

Housing Bond Oversight Committee Meeting Summary

Meeting: Housing Bond Oversight Committee Meeting
Date: Monday, March 3, 2025
Time: 3:00 p.m. to 5:30 p.m.
Place: Virtual meeting (Zoom)
Purpose: Discuss implementation progress with three jurisdictions and Metro Site Acquisition Program (SAP).

Attendees

Co-chair Jeffrey Petrillo (he/him), Karen Shawcross (she/her), Co-chair Andrea Sanchez (she/her), Jesse Neilson (he/him), Katherine Rozsa (she/her), Brady Penner (she/her), Noah Goldman (he/him), James Lee (he/him), Theo Hathaway Saner (he/him), Ann Leenstra (she/her), Clayton Woullard (he/they), Maritza Kritz (she/her)

Absent members

Sushmita Poddar (she/her), Jay Tomlinson (they/them)

Metro staff

Emily Lieb (she/her), Alison Wicks (she/her), Sandi Saunders (she/her), Jimmy Oporta (he/him), Mercedes Evangelista (she/her)

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

Emily Lieb, Metro, provided opening remarks and shared excitement for the first set of jurisdiction presentations. She acknowledged that there are news items regarding Supportive Housing Services (SHS) spending and budget deficits, and that Metro staff will bring updates on this issue to the Committee.

Madeline Kane, Kearns & West, introduced herself and facilitated introductions between Committee members.

Maritza Kritz and Clayton Woullard introduced themselves as new members.

Madeline reviewed the meeting agenda and meeting logistics.

Decision: Co-chair Andrea Sanchez, Co-chair Jeffery Petrillo, Theo Hathaway Saner, Ann Leenstra, Karen Shawcross, Katherine Rozsa, Jesse Neilson, Noah Goldman, Brandy Penner, Maritza, and Clayton approved the February Meeting Summary. There were no abstentions or edits.

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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.

Presentation Overview

Alison Wicks, Metro, reviewed the Bond's guiding principles of leading with racial equity, creating opportunity for those in need, creating opportunity throughout the region, and ensuring long-term benefits and good use of public dollars.

Co-chair Sanchez reminded the Committee that developing recommendations is a core component of their work and their job today is to listen to details and themes that they would want to bring forward to Metro Council.

Annual Progress Report: Portland Housing Bureau (PHB)

Helmi Hisserich, PHB, shared that Portland needs about 2,000 new 0-60% area median income (AMI) housing units every year. She shared that PHB has exceeded all its goals with funding commitments to date, with 2,098 homes in the pipeline. She noted that PHB was able to leverage over a billion in funds to exceed its goals. She reviewed a map sharing the location of the 26 projects underway.

Danell Norby, PHB, shared that eight projects are complete, seven of which include Permanent Supportive Housing (PSH) units, and that nine projects are currently under construction.

Tanya Wolfersperger, PHB, shared that nine projects are in pre-development, three of which are homeownership projects. She shared that they are operating under the assumption that federal funds will be allocated as they have already been approved by Congress but are closely tracking federal updates. She noted they anticipate federal approval processes to slow down, which could impact financial closing schedules, and that three projects are seeking resources to be fully funded. She provided an overview of the Broadway Corridor and Legin Common projects.

Danell provided an overview of the Cesar acquisition, which is comprised of 47 PSH units, and noted that acquisitions deploy units quickly at a lower cost. She provided an overview of the Dr. Darrell Millner Building which has a preference policy for households that have been impacted by N/NE Portland gentrification. She noted this project and the Beacon project both experienced longer lease-up timelines, as 60% AMI rents are close to market rate.

Committee members had the following questions and comments:

- **Question, Brandy:** How are you able to exceed your goals?
 - **PHB response, Danell:** By leveraging over a billion dollars in other funding sources. The goals were created based on the expected subsidy per unit.

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- **Question, Theo:** Can you expand on some of the lease-up challenges and any solutions or strategies to address the challenges? Are there other solutions besides looking at different levels of AMI?
 - **PHB response, Danell:** Anecdotally, we are hearing that lease-up is taking longer than projected and multiple extensions on construction loans are being taken. Each project has a different reason, but part of it is that 60% AMI is out of reach for individuals or close to market rate. We have not identified specific solutions yet but are working with partners to find bottlenecks.
- **Question, Karen:** What is the estimated delay in the lease-up that will affect financing? You do not have to answer now but share the answer once you have it.
- **Question James:** Are lease-up delays associated with the N/NE preference policy? Are there processes for organizations that serve those populations to develop in those areas?
 - **PHB response, Helmi:** Urban renewal displaced many Black neighborhoods in N/NE Portland, and the preference policy was adopted 10 years ago. The policy gives preference to families displaced due to eminent domain or who decided to move because of changes. The homeownership program has worked well, but there has been a slow uptake on the rental lease-up as 60% of AMI rent is too high. Potential solutions would be to exempt the development from the preference policy, modify the vouchers, or deepen the subsidy. We are focused on prioritizing those on the policy waitlist and working with developers as they have to meet their occupancy quickly. To clarify, the policy is race neutral and focused on those that have been displaced. We are working to try and do proactive matching between the waitlist and developments.
- **Comment, Noah:** Please be mindful of lease pressures to ensure they do not fall on PSH tenants as that can be counterproductive.

