

Housing Bond Oversight Committee Meeting Summary

Meeting: Housing Bond Oversight Committee Meeting
Date: Monday, March 17, 2025
Time: 3:00 p.m. to 5:30 p.m.
Place: Virtual meeting (Zoom)
Purpose: Discuss implementation progress with four jurisdictions.

Attendees

Co-chair Andrea Sanchez (she/her), Co-chair Jeff Petrillo (he/him), Karen Shawcross (she/her), Katherine Rozsa (she/her), Brady Penner (she/her), Noah Goldman (he/him), Theo Hathaway Saner (he/him), Ann Leenstra (she/her), Jay Tomlinson (they/them), Sushmita Poddar (she/her), Ex-Officio Councilor Nolan (they/them), Clayton Woullard (he/they)

Absent members

Jesse Neilson (he/him), James Lee (he/him), Maritza Kritz (she/her)

Metro staff

Patricia Rojas (she/her), Alison Wicks (she/her), Sandi Saunders (she/her), Jimmy Oporta (he/him)

Facilitator

Madeline Kane, Kearns & West (she/her)

Note: The meeting was recorded via Zoom; therefore, this meeting summary will remain at a high-level overview. Please review the recording and archived meeting packet for details and presentation slides.

Welcome and Introductions

Madeline introduced herself, reviewed the meeting agenda and objectives, facilitated introductions between Committee members.

Metro Councilor Nolan introduced themselves and thanked Committee members for bringing their expertise to the table.

Patricia Rojas, Metro, introduced herself and shared her professional and lived experience in the housing sector.

Conflict of Interest Declaration

Co-chair Sanchez declared that she works at Housing Development Center, which has clients that receive Metro Bond funds.

Noah declared he places individuals into Bond-funded properties as part of his work.

Public Comment

No public comment was received.

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Annual Progress Report: Clackamas County

Devin Ellin, Clackamas County, reviewed the county's Bond fund allocations and noted that almost \$700 million was levered in other funding sources. She noted that 1,209 units are in the pipeline, which will exceed all production targets, and that there is a Bond project in every city except for West Linn.

Devin provided overviews of the Mercy GreenBrae and Las Flores projects, both of which include permanent supportive housing (PSH) units and good Certification Office for Business Inclusion and Diversity (COBID) contracting outcomes. The Mercy GreenBrae project implemented low-barrier lease-up strategies, and the Las Flores project will include a transit welcome center and foodbank. Devin shared that Shortstack Milwaukie is the jurisdiction's first homeownership property which includes 15 units.

Andrew Crampton, Clackamas County, provided an overview of the Hillside Park project which is being implemented in two phases and is a repositioning project. He shared that phase one is currently under construction and will result in 275 units. He shared that the site is 13.7 acres and was the location of the oldest public housing property in Oregon which was demolished for repositioning. He noted that the public housing residents received tenant protection vouchers, relocation assistance, and lease-up priority for phase one.

Andrew shared that We All Rise was consulted for community outreach, and key themes heard from engagement efforts include mobility assistance and accessibility, functional and safe community spaces, and natural disaster preparedness. He noted that building on a large scale is very efficient and allows for ordering and storing materials so the project will come in under budget. He shared that phase two of the project will include Latino culturally specific services including afterschool care, and that the buildings will include three- and four-bedroom units. He noted that there is a \$3 million funding gap, and the project would be a great candidate to receive Bond interest-earning support.

Gloria LaFleur, Clackamas County, provided an overview of the El Nido and Park Place projects. El Nido is shovel-ready and has a \$1.5 million funding gap due to delays. She noted that the contractor Hacienda is working closely with Oregon Housing and Community Services (OHCS) to explore gap funding options. Park Place is a repositioning project that will utilize cottage cluster zoning.

Devin reflected that the Bond has been successful in implementing its guiding principles and Metro has been a good collaborator. She shared that opportunities for improvement include additional program administration funding, acquisition and predevelopment funding opportunities, and marketing and promoting Bond program success to the public.

