

Meeting: Housing Oversight Committee (Meeting 12)
Date: Wednesday, July 1, 2020
Time: 9 a.m. to 12 p.m.
Place: Virtual video conference meeting
Purpose: Share an update on the Supportive Housing Services measure, review and receive feedback on evaluating racial equity outcomes, follow up on interim finance report
Outcome(s): Discussion of the Supportive Housing Services measure, interim finance report and committee feedback on evaluating racial equity outcomes

9 a.m. Welcome

9:10 a.m. Public Comment

9:20 a.m. Group Check In

9:40 a.m. Update and Discussion: Supportive Housing Services Measure

10:25 a.m. Break

10:35 a.m. Follow Up and Discussion: Evaluating Racial Equity Outcomes

11:20 a.m. Follow Up and Discussion: Interim Finance Report

11:40 a.m. Committee Business

11:50 a.m. Updates and Next Steps

12 p.m. Adjourn



600 NE Grand Ave.
Portland, OR 97232-2736

Meeting minutes

Meeting: Metro Housing Oversight Committee Meeting
Date/time: Wednesday, May 6, 2020
Place: Zoom Virtual Meeting
Purpose: Presentation and conversation with Fair Housing Council of Oregon, review of racial equity metrics, quarterly implementation progress, and interim expenditures.

Attendees

Manuel Castaneda, Dr. Steven Holt, Mitch Hornecker, Mesha Jones, Jenny Lee, Ed McNamara, Steve Rudman, Bandana Shrestha, Andrew Tull, Melissa Erlbaum, Tia Vonil

Absent

Serena Cruz

Metro

Emily Lieb, Jes Larson, Valeria McWilliams, Megan Gibb, Ash Elverfeld, Choya Renata, Jonathan Williams, Patrick McLaughlin, Joel Morton, Nicole Pexton, Simone Rede, Patrick Dennis, Sebrina Owens-Wilson, Ted Reid

Facilitators

Allison Brown, Hannah Mills

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.

Welcome and Agenda

Co-chair Steve Rudman and Jenny Lee welcomed the group and acknowledged the uncertainty of current events related to COVID-19. Additionally, Steve noted that if the supportive housing measure passes that there will be a need to have a discussion of how that could be integrated with the efforts of the regional affordable housing bond measure at the next meeting in July.

A motion was made by Manuel Castaneda to approve the February 5, 2020 meeting minutes, seconded by Ed McNamara, and approved unanimously by the committee.

Emily Lieb, Metro, highlighted the following critical milestones and events:

- Upcoming groundbreaking for the Mary Ann Apartments and 72nd and Baylor
- May 15 Metro Council work session
- On-going internal audit of the program with results to be presented Fall 2020

Jes Larson, Metro, briefly reviewed information regarding the supportive housing measure.

Highlights included:

- The measure focuses on providing support for people experiencing homelessness or those at risk of becoming homeless
- The bond proposes funding to come from high income earners tax and businesses that have annual gross receipts of more than \$5 million
- There is a 10-year sunset for the bond, at which time it will be taken back to the voters
- Programmatic refinement to be developed if the measure passes

Meeting minutes

Public Comment

Allison Brown, facilitator with JLA Public Involvement, opened the floor for public comment. No members of the public submitted comment.

Fair Housing Council of Oregon (FHCO) Presentation

Jenny Lee introduced the FHCO and explained the integral role that they play in equitable access, education, and transformation of the narrative around housing discrimination, deliberate oppression, and exclusion.

Using a PowerPoint, Allan Lazo and Shyle Ruder, FHCO, gave a presentation to the Committee. Key points from the presentation included:

- Historical discrimination of communities and people of color
- The results of studies looking at white Americans' perception of black Americans' wealth and the disparity between the perception and reality
- The systems put in place that promote discrimination
- The impact of colonization and the Land Donation Act on native populations
- Oregon's history of discrimination and presence of the Ku Klux Klan
- Federal actions that resulted in discrimination
- Impacts of race and nationality on real estate valuation
- US response to Japanese citizens during WWII
- Treatment of African Americans during WWII
- Lasting impacts for communities of color after WWII

Kirsten Blume, FHCO, continued the presentation to provide context and more recent examples of the disparities people of color experience. Key points from her presentation include:

- The distinct nature of the Fair Housing Act
- Federal protected classes
- Oregon protected classes
- The lack of addressing historical harm and discrimination posing challenges to acknowledging claims of discrimination
- Defining and differentiating "disability"
- FHA request review process and requirements

Dr. Steven Holt provided the following comment via the chat function:

Thank you SO MUCH for this contextualized and necessary presentation. I appreciate the thoroughness and accuracy of the information that hopefully will enlighten our work. My father came with his family to work in the Kaiser shipyards, and both parents lived in Vanport. We have dealt firsthand with the REAL bias of living in Portland in more ways than I would care to mention. The systemic issues that have shaped this State have current expressions and I believe we have the obligation to be informed regarding our history, and intentional about dismantling the structures that continue to support it. Unfortunately, I have overlapping meetings and will have to leave this meeting. But, thanks so much for being courageous to assist us with the REAL work of the BOC.

Members of the Committee expressed their appreciation for the presentation by FHCO.

Meeting minutes

Racial Equity Metrics Presentation

Emily Lieb, Metro, began the presentation by providing context for the racial equity metrics before handing the presentation over to Choya Renata, Metro. Highlights from the presentation included:

- The goal to ensure people of color and other marginalized groups have meaningful opportunities to inform project implementation and outcomes
- The way information from these groups will help to guide future engagement and to determine the success of engagement, specifically for communities of color
- The flexibility for community engagement, understanding the variance between jurisdictions
- Metro tools and template availability

Valeria McWilliams, Metro, continued the presentation, touching on:

- Contracting outcomes metrics
- Workforce outcomes metrics
- Marketing outcomes metrics
- Application outcomes metrics

Emily wrapped up the presentation by explaining the occupant diversity outcomes and tenant stability outcomes.

Choya noted that it is helpful to think about racial equity metrics through the lens of meaningful material benefit, whether that's access to housing or jobs, and that the Metro metrics are meant to measure material benefit as much as possible.

Allison Brown, JLA, opened the floor for questions and discussion. Below is a summary of the conversation.

- It would be beneficial to track the companies that are owned by minorities, but are not COBID certified and determine a way for builders to receive credit for using those companies. There are current requirements that disqualify these firms that should be removed or reconsidered. This could be a way to help businesses owned by communities of color to thrive.
- We need to be focused on results and impact, but most of the metrics seem focused on tracking the process. When we are only tracking certain factors, we end up leaving out other factors that indicate success, for instance, developer relationships with communities, whether people of color are working in the leasing office, etc.
- It's important to define success – is it more people of color employed and living in housing? Does that entail establishing a demographic breakdown of each building? We need to be able to measure it against a standard. We don't have a baseline. What do we compare it to?
- It would be helpful to track this over time, not just at lease-up to determine whether we're retaining people, whether new tenants are fulfilling demographic goals, etc.
- It's important that we don't create more barriers through process when the goal is about results.
- It's important to include prevailing wage to the equity metrics, not necessarily as a requirement, but acknowledging the positive aspects and maximization of taxpayer money. With the construction of the units, we have the opportunity to impact thousands more families.
- Understanding that we don't want to impose obligations, but that the goals create obligations, is important.

Meeting minutes



- There is a complex funding scheme that guides the projects that relates to satisfying the needs of one funder as opposed to another.

Quarterly Progress Report and Expenditures Report

Emily gave a brief presentation of the first quarterly progress report and expenditures report that were included in the Committee's packet. Key points include:

- Updates on the local implementation strategies and the City of Portland's IGA
- Updates to solicitations by jurisdictions
- Interim updates to the financial report

Allison opened the floor for questions and discussion. Below is a summary of the conversation.

- The Committee has some responsibility on the financial oversight of the program and needs to continue to be informed. It would be helpful to have time to answer questions from the Committee.
- Selling the bond upfront creates some additional earnings for us, and unallocated money for new housing production. It would be helpful to talk about how to allocate these new resources.
- The administrative funds are a little concerning, there was about 1% that wasn't spoken for and the financial accountability is very important and needs to be discussed.
- Does the Committee have a responsibility to let the Council know that the units are more expensive than they need to be? With the cost of the most recent units, we could have the potential to double the units if we made them in a more economical way.

Next Steps and Close

Emily explained that the next meeting will be July 1st, in which jurisdictions will be returning with programmatic racial equity updates, there will be an update conversations regarding the supportive housing measure if it passes, and potential participation of the new COO in the next Committee meeting.

The meeting was adjourned.

Measuring and Evaluating Unit Production and Racial Equity Outcomes
Affordable Housing Bond Measure
Discussion draft June 22, 2020

Metro’s Regional Affordable Housing Bond Program is establishing a set of consistent reporting standards and metrics for evaluating performance and outcomes related to unit production and advancing racial equity for each project approved for bond funding. The proposed metrics align with the Work Plan approved by Metro Council, plans described in Local Implementation Strategies, and with accepted and emerging best practices. The metrics were informed by conversations with community stakeholders, practitioners, and the community oversight committee. Below is a summary of key outcomes and performance/process metrics, as well as how these metrics will be used to evaluate performance and outcomes across projects, jurisdictions, and the region as a whole.

Outcomes metrics

The following metrics directly measure core program outcomes. The definitions describe the specific metric to be tracked and “what constitutes success” describes proposed approaches to evaluating outcomes based on those metrics. In some cases, these outcomes directly relate to established goals or program targets. In other cases, they are outcomes that have been identified for tracking but that do not correspond to any established or agreed upon goal or definition of success.

