

# Meeting minutes

Meeting: Metro Housing Bond Oversight Committee  
Date/time: Wednesday, May 25, 9:30 AM – 12:00 PM  
Place: Virtual Meeting (Zoom)  
Purpose: Follow up on Private Activity Bonds, cost escalation, Supportive Housing Services integration topics, and discuss key themes/recommendations for committee’s memo to Metro Council.

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## **Attendees**

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

## **Absent**

Brandon Culbertson, Juan Ugarte Ahumada

## **Metro**

Ash Elverfeld, Nui Bezaire, Rachael Lembo, Emily Lieb, Jimmy Oporta, Alison Wicks

## **Facilitators**

Allison Brown, JLA Public Involvement

*Note: The meeting was recorded via Zoom and therefore details will be focused mainly on the discussions, with less detail in regards to the presentations. Presentation slides are included in the archived meeting packet.*

## **Welcome and opening remarks**

Co-chair Jenny Lee (she/her) and Allison Brown (she/her), committee meeting facilitator, JLA Public Involvement, welcomed the Committee.

Members confirmed the meeting summary from May 4, 2022.

## **Public comment**

No written or verbal public comment was received.

## **Presentation and discussion: Private Activity Bonds and cost escalation**

Patricia Rojas (she/her), Regional Housing Director, Metro opened up the presentation to present on the changing financial landscape. She introduced Emily Lieb (she/her), Housing Bond Program Manager, and Rachael Lembo (she/her), Planning Development and Research Finance Manager, Metro.

Emily outlined the Private Activity Bonds (PABs) demand for projects in the current Metro Bond pipeline, as well as a PAB forecast for projects closing in 2023 and beyond.

Rachael presented the best and worst case scenarios for Metro receiving Private Activity Bonds (PABs) in the coming years.

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Emily presented on Oregon's Federal allocation of Private Activity Bonds; State and Federal advocacy strategies; cost escalation risks to the pipeline; and programmatic strategies to address cost escalations.

Mitch Hornecker (he/him) asked if Metro will increase the Bond subsidy for projects or if staff may focus on looking at remaining Site Acquisition Program funds, Metro administrative fee or the interest earnings being allocated to climate change mitigation and permanent supportive housing?

*Emily replied that each project could look different when filling funding gaps. There is some flexibility with subsidy since staff had originally forecasted \$143k per unit and the average subsidy provided so far has been less than that. Some jurisdictions have local funding that they may be able to leverage. In regards to the Site Acquisition Program the majority of their funding has been identified for sites already.*

*Rachael added that A/C funding has already been proportionally committed to jurisdictions. There is a possibility that financial gaps in calendar years 2022 and 2023 can be resolved with State funds, with the encouragement that jurisdictions also use more of their Metro Bond funding for projects. The \$25M in unallocated interest earnings will not be used for projects in 2022/2023, but other financial gaps can be expected in the future for projects in 2024/2025 and throughout the remainder of the program.*

Andrea Sanchez (she/her) stated that while Oregon Housing and Community Services (OHCS) doesn't currently use a competitive process for PABs if it moves that direction it sounds like there is no guarantee that Metro Bond projects would be prioritized for funding. She also commented that interest rates are escalating in the moment and added it is worth looking into increasing the developer fee as a way to improve the organizations ability to increase their equity contribution to projects.

*Emily replied that staff are working closely with OHCS to receive clarity about their prioritization. Metro staff have raised the idea of a Metro-region set-aside of funds and asking that they consider a criteria around readiness to proceed since the PAB pipeline currently may have projects not ready to close within the upcoming year.*

Trinh Tran (he/him) asked what the statewide coordinated PAB pipeline is and how it works?

*Emily replied that a coordinated process doesn't currently exist, as PABs have been historically allocated on a first come, first served basis. Developing it would include coming to agreements around prioritization criteria and readiness criteria. Long-term, the statewide coordinated pipeline would mean shifting toward a more competitive process for PABs.*

Nicole Stingh (she/her) added that OHCS isn't the only issuer of Private Activity Bonds for affordable housing. There are also Housing Authorities that issue Private Activity Bonds and merging the list of OHCS and Housing Authority PABs is key to ensuring a statewide pipeline. Currently, OHCS is in ongoing discussions with the Public Housing Authorities on this topic.

Kira Cador (she/her) seconded what Andrea mentioned about the interest rate issue. This issue has a real impact on reserves, construction and material costs and procurement of materials.

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## **Presentation and discussion: Supportive Housing Services (SHS) Regional Long Term Rental Assistance (RLRA) program overview and update**

Nui Bezaire (she/her), Supportive Housing Services Manager, Metro, presented an overview of supportive housing and opportunities to expand permanent supportive housing by aligning the Bond and SHS work. She reviewed the RLRA program, who it serves, examples of integration that has already occurred or is in process (Webster Road, MBOS Solicitation, Aloha Inn).

Mara Romero (she/her), thanked staff for the information presented and wondered how the navigation, application and lease up process is going for members of the public.

Nicole shared Federal and Statewide efforts to provide funding for Permanent Supportive Housing. There may be overlap between Permanent Supportive Housing and the Medicaid waiver the Oregon Health Authority is leading, which is currently under review by the Federal government. This may expand Medicaid services to cover housing needs, which may backfill Permanent Supportive Housing services and rental assistance resources.

Co-chair Rudman clarified the Regional Long Term Rental Assistance program is meant to work with project-based rental assistance, tying the assistance to units. In the future, RLRA can become a great resource for projects designed to serve supportive housing folks. The issue at hand is figuring out how to make it all work, with all the rules and regulations surrounding this resource.