Committee members had the following questions and comments:

- **Question, Karen Shawcross:** Congratulations! I appreciate the photographs in the report and the example of equitable lease-ups for priority populations. I agree that the Bond has been successful and needs to be publicly shared. Will Canadian lumber tariffs impact your construction budgets, especially for Hillside Park?
 - **Clackamas County response, Devin:** Our contractors feel confident that they have materials purchased and stored to complete the projects with the contingency available. For projects in construction, I feel confident, but for projects in pre-

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development, I am worried. We are trying to build in contingency but are limited by OHCS funding.

- **Question, Co-chair Andrea Sanchez:** Can you describe the co-developer model and how that is working to build El Centro?
 - **Clackamas County response, Devin:** They are sharing developer fees, and prioritizing the El Centro communities as part of the lease-up process.
- **Question, Noah Goldman:** Have the number of publicly subsidized units changed with the two public housing redevelopments?
 - **Clackamas County response, Devin:** Hillside Park demolished 54 units of public housing and included 140 project-based rental assistance in the repositioning. Park Place demolished 99 units, and 112 new units will have rental assistance.
- **Question, Co-chair Jeff Petrillo:** Does the reduction in housing units reduce the subsidy for the U.S. Department of Housing and Urban Development (HUD)? Who is the developer for Shortstack? What is the current cost per unit for the Lake Oswego project?
 - **Clackamas County response, Devin:** We get an allocation annually from HUD for operations and capital funds. The funds are converted to a Section 8 rental assistance subsidy which has a small admin fee. It changes the metrics at the housing authority level but does not impact residents. Shortstack Developer Anna McKay partnered with Proud Ground for this project. It costs \$563,000 per unit.
- **Question, Sushmita Poddar:** I have heard comments from community members that there is not enough soundproofing between the floors of units. Have you all received this feedback before?
 - **Clackamas County response, Devin:** I have not heard any comments from the new building residents, but this is a great question for our developer as part of a post-construction questionnaire. We are prioritizing soundproofing in our new buildings as we have heard that there was not enough soundproofing at previous public housing units.
 - **Clackamas County response, Andrew:** Hillside Park Building C had additional soundproofing added that exceeds new standard requirements.

Annual Progress Report: Washington County

Lisa Varon, Washington County, reviewed the status of the 12 Bond projects and shared that there have been some cost increases for projects under construction. She highlighted that Washington County will exceed its production goal targets, and noted that through Metro's Site Acquisition Program, the Aloha 209 project is in planning and will include PSH units. She noted that a PSH project in Forest Grove will feature 60 units of PSH pending Metro Concept Endorsement.

Melissa Dailey, Washington County, reviewed the 2024 milestones, highlighting that Cedar Rising completed its lease-up and had its grand opening in June. She shared that Woodland Hearth experienced some permitting delays and cost increases and OHCS funds were used to bridge the finance gaps. She noted that the Altura and Opal projects also experienced cost increases and additional funding sources were identified to bridge those finance gaps.

Jill Chen, Washington County, shared that lessons learned include that providing security for PSH units is very expensive, projects need a critical number of units, and PSH set-asides can be challenging to integrate into the coordinated entry system. She noted that insurance costs are experiencing high increases and that there is state legislation to address this issue. She highlighted

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that COBID contractors have shared that additional capacity is needed and that Metro could help facilitate assistance to COBID contractors as a regional collaborator.

Committee members had the following questions and comments:

- **Comment, Brandy Penner:** Thank you, your team was great to work with and I appreciate the highlighted challenges.
- **Question, Co-chair Petrillo:** Is the insurance operation that allows nonprofits to apply not working? I would like to see areas north of Highway 26, Cedar Hills, and North Bethany receive affordable housing.
 - **Washington County response, Jill:** The insurance market as a whole has taken a beating and so has the affordable housing insurance with the high-risk rating with the populations we serve. We have been working to preserve the Bethany Meadows project.
- **Question, Karen:** Congratulations! I appreciate the lesson learned that projects under 50 units are not sustainable. For the two projects under construction, will tariffs impact construction costs or is there enough contingency?
 - **Washington County response, Lisa:** We do have contingency and we are keeping an eye on material costs. For the Aloha 209 project, we will proceed with significant partnerships between the architect and construction teams to have an accurate projected cost.
- **Question, Sushmita:** What is being done regarding soundproofing for the units? Are the targeted production numbers being revised for the need in the county as cost increases? When talking about 60-80% Area Median Income (AMI), can we state the number to make it easier for community members listening in to understand? Our affordable housing stock does not meet the needs of those who make \$15 an hour or \$32,000 annually. The voucher and housing support systems are inadequate.
 - **Washington County response, Jill:** HUD releases the AMI numbers each year. For 2024, the 80% AMI for a household of four for the entire Portland Metropolitan Area is \$94,400. Washington County has the highest rent rates in the metro area. Our commitments stay the same regardless of costs. When costs increase, we look to find additional funding sources.
- **Question, Noah:** Could Washington County Housing Authority apply for an exemption to the AMI figures through the Moving to Work program?
 - **Washington County response, Jill:** The need for more vouchers would still exist. We need more vouchers.

Annual Progress Report: City of Beaverton

Javier Mena, City of Beaverton, reviewed Beaverton's Bond portfolio and shared that the city is on track to exceed its production target goals. He highlighted the Mary Ann Project, which houses a significant number of youth community members. He shared that South Cooper Mountain was recently annexed into the city and is developing rapidly and will have two Bond projects, including Amity Orchards. Amity Orchards has three family-sized buildings, and infrastructure including a street had to be created which led to a funding gap filled by the state.

Javier highlighted the Elmonica project and noted there was a challenging land use and permitting process including transportation issues, but construction began in December 2024. He reviewed the Meadowlark project which is strategically located within the city and will include a public-use

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ground floor. He noted that they expected to receive \$3 million in federal funding, which will no longer happen, but the city remains committed to the project and will work through funding challenges commercially.

Javier shared that lessons learned include working with developers that have experience with PSH, challenges with leasing up studios and one bedrooms which are at market rate, and that contractors are at capacity.

Committee members had the following questions and comments:

- **Comment, Karen:** Thank you for not giving on Elmonica and pre-leasing Amity Orchard, I hope that is an example that can be replicated.
- **Question, Co-chair Sanchez:** Can you expand more on the lesson learned for developer experience with PSH?
 - **Beaverton response, Jaiver:** It is important to know what the population needs and connect housing to services and providers. It makes partners more comfortable.

Annual Progress Report: City of Hillsboro

Chirs Hartye, City of Hillsboro, shared that Hillsboro does not own or operate affordable housing, their role is to gap financing and be catalysts for development. He provided an overview of the Nueva Esperanza and Dolores projects. The City contributed six acres to Nueva Esperanza and the project was a great partnership between Bienestar and the Housing Development Center. He noted that there were supply chain issues during the project, but the development team identified creative solutions. He shared that Dolores experienced tax credit pricing challenges and that the project used regional long-term rental assistance (RLRA) vouchers.

Chris highlighted the city's partnership with TriMet for the Willow Creek Park and Ride project which is currently going through the RFP process. RFP bidders will need to meet the minimum of developing 110 units, 33 of which will be deeply affordable. He noted that these three projects will exceed Hillsboro's target production goals.

Chris shared that lessons learned include that land is getting harder to acquire in Hillsboro and that having publicly owned sites is critical. He emphasized the importance of leading with racial equity and selecting culturally specific developers. He reflected that costs are increasing and resources are becoming more competitive, especially at the state level. He noted the need for continued coordination amongst jurisdictions and thanked Metro for being a convener.

Committee members had the following questions and comments:

- **Question, Co-chair Sanchez:** I noticed that market fluctuations are resulting in fewer units. As you consider the Willow Creek project, should we be prepared that the minimum of 110 units may not be met?
 - **Hillsboro response, Chris:** We are anticipating Willow Creek to have a gap between \$5-10 million. Our hope is for the developer to not propose fewer units, but to partner with the developer to identify ways to fill the cost gap.
- **Question, Noah:** Can you further explain the tax credit pricing issue?
 - **Hillsboro response, Chris:** Fewer banks in the marketplace want to invest in low-income housing tax credits, which brings tax credit pricing down.
 - **Response, Co-chair Sanchez:** It is basic supply and demand. If there is a need for large corporations and banks to receive tax credits to reduce their liability, it will

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increase. As the demand for reduced tax liability decreases, there is less demand to purchase the low-income tax credits.