Category	Definition	What constitutes success?
Unit production	<i>Total units:</i> New affordable housing units	Achieve or exceed unit production targets (jurisdiction, region)
	<i>Deeply affordable units:</i> New affordable housing units restricted for households making 30% AMI or below	
	<i>Family sized units:</i> New affordable housing units with 2+ bedrooms	
People served	<i>People initially served:</i> Number of people occupying the building following initial lease up	Achieve or exceed goal of serving at least 12,000 people through initial lease up
	<i>People served over time:</i> Number of people who have lived in the building over time (includes new occupants as units turnover)	No goal; for tracking and communications purposes only
Location/ access	<i>Access to transit:</i> Number/percentage of projects located within 0.25 miles of frequent service bus or 0.5 miles of light rail transit stop	Establish baseline metric for future comparison
	<i>[OPTIONAL] Quantitative or narrative data regarding additional location/access outcomes:</i> <ul style="list-style-type: none"> • Proximity to parks/green spaces/trails • Proximity to public elementary/middle/high schools • Proximity to other types of schools and groceries (not setting specific definitions to allow for flexibility in reporting) 	No agreed upon regional goals or metrics; intended to provide baseline data for future policy discussions

Equitable constructing contracting	<i>COBID firm participation in construction contracts:</i> Percentage and amount of total payments above \$250,000 to COBID certified firms by category (MBE, WBE, DBE, SDV, ESB) and by construction trade	Achieve or exceed LIS goals for equitable contracting (jurisdiction); establish baseline metrics to track increased participation over time (jurisdiction, region)
	<i>[OPTIONAL] Quantitative or narrative data regarding additional contracting outcomes:</i> <ul style="list-style-type: none"> • COBID firm participation in predevelopment or ongoing property management • Participation of non-certified small/minority owned firms in project contracting 	No agreed upon regional goals or metrics; intended to provide baseline data for future policy discussions
Workforce participation (optional/if applicable)	<i>Participation of apprentices:</i> Hours worked by apprentices, disaggregated by race	Achieve or exceed LIS goals (if applicable per jurisdiction); establish baseline metrics to track over time for future comparison
	<i>Participation of women:</i> Hours worked by women, disaggregated by race	
	<i>Participation of people of color:</i> Hours worked by people of color, disaggregated by race	
Prevailing wage	<i>Prevailing wage:</i> Is the project subject to federal (Davis Bacon) or state commercial (BOLI) prevailing wage?	No established goal; intended to provide data to inform future policy discussions
Resident diversity	<i>Diversity of occupants:</i> Percentage of residents who identify as Black, Indigenous, or People of Color (BIPOC), disaggregated by race	Percentage of BIPOC occupants (disaggregated by race) equals or exceeds comparable population percentages in the County where the project is located
	<i>Diversity of occupants:</i> Percentage of households with senior (62+), children 18 and under, and disabled member	Percentage of households with senior (62+), children under 18, and disabled member equals or exceeds comparable population percentages in the County where the project is located
Resident stability	<i>Length of tenancy by race:</i> Average length of tenancy by race	Average length of tenancy for Black, Indigenous, and People of Color (BIPOC) tenants is equal to or better than length of tenancy for white tenants
Resident satisfaction	<i>Tenant satisfaction (optional):</i> Qualitative data gathered through annual tenant surveys or tenant exit surveys	This information will be used to inform future policy work and metrics

Process metrics

In addition to the above “outcomes” metrics, Metro will also work with implementing jurisdictions to gather data about the following “process” or “performance” indicators for each project approved for bond funding. These metrics and qualitative data points are intended to support collective understanding about cost/subsidy efficiency and effective outreach and engagement strategies to achieve the above desired outcomes related to participation of historically marginalized communities in shaping project outcomes, participation of minority and women owned firms in construction, and tenant diversity.

Category	Definition	What constitutes success?
Efficient use of resources	<i>Subsidy efficiency:</i> Metro bond subsidy per bond eligible unit	Portfolio averages \$143,000 per unit (jurisdiction, region)
	<i>Cost efficiency (units):</i> Total cost per total units in a project, including bond eligible and ineligible units	No agreed upon/standard definition of success; compare individual projects to portfolio averages and understand trends over time
	<i>Cost efficiency (bedrooms):</i> Total cost per total bedrooms in a project, including bond eligible and ineligible units	
	<i>Use of vouchers:</i> Number and percentage of 30% AMI units with/without vouchers	No agreed upon standard; track project voucher utilization relative to resources committed in each county
Community engagement	<i>Participation of people of color and historically marginalized community members:</i> Participant information, including demographics or other information to demonstrate participation of people of color and other historically marginalized community members, including (all disaggregated by race): <ul style="list-style-type: none"> • people with low incomes • seniors and people with disabilities • people with limited English proficiency • immigrants and refugees • existing tenants in acquired buildings • people who have experienced or are experiencing housing instability 	Qualitative/narrative data intended to: 1) ensure people of color and other marginalized community members have meaningful access to informing project outcomes; 2) further collective understanding about effective approaches to achieve desired outcomes for tenant demographics and success; and 3) roll up information region-wide to portray picture of how we are doing on engagement as a region and where these practices/approaches could be improved to advance racial equity
	<i>Event/outreach summary:</i> Description of engagement events/activities and outreach strategies used to encourage participation	
	<i>Engagement partnerships (if applicable):</i> Description of partnerships for engagement including organization name and type (culturally specific,	

	<p>community-based, faith, etc.), how they participated, and lessons learned</p> <p><i>Summary of feedback received, and how feedback from communities of color and other historically marginalized community members informed project implementation and outcomes:</i> Description of engagement themes and how they informed the project. Examples of “project outcomes” include solicitation selection criteria, location, unit composition, individual project design principles or specific features (e.g., community space, landscaping), development of service partnerships, and property management practices</p> <p><i>Evaluation (optional):</i> Evaluation of effectiveness of engagement efforts</p>	
Equitable contracting	<i>Outreach:</i> Description of outreach methods to reach COBID-certified firms and lessons learned	Qualitative/narrative data intended to further collective understanding about effective approaches to achieve desired outcomes for COBID certified firms
Lease up process	<p><i>Affirmative marketing:</i> Total number of applicants referred by culturally specific organizations (only tracks formal referrals through established partner agencies)</p> <p><i>Marketing partners:</i> List of community contacts and/or partners that directly supported affirmative marketing activities and description of role played by each organization</p> <p><i>Source of information/referral:</i> Summary of how applicants heard about the project</p> <p><i>Marketing evaluation:</i> Evaluation of effectiveness of affirmative marketing efforts</p>	Process metrics and qualitative/narrative data intended to further collective understanding about effective approaches to achieve desired outcomes for tenant demographics
Screening and lease up	<p><i>Low barrier screening:</i> Percentage of applications screened that resulted in initial acceptance</p> <p><i>Low barrier screening:</i> Percentage of applications denied, disaggregated by reason for denial</p> <p><i>Accessibility:</i> Percentage of accessible (Type A/ADA) units matched to tenant requesting accessible unit</p>	Process metrics and qualitative/narrative data intended to further collective understanding about effective approaches to achieve desired outcomes for tenant demographics

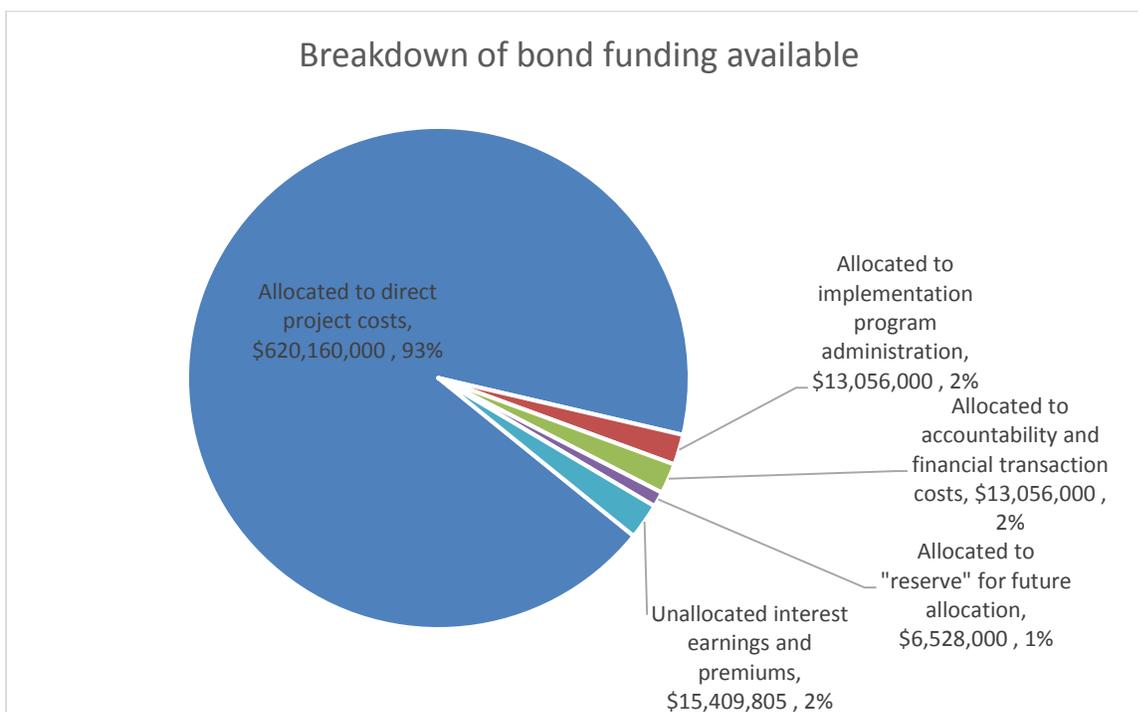
Housing Bond Program funding availability and expenditures through March 2020

At the February 1 Oversight Committee meeting, Committee members requested an update on financial expenditures to date. This report summarizes Housing Bond revenues and expenditures through March 2020, including how these expenditures track to the 5% administrative funding cap described in the bond measure and the funding distribution prescribed in Metro's Affordable Housing Bond Program Work Plan. For context, it also provides additional information regarding anticipated expenditures based on known administrative funding disbursement schedules, preliminary project funding commitments, and active/upcoming solicitations. A full breakdown of Housing Bond revenues and expenditures is provided in Exhibit A.