Annual Progress Report: Home Forward

Amanda Saul, Home Forward, shared that Home Forward is the Housing Authority of Multnomah County and reviewed the unit goals. She noted they were below their goals due to land use challenges for the Troutdale project. She reviewed the Dekum Courts project, which has a total of 187 units, and used a construction phased approach which allowed tenants in the existing apartments to stay housed while the updated units were built. She shared that for the additional units for new families, a waitlist was created through a community organizing marketing approach and a lottery system was used to select who received a unit.

Amanda shared that the Troutdale project is under construction after an 18-month delay due to land use processes and negotiation. The City wanted fewer units and additional parking. The negotiated agreement reduced the number of units from 96 to 85 and added a public parking lot. She noted that the delay caused a budget overrun of \$10 million, and that Home Forward received additional grants to support the funding gap and is seeking additional grants.

Amanda reflected on challenges of working in smaller jurisdictions and recommended Metro consider a sliding scale for per unit funding allocation based on unit sizes, AMI restrictions, and uses.

Committee members had the following questions and comments:

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- **Question, Co-chair Petrillo:** Was the original Dekum Court project a Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) project? Are there any concerns about Section 8 funding cuts?
 - **Home Forward response, Amanda:** I believe it was. There have been no cuts to the Home Forward budget.
- **Comment, Karen:** It is great to see Troutdale break ground, and thank you for the advice regarding the sliding scale funding allocations.
- **Question, Katherine:** Can you share any insights on working with public communities?
 - **Home Forward response, Amanda:** Completing an affordable housing and rent burdened communities needs assessment for Troutdale was critical. The City had an interest in jobs and the assessment helped them understand that this housing would fulfill the needs of those who are residents of Troutdale.
- **Question, Noah:** If Dekum Court was public housing, and then was converted to LIHPRHA, is that a net negative?
 - **Home Forward response, Amanda:** Dekum originally had 40 units of public housing on five acres. We abolished the buildings but kept those 40 units as public housing. We then used Low-Income Housing Tax Credit (LIHTC) and Bond funds to build the remainder of the 300 units.

Annual Progress Report: Gresham

Hawie Petros, Gresham, reviewed the City's affordable housing goals. Gresham met their target of very affordable homes and exceeded their family-sized home goals. She highlighted the Terracina Vista project and noted this project experienced some delays due to supply shortages. She reviewed the Oak Row project, which is the first affordable homeownership project in Gresham. She shared that there were some legal troubles with Oak Row as Metro did not provide a legal document template and it took one year to create a document. She shared that a lesson learned would be to have a kick-off meeting with attorneys present for any future homeownership projects, and that they can use the template they created for Oak Row for future projects. She reviewed the statuses of the six projects and noted that Civic Drive is in pre-development and is applying for state funding.

Committee members had the following questions:

- **Question, Karen:** I saw in the report the suggestion for demographic data collection training to be given to property managers, and I hope the Committee can keep that in mind so all reports can be aligned.
 - **Gresham response, Hawie:** Yes, that was a lesson learned from the first two projects, but I believe Metro now has a standardized document with instructions.
- **Question, Noah:** Was the Wynne Watts Commons rental assistance aligned with the Metro Bond funding from the beginning of the project?
 - **Gresham response, Hawie:** Yes, the goal was always to have units for those with intellectual disability disorders.

Annual Progress Report: Metro Site Acquisition Program (SAP)

Patrick McLaughlin, Metro SAP, shared that Metro SAP receives 10% of Bond funds to purchase land for new affordable housing development, which is proportioned among the jurisdictions. He noted they do not have targets to meet as they support jurisdictions in meeting their targets. He

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shared they have purchased seven properties, one in each jurisdiction except for the remainder of Multnomah County, whose funds went to Home Forward to purchase land.

Patrick reviewed the Glisan Landing project, which includes a preschool, and shared that the preschool had to be apart from the housing building due to commercial prevailing wage requirements. He highlighted the Elmonica Station project, which experienced a delay as the county required a shared access point for the project and an adjacent market rate project.

Andrea Pastor, Metro SAP, highlighted that the Dolores project had 30 deeply affordable projects and ten PSH units. She shared that they were able to increase density on this project with Oregon Senate Bill 8 provisions and had a 17-member advisory committee to identify site priorities within Washington County.

Patrick concluded that Metro SAP can acquire land relatively quickly compared to other processes.

