

Meeting minutes

Meeting: Metro Housing Bond Oversight Committee
Date/time: Wednesday, May 5, 9:30 AM – 12:00 PM
Place: Virtual Meeting (Zoom)
Purpose: Provide updates on work underway to respond to shifting funding landscape; Committee discussion of regional trends for 2021 annual report.

Attendees

Kira Cador, Brandon Culbertson, Melissa Erlbaum, Mitch Hornecker, Co-chair Jenny Lee, Ann Leenstra, Mara Romero, Co-chair Steve Rudman, Andrea Sanchez, Karen Shawcross, Nicole Stingh, Trinh Tran, Juan Ugarte Ahumada, Tia Vonil

Absent

No member absences.

Metro

Ash Elverfeld, Emily Lieb, Jimmy Oporta, Choya Renata

Facilitators

Allison Brown, JLA Public Involvement

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. Presentation slides are included in the packet.

Welcome and opening remarks

Allison Brown (she/her), facilitator with JLA Public Involvement, welcomed the Committee. Co-chair, Steve Rudman read a land and labor acknowledgment from Uprise Collective.

Members confirmed the meeting summary from March 30, 2022.

Allison invited committee members to disclose roles or work they are involved in that may intersect with topics discussed in the meeting.

- Nicole Stingh stated that she works at Oregon Housing and Community Services (OHCS).
- Andrea Sanchez stated that she is working on the Nueva Esperanza, Mary Ann and Good Shepherd Village projects which receive Metro funding.

Allison reviewed the group agreements for the meeting.

Public comment

No written or verbal public comment was received.

Funding coordination and alignment: Responding to a shifting landscape with Oregon Housing and Community Services

Emily Lieb (she/her), Housing Bond Program Manager, Metro, introduced Andrea Bell and Natasha Detweiler-Daby from Oregon Housing and Community Services.

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Andrea Bell (she/her) provided an update on Private Activity Bonds (PABs).

- PABs are now a constricted resource.
- Cost increases are impacting a multitude of projects and they're seeing cost increases of up to 20%.
- PABs are one of the ways the State lives out their commitment to Oregonians, statewide.
- Some strategies OHCS is considering to respond to the PAB resource issue:
 - Create a shared project pipeline for the State
 - Priority access to PABs for projects with local, public or other state funding
 - Priority to projects with strong equity and racial justice components and those in partnership with culturally-specific organizations
- Federal and state advocacy needs
 - Increasing the volume cap allocations (Congress)
 - Reducing the 50% test to a lower percentage (Congress)
 - Increasing the portion of PABs directly allocated to affordable housing (State legislature)

Members asked questions of OHCS staff. The OHCS staff responses are italicized.

What is the PAB cap, what is constraining it, who are the decision makers to make changes happen and who could the group advocate to?

- *Each state is allocated PABs from the federal government (Congress) and it's a population based formula. Changing that dynamic requires advocacy to federal partners.*
- *There are several advocacy partners in the state working at a federal level for Oregonians.*
- *OHCS gets a direct allocation of PABs and Business Oregon gets a direct allocation of some of the PABs as well from the federal government. The state legislature approves this allocation.*
- *There is a PAB Committee in Oregon with three members. Advocacy can also happen at the Governor's Office.*

What is the shared pipeline and are the PABs competitive?

- *Historically the 9% tax credit has been competitive and the 4% LIHTC hasn't been. OHCS no longer has the ability to fund every project seeking 4% LIHTC. In the last few years they have relied on carry forward PAB capacity to meet demand. This is the first year that all of those savings will be used as well as the current year allocation.*
- *The immediate work to create a shared pipeline will be less about creating a competitive process and more about determining priorities. There will be collaboration to determine the priorities.*
- *The shared pipeline is part of work to come, they're working with partners and will share more information in the future.*

How did the PAB shortage come to be?