TOTAL BOND FUNDING AVAILABILITY

As of March 2020, housing bond revenues totaled \$668,209,804 and expenditures totaled \$6,459,679, with \$661,750,125 in remaining funds available.

The bonds were sold on May 1, 2019. The entire issuance was sold on a taxable basis and in a single sale, which was determined through financial analysis to be the best approach to maximize value for taxpayers. The issuance was sold at a 3.3% interest rate over 20 years and achieved a \$2.6 million premium, which is unusual for bonds issued on a taxable basis. The projected levy rate for the bonds is 20 cents, which is lower than the 24 cents communicated to voters. Since the issuance, a total of \$12,779,469 has been earned in interest on the bond proceeds.



Allocated bond funds

Metro's Affordable Housing Bond Program Work Plan allocated a total of \$652,800,000 in funding eligibility, as summarized below.

Jurisdiction/category	Project funding eligibility allocated	Administrative funding eligibility allocated	Total funding allocated
Beaverton	\$31,140,595	\$655,591	\$31,796,186
Clackamas County	\$116,188,094	\$2,446,065	\$118,634,159
Gresham	\$26,756,995	\$563,305	\$27,320,300
Hillsboro	\$40,657,081	\$855,939	\$41,513,020
Home Forward (balance of Multnomah County)	\$15,879,123	\$334,297	\$16,213,420
Portland	\$211,056,579	\$4,443,296	\$215,499,875
Washington County	\$116,465,532	\$2,451,906	\$118,917,438
Metro Site Acquisition Program	\$62,016,000	\$1,305,600	\$63,321,600
Metro accountability and financial transaction costs	n/a	\$13,056,000	\$13,056,000
Reserved for future allocation as determined necessary to achieve targets	n/a	\$6,528,000	\$6,528,000
Total	\$620,160,000	\$32,640,000	\$652,800,000

Funding for future allocation

In addition to the above described \$6,528,000 in funding identified in the Work Plan as "reserved for future allocation as determined necessary to achieve targets," housing bond revenues currently exceed the amount allocated in the Work Plan by \$15,409,805. This additional revenue consists of one-time premiums on the bond sales and interest earnings through March 2020. Metro will continue to track and report on interest earnings, which are subject to the same requirements as bond proceeds. Allocation of this revenue is subject to the future direction of Metro Council as determined necessary to achieve the goals and outcomes committed to voters, and will be informed by annual program reports from the Community Oversight Committee.

Tracking the 5% administrative cap

Housing bond funds are being allocated and tracked in two categories to ensure compliance with the 5% cap on administrative costs specified in the Housing Bond Measure:

1. Direct project costs: Costs of acquiring, developing, and/or rehabilitating property to create new affordable housing, including due diligence and project planning/design.
2. Program administration costs (subject to 5% administrative cap): Program costs that are not direct project costs, including:
 - *Metro oversight and accountability costs*: Includes Oversight Committee facilitation and staffing, project review and evaluation, program evaluation and reporting
 - *Metro financial transaction costs*: Includes bond issuance, bond management, and financial disbursement
 - *Implementation program costs for Metro's Site Acquisition program*: Includes planning and evaluation, development and management of competitive solicitations and project selection, community engagement, and coordination with partner jurisdictions
 - *Local implementation partners' implementation program costs*: Includes planning and evaluation, development and management of competitive solicitations and project selection processes, community engagement, and site acquisition or project due diligence costs not covered through direct project costs.

BOND EXPENDITURES THROUGH MARCH 2020

As of March, \$2,638,557 had been expended on direct project costs and \$3,540,396 had been expended on administrative costs.

Project funding expenditures

Project funding expenditures of \$2,638,557 represent 0.43% of project funding allocated in the Work Plan¹. These include \$2.6 million in funding for Clackamas County's acquisition of an existing building at 18000 Webster Rd. in Gladstone, which will be rehabilitated into 45 units of housing, with additional bond funds anticipated to be committed toward rehabilitation of the building later this year. They also include \$29,224 in due diligence costs for potential acquisitions under consideration by Metro's Site Acquisition Program.

Administrative expenditures

Expenditures on administrative costs included \$2,345,262 in total Metro expenditures and \$861,801 disbursed to partner agencies to support their program administration costs.

Bond funds utilized by Metro for accountability and financial costs include \$1,867,934 in one-time financial costs associated with the issuance of the bonds, as well as \$141,082 in ongoing financial

¹ The percentage of project funding committed is based on the project funding allocated in the Work Plan and does not reflect additional revenues designated for future allocation.

management costs, and \$601,155 in accountability and oversight costs covered by the bond. Combined, these expenditures represent 20% of Metro's allocated funding for accountability and financial transaction costs. However, it is important to note that the majority of these costs were one-time costs.

Housing Bond Funds utilized by Metro's Site Acquisition Program total \$68,424. These expenditures supported personnel costs and represent 5.24% of funding allocated for the Site Acquisition Program's administrative costs available for the duration of implementation.

Implementation partners' combined administrative funding disbursements to date total \$861,801, which represents 6.6% of total funding allocated across the eight implementation partner programs (including Metro's Site Acquisition Program). In addition to Metro's Site Acquisition Program, two jurisdictions opted to utilize administrative funding that was made available in FY 2018-19 to support planning and early project evaluation and development, and two jurisdictions have received FY 2019-20 administrative funding disbursements so far, with additional FY 2019-20 administrative funding scheduled to be disbursed to the City of Hillsboro and Washington County this spring. End of fiscal year reports, including a summary of expenditures, will be provided by each partner in September 2020.

Beginning in FY 2020-21, it is anticipated that most partners will receive their administrative funding disbursement in July of each year, in accordance with a schedule described in the Implementation Intergovernmental Agreement (IGA) with each partner and aligning with the funding allocation described in the Metro Housing Bond Program Work Plan. A likely exception is the City of Portland, where it is anticipated that administrative funding disbursements will be coordinated with project funding disbursements.

CURRENT AND ANTICIPATED PROJECT FUNDING COMMITMENTS

Project funding commitments and solicitations

As of March, \$41.5 million (7% of project funding allocated in the Work Plan) had been preliminarily committed to four projects. These projects are in active predevelopment and expected to close between spring 2020 and spring 2021.

In addition, \$167 million has been made available in local solicitations processes to select additional projects this spring/summer. Collectively, these solicitations represent approximately 26-27% of eligible project funding allocated in the Work Plan, in addition to the 7% of funding preliminarily committed to projects.

Administrative funding commitments

Administrative funding schedules and estimates are described below for jurisdictions with completed IGAs.

Fiscal Year	Beaverton	Clackamas Co.	Gresham	Hillsboro	Home Forward	Portland	Washington Co.
FY18-19	\$80,000	--	--	--	--	--	\$148,690
FY19-20	\$143,898	\$489,213	--	\$171,188	--	--	\$460,000
FY20-21	\$115,118	\$489,213	\$140,826	\$171,188	TBD	TBD	\$460,000
FY21-22	\$115,118	\$489,213	\$168,991	\$171,188	TBD	TBD	\$345,450
FY22-23	\$115,118	\$244,607	\$140,826	\$171,188	TBD	TBD	\$345,450
FY23-24	\$56,330	\$244,607	\$56,330	\$171,188	TBD	TBD	\$230,000
FY24-25	\$28,780	\$244,607	\$28,166	--	TBD	TBD	\$230,000
FY25-26	\$0	\$244,607	\$28,166	--	TBD	TBD	\$232,316
Total	\$655,591	\$2,446,067	\$563,305	\$855,940	\$334,297	\$4,432,188	\$2,303,216

Jurisdictions are required to submit end of fiscal year reports summarizing administrative expenditures, anticipated carry over, and interest earnings on administrative funds. Reports for FY 2019 and FY 2020 will be provided to the Committee in Fall 2020 along with an updated summary of expenditures.

METRO AFFORDABLE HOUSING BOND

Revenue and Expenditure Report Through March 2020

HOUSING BOND SUMMARY THROUGH MARCH 2020

TOTAL HOUSING BOND REVENUES:	\$668,209,804
TOTAL HOUSING BOND EXPENDITURES:	\$6,459,679
TOTAL HOUSING BOND REMAINING:	\$661,750,125

HOUSING BOND REVENUES THROUGH MARCH 2020

REVENUE	FY 2018 - 2019	FY 2019 - 2020	TOTAL REVENUE
Bond Proceeds	\$652,800,000		\$652,800,000
Premiums on Bonds	\$2,630,335		\$2,630,335
Interest Earnings (5/29/2019 - 06/30/2019)	\$250,129		\$250,129
Interest Earnings (07/01/2019 - 03/31/2020)		\$12,529,340	\$12,529,340
TOTAL HOUSING BOND REVENUE:	\$655,680,464	\$12,529,340	\$668,209,804

**HOUSING BOND EXPENDITURES
THROUGH MARCH 2020**

PROJECT EXPENDITURES*	FY 2018 - 2019	FY 2019 - 2020	TOTAL EXPENDITURES	TOTAL WORK PLAN FUNDING	PERCENT OF FUNDING SPENT
Jurisdiction:					
Beaverton	\$0	\$0	\$0	\$ 31,140,595	0.00%
Clackamas County	\$2,609,333	\$0	\$2,609,333	\$ 116,188,094	2.25%
Gresham	\$0	\$0	\$0	\$ 26,756,995	0.00%
Hillsboro	\$0	\$0	\$0	\$ 40,657,081	0.00%
Home Forward (Multnomah County)	\$0	\$0	\$0	\$ 15,879,123	0.00%
Portland	\$0	\$0	\$0	\$ 211,056,579	0.00%
Washington County	\$0	\$0	\$0	\$ 116,465,532	0.00%
Metro Site Acquisition Program	\$0	\$29,224	\$29,224	\$ 62,016,000	0.05%
TOTAL HOUSING BOND PROJECT EXPENDITURES:	\$2,609,333	\$29,224	\$2,638,557	\$ 620,159,999	0.43%

*Project expenditures do not reflect project funding commitments. As of March 2020, \$16,407,533 had been preliminarily committed to projects. An additional \$167 million is being made available through several local solicitations this spring. This will result in several new preliminary project funding commitments (concept endorsements) in the summer and fall of 2020.

