURES*	FY 2018 - 2019	FY 2019 - 2020	TOTAL EXPENDITURES	TOTAL WORK PLAN FUNDING	PERCENT OF FUNDING SPENT
Jurisdiction:					
Beaverton	\$0	\$0	\$0	\$ 31,140,595	0.00%
Clackamas County	\$2,609,333	\$0	\$2,609,333	\$ 116,188,094	2.25%
Gresham	\$0	\$0	\$0	\$ 26,756,995	0.00%
Hillsboro	\$0	\$0	\$0	\$ 40,657,081	0.00%
Home Forward (Multnomah County)	\$0	\$0	\$0	\$ 15,879,123	0.00%
Portland	\$0	\$0	\$0	\$ 211,056,579	0.00%
Washington County	\$0	\$0	\$0	\$ 116,465,532	0.00%
Metro Site Acquisition Program	\$0	\$67,433	\$67,433	\$ 62,016,000	0.11%
TOTAL HOUSING BOND PROJECT EXPENDITURES:	\$2,609,333	\$67,433	\$2,676,766	\$ 620,159,999	0.43%

*Project expenditures do not reflect project funding commitments. As of March 2020, \$16,407,533 had been preliminarily committed to projects. An additional \$167 million is being made available through several local solicitations this spring. This will result in several new preliminary project funding commitments (concept endorsements) in the summer and fall of 2020.

ADMINISTRATIVE EXPENDITURES	FY 2018 - 2019	FY 2019 - 2020	TOTAL EXPENDITURES	TOTAL WORK PLAN FUNDING	PERCENT OF FUNDING SPENT
Jurisdiction:					
Beaverton	\$80,000	\$143,898	\$223,898	\$655,591	34.15%
Clackamas County	\$0	\$489,213	\$489,213	\$2,446,065	20.00%
Gresham	\$0	\$0	\$0	\$563,305	0.00%
Hillsboro	\$0	\$171,188	\$171,188	\$855,939	20.00%
Home Forward (Multnomah County)	\$0	\$0	\$0	\$334,297	0.00%
Portland	\$0	\$0	\$0	\$4,443,296	0.00%
Washington County	\$148,690	\$0	\$148,690	\$2,451,906	6.06%
Metro Site Acquisition Program	\$3,869	\$70,168	\$74,037	\$1,305,600	5.67%
Metro Accountability and Financial Transaction Costs					
One-Time Financial Issuance	\$1,867,934	\$0	\$1,867,934	\$13,056,000	20.79%
Ongoing Financial Management Costs	\$26,048	\$123,699	\$149,747		
Accountability and Oversight	\$26,695	\$669,720	\$696,415		
Reserved for Future Allocations	\$0	\$0	\$0	\$6,528,000	0.00%
TOTAL ADMINISTRATIVE HOUSING BOND EXPENDITURES:	\$2,153,236	\$1,667,886	\$3,821,122	\$32,640,000	11.71%

From: Emily Lieb
Sent: Tuesday, May 05, 2020 1:25 PM
To: 'Ed McNamara'
Cc: Allison Brown; Valeria McWilliams; 'Steve Rudman'; jenny@apano.org
Subject: RE: Community Oversight Committee | May 6 meeting agenda and packet

Hi Ed,

Thanks for your thorough review of the materials and for sending questions in advance. We will be sending out a redline version of the minutes with your corrections to the full Committee this afternoon, along our **staff responses in red** to your questions below, and we will be sure to address these clarifications and context in our brief staff presentation tomorrow as well. Our hope is that by providing staff responses in advance, we can free up more time for committee discussion of these questions and any others of interest to the Committee.

Regarding the bond sale, I apologize that this information did not reach you last year. I am sure we shared this update with the committee, but it's possible it was during a meeting when you were absent, or it was not properly captured in the minutes. Below you will find more clarification from our finance director regarding the considerations that informed how the bonds were sold. He regrets that he is unable to attend tomorrow's meeting, but offered to follow up with a phone call in coming weeks if you would be interested in further discussing the rationale behind the approach to the sale. Let me know if that would be of interest.

Thanks again,
Emily

Emily Lieb (she/her)
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From: Ed McNamara
Sent: Friday, May 01, 2020 2:55 PM
To: Emily Lieb
Cc: Allison Brown; Valeria McWilliams
Subject: RE: Community Oversight Committee | May 6 meeting agenda and packet

Hi Emily,

Here are a few comments and questions regarding the packet –

- **Corrections to minutes of 2/5/20 meeting –**

- The minutes incorrectly state my questions regarding how Portland includes **the cost of services** as an allowable operating expense. The minutes only refer to “operating expenses”. Please correct the minutes to reflect the questions I asked. For reference, here are the questions I sent to you on 2/3/20 for the City of Portland team –
 - *Including the cost of services as an operating expense – I’m not sure that the other LISs we’ve seen have talked about doing this, but it seems like it would be useful for them to consider it. A few questions –*
 - *How much does PHB allow per unit per year?*
 - *What advice does PHB for other jurisdictions about how to measure outcomes?*
 - *What advice does PHB have for other jurisdictions about enforcement? Since the cost of services is capitalized in the loan amount, the lender can’t stop the funding if the service needs change over time or if the borrower doesn’t perform. Does PHB have a mechanism in loan documents to address this?*
- The minutes also misstate the City of Portland’s response. I believe that they said they allow borrowers to include about \$250 to \$350 per unit per year for services in the operating budget. The minutes say they “allow between \$250 million to \$350 million of service funding”

Thank you for these corrections! See attached redline version reflecting these corrections. We have also followed up with PHB regarding the additional questions and will share their response when we get it.

