

Housing Bond Oversight Committee Meeting Summary

Meeting: Housing Bond Oversight Committee Meeting
Date: Monday, January 22, 2023
Time: 3:00 p.m. to 5:30 p.m.
Place: Virtual meeting (Zoom)
Purpose: Provide committee with updates on Affordable Housing Bond program progress, communications, and policy and the 2023 Affordable Housing Bond audit

Attendees

Kira Cador (she/her), Scott Greenfield (he/him), Ann Leenstra (she/her), Co-chair Jenny Lee (she/her), Mary Nolan, Ex-Officio (they/them), Jeffery Petrillo (he/him), Mara Romero (she/her), Katherine Rozsa (she/her), Co-chair Steve Rudman (he/him), Andrea Sanchez (she/her), Karen Shawcross (she/her), Trinh Tran (he/him), Juan Ugarte Ahumada (he/him)

Absent Members

Brandon Culbertson (he/him), Nicole Stingham (she/her), Willie Poinsette (she/her)

Metro staff

Betsy Emery (she/her), Liam Frost (he/him), Emily Lieb (she/her), Lo Miranda (they/she), Jimmy Oporta (he/him), Yvette Perez-Chavez (she/hers), Patricia Rojas (she/her), Andy Shaw (he/him), Alison Wicks (she/her)

Facilitator

Ben Duncan, Kearns & West (he/him)

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

Welcome and Introductions

Co-chair Jenny Lee welcomed the Committee to the meeting and asked for a moment of silence to acknowledge those who had lost their lives in the recent ice storm event. She thanked Kira Cador, Trinh Tran, Brandon Culbertson, Willie Poinsette, and Nicole Stingham for their work on the Committee as they finished their term. She thanked Karen Shawcross, Mara Romero, Ann Leenstra, and Andrea Sanchez for committing to an additional two-year term.

Ben Duncan, Kearns & West, facilitated introductions between Committee Members and reviewed the agenda. Katherine Rozsa and Jeffery Petrillo introduced themselves as new Committee Members.

The Committee approved the September 18th Meeting Summary.

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Conflict of Interest Declarations

Ben Duncan, Kearns & West, reminded Committee members that at each meeting, members must declare a conflict of interest on any meeting agenda items. He noted that annually, members must fill out a conflict of interest form and keep it updated if their professional work changes. He stated that members should email Lo Miranda, Metro, to complete the conflict of interest form if they haven't already.

Andrea Sanchez declared a conflict of interest at her organization, the Housing Development Center is the development consultant on several Supportive Housing Services (SHS) and Bond funded projects. She noted that the Housing Development Center is on a joint venture partnership with Bienestar for a project.

Ann Leenstra declared a conflict of interest as she is on the Clackamas County Housing Commission.

Jeffery Petrillo declared a conflict of interest as he serves on the Advisory Board for Community Partners for Affordable Housing which is involved with Bond funding with the Portland Value Inn.

Public Comment

No public comment was received.

Director Update

Patricia Rojas, Metro, shared that in June 2023 Metro Council approved hiring 22 new full-time employees for the housing department to be hired by June 2024. She detailed the areas of work where each employee will be supporting, and which positions have been filled and which are still open.

Andy Shaw, Metro, reflected on the success of the Bond program and shared that Metro has begun looking at future housing investment measures, including new property taxes and reinvestment of SHS funds. He shared that bonds have limitations and due to price increases, it would take a larger bond amount to achieve the same number of units as the current Bond. He shared that Metro will begin a stakeholder process and convene community members to discuss if this is the right time for a new tax or reinvestment of SHS funds which will feed into recommendations for a potential ballot measure this year.

Karen Shawcross asked if a legal analysis was completed to see if it is possible to use the SHS funds.

Andy Shaw, Metro, replied that as currently written, SHS funds can only be used for "sticks and bricks" capital investments if it is connected to services. He stated that the ask to voters would be to extend the sunset to collect revenue for the Bond and change the language to use the additional SHS funds for "sticks and bricks" or the construction of affordable housing.

Kira Cador asked if sticks and bricks meant development or acquisition.

Andy Shaw, Metro, replied it is for similar uses as the existing bond.

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Patricia Rojas, Metro, stated there will be a lot of thinking on the correct approach, and that the convening Andy Shaw mentioned is to collect information and share that with Metro's Chief Operating Officer to inform her recommendation to Metro Council.

Andrea Sanchez asked to clarify if Metro is going to voters for two reasons, one to extend the Bond sunset and the other to change SHS allowed uses.

Andy Shaw, Metro, replied yes and that the stakeholder process would unpack that.

Jeffery Petrillo asked if there is a plan b if it is rejected by voters and if one of the options would be to return the funds to the taxpayers.

Andy Shaw, Metro, replied that any organization can propose ballot measures and that he has heard questions and ideas on SHS such as reducing the tax rates or other ways to redirect resources. He added that the process could result in not putting anything on the ballot in November, but the priority is to discuss with stakeholders how to invest.