ADMINISTRATIVE EXPENDITURES	FY 2018 - 2019	FY 2019 - 2020	TOTAL EXPENDITURES	TOTAL WORK PLAN FUNDING	PERCENT OF FUNDING SPENT
Jurisdiction:					
Beaverton	\$80,000	\$143,898	\$223,898	\$655,591	34.15%
Clackamas County	\$0	\$489,213	\$489,213	\$2,446,065	20.00%
Gresham	\$0	\$0	\$0	\$563,305	0.00%
Hillsboro	\$0	\$171,188	\$171,188	\$855,939	20.00%
Home Forward (Multnomah County)	\$0	\$0	\$0	\$334,297	0.00%
Portland	\$0	\$0	\$0	\$4,443,296	0.00%
Washington County	\$148,690	\$0	\$148,690	\$2,451,906	6.06%
Metro Site Acquisition Program	\$3,869	\$70,168	\$74,037	\$1,305,600	5.67%
Metro Accountability and Financial Transaction Costs					
One-Time Financial Issuance	\$1,867,934	\$0	\$1,867,934	\$13,056,000	20.79%
Ongoing Financial Management Costs	\$26,048	\$123,699	\$149,747		
Accountability and Oversight	\$26,695	\$669,720	\$696,415		
Reserved for Future Allocations	\$0	\$0	\$0	\$6,528,000	0.00%
TOTAL ADMINISTRATIVE HOUSING BOND EXPENDITURES:	\$2,153,236	\$1,667,886	\$3,821,122	\$32,640,000	11.71%

**Staff responses to questions submitted by Mitchell Hornecker, Community Oversight
Committee member (5/14/20)**

1. Can we be consistent with use of terms. For instance, “Direct Project Costs” vs “Project Funding Expenditures”. It is a minor issue but one that will make it easier to track.

Yes, thank you. We will be sure these terms are clear and consistent in future financial reports. In this case, we will use “Direct Project Costs” moving forward.

2. Is there any overlap in Metro staff who are attributed to Direct Project Costs and Program Administrative Costs? If yes, can we get an explanation of how that is done and a spread sheet?

No Metro staff time is attributed to “Direct Project Costs”. Costs billed to this category (\$29,224) reflect third-party vendor support with due diligence to evaluate potential sites for acquisition.

Metro’s total personnel costs through March 2020 were \$770,452. These costs are distributed across three accounting categories:

1. Site Acquisition Program (\$74,037): Management of Metro’s Site Acquisition Program and related communications/engagement activities
2. Housing Bond Program Administration (\$312,496): Direct program administration including Oversight Committee staffing; evaluation of projects selected by Local Implementation Partner jurisdictions; ongoing reporting, monitoring and evaluation of outcomes; and related communications/engagement support.
3. Metro Oversight (\$330,010): General costs associated with supporting the program, including director staff time and finance and budget support.

3. The numbers in the last 2 sentences on Page 3 don’t track to the chart on the last (2 of 2) page.

This has been corrected in an updated version available on Metro’s website here:

<https://www.oregonmetro.gov/public-projects/affordable-homes-greater-portland/whats-happening>
(See “Key Documents” at the bottom of the page.)

4. What are ‘financial costs’ as used in the last sentence on Page 3? Same question for ‘ongoing financial costs’. Are these services provided by Metro staff or third party vendors?

These are services by third-party vendors. A list of vendors is provided below.

Ongoing Financial Management and External Bond Counsel Costs (FY20)

Orrick Herrington & Sutcliffe LLP (bond counsel) - \$8,664.75

Government Portfolio Advisors - \$97,854.31

US Bank National Association - \$17,179.85

Total: \$123,698.91

Ongoing Financial Management and External Bond Counsel Costs (FY19)

Orrick Herrington & Sutcliffe LLP - \$36,000

Total: \$36,000

One-Time Financial Issuance Cost (FY19)

Moody's Investor Services (issuance fee) - \$135,000
Standard & Poor's (rating agency fee) - \$120,175
Orrick Herrington & Sutcliffe LLP (bond counsel) - \$36,000
Piper Jaffray & Co (municipal advisor for competitive sale of bonds) - \$193,873
Bank of America (underwriter discount) - \$1,364,412.71
Oregon State Treasury (Municipal Debt Advisory Commission Fee) - \$5,000
Senvoy LLC (courier service)- \$23.01
US Bank (paying agent fee) - \$12,450
IPREO LLC (Bond sale software for electronic distribution of POS/OS) - \$1,000
Total: \$1,867,933.72

5. What are 'accountability and oversight costs' and are they provided by Metro staff or third party vendors?

These are a mix of personnel costs and materials and services (M&S). Through March 2020, personnel costs comprised \$616,193 and M&S costs comprised \$53,526, including third-party vendor costs (oversight committee facilitation, technical advising, and grant management technology fees) as well as meeting materials (e.g., food, printing) and staff training costs. See additional detail on personnel costs in our response to question #2 above.

6. One time costs are the preferred explanation for using 20% of allocated funds for accountability and transaction costs. What other one time costs are in the budget?

There are no other one-time financial issuance costs anticipated.

7. Percentages are given at the bottom of Page 4. Are these on track? Are we happy with where we are? Can we get charts that track these - similar to commitments and housing starts?

We will be sure to include a visual chart end of fiscal year financial report provided to the Committee in the fall. Below is a breakdown of project funding disbursements, commitments and remaining funds, as well as what percentage each category represents of the \$620,159,999 in total funding allocated by the Work Plan to support direct project costs:

Direct Project Cost Disbursements

\$2,609,333 - Housing Authority of Clackamas County acquisition of 18000 Webster Rd. property
\$29,224 - Metro Site Acquisition Program third-party due diligence costs
Total: \$2,638,557 (0.43%)

Project Funding Committed

\$3,000,000 – Mary Ann Apartments (anticipated to close mid-May 2020)
\$11,583,000 – 72nd/Baylor Apartments (anticipated to close June/July 2020)
\$22,894,240 – Dekum Court Apartments
\$4,200,000 – Preliminary estimate of bond funding that will be requested to support rehabilitation costs for 18000 Webster Rd.
Total: \$41,677,240 (6.72%)

Project funding available for competitive solicitation (Feb-June 2020)

\$80,000,000 – Washington County
\$40,670,000 – Clackamas County
\$20,100,000 – Gresham
\$18,000,000 – Hillsboro
\$9,000,000 – Beaverton
Total: \$167,770,000 (27.05%)

Project funding remaining for future project selection
Total: \$408,074,202 (65.80%)

In addition to the above solicitations through June 2020, the City of Portland plans to issue a funding solicitation this fall, and an additional solicitation is expected to be jointly issued by the City of Beaverton and Metro for the Metro-owned El Monica site this year.

With so many solicitations moving forward this year, program staff are confident at this time that implementation is proceeding according to anticipated timelines. The annual progress reports which will be submitted by each jurisdiction in December 2020 will provide additional insight for the Oversight Committee's evaluation of implementation progress.

8. Metro has stated that it is spending general fund dollars to administer this program because it's allotted share is insufficient. Where is that shown in the report? How is it being tracked? Some of the jurisdictions have said the same, is that being tracked by Metro?

Metro initially projected a need for additional general fund revenue to support program administration costs. This was a first year assumption and contingency. After the first year of implementation, staff believe it will be possible to administer the program within the existing bond funding allocated in the Work Plan to support Metro's administrative costs.

Metro's IGAs with partner jurisdictions do not require partners to report on local general fund expenditures on program administration costs, although partners may opt to provide such information as part of their annual reports. Metro's requirements for partners' annual financial reporting is limited to documenting and certifying expenditure of bond funds on eligible capital costs associated with program administration and direct project costs.

Housing Bond Quarterly Report | 7/1/20

This is the second quarterly progress report for the Metro Regional Affordable Housing Bond. A similar report will be produced quarterly with the goal of keeping the Housing Bond Community Oversight Committee, Metro Council, and other stakeholders and partners informed about ongoing work of the program.

LOCAL IMPLEMENTATION STRATEGIES

Currently, all implementation partners have completed a Local Implementation Strategy and all eight strategies have been reviewed and recommended by the Community Oversight Committee, along with considerations for ongoing implementation and monitoring. Currently, five of seven local implementation partners have completed intergovernmental agreements with Metro. These include the cities of Beaverton, Gresham, and Hillsboro, along with Washington and Clackamas counties. Intergovernmental agreements are expected to be signed with the City of Portland and Home Forward in coming months.