Panel Q&A with Jurisdictions and Committee Discussion

Madeline facilitated a Q&A between the Committee and the presenters from each jurisdiction.

- **Question, Jay Tomlinson:** How is non-car transportation prioritized for these sites? Are jurisdictions working with TriMet to build bus stops near sites or are sites being selected near already existing transportation lines?
 - **Clackamas County response, Devin:** We do not have a lot of Max service. We have the Wilsonville transit center and bus lines. We try to incentivize public transit and bike travel by providing bike storage and reduced transit fares.
 - **Beaverton response, Javier:** We wanted to maximize publicly owned properties, and the challenge with South Cooper Mountain is there is no transportation. We hope that the bus line will extend to the site soon, but other projects are located on key transportation paths.
 - **Washington County response, Jill:** We are similar to Clackamas County, we are not high density, but we generally try to find opportunities that are close to the Max line or rapid bus line. A key component of PSH projects is to be close to the main transportation lines.
- **Question, Theo Hathaway Saner:** How does Metro allocate Bond interest earnings?
 - **Metro response, Alison Wicks:** There have been two instances where Metro dispersed earnings to jurisdictions. Metro allocated funds to provide air conditioning in all units in response to the 2021 heat dome and dedicated some funds in 2024 for PSH projects. We will bring this topic up at a future meeting to discuss the next steps for allocating the newly accrued interest earnings.
 - **Beaverton response, Jaiver:** The interest earnings could support a Cooper Mountain complementary project.
 - **Washington County response, Jill:** This would be an interesting discussion in terms of priorities for the Committee for what you are looking for in particular, such as more units.
- **Comment, Karen:** Congratulations to all. The lessons learned were helpful to hear. I hope that Metro will reconvene the jurisdictions in the hope that there will be another Bond. I heard lessons learned on studios and one bedrooms, soundproofing, PSH experienced developers, and pre-leasing. I think Metro's convener role should bring together jurisdictions to discuss best practices and hear what works and what does not.
 - **Washington County comment, Melissa:** To clarify, we see fast take-ups for studios and one bedrooms at 30% AMI.
- **Comment, Sushmita:** I want to uplift Jay's comment. Washington and Clackamas counties have relatively fewer community-based organizations and public transit. Are we going to invest in transportation or development? If the development is not near transit, tenants are forced to drive and pay driver's insurance, which is not affordable. I request Committee members to put pressure on TriMet to work with jurisdictions to ensure public transit is increased.
 - **Clackamas County response, Andrew:** I would add that counties and cities are collaborating with TriMet when doing transit investments.

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- **Question, Noah:** Given the issue of 60% AMI units, in the future could entire complexes be 30% AMI units? Perhaps in 2019, 60% AMI was needed, but now it seems more deeply affordable units are needed.
 - **Washington County response, Jill:** The cost has gone haywire. It costs \$700,000 per unit, which is the equivalent of a market-rate single-family home. We collectively need to streamline and improve processes in land use, management, and construction. Populations in affordable housing buildings have high needs. Projects that are all 30% AMI units are not fiscally viable.
- **Comment, Co-chair Sanchez:** At our previous meeting, Home Forward recommended considering subsidy caps based on AMI served. Entire projects of 30% AMI will need a significant increase in subsidy. The policy question is what our strategic goal is and how do we build affordable housing accordingly.
- **Question, Noah:** Would some of these high costs be remedied by public housing options?
 - **Washington County response, Jill:** It would not be remedied. Without HUD support the housing authority operates at a loss.
 - **Clackamas County response, Devin:** Public housing has been underfunded by HUD. There is an aging stock which is challenging to maintain at a quality level.

Closing and Next Steps

Madeline thanked the jurisdictions for presenting and the Committee members for their participation. She shared that the next steps include:

- Next meeting: April 16, 2025, 3:00 – 5:30 p.m.

Adjourn

The meeting adjourned at 5:45 p.m.