Mara Romero asked if there were specific reasons why SHS is not to be used for sticks and bricks and what stakeholders Metro is planning to bring to the table.

Patricia Rojas, Metro, responded that the Legal Team informed them that the SHS measure as written doesn't allow for the construction of affordable housing, as it is services-focused. She shared that it can be used to secure the capital necessary for services, but not the direct building of housing. She reflected on how the Affordable Housing Bond and the SHS measure were created at different times and weren't aligned.

Andy Shaw, Metro, replied that Metro is thinking through all the interests that need to be at the table including racial and geographic diversity, businesses, and those with experience with housing services. He added that there would be subcommittees that would focus on specific work that may include additional individuals.

Affordable Housing Bond Audit

Brian Evans, Metro Auditor, introduced himself and shared that the audit has two objectives: to identify gaps or duplications in administration and to conclude on the status of audit recommendations in 2021. He stated that the auditing team communicated with Metro management during the audit. He shared that the audit found Metro made significant progress from the audit's 2021 recommendations and that Bond funds are building new and preserving existing units aligned with the Bond's goals. He noted that the Bond is moving into its next phase which will require more outcome reporting.

Angela Owens, Metro Auditor, shared that seven of the nine 2021 recommendations were fully implemented and the other two recommendations were in process. She noted that for quality control, conflict disclosure forms should be kept up to date and that for performance, workforce data was collected for some, but not all projects. She added that there were some instances of administration duplication and gaps, including inconsistent administration standards and a lack of a long-term housing plan. She recommended that Metro strengthen reporting requirements and

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identify sources of funds for ongoing staff responsibility. She noted that the Bond will not cover administration needs and if another bond is pursued to set realistic expectations.

Patricia Rojas, Metro, thanked the auditing team and noted that there was a detailed management response in the meeting packet that included plans and timelines.

Co-chair Steve Rudman noted good news doesn't get as much media coverage, and noted it was a shame that the Bond never covered administration costs but it is good information for the future. He appreciated the work the seven jurisdictions did in the implementation of the Bond.

Andrea Sanchez stated that there was a lot of good news in the report and reflected that there are so many bodies involved in affordable housing development. She asked where this Committee creates oversight efficiencies versus replication with other bodies.

Brian Evans, Metro Auditor, replied that Metro is a new player in the housing space which is a fresh opportunity to look at the status quo. He reflected that Metro brought seven partners together under a new operating structure, where there is different oversight to avoid surprises.

Mara Romero reflected that she saw similarities between the audit's recommendations and the Committee's recommendations, especially around administrative costs and better collaboration. She reflected that the lack of demographic information and data consistency is repetitive.

Karen Shawcross reflected that when she joined the committee, there were only three staff members, and thanked Emily Lieb and the team for what they had built from the ground up in a short amount of time. She shared her concern about the future and ensuring building performances sustained the intent of the Bond in management leasing and operations.

Affordable Housing Bond Program Updates

Betsy Emery, Metro, shared congressional updates highlighting that Senator Ron Wyden's bipartisan tax package has been released and includes renewing the Child Tax Credit and the Low-Income Housing Tax Credits (LIHTC). She shared that LIHTC would reduce the threshold test for private operation bonds, allowing private activity bonds to last longer. She added that the package needs a two-thirds majority vote in the House and sixty votes in the Senate to pass.

Emily Lieb, Metro, added that private activity bonds are required financing for affordable housing developments and this package will help solve the challenge of over-prescription of private activity bonds.

Andrea Sanchez asked if reducing the threshold test would be for a limited amount of time.

Betsy Emery, Metro, replied that most tax packages are for two to four years and that this tax package would be for e2024-2016 depending on when it is passed.

Alison Wicks, Metro, shared had exceeded their total unit production goal as of the end of December 2023. She detailed the interest earnings for Permanent Supportive Housing (PSH) Investments and shared that Metro is working with each county to provide funding for the construction or acquisition of new PSH units.

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Jimmy Oporta, Metro, detailed how many units were complete, under construction, and in pre-construction by total units, very affordable units, and family-sized units. He shared a map of unit locations and placed a link [<https://www.oregonmetro.gov/public-projects/affordable-homes-greater-portland/progress>] in the chat for members to read more information.

Co-chair Steve Rudman thought that Metro was trying to get all jurisdictions to commit all their funding and asked if the Post Office Project counted and if the numbers Jimmy Oporta shared included forecasts.

Alison Wicks, Metro, replied that the Post Office Project doesn't count as it hasn't come in yet.

Jimmy Oporta, Metro, replied that the numbers are accurate as of the end of 2023 and will be higher at the end of Q1 of 2024.

Andrea Sanchez asked if the projects Alison Wicks discussed were in the packet under "Regional Production Progress."

Alison Wicks, Metro, replied no, as the project have not been submitted yet.