- **Measuring outcomes in racial equity** – I’m happy to discuss these comments at the meeting if you’d like, but wanted you to have them in advance. As someone who has been on the developer side and the asset/property management side, I know how much work it is to track the data you’re asking for. In affordable housing, we have to do an enormous amount of reporting on the bonds and the tax credits and we have multiple regulatory agreements that require regular reporting. (I am a big fan of data, but I often don’t understand why agencies are asking some of the questions they ask nor do I understand what they do with some of it.) Adding yet another layer of reporting to yet another agency is more work that adds to the expense of managing. I hope Metro will think very carefully about what it is asking for and how it will use that information.

Metro’s proposed racial equity metrics were informed through conversations with numerous community stakeholders and industry experts over the course of the past year. We recognize that we are asking the industry to collect some new data, and we are committed to continuing to work with jurisdictional and industry partners to understand if this data collection is overly burdensome, so that we can modify our requirements accordingly. We also hope to work with the Oversight Committee to understand what data and metrics are most useful in your role evaluating outcomes for racial equity.

- **Community engagement that informs the project** – If I understand this correctly, Metro is looking for a community engagement process for each individual project. If that is correct, I am a bit puzzled. I thought the community engagement process that the jurisdictions undertook to prepare the LIS and the additional conditions that Metro added as part of the approval of the LIS covered all of this. If the jurisdictions asked all of these questions as part of the

community engagement for the LIS, what is the purpose of requiring them to repeat it for each individual process?

Metro's Housing Bond Program Work Plan requires implementing jurisdictions to "ensure ongoing community engagement to *inform project implementation*" and "*to shape project outcomes*," and emphasizes engagement that reaches communities of color and other historically marginalized communities. Engagement can be conducted jurisdiction-wide and/or specific to individual project, so long as the feedback collected can affect **project outcomes**.

Metro interprets "project outcomes" to mean permanent or long-range aspects of the housing development that can improve resident experiences, such as solicitation specific selection criteria, location, unit composition, individual project design principles or specific features, development of service partnerships, onsite services, or property management practices. Some of this input may have occurred during the LIS phase, but we believe additional engagement related to the solicitation or project development is necessary to fully meet the policy intention of the Work Plan.

- Contracting - Are we only asking for reporting on COBID-certified firms? As Manuel has pointed out, many firms – often small ones - choose not to get that certification. If a developer can use a small minority-owned firm for some of the work and help them grow, that seems like a good outcome and one that we would want to track.

Currently, the only certification system in place in Oregon is COBID. Recognizing that it does not capture all firms, we have chosen to rely on this existing system out of a desire to align with tracking and reporting structures that already exist. We have aligned our proposed contracting metrics and thresholds with the City of Portland's, requesting data for all contracts above \$250,000, which can be inclusive of smaller minority firms. Metro is interested in working with jurisdiction partners and others to support efforts to help smaller firms overcome barriers to certification and to increase participation among these contractors. Unfortunately, we aren't aware of any systems for tracking data for non-certified firms.

Experts and practitioners who were consulted in drafting the contracting and workforce metrics include:

- Tracy Fisher, MBA, CCA- Senior Procurement Analyst, Metro
- Cathleen Massier, Compliance Services Manager, City of Portland
- Tiffany Thompson, Regional Workforce Equity Project Manager, Metro
- Afton Walsh, Project Manager, Walsh Construction
- Rick Abrego, Senior MWESB and Workforce Development Program Analyst, Oregon Housing and Community Services (OHCS)

- Affirmative Marketing - We should definitely have projects doing affirmative marketing, but I'm not sure what we'll learn from some of the items listed for reporting to Metro. If we're going to ask property managers to collect so much information, we want to be clear that it will be meaningful and will be useful to Metro.
 - How applicants heard about the project – We can ask managers to track this, but we should be aware of two things. First, in my experience trying to track this, we don't get very reliable information. Second, we have to

ask what Metro will do with this information and what baseline we will compare it to.

- Total number of applicants referred by other organizations – How will managers track this? Are they relying on the applicant to say that's how they heard about the project? Or is Metro expecting there to be some formal referral process? How will that work?
- Description of effectiveness and lessons learned – How will property managers measure effectiveness? Do we have some baseline to which they will compare their results?

Throughout our stakeholder engagement process, community members have expressed the importance of accountability for ensuring that communities of color and other historically marginalized groups don't face barriers in accessing housing. The proposed reporting metrics for affirmative marketing were informed by conversations with property and asset managers (see below list), who helped to validate that these metrics would be feasible to track (and in many cases, were already being tracked internally but not reported to anyone). It's important to note that Metro is only requesting this data at the end of initial lease-up, not on an ongoing basis.