Committee members had the following questions and comments:

- **Question, Karen:** Did Jamii Court receive their United States Department of Housing and Urban Development (HUD) funds in January?
 - **Metro SAP response, Patrick:** Jamii Court has not heard about their HUD funds yet.
- **Question, James:** Can you talk about site selection considerations? It seems like these resources could be useful in areas that have less resources. It seems like you are looking at areas that are in a Qualified Census Tract (QCT) and Difficult Development Areas (DDA).
 - **Metro SAP response, Patrick:** We did outreach and engagement for the entirety of the Bond and preferred sites. We heard that proximity to transit, schools, parks, and grocery stores were priorities, so that is what we look for, along with flat one-acre parcels and areas that are scarce in affordable housing. We also get tax credits for developing in QCTs and DDAs.
 - **Comment, Co-chair Sanchez:** The QCT and DDA change annually, so as a developer you may buy a property one year in a QCT and by the time you applied for the tax credit, it can no longer be in the area.
- **Question, Noah:** Who retains ownership of land in the long term?
 - **Metro SAP response, Patrick:** Metro transfers ownership to the development entity that owns the building.
- **Comment, Co-chair Petrillo:** Metro SAP can help facilitate developers to build affordable housing in higher income areas like Washington County.

Panel Q&A with Jurisdictions

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

- **Question, Karen:** How have delays in lease-up impacted financing? How many projects are impacted and by how much?
- **Question, Co-chair Sanchez:** To expand on that, how are lease-up delays impacting developers and what solutions are there?
 - **PHB response, Danell:** The additional months of waiting for lease-up incurs additional interest charges. Constructing financing has been used to cover the gap. A more significant delay can impact the low-income tax credit, which can lead to a reduction in equity. We can look into the data and share any widespread findings.

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- **Home Forward response, Amanda:** I would add that we are seeing the slowest lease-up in units that are studios and one bedrooms for 60% AMI as those are close to market rate. If given the choice between an apartment that has income restrictions or a market rate unit, most would choose the market rate as there are fewer requirements and less paperwork. However, as the units get bigger, they start to split from the market rate and lease up is quicker.
- **Question, Clayton:** What is the funding split for projects between Metro, state, and federal funding? If there is a federal funding freeze, could the state legislature propose filling the gap? With projects that have SHS, are there provisions to address burnout among case managers? How do you make sure those folks stay housed and receive quality services?
 - **PHB response, Helmi:** The federal related concerns are related to funding freezes, policy shifts, and staffing. There may be a 50% cut in HUD staff which would slow down processing. There are concerns around diversity, equity, and inclusion policy shifts, but funding has been appropriated through Congress, and we expect to have current fiscal year funding. There are still uncertainties which make it hard to determine impacts. We are meeting with local partners and keeping lines of communication open.
 - **Metro response, Emily:** Metro will bring a portfolio analysis of funding which looks at each project in April. In terms of burnout, that is a frequent topic of discussion with the SHS Oversight Committee. Bond funds are focused on capital costs and do not gather service information.
- **Question, Brandy:** Can Home Forward speak more about its approach to community organizing and how the lottery system for lease-up is equitable?
 - **Home Forward response, Amanda:** We work with service partners to reach out to neighbors and nonprofits to support our targeted marketing approach. The lottery system helps reduce barriers. Instead of first come, first serve, which can impact those who have to be at work or have other commitments, the lottery can allow people to apply over a wider range of time.
- **Question, Noah:** Is it possible to reduce the 60% AMI market units to a lower percentage of AMI?
 - **PHB response, Danell:** This fall we had a rapid acquisition request for proposals that prioritized 50% AMI or below, which has been awarded.
 - **PHB response, Helmi:** It is traditional to finance 30-60% AMI projects as that size supports private debts and expected rent income. It is hard to adjust the AMI downward once a loan is received.
 - **Comment, James:** This also applies our guiding principles of ensuring affordability, creating benefits, and managing to market.
- **Question, James:** Are jurisdictions looking at market rates and adjusting targets to ensure that rent benefits the community?
 - **Home Forward response, Amanda:** The investor typically ensures that rents are 10% below market. I have never experienced lease-up challenges like we are currently facing. Like Helmi said, rents are locked in once loans are received. The question is, can we lower rents to make them more marketable, which can be difficult to predict.
- **Question, Co-chair Petrillo:** Do the jurisdictions know in general what percentage of projects are funded by the Bond? New members may assume the Bond funds the entirety of the project.

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- **Home Forward response, Amanda:** In general, the rule of thumb is about 33% of local funding, state funding, and debt. That target has moved so there is less debt in general as operating costs and interest rates have increased.
- **Metro response, Alison:** Looking at the 2023 Annual Report, Bond funds generally cover 21% of projects.
- **PHB response, Danell:** I would agree that Bond funds generally cover 20-30% of the project costs.

Committee Discussion and Reflections

The Committee did not have time for this agenda item and agreed to move it to a later meeting.

Closing and Next Steps

Co-chair Sanchez thanked the jurisdictions for presenting and for sharing lessons learned and recommendations for the Committee to consider.

Madeline shared that next steps include:

- PHB to share how the estimated delay in lease ups affects financing.
- Next meeting: March 17, 2025, 3:00 – 5:30 p.m.

Adjourn

The meeting adjourned at 5:30 p.m.