Andrea Sanchez asked of the 1,521 units in pre-construction, how many are held up due to heightened demand and insufficient private activity bond allocations.

Alison Wicks, Metro, replied she didn't know off the top of her head, but has analyzed private activity bonds available this year and future years.

Andrea Sanchez asked with the recent awards that came from Oregon Housing & Community Services Department (OHCS) for private activity bonds and 4% income loan tax credits, how that moves Metro's pipeline forward.

Alison Wicks, Metro, replied she would look into that.

Scott Greenfield asked if there are inter-dependencies like Local Innovation and Fast Track (LIFT) funds.

Emily Lieb, Metro, replied that there is a broader alignment conversation with the state and that LIFT is layered in with funds in different ways across the portfolio.

Karen Shawcross noted how helpful Nicole Stingh was on the Committee and asked if it was possible to get another OHCS representative on the Committee.

Emily Lieb, Metro, replied that Nicole was on the Committee as an individual but did a great job in supporting that need. She reflected that OHCS staff are stretched thin and don't have jurisdictional representatives on the Committee but shared that Director Bell could present information to the Committee.

Alison Wicks, Metro, shared the Annual Report schedule and proposed meeting calendar for the first half of the year. She then asked the Committee what types of questions they would like to focus

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on for the jurisdiction presentations and shared last year's questions. She invited the Committee to provide feedback on the questions over email by February 2.

Mara Romero stated she would respond over email and that some questions would need to be updated to still be relevant. She shared that for question two, much of the work has been completed, and the question should be reframed as further along in the process.

Co-chair Steve Rudman agreed with Mara Romero and stated that question two is a key question and should include what is working and what isn't. He reflected that the question is, is affordable housing helping the homelessness problem? He added that he would be interested in the operations.

Kira Cador stated she would be curious to know what projects were on the pre-construction list and are no longer on that list and why.

Andrea Sanchez stated that question five was relevant last year as interest rates and material costs were rising, which has softened a bit now. She reflected that operation expenses are way beyond what projects were written and she is interested to understand how projects are operating financially and if any are at risk.

Karen Shawcross shared she consistently worries about demographic information and asked if there is some way to get that information to ensure the right people are in the properties.

Jimmy Oporta, Metro, replied that they will be receiving demographic information from partners.

Jeffery Petrillo shared that another concern is that insurance premiums have been increasing at a high rate, and with the recent weather events, they may increase again.

Kira Cador stated that for one of their LIHTC projects in a rural community, their insurance premiums increased by 70% because it was an affordable housing project.

Jeffrey Petrillo stated that should be raised to the state commissioner as it seems discriminatory.

Communications Update

Lauren Everette, Metro, introduced herself and shared the story report that was completed after the 1,000-home milestone.

Ben Duncan, Kearns & West, asked if there was longitudinal tracking of individuals for story reporting.

Lauren Everette, Metro, replied that is a cool idea and they haven't looked into that yet.

Karen Shawcross stated it was a lovely report but missed the email somehow.

Mara Romero asked if was sent out community-wide, as she had missed it as well

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Emily Lieb, Metro, replied that it went out to the interested parties list and Committee members.

Ben Duncan, Kearns & West, shared that Metro will do a better job of highlighting it in emails moving forward.

Israel Bayer, Metro, introduced himself and shared that Metro just completed presenting results in Hillsboro and Clackamas County, which both spoke highly of the bond. He reflected that the Bond has had transformational experiences that the Committee should be proud of. He shared that the Metro Communications Team will grow into a team of five with the vision of having a turnkey system to work with the media and Council and of developing narrative changes and increasing engagement.

Policy Updates

Alison Wicks, Metro, shared that earlier the Committee received the private activity bond update at the federal level, and shared that Metro will continue to coordinate, align, and share information with OHCS.

Emily Lieb, Metro, shared that Metro has been working with EcoNorthwest to develop landscape data for affordable housing and that there is a policy table supporting technical work alongside a stakeholder process.

Nui Bezaire, Metro, introduced herself and shared that she is the Supportive Housing Head focusing on PSH. She shared that Metro is embarking on a body of work that intersects SHS and the Bond focused on PSH, and she will have a future presentation to share more information.

Closing and Next Steps

Co-chair Steve Rudman provided closing remarks, thanked Trinh Tran and Kira Cador for their work on the Committee, and welcomed Jeff Petrillo and Katherine Rozsa.

Ben Duncan, Kearns & West, shared that next steps include:

- Committee members to email Lo Miranda, Metro, to complete the conflict of interest form if they haven't already.
- Metro to look into how the recent awards from OHCS for private activity bonds and 4% income loan tax credits move Metro's pipeline forward.
- Committee to consider having the OHCS Director present updates at a future meeting.
- Committee members to provide feedback on the jurisdiction questions over email by February 2.

Adjourn

The meeting adjourned at 5:30 p.m.