

Meeting minutes

Meeting: Metro Housing Oversight
Committee Meeting

Date/time: Wednesday, October 14th, 2020, 9 AM – 11:30 AM

Place: Zoom Virtual Meeting

Purpose: Review and receive feedback on draft guidance for implementing jurisdictions to submit annual LIS progress reports and LIS addendums describing anticipated use of Supportive Housing Services (SHS) measure funding in bond projects; presentation and Q/A on “Affordable Housing 101”

Attendees

Mitch Hornecker, Mesha Jones, Jenny Lee, Steve Rudman, Manuel Castaneda, Melissa Erlbaum, Serena Cruz, Dr. Steven Holt, Andrew Tull

Absent

Ed McNamara, Tia Vonil, Bandana Shrestha

Metro

Ash Elverfeld, Jes Larson, Valeria McWilliams, Megan Gibb, Elissa Gertler, Brian Kennedy, Patrick Dennis

Facilitators

Allison Brown

Note: The meeting was recorded via Zoom and therefore details will be focused mainly on the discussion, with less detail in regards to the presentations.

Welcome and agenda

Co-chairs Steve Rudman and Jenny Lee welcomed everyone.

July 1, 2020 minutes were approved by members.

Dashboard updates

Valeria McWilliams, Metro, shared her screen and showed the committee members where to locate the housing bond progress dashboard on the website. Two additional projects were approved on Monday, providing another 213 units. Three projects currently being reviewed by the Metro housing team for endorsement include two from Gresham and one Hillsboro.

Conflict of interest disclosures

Emily Lieb, Metro, sent out a guide to the committee members prior to the meeting regarding conflict of interest disclosures. She offered members a chance to disclose any potential or actual conflicts of interest. Since there can also be perceived conflict of interest situations and she wants to allow members an opportunity to share these at the beginning of each meeting.

Dr. Steven Holt disclosed that his firm Try Excellence does various consulting work around housing, equity and training. He has been the equity trainer at City of Gresham for the last four years and recently helped them to process through housing decisions for the Metro Housing Bond dollars and

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what they would be building.

He helped assess what an equitable approach would be for implementation. At this point there isn't any work happening in that regard. Dr. Holt also added that he is currently training the Metro Council on equity as well.

Manuel Castaneda disclosed that he has been approached from some developers who want to do business or have access to funds from Affordable Housing Bond. Manuel typically directs those folks to Metro staff to avoid any conflicts.

Joel Morton, Metro Attorney, asked that the members reach out to Emily Lieb if they have questions and she can then reach out to Joel Morton.

Emily disclosed that Stephen McMurtrey, the outgoing director of housing at Clackamas County, has also been working as a housing developer outside of his role with the county. His project was selected by Washington County. Metro housing team consulted with Metro Attorney Joel Morton and was advised that it was an acceptable decision and not a conflict of interest.

No questions were asked by members regarding these disclosures.

Affordable Housing 101 Presentation

Emily Lieb introduced the committee to Stef Kondor who has a background working for Central City Concern and now is working for Related Companies. She brings multiple perspectives on affordable housing.

Stef Kondor prefaced her presentation stating that this is only her perspective on the matter. Related Companies is a national developer whom she met around three years ago. They started as affordable housing developers over 40 years ago, although they also do very large projects and many other types of development work now. Through her years of experience she has acquired multiple different perspectives.

From her presentation:

- Affordable housing provides more than just a place to live, there's a larger mission to help people. Stef described the development timeline as a tortoise not the hare, starting with site control, due diligence, funding application, design, and construction, lasting more or less 48 months.
- The capital stack looks like a mix of low income housing tax credits (LIHTC), equity, debt, deferred developer fee, and subsidies. Affordable housing tax credits are available as new market tax credits or LIHTCs.
- Deepening affordability is a two-fold issue and Stef shared a slide that illustrated what this would look like. Deeper affordability is more expensive to develop and operate. Metro Bond and Supportive Housing Services funds are critical to deepening affordability.
- Affordable housing developers have additional cost considerations in comparison to market rate housing developers, like location, project characteristics and development type. Also, affordable housing developers have many requirements like Davis Bacon, BOLI, and MWESB. Additional soft costs exist as well like, reserves, system development charge waivers and tax exemption, and multiple attorneys.
- There's a broad range of housing for affordable homes; family, workforce, senior, permanent supportive, rapid housing, and shelters.

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Manuel asked why it's more expensive to maintain the low income housing units. Stef said that in her experience, typically lower income tenants require more services which is expensive. In addition, operating and maintenance can also add to the costs as lower income units, from her experience, show more wear and tear and higher turnover and maintenance. Sometimes security is needed as well or you need more desk services and presence on site. Those really drive operating expenses.

Steve Rudman thanked Stef and said that what really stood out to him was the complicated list of funding sources and the complexity to house people without a lot of resources, and tying together how it all comes together to work.