Andrea reminded the group that Clackamas County presented a workaround to the 10-year contract, demonstrating projects can find creative solutions to designing projects that serve PSH populations.

Mitch reminded the group that over the last year, \$42M of SHS funding was pushed out to the counties. In the last two months, April and May [2022], \$150M has come in and there is going to be much more money available to boost these programs.

*Break took place from 10:52 to 11:00am.*

## **Discussion: Key themes and recommendations for annual report to Metro Council**

*See Attachment A to Metro Housing Oversight Committee Meeting 25 Summary for the themes and recommendations for the annual report to Metro Council provided by committee members from this portion of the meeting.*

## **Next steps**

Staff will be following up with members to set the date of the next meeting.

Allison adjourned the meeting at 12:05 p.m.

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

## Metro Housing Bond Oversight Committee

### Annual Report to Council: Discussion outline

*From Charter: Provide an annual report and presentation to Metro Council assessing program performance, challenges and outcomes. See pp. 64-65 of today's packet (appendix to report) for example of last year's report.*

**What key findings would you like to highlight in your report to Metro Council? What's going well? What challenges or opportunities do you see?**

Unit production progress	<ul style="list-style-type: none"><li>● Highlight size of pipeline and number of projects complete/under construction</li><li>● Progress toward integrating SHS funding in some units; highlighting progress of jurisdictions to take 30% AMI units and prioritize for homeless placements</li><li>● Continued work to prioritize integration</li><li>● Market volatility (cost escalation, rising interest rates, HUD rent levels expected to go down) and PAB are key risks</li><li>● Optimism that PAB needs will be prioritized for projects closing in 2022 and 2023</li><li>● This bond is huge but it doesn't get close to addressing the need. Metro has an important role in talking about broader supply issues.</li></ul>
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<p>Advancing equity through project locations</p>	<p>Evidence of thoughtful effort to distribute units geographically</p> <p>44% of units in areas with lower than average proportion of people of color as fair housing success story.</p> <p>Example: First affordable housing in Happy Valley</p> <p>Transportation is a challenge</p> <p>Need for ongoing data/tracking about population demographics of residents compared to surrounding community</p>
<p>Equitable contracting/workforce</p>	<p>Add prevailing wage info to staff report; Paying a living wage is a priority</p> <p>There are still big challenges for workforce equity, which are bigger than this program. Metro Construction Careers Pathways Program is positioned to tackle these broader workforce issues but isn't yet taking on residential.</p> <p>Culturally specific developers rely on developer fee to build their wealth and ability to secure future funding awards. How is this program growing capacity of organizations best suited to serve those we seek to serve.</p>
<p>Planning for equitable access and resident stability</p>	<p>See above re: capacity of culturally specific organizations - would be helpful to understand more about this moving forward.</p> <p>There are strong plans in place but it's all about how they are implemented – area for continued monitoring. Continued work needed to ensure robust and consistent data reporting.</p>

	<p>By next year we will have more data about outcomes.</p>
<p>Community engagement</p>	<p>Lots of personal stories of people who were engaged in development of projects.</p> <p>In general engagement has been high for these projects.</p> <p>Questions about whether this work will face challenges due to funding constraints.</p>
<p>Efficient use of funds</p>	<p>Better alignment between funders (state, local jurisdiction federal funds in addition to Metro) to ensure that we are streamlining and achieving greater impact.</p> <p>On average, Metro subsidy per unit is less than expected, but the context behind why that is is important – and recognizing that this will likely go up in future.</p> <p>Local incentives and policies should be highlighted, particularly given financial landscape challenges. (e.g., tax exemptions, SDC waivers, parking requirements impact costs significantly). Some of these have a cost for jurisdictions, may be burdensome for small jurisdictions; others have only political barriers; advocacy role to ensure that everyone is doing what they can.</p> <p>Above policies and local zoning can impact per unit subsidy and operating costs.</p>

	<p>SHS integration could support more efficient use of AHB capital resources.</p> <p>Questions/fixation on cost per unit. OHCS reports on a KPI that compares cost to RS Means; consider incorporating this metric to demonstrate alignment with typical market construction costs.</p> <p>Also important to highlight that it costs more to build affordable and there are reasons why</p>
<p>Sustainability and climate resilience (including AC funding)</p>	<p>Jurisdictions have made progress in incorporating AC and balancing cost efficiency with need to provide AC</p> <p>Would be helpful to get feedback about AC types and impacts of different types of cooling systems (e.g. tenant and property management impacts)</p>

**Do you agree with staff’s recommendations regarding priority focus areas for the year ahead?**

*Staff recommendations:*

- *Work with state and local partners to advocate for state/federal solutions and ensure coordination and alignment to address PAB volume cap and cost escalation challenges.*
- *Work with partners to identify and support opportunities for PSH expansion and SHS integration, including planning for allocation of up to \$25 million in housing bond interest earnings to support investments in PSH*
- *Convene partners to discuss and document effective practices for supporting equitable lease up, and evaluate opportunities to strengthen accountability in this area.*

Notes from committee discussion:

- Thumbs up
- Add rising interest rates to first bullet

- Make sure we are capturing work to solve for cost escalation gaps

**Anything else?**

**Is there anything you would like to share that is not covered in the staff report, or would provide additional context? Does the committee have feedback on program procedures to support accountability and transparency? What is of particular interest for your continued monitoring and oversight moving forward?**

Convening partners to discuss integration of RLRA into projects. This is happening one-off and would benefit from convening.

Highlight progress relative to timeframe. This program is moving quickly to get units built.

Make sure local elected officials receive the report.