Implementation Partner	Community Oversight Committee review of LIS	Metro Council approval of LIS/IGA
Beaverton	July 24, 2019	Nov. 21, 2019
Washington County	July 24, 2019	Dec. 5, 2019
Clackamas County	August 7, 2019	Nov. 21, 2019
Metro Site Acquisition Program	August 7, 2019	Oct. 17, 2019
Hillsboro	Sept. 4, 2019	Jan. 23, 2020
Gresham	Nov. 6, 2019	Feb. 6, 2020
Home Forward	Nov. 6, 2019	Anticipated summer 2020
Portland	Feb. 5, 2020	Anticipated summer 2020

PROJECTS IN PREDEVELOPMENT

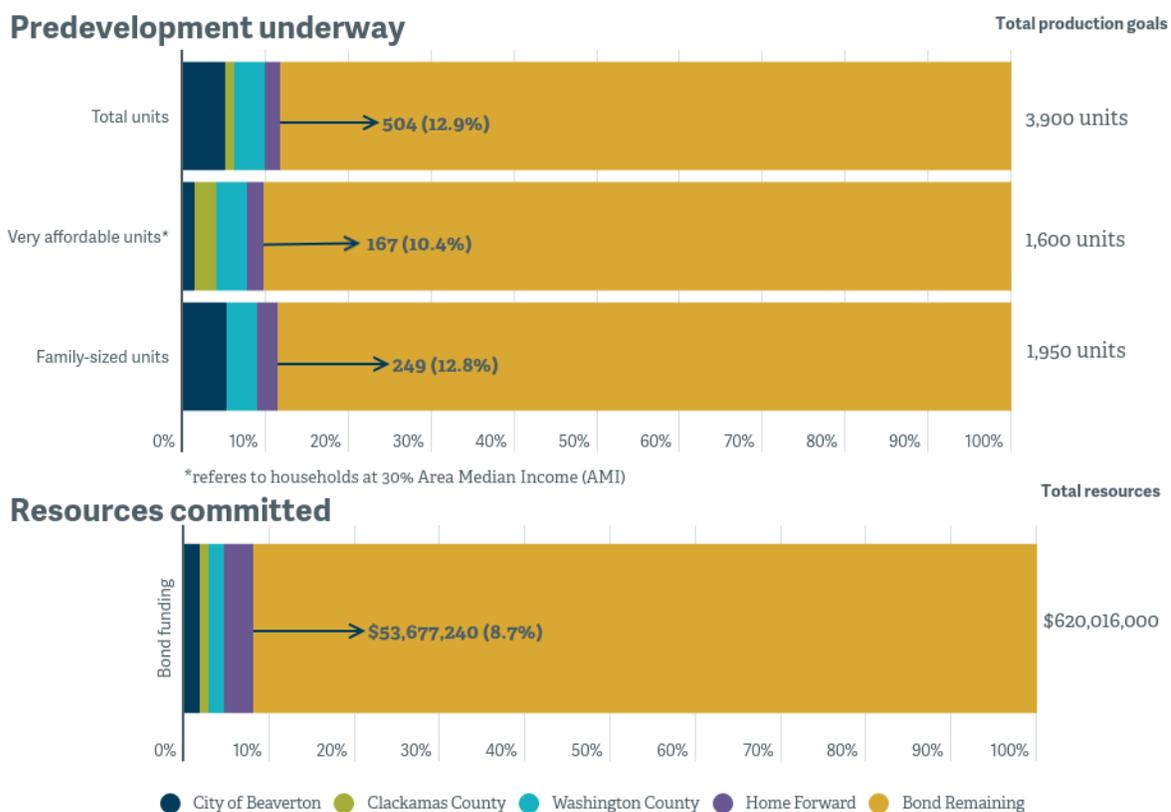
In Spring 2019, Metro Council approved concept endorsements for four projects. These preliminary funding commitments were fast-tracked based on the Council’s desire to ensure early results to respond to the region’s housing crisis, while allowing more time for local implementation planning and engagement to occur. The “Mary Ann” and “72nd & Baylor” projects received final funding approval on May 4th. The remaining projects will come back to Metro for final funding approval prior to their financial close and groundbreaking.

Now that local jurisdictions have completed local implementation strategies, which have been or are being adopted by Metro as part of intergovernmental agreements (IGAs), Metro’s project

concept endorsement and final approval process will be administrative and will not require Metro Council action. The City of Beaverton submitted a request for concept endorsement of the “17811 Scholls Ferry Road” project and it is expected to be approved this month.

Collectively, the above projects will create 504 new affordable homes, or 12.9% of the total production target for the Housing Bond, while using up approximately 8.7% of total funding available. Of these homes, 249 will have 2 or more bedrooms, representing 12.8% of the Housing Bond’s target for family-size homes; and 167 will be affordable to households at 30% or below of area median income (AMI), representing 10.4% of the Housing Bond’s target for deeply affordable homes.

Production and funding dashboard



Summary of projects in predevelopment

Project Name & Location	Implementation Partner	Developer	Number of units			Metro bond funds and total project cost (TPC)*	Concept endorsement	Anticipated groundbreaking
			Total	30% AMI	2+ BR			
Mary Ann <i>Beaverton</i>	City of Beaverton	REACH CDC	54	11	29	\$3M TPC: \$21.9M	3/21/2019 Resolution 19-4975	June 2020
17811 Scholls Ferry Rd. <i>Beaverton</i>	City of Beaverton	Wishcamper	164	12	84	\$9M TPC: \$51.9M	July 2020	June 2021
72nd & Baylor <i>Tigard</i>	Washington County	Community Development Partners	81	33	55	\$11.4M TPC: \$32.9M	5/2/2019 Resolution 19-5007	July 2020
18000 Webster Rd <i>Gladstone</i>	Clackamas County	Housing Authority of Clackamas County	45	45	0	\$6.9M TPC: \$17.9M	7/11/2019** Resolution 19-4991	Winter 2020-21
Dekum Court <i>Portland</i>	Home Forward	Home Forward	160***	65	80	\$22.9M TPC: \$65.9M	7/11/2019 Resolution 19-4997	Summer 2021

*Total project costs reflect most recent estimates provided. These will be updated within 1-3 months prior to anticipated groundbreaking, as projects are submitted for final funding approval.

***\$2.6 million was disbursed to Clackamas County to acquire the property. An additional funding request is expected in fall 2020 for the rehabilitation. A preliminary estimate of \$4.2 million in rehabilitation costs was provided by Housing Authority of Clackamas County in Spring 2020; a refined request is expected in Fall 2020.*

****Number of units for Dekum Court only reflects Metro bond funded units. In addition to 160 units eligible for Metro funding, the site will also include 40 units of “replacement housing” for public housing units currently on the site, for a total of 200 units.*

Select development metrics

The following reflect select performance metrics based on preliminary cost estimates and development plans. These figures will be updated as projects are refined during the planning process.

	MARY ANN	72ND & BAYLOR	DEKUM COURT	18000 WEBSTER RD	17811 SW SCHOLLS FERRY RD	Average
Metro bond subsidy per bond eligible unit	\$55,556	\$143,000	\$143,089	\$151,319	\$54,878	\$105,727
Total cost per total unit	\$404,950	\$405,844	\$329,253	\$397,778	\$316,608	\$350,028
Total cost per total bedrooms	\$254,271	\$209,385	\$259,254	\$397,778	\$198,182	\$240,212
Percent of bond eligible units at 30% AMI	20%	42%	41%	100%	7%	33%
Percent of bond eligible units with 2+ bedrooms	54%	68%	40%	0%	51%	46%
Within 0.25 miles of frequent service bus or 0.5 miles of MAX?	yes	no (but likely to be in future)	yes	no (bus service but not frequent)	TBD	n/a
Contracting goal (% of total hard costs to be awarded to COBID firms)	20%	20%	20%	20%	20% (with a 30% aspirational goal)	20%
Workforce commitment	no goal; will track	TBD – under consideration	yes	no	no goal; will track	n/a
Prevailing wage?	no	yes (Davis Bacon)	yes (Davis Bacon)	yes (Davis Bacon)	TBD	n/a

Project outcome metrics

In the future, once projects begin to reach construction completion and occupancy, quarterly reports will also include performance metrics related to project outcomes for advancing racial equity in the following areas:

- COBID-certified firm participation outcomes, disaggregated by race and gender
- Workforce participation outcomes (if applicable based on the jurisdiction's LIS and project)
- Marketing and application outcomes
- Resident demographics

COMPETITIVE SOLICITATIONS

There are currently no open solicitations for Metro bond projects since the fifth solicitation of the year closed on June 3rd. Combined, these represent up to \$167 million in bond funds (27% of total bond funds allocated for direct project costs in Metro's Work Plan) that may be committed to project concepts by this summer, not including an anticipated solicitation by the City of Portland this fall. Below is a summary of each solicitation and outcomes to date.

Beaverton (closed Feb. 28): \$9 million in Metro bond funds (29% of Beaverton's total bond resources) and two project-based Section 8 vouchers from the Housing Authority of Washington County (HAWC) to select one affordable housing project. The City received three solicitations and chose the "17811 Scholls Ferry Rd" project to move forward with Metro concept endorsement. The project is expected to be approved this month.

Clackamas County (closed April 20): \$40.67 million in Metro bond funds (35% of Clackamas County's total bond resources) and 125 project-based Section 8 vouchers to support units serving households with incomes at or below 30% of area median income (AMI). The County received five proposals and plans to announce selected projects this summer, following Metro concept endorsements.

Washington County (closed May 26): Up to \$80 million in Metro bond funds (69% of Washington County's total bond resources) and 62 project-based Section 8 vouchers to be awarded to multiple affordable housing projects. The NOFA included a \$25 million set aside for non-profits that meet the definition of a Community Housing Development Organization (CHDO) and are based in Washington County. The County received 7 applications requesting a total of \$71,476,088.

Hillsboro (closed June 1): Up to \$18 million in Metro bond funds (45% of Hillsboro's total bond funds), 6 acres of city owned land, and 15 project-based Section 8 vouchers committed by Washington County, targeted at achieving a minimum of 120 units, at least 48 of which would be regulated to be affordable to households making 30% of AMI or below. The City received 5 affordable housing proposals.

Gresham (closed June 3): Up to \$20.1 million (75% of Gresham's total bond funds) available to select multiple eligible projects. The City received 7 affordable housing proposals.

Portland: The City of Portland anticipates issuing a solicitation for Metro bond funds in fall 2020.

Exhibit A: Metro staff findings and recommendations | Metro bond funding final approval for Mary Ann Apartments



Drafted by: Emily Lieb, Housing Bond Program Manager and Valeria
McWilliams, Housing Bond Program Analyst, Metro
Date: April 15, 2020

Criteria for funding approval

Metro will issue Final Approval to local implementation partner (LIP) upon Metro's determination that (a) the proposed Project reasonably contributes to the Unit Production Targets relative to the amount of the Eligible Share proposed to be used for the Project; and (b) the Project is consistent with the Local Implementation Strategy (LIS), the Work Plan, and the Bond Measure.