Staff believe this data will help to support three key outcomes:

- Helping property managers measure the effectiveness of their affirmative marketing strategies
- Creating a sense of accountability for not just writing a plan, but also evaluating outcomes
- Creating baseline data that can be used to measure progress over time; currently, there is no baseline against which to measure successful outcomes

The limitations of this data will be properly framed with caveats. Referral data will only capture formal referrals made by organizations with relationships with the property manager. Information about how applicants heard about the project will be incomplete in that it will be voluntary for applicants to provide. We believe data about applicants who were referred by or heard about the housing from culturally specific organizations can provide an important metric for evaluating outcomes related to racial equity.

Practitioners who were consulted in drafting these metrics included:

- Nicole Kiziway, Yardi System Administrator and Trainer, Reach CDC
- Regina Amodeo, Manager for Compliance, Reach CDC
- Terry Wilson, Managing Member, Pinehurst Management
- Justin Bombara, Occupancy and Compliance Manager, Central City Concern
- Angela Henry, Vice President of Residential Property Management, Income Property Management
- Tiffany Bachman, Chief Business Development and Marketing Officer, Cascade Management, Inc.
- Donna Kelley, Asset Manager, Home Forward

- Rental applications – We're asking for a lot of information here, but I'm not sure why we need to know any of this. And I'm not sure how it applies to "measuring outcomes in racial equity".

Throughout our stakeholder engagement process, community members have expressed the importance of accountability for ensuring that communities of color and other historically marginalized groups don't face barriers in accessing housing. In addition to tracking voluntary self-reported demographics of tenants, we've heard that more accountability is needed throughout the application and lease up process. As with affirmative marketing, the proposed metrics were informed by conversations with the above listed property and asset managers as well as community stakeholders familiar with the barriers people of color and other historically marginalized groups have faced in the lease up process.

- Tenant Stability – I think we have to know why we want to know this information, how Metro would use this, and what we would compare it to. We'd also have to be clear about what we would consider success. Is low turnover good? Or do we hope that tenants will improve their situation as a result of the services provided and then move out to market-rate housing?

We have repeatedly heard from stakeholders that it's important to measure success for affordable housing residents over time; however, we have also heard that defining "success" is not a simple endeavor, as your question indicates. Ultimately, this category of metrics is included as an "aspirational" and not required set of metrics due to the lack of readily available data and consensus about how to measure successful outcomes across all residents of affordable housing. Metro hopes to explore opportunities for creative pilot projects or partnerships to understand how affordable housing investments impact residents' lives, and any barriers residents may face in terms of stability in affordable housing.

- **Bond Program funding and expenditures**

- I'm surprised to read that the full amount of bonds were sold almost a year ago. I don't know Metro's reasoning for this, but I'm not sure this strategy was in the best interest of taxpayers.
- It sounds like there was a negative arbitrage of about \$10,000,000 or so in the first year. (I imagine that will be much larger this year.) That works well for the Bond Program because taxpayers are paying the interest on the debt and the Bond Program gets the earnings on the invested proceeds.
- I'm glad the sale went well, that there was a premium for the bonds, and that the cost to taxpayers will be less than was forecast. Nevertheless, it looks like we will be paying about \$90,000,000 more in interest over the next 6 years than we would have if we had sold the bonds as the funds were needed. If that's true, the cost to taxpayers could have been even lower.
- I understand that there are many factors to take into account – not knowing what rates will be in future years, increased transaction costs for multiple sales, etc. – in making these decisions. I would appreciate hearing how Metro concluded this approach was the best decision for taxpayers.

Staff considered multiple factors in determining the best strategy for the sale of the bonds for the affordable housing program. Those factors included market conditions, taxpayer impacts, program needs and transaction costs. The projections from program staff anticipated expending all bond funds in 5-7 years. Finance staff modeled several scenarios, including issuing 100% of the bonds initially, issuing in 2 or 3 separate tranches between 2019 and 2025 and issuing as different combinations of tax-exempt and taxable bonds. The final decision was to issue the bonds as taxable in one tranche for these reasons:

- Issuing taxable bonds provided the program with maximum flexibility (due to avoiding the restrictions associated with issuing tax-exempt bonds) and then-historically low interest rates locked in very desirable rates for the region (True interest cost 3.32%).
- Given the aggressive program expenditure schedule, issuing in one tranche provided the program with flexibility to move on projects as opportunities arose, rather than potentially being slowed due to cash flow challenges.
- Given the cash flow schedule based on planned program expenditures, issuing in multiple tranches did not generate significant interest savings because all of the bond issuances still occurred in the first 5 years of the program.
- Issuing in one tranche also maximized interest earnings for the program to generate additional resources to meet program goals.
- Transaction costs for bond issuance are high, and many of those costs are fixed (i.e. do not vary significantly with the size of the issue). Issuing in multiple tranches would significantly increase issuance costs, expose the program to additional interest rate risk and require significant staff time to complete the sales. Increased transaction costs were also a significant challenge given the 5% cap on administrative costs included in the measure.

Ed