- *This challenge has been created as a result of all of the additional funding that has been approved for affordable housing. This is an opportunity to shape how we move forward to address collective needs together.*
- *The biggest dynamic that wasn't understood in forecasting was how much the lack of layering of various gap resources (LIFT and local bonds) would over-strain the 4% LIHTC program. It wasn't until OHCS looked at requests for this calendar year that they realized they were oversubscribed and closed the application process.*

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- *This experience has also demonstrated the need for more criteria and review of 4% LIHTC applications for readiness criteria, which is something OHCS hopes to address within the managed pipeline approach.*

There are needs across the state, but in this region, the voters chose to tax themselves to provide this gap funding and the Metro Affordable Housing Bond program has a robust planning process that prioritizes very low income community members and uses a strong equity lens. In the meantime, how are you going to prioritize?

- *Committed to prioritizing local resources and local priorities.*
- *Balancing the needs in rural communities*

Additional comments from members:

- *To Metro staff, provide the committee with opportunities to advocate for the region.*
- *OHCS should also think about where other federal funds coming into the system (e.g., HUD 202) fit into the pipeline approach.*
- *Construction cost increases are a major issue. We need a better handle on readiness and what the gaps are for our current Metro bond portfolio. We need to think about increasing reserve requirements for new projects in future solicitations.*
- *Developers are being asked to use the developer fee to put back into the project to address market volatility. The developer fee cap limits developers' ability to effectively leverage LIHTC.*
- *The shared pipeline approach is forward thinking.*
- *Depth and duration of affordability and racial equity lens need to be prioritized in the pipeline approach.*
- *There is great energy in the community for people who are getting housed and receiving rental assistance.*

Andrea Bell thanked the committee for the questions and constructive feedback. She told them to expect further updates from OHCS.

Break took place from 10:32-10:37 a.m.

Staff presentation and committee discussion: Regional trends and key findings for 2021 annual report

Much of this portion of the agenda was presented through a slideshow. Please see the final record of the meeting for the slide deck.

Member questions in response to the information staff provided are below with staff responses italicized.

Of the 20% MWESB contractors, how many are minority or women owned?

- *Metro will receive that information in future with reporting.*

How is lease up going and reporting of how we're serving priority populations?

- *Outcome reporting forms will be received in the future and shown in next year's report.*

Is the information received about unit production needing to be adjusted for worst case and best case scenario?

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- *While looking at the production dashboard, know that there are cost increases happening and more to come. The timeline could be lengthened from the 2026 goal for closing on projects.*

Are project managers required to report back directly to Metro on tenant screening?

- *Jurisdictional partners have chosen to prioritize low-barrier screening and Metro expects to see more reporting in the future when receiving post-lease-up outcome reports.*

As construction costs increase, developers are being forced to reduce the amenities of projects. Is there an analysis to see what was changed in scope of project when they are cutting costs?

- *Staff are asking developers to do value engineering. It's an active conversation and Metro plans to look at the impacts of the value engineering work being done.*

Quarterly progress and expenditure report

Rachael Lembo (she/her), Planning, Development and Research Department Finance Manager, Metro joined the committee members on screen for this portion of the agenda. Her responses to member questions are italicized.

The administrative funds allocation for the Portland Housing Bureau are not being used for their administrative costs, do they instead put that into their projects?

- *Instead of receiving the administrative funds allocation they said they'd rather have it allotted to their project costs. They have worked out a fee to developers to fund their admin outside of the Bond dollars.*

Having worked on three different jurisdictions on the financing side of some Bond projects, there were very different experiences through closing and the construction period in particular. In relation to good use of public dollars, there were varying experiences. Home funds from the federal government are given to jurisdictions in a similar style as Metro Bond funds. Is there work being done to address the differences?

- *Staff have received some of that feedback already and are noting lessons learned in order to fix them in the future. There is a need for more consistency and clarity.*

Does Metro look at project soft costs?

- *Metro does a proforma analysis and review for every project and evaluates them based on reasonableness across the portfolio. If there is a cost significantly sticking out, Metro wants to talk about that with the jurisdictional partner. The focus hasn't been quite as granular on those smaller fee although it is information that is available. Metro staff have so far been reviewing at a higher level and focusing on local flexibility to determine fee structures. Staff are interested in learning from this implementation process about areas for improvement.*

Next steps

The next oversight committee meeting is May 25th.

Allison adjourned the meeting at 12:00 p.m.

Minutes respectfully submitted by Ash Elverfeld, Housing Program Assistant, Metro.