Staff recommendations

Staff recommends the Metro Chief Operating Officer (COO) provide Final Approval of funding for the Mary Ann Apartments. Findings from Metro's staff review are summarized below. Additional information about the project can be found in Exhibit B, the project narrative submitted by the City of Beaverton.

Changes since concept endorsement

Overall, the project is substantively consistent with what was proposed in the concept endorsement phase. The requested Metro bond subsidy and proposed unit and affordability mix have not changed. Changes or updates to information previously provided during the concept endorsement phase include:

- Total development costs increased from \$20.9 to \$22 million. The cost increases were covered by a decreased developer fee (from \$1.15 million to \$1 million) and a slight increase in gross monthly rent per unit.
- REACH CDC was successful in securing an award of highly competitive 9% Low Income Housing Tax Credits (LIHTC) for the project.
- Additional information was provided regarding technical due diligence and plans for advancing racial equity and incorporating community engagement, as highlighted below.

Contribution to unit production targets

The Mary Ann will utilize 9.6% of Beaverton's total allocation of bond funds while delivering the following unit production outcomes:

- 25% of Beaverton's overall unit production target;
- 12% of Beaverton's target of units affordable to households making 30% or less of area median income (AMI); and
- 27% of Beaverton's family sized unit target.

Metro bond funds make up a smaller portion of the overall funding mix for the Mary Ann than is likely to be the case for other Metro bond projects due to equity from 9% LIHTCs, a competitive funding source not anticipated to be present in the majority of Metro housing bond projects. Additionally, it is worth noting that the affordability mix includes units regulated at 40% AMI and 50% AMI, providing a range of affordability levels and rents beyond the 30% and 60% AMI units targets required for Metro bond funds.

The project is consistent with Beaverton’s “portfolio approach” to achieving the unit production targets, as described in the City’s LIP and copied here for reference:

Beaverton Portfolio

Production	Per Project Modeling Total				Modeling Beaverton-Metro Units Target		
	The Mary Ann	Elmonica	Project C	Project D	Total	Metro	Variance
Units	54	79	66	51	250	218	32
≥2 Bdrm	29	37	42	6	114	109	5
30% PBV	3	19	22	12	56		
	8	9	16	2	35		
Total	11	28	38	12	89	89	0

Readiness to Proceed

In addition, the City of Beaverton has submitted and Metro staff has reviewed and accepted the following checklist materials demonstrating project funding eligibility, feasibility, and readiness to proceed:

- Evidence of site control through a Disposition and Development Agreement between REACH and the City of Beaverton
- Evidence of zoned capacity on the site
- Project pro forma dated 10/23/2019
- Letters of commitment from equity investor (Wells Fargo), construction lender (Wells Fargo), and other funding sources (Business Oregon, Network for Oregon Affordable Housing and Washington County’s HOME program), including a voucher commitment letter from the Housing Authority of Washington County
- 80%+ design development drawings with construction bid set
- Phase 1 Environmental Soil Assessment (ESA), which did not reveal evidence of environmental conditions requiring a Phase II assessment or remediation
- Geotechnical report confirming buildability of soils
- Third-party land appraisal dated 10/11/2019
- Development team resumes
- Fair Housing Marketing Plan
- Resident Services Plan

Advancing Racial Equity

Metro staff have reviewed final project materials to confirm consistency with the racial equity elements of City of Beaverton’s approved LIS. Key findings include:

- **Location:** The project is located in the historic downtown core of Beaverton. Several amenities are in easy walking distance, including Beaverton City Library, Beaverton Swim Center, Beaverton High School, the Beaverton Farmer’s Market, and Beaverton Central MAX station located approximately 0.5 miles away. This is consistent with Beaverton’s LIS goal of providing new affordable housing in high opportunity neighborhoods with access to transit, jobs, quality schools, commercial services, parks and open spaces.

- **Diversity in contracting/hiring:** Walsh Construction expects to meet or exceed the City’s 20% COBID participation goals. Walsh has a strong track record on COBID participation and has identified specific outreach strategies to meet the goal for this project. In addition, Walsh is working with the Career and Technical Education Department at the Beaverton School District with a goal of expanding their partnership with the school district to attract high school students to the construction trades.
- **Access for historically marginalized communities:** REACH plans to provide translation of application materials into Spanish, Russian, Chinese, and Vietnamese as well as translation/interpretation services available throughout lease up; will use a survey to track how applicants learned about the opportunity; and plans to evaluate affirmative marketing efforts monthly based on website analytics and feedback from referring agencies. REACH and the City of Beaverton have agreed to modify screening criteria in response to concerns raised during community engagement, and Metro has requested additional information about changes incorporated.
- **Culturally specific programming and supportive services to meet the needs of residents:** Reach will provide resident services staff and programs including a wellness program and youth programming such as economic education and afterschool/summer programs. In addition, REACH has confirmed or is working to confirm partnerships with the following organizations to provide on-site services:
 - Community Action
 - Virginia Garcia Memorial Health Center
 - Centro Cultural of Washington County
 - Worksystems
 - Asian Health and Service Center
 - Immigrant and Refugee Community Organization (IRCO)

Community engagement to inform project implementation

Metro staff have reviewed final project materials to confirm consistency with the community engagement elements of City of Beaverton’s approved Local Implementation Strategy (LIS). Key findings include:

- **Strategies for ensuring ongoing engagement around project implementation reaches communities of color and other historically marginalized community members:** The City of Beaverton reached Latinx, Arabic, and other communities of color through strong engagement partnerships with city departments, schools, and community-based organizations. In one of two sets of engagement activities, 69% of the 200 participants were people of color. Demographic data was not provided for the other set of engagement activities. Other historically marginalized communities were mentioned in the report, but demographic data was lacking. Metro has requested additional data regarding demographics of participants, but does not believe this needs to impede the final approval process.
- **Strategy for ensuring community engagement to shape project outcomes to support the success of future residents:** Major themes of feedback received in the engagement process were:
 - Need for family units – this need is reflected in the unit production goals for the Mary Ann.
 - Questions and concerns on marketing practices and screening criteria – This theme resulted in the City of Beaverton and REACH planning to prioritize notifications to

communities of color and other marginalized communities prior to opening them to the broader community, and agreements on modified screening criteria “expanding housing opportunities for potential residents.” Additional details have been requested from the City of Beaverton regarding specific modifications to screening and marketing in response to engagement themes.

Metro Affordable Housing Bond Program Final Approval

Project Name: Mary Ann Apartments

Implementing Jurisdiction: City of Beaverton

Metro IGA Contract Number: 936550

Date of Concept Endorsement: March 21, 2019 (Resolution No. 19-4975)

Anticipated construction start: July 2020

Anticipated construction completion: May 2021

Action:

Metro hereby provides City of Beaverton with Final Approval of \$3,000,000.00 Metro Affordable Housing Bond funds for the development of Mary Ann Apartments, a regulated affordable housing project located at 4601 SW Main Ave., Beaverton, Oregon. Metro staff findings are attached in Exhibit A, and a more detailed description of the Project, as provided by the City of Beaverton, is attached as Exhibit B.

This Final Approval is based upon the information contained in the final approval request provided to Metro by the City of Beaverton, including the following Project unit mix:

<u>Number of Units</u>	<u>Number of Bedrooms</u>	<u>AMI Level</u>	<u>Project Based Vouchers</u>
4	One-bedroom	30%	1
16	One-bedroom	40%	0
5	One-bedroom	50%	0
4	Two-bedroom	30%	4
3	Two-bedroom	40%	0
3	Two-bedroom	50%	0
16	Two-bedroom	60%	0
3	Three-bedroom	30%	3

Disbursement of funds for the Project will be processed in accordance with the terms and conditions set forth in the Affordable Housing Bond Measure Program Intergovernmental Agreement between Metro and Beaverton, and will occur within 10 days of Metro's receipt of the following items: a draft regulatory agreement meeting IGA terms, a final sources and uses budget, a construction contract schedule of values, and an invoice from the City of Beaverton including wiring or other instructions related to transfer of funds.



Marissa Madrigal

Chief Operating Officer

05/04/2020

Date

EXHIBIT B: Project summary submitted by City of Beaverton | Metro bond funding final approval for Mary Ann Apartments

Submitted by: Javier Mena, Affordable Housing Manager,
 City of Beaverton, jmena@beavertonoregon.gov
 Submitted on: February 21, 2020

Project Overview

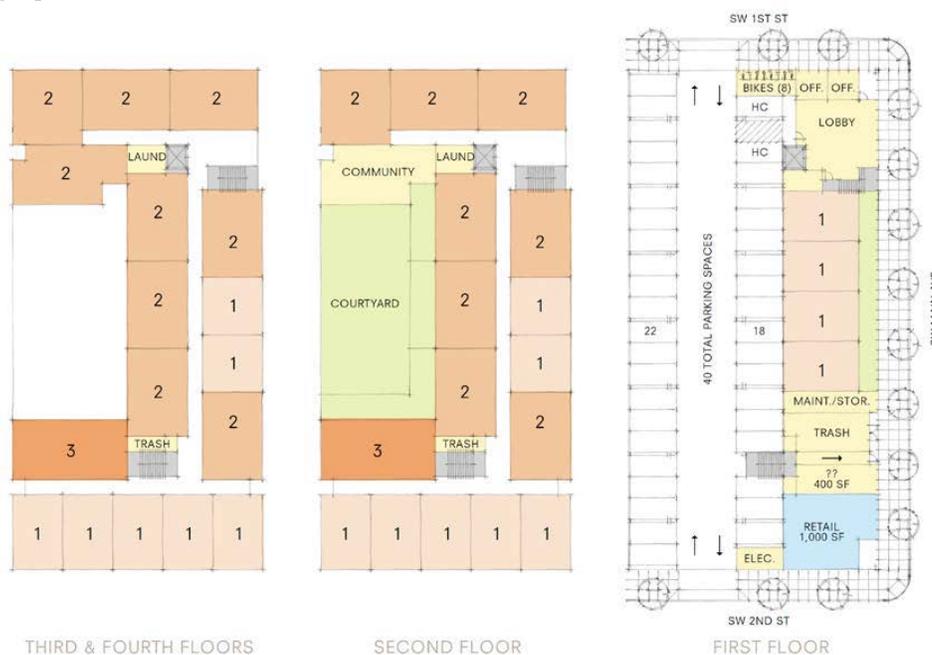
REACH Community Development Corporation (REACH) is requesting, and the City of Beaverton concurs via Council approval, final approval and commitment of \$3 million in Metro Housing Bond funding for the construction of The Mary Ann Apartments (“The Mary Ann”), a four-story affordable apartment building that will provide 54 residential units, including 26 two-bedroom and 3 three-bedroom units. Eleven units will be affordable to households making 30 percent of area median income (AMI) or below.