Draft Guidance for Implementation Partners: Annual Reporting and Supportive Housing Integration

Emily Lieb provided context around annual reporting. Part of the Committee's charge is to provide an annual report to the Metro council. Staff will receive annual reports for all eight jurisdictions, review and summarize them and then provide those summaries to the Committee for further discussion and guidance. Staff will then package up the reports. The jurisdictional partners have been asked to submit reports for calendar 2020 on January 6th. The February and March committee meetings will be focused on these reports.

Jes Larson provided an update on the work to integrate the supportive housing services program into local implementation plans for the housing bond partnering jurisdictions. She explained that when Metro referred the bond measure there wasn't a commitment to supportive housing, the funds weren't there for them although some jurisdictions had their own funds they planned on trying to use. Now that the supportive housing services measure passed, we are asking partners to fit this work into their plans. It forces supportive housing services folks to work with the housing development folks and also requires coordination amongst the counties to have a regional approach. She continued to say that Metro is asking each bond partner if there is an opportunity for supportive housing in the projects currently in concept form.

The presentation then opened up for a discussion period.

Manuel asked if the partners could use the subsidy to simply go out and purchase existing properties. Emily responded, yes, the bond has always provided that option to local implementation partners. Manuel then recommended that Metro should encourage partners to explore that option more. Jes added that there are partners looking at hotels to purchase as they come available on the market.

Melissa Erlbaum asked for clarification regarding whether the supportive housing services measure is paying for rental assistance in addition to services. Jes clarified that yes, the measure can do both.

Melissa pointed to the importance of services and that without them, even with rent assistance, we'll continue to have the same issues occurring over and over and end up in the same situation.

Mitch Hornecker added that 75% of the service measure funds are for the chronically homelessness and you can't use that for housing vouchers if they're not for people experiencing chronic homelessness. The other 25% of the funds are preventative and has a broader description but will

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apply to currently the homeless or at risk of becoming homeless populations. The number of units will restrict how much will be spent on the 75% side.

Melissa spoke to the need for the services and the need to uphold the promise to voters and the communities who came together to build this measure. She raised a concern that there would be too much of a focus on rental assistance.

Steve chimed in and reinforced his understanding of the measure. He said that rental assistance is needed in addition to the supportive services and that systems integration is critical.

The conversation shifted and Emily asked the committee how they would like to see the annual reporting packaged up for them.

Steve said that he wants to see a narrative as part of each of the questions in the reporting, less of a focus on quantitative data.

Mitch asked about the timing of the gaps analysis requirement. He also asked that we push buying up of hotels. Jes responded by saying that it's not our responsibility to push jurisdictions to buy hotels, but they do offer an opportunity. She also said that it's important to remember gaps analysis isn't always enough information, it's always incomplete and doesn't tell us the full story. The system will look very different than what the gaps analysis will tell us right now.

Mitch stated that he has talked to a lot of people who claim it can be bought and refurbished for astoundingly less than new products. We can't tell jurisdictions what to do, but we can ask those jurisdictions what they're doing. Metro has a lot of money and it hasn't committed a lot of money. Should this committee be pushing Metro to take advantage of these opportunities?

Emily said that several jurisdictions are exploring the hotel strategy right now. She also said that the committee does have a role to be asking these questions about hotels. In regards to the site acquisition program at Metro, it is one of the eight jurisdictions and can be asked the same questions that the committee is asking other jurisdictions.

Public Comment

Allison Brown, facilitator with JLA Public Involvement, opened the floor for public comment.

Nate McCoy is the Executive Director at NAMC and chairs the Portland Housing Advisory Commission. Nate wants to echo some of the comments by others around the need for more affordable housing and expand on the economic opportunities that can be provided. Nate stated that there are a lot of existing relationships but there are new relationships that could be built. We set policies that include subcontractors but we don't actually empower Prime Contractors. If we're going to lead with racial equity, what does that mean? Nate pointed out that it starts with firms that come from those racial and ethnic backgrounds. NAMC is working with the state, one is how to name these businesses, the BIPOC term has gained a lot of steam. NAMC sent the letter (included in packet) to the three counties as well and have received positive responses and support.

Steve responded that he believes Nate raised many important questions in his letter. Steve stated that he believes that there does need to be some change, MWESB is regulated and sometimes misses the mark. Steve would like to discuss at the next meeting even more, about what's working well and not so well.

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Updates and next steps

- Updated dashboard on the Affordable Housing page on the Metro website.
- Housing team is currently reviewing Gresham and Hillsboro concept endorsements and the final approval may be happening for one of the projects on a sped up track.
- Metro's Site Acquisition program is looking for a developer for the 76th and Glisan project.
- Committee should anticipate scheduling requests for the 2021 meetings.

Metro staff will be reaching out to members who have potential term reappointments to confirm interest in continuing to serve on the committee.

The meeting was adjourned.