The site itself consists of four tax lots, totaling approximately 0.44 acres. The City owns the two tax lots on the northern half of the site. REACH and the City of Beaverton have executed a Disposition and Development Agreement (DDA) for the no-cost transfer of the city-owned sites. The other two parcels located in the southern half have been acquired by REACH. The sites are currently vacant.

The Mary Ann is a \$22 million affordable housing project. Funding sources include nine percent Low Income Housing Tax Credits (LIHTC), State, County, City of Beaverton and private debt. More details can be found in the Project Financing section of this report.

Development Program

As previously mentioned, The Mary Ann contains 54 units, including 26 two-bedroom units and 3 three-bedroom units. The project also includes 39 parking spaces and a second floor outdoor community space.



All units will be affordable at 60 percent of AMI or below. Eleven units will be affordable at 30 percent of AMI or below and 29 units will be sized for families, with two or three bedrooms. Seven units will be both family sized and deeply affordable at 30 percent of AMI or below, including four two-bedroom units and three three-bedroom units. The ground floor space will be used as amenity space for tenants.

Unit size (no. of bedrooms)	No. of units	AMI %	PBVs	Square feet/unit	Gross monthly rent/unit
One Bedroom	2	30%	0	600	\$495
One Bedroom	2	30%	1	600	\$495
One Bedroom	16	40%	0	600	\$660
One Bedroom	5	50%	0	600	\$825
Two Bedroom	4	30%	4	800	\$594
Two Bedroom	3	40%	0	800	\$792
Two Bedroom	3	50%	0	788	\$990
Two Bedroom	16	60%	0	800	\$1,099
Three Bedroom	3	30	3	1,231	\$685
Total	54		8		

Background

The City of Beaverton acquired the corner parcel located on SW 1st and SW Main to preserve 11 housing units located on the site as well as its proximity to Beaverton High School, the library, parks and other amenities. The City intended for the acquisition to retain affordable housing in the downtown core. However, the units were dilapidated, unhealthy and ultimately found to be beyond repair. The City relocated the residents and demolished the apartment building. Efforts to build replacement affordable housing were unsuccessful for a number of years.

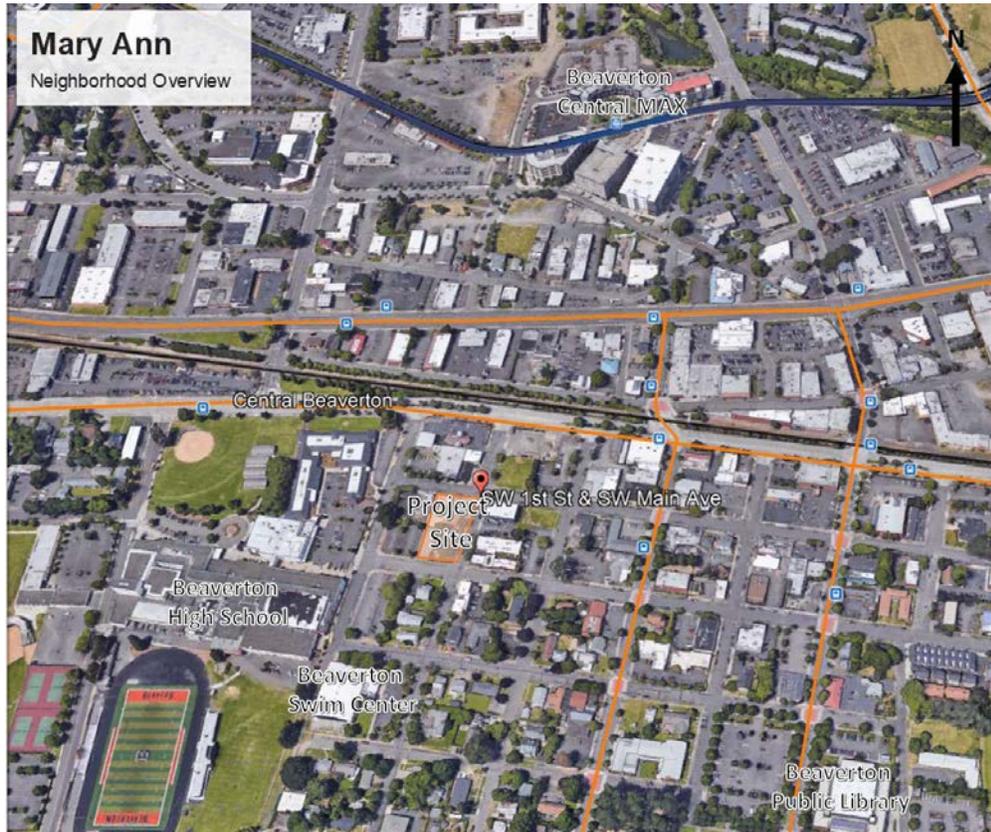
Since September of 2018, the City of Beaverton and REACH have been in exclusive negotiations to facilitate an affordable housing project at the site. During this time, REACH conducted due diligence and predevelopment activities necessary for the half block development, including but not limited to schematic architectural designs, property appraisals, environmental assessments, etc. REACH also sought and successfully secured nine percent LIHTC, Washington County HOME funding and City of Beaverton predevelopment funding. In March 2019, The Mary Ann was selected by the City of Beaverton and approved by Metro as a Phase 1 Project, and \$3 million of Metro Affordable Housing Bond resources were reserved for the project.

Since then, REACH has commenced and is progressing through the City of Beaverton’s land use and permitting processes, with construction set to begin in April 2020.

Location and Neighborhood

The proposed project is located on Main Avenue between 1st and 2nd Streets in Old Town Beaverton. The area has a mix of pre WWII commercial, retail buildings, single-family homes, and two-to three-story offices dating from the 1960s to 1980s. To the immediate southwest of the site is Westline, a new, four-story, market rate apartment building. Several amenities are within walking distance, including the Beaverton City Library main branch, Beaverton High School, multiple restaurants, and the Beaverton Farmer’s Market. The Beaverton Central MAX station is located half a mile to the north and Bus Line 57 is two blocks away. Farmington Road and Canyon Road are major arterials,

and separate Old Town from newer and denser development immediately surrounding the Beaverton Central Max station.



Site

The site is located on the eastern half of the block bound by SW Main Avenue on the east, SW Stott Avenue on the west, between SW 1st and 2nd Streets. The site has environmental conditions that will be addressed as part of the development process. A Phase 1 Environmental Site Assessment, a Supplemental Investigation Report, and a geophysical survey, identified a suspected cesspool that will need to be decommissioned. In addition, soils in the northwestern portion of the property are contaminated with petroleum hydrocarbons above allowed levels for Urban Residential land use. Remediation will occur as the project proceeds.

Project Financing

The Mary Ann has an estimated total development cost of approximately \$22 million, reflecting a per unit cost of \$405,556 and a per gross square foot cost of \$316. The proposed developer fee of \$1 million represents 5 percent of total costs and is within Oregon Housing and Community Service limitations.

Projected sources for the project include \$12 million in competitive nine percent LIHTC, \$3 million in Metro Affordable Housing Bond funds, \$3.2 million in permanent debt, and \$1.2 million in Washington County HOME funds. Metro bond subsidy reflects 13.7 percent of total project cost, or an average of \$55,556 per unit.

The City of Beaverton is contributing a \$300,000 write down of the cost of its land; \$25,000 in design assistance and \$5,000 of pre-development assistance. The project is expected to be exempt from real estate taxes.

THE MARY ANN Project Financing	
Uses	Total
Acquisition Costs	\$600,000
Construction Costs	\$16,793,453
Development Costs	\$4,473,872
Total Uses	\$21,867,324
Sources	Total
Limited Partnership Equity (9% LIHTC)	\$11,998,800
General Housing Account Program	\$1,078,125
Oregon-Multifamily Energy Program	\$131,935
Housing Trust Fund	\$1,129,904
Beaverton Design Grant	\$25,000
Beaverton Predevelopment	\$5,000
Business Oregon Brownfields	\$60,000
Permanent Loan (NOAH)	\$1,410,000
Permanent Loan (OATC)	\$1,790,000
Energy Trust	\$38,560
Washington County HOME	\$1,200,000
Beaverton Metro Regional Housing Bond	\$3,000,000
Total Sources	\$21,867,324

Development Team

REACH is a Portland based non-profit affordable housing developer and operator active throughout the metropolitan area. Founded in 1982, REACH has developed or preserved over 2,200 housing units.

Walsh Construction will serve as General Contractor. Walsh Construction is a Portland based firm with extensive experience in the construction of affordable projects including the Orchards Apartments in Southeast Portland and Woody Guthrie Apartments in Portland’s Lents neighborhood.

Scott Edward Architects (“S|EA”) will design the Project. S|EA is a Portland based architectural firm with extensive multifamily experience. Recent affordable housing experience includes Cornelius Place, a mixed use building in downtown Cornelius which integrates a ground floor public library with 45 units of low income senior housing on its upper floors.

Community Engagement

The Central Beaverton neighborhood is supportive of The Mary Ann. They have shown their support at neighborhood meetings, Planning Commission hearings, and any other public activities that REACH has engaged in. REACH staff presented the project and proposed name to Beaverton’s

Diversity Advisory Board, which endorsed the project and name. The project is named for Mary Ann Spencer Watts, who was Beaverton's first school teacher and taught in a log cabin near the current Beaverton High School site.

Walsh Construction is working with the Career and Technical Education department at the Beaverton School District with the goal of expanding their partnership with the school district. This partnership will use The Mary Ann as a case study for strategies for attracting high school students to the construction trades. Westview, Mountainside, and Aloha are the schools currently participating in the program, which will provide for student tours during construction.

Through the development of Beaverton's Local Implementation Strategy, and other Metro Affordable Housing Bond activities, City of Beaverton staff have shared The Mary Ann as an upcoming affordable housing opportunity, which has been well received. These presentations have been with a variety of communities, including the Arabic community, Latinx community, and senior residents.

Advancing Racial Equity

The City of Beaverton uses race as a primary lens for its diversity, equity and inclusion work. This is due to several factors including legacy of institutional racism, demographic shift, disparities and intersectionality. This approach is woven in to the work of the affordable housing team. Below are some examples of that approach.

- The city established a Housing Technical Advisory Group (HTAG) comprised of community members with a variety of expertise to advise the Mayor and city staff on housing related activities. The mission of the HTAG is to advise on the full range of city-sponsored affordable housing activities, strategies, programs, and program implementation and advice the Mayor and city staff on diversity, equity, and inclusion strategies that improve participation from communities of color and marginalized communities in contracting opportunities as well as access to housing. The HTAG will be an integral part of Metro Affordable Housing Bond project review and engagement processes.
- The City is developing a partnership with Unite Oregon with the goal of creating a systematic community engagement framework. One in which communities of color and marginalized communities have access to and are able to provide feedback on projects funded by the Metro Affordable Housing Bond.
- The City developed an interactive web-based application to track Certification Office for Business Inclusion and Diversity (COBID) outcomes. This web-based application allows developers and general contractors report COBID contracting directly into the system, without the need for City staff to input additional information. Thereby, ensuring accuracy and reporting expediency.
- On the development side, Walsh Construction expects to meet or exceed the City's 20% COBID participation goal. Walsh Construction's process to reach COBID participation goals include:
 - Hold pre-bid conferences where staff talk with minority-owned, woman-owned, or emerging small business (MWESB) subcontractors to get them involved early

- and let them know they have a good opportunity in the project and suggest they get their pricing into their pre-bid conference estimates.
- When preparing invitations to bid, Walsh will break up scopes of work so that smaller subcontractors, often COBID subcontractors, will have the resources to bid the work.
 - For final bidding, Walsh Construction sends a bid invite to their master subcontractor list and every subcontractor on the COBID website (with applicable work for their trade). They advertise in the Asian Reporter and the Daily Journal of Commerce (DJC), announce bid information to the Professional Business Development Group (a COBID-focused trade association for construction and professional services) and to the Oregon Association of Minority Entrepreneurs (OAME). The company also engages in personal outreach by calling several COBID subcontractors to encourage them to bid on upcoming projects.

Partnerships and Services

Over the past 21 years, REACH has developed high functioning and effective coordination between their Property Management and Resident Services staff. At each of their buildings, REACH employs a Community Manager (property management), Maintenance Technician and Resident Services Coordinator. All three employees are part of the larger REACH property management and resident services teams that meet regularly as a group to share best practices and fosters a high functional team approach. This model ensures close coordination between the on-site property management staff and the on-site resident services coordinators. This team works together to prevent eviction, sort out conflicts between residents, and address resident behavior issues before they become problems.

The target population proposed for The Mary Ann is family households that are currently cost burdened or severely cost burdened who are looking for a high quality affordable housing. This target population extends to existing Beaverton residents living within the Central Beaverton neighborhood, as well as the rest of the city including East Beaverton, West Beaverton and Aloha. The Beaverton School District has the highest number of homeless students in the state. With 11 units targeted at or below 30 percent AMI, there are opportunities at The Mary Ann for households experiencing homelessness.

REACH is looking at partnering with Community Action, a local nonprofit, to supplement their resident services program with their well-established programs. These programs include Head Start and Early Head Start, child care resources and referral services, family coaching, parent support, SNAP 50/50, early connections engagement of pregnant families, energy assistance, the Emergency Rent Program and food boxes. They are particularly interested in supporting REACH staff with their Crisis Intervention Teams.

Virginia Garcia Memorial Health Center and REACH expect to soon finalize a Memorandum of Understanding that would help residents access their primary health services, dental services, behavioral and mental health services, clinical pharmacy services, social workers and wellness activities at Virginia Garcia's nearby Beaverton Wellness Center, dental clinic, and school-based health center across the street at Beaverton High school. In turn, Virginia Garcia may send their community health workers to work with residents at the site to conduct needs assessments and determine next steps in accessing healthcare and wellness activities at their Beaverton sites.

REACH also is developing a partnership with Centro Cultural via a Memorandum of Understanding, where The Mary Ann residents get obtain affordable transit passes from TriMet for as low as \$28 monthly to access buses at several bus stops walkable from the site. They also would be able to help The Mary Ann residents enroll in the Oregon Health Plan as part of their array of services.

Worksystems is the Workforce Investment Board responsible for implementing the Oregon Workforce Development Strategy Plan and workforce employment training, career coaching, and career mapping for the region, including Washington County. REACH has been committed since 2011 to workforce development as an essential resident services component to assist more residents to access family wage jobs and help residents succeed in a fundamentally transformed economy. REACH and Worksystems have worked to establish a formal referral waitlist for trainees to access housing in Washington County. The workforce development initiative includes all of the components that have been proven effective to move Worksystems participants into family-wage jobs. The program is tailored to meld the efforts of REACH's skilled residents' services staff with the specialized services offered through the Worksystems network.

REACH will utilize their existing Memorandum of Understanding with Asian Health and Service Center and the Immigrant and Refugee Community Organization (IRCO) to ensure all communities of color have culturally specific access to their services, interpretative services and can have all materials translated in their native language.

Metro Affordable Housing Bond Program Final Approval

Project Name: 72nd & Baylor Apartments

Implementing Jurisdiction: Washington County

Metro IGA Contract Number: 936591

Date of Concept Endorsement: July 11, 2019 (Resolution No. 19-5007)

Anticipated construction start: July 2020

Anticipated construction completion: Fall 2021

Action:

Metro hereby provides Washington County with Final Approval of \$11,583,000.00 in Metro Affordable Housing Bond funds for the development of 72nd & Baylor Apartments, a regulated affordable housing project located at 11600 SW 72nd Ave., Tigard, Oregon. Metro staff findings are attached in Exhibit A, and a more detailed description of the Project, as provided by Washington County, is attached as Exhibit B.

This Final Approval is based upon the information contained in the final approval request provided to Metro by Washington County, including the following Project unit mix:

<u>Number of Units</u>	<u>Number of Bedrooms</u>	<u>AMI Level</u>	<u>Project Based Vouchers</u>
14	One-bedroom	30%	5
11	One-bedroom	60%	0
10	Two-bedroom	30%	5
36	Two-bedroom	60%	0
10	Three-bedroom	30%	6

Disbursement of funds for the Project will be processed in accordance with the terms and conditions set forth in the Affordable Housing Bond Measure Program Intergovernmental Agreement between Metro and Washington County, and will occur within 10 days of Metro's receipt of the following items: a draft regulatory agreement meeting IGA terms, a final sources and uses budget, a construction contract schedule of values, and an invoice from Washington County including wiring or other instructions related to transfer of funds.



Marissa Madrigal

Chief Operating Officer

05/04/2020

Date

Exhibit A: Metro staff findings and recommendations | Metro bond funding final approval for 72nd & Baylor Apartments



Drafted by: Emily Lieb, Housing Bond Program Manager and Valeria McWilliams, Housing Program Analyst, Metro
Date: April 23, 2020

Criteria for funding approval

Metro will issue Final Approval to local implementation partner (LIP) upon Metro's determination that (a) the proposed Project reasonably contributes to the Unit Production Targets relative to the amount of the Eligible Share proposed to be used for the Project; and (b) the Project is consistent with the Local Implementation Strategy (LIS), the Work Plan, and the Bond Measure.

Staff recommendations

Staff recommends the Metro Chief Operating Officer (COO) provide Final Approval of funding for the 72nd & Baylor Apartments. Findings from Metro's staff review are summarized below. Additional information about the project can be found in Exhibit B, the project narrative submitted by Washington County.

Changes since concept endorsement

Overall, the project is substantively consistent with what was proposed in the concept endorsement phase. Changes or updates to information previously provided during the concept endorsement phase include:

- During refinement of project design, it was determined that the building could be configured to accommodate one additional one-bedroom unit. This resulted in an increase in requested Metro bond funds of \$143,000, increasing the total funding request to \$11,583,000.
- Additional information was provided regarding technical due diligence, advancing racial equity, and incorporating community engagement, as highlighted below.

Contribution to unit production targets

72nd and Baylor Apartments will utilize 10% of Washington County's total bond funds available for projects while delivering the following unit production outcomes:

- 10% of the County's overall unit production target;
- 10% of the County's target of units affordable to households making 30% or less of area median income (AMI); and
- 14% of the County's family sized unit target.

The project will utilize eight project-based Section 8 vouchers from the Housing Authority of Washington County (HAWC) and eight Veterans Affairs Supportive Housing (VASH) vouchers to support units regulated for households at 30% AMI. Seventeen of the deeply affordable units will be subsidized by the project with no rental assistance vouchers.

The project is consistent with Washington County's approach to achieving the unit production targets, as described in their approved LIS, which anticipated 13 total projects, ranging in size from 5-175 units, with an average project size of 64 units. A hypothetical portfolio scenario provided in

Exhibit B of the County's LIS describes thirteen projects that collectively achieve the unit production targets, with 72nd and Baylor consisting of "project 1" in this portfolio.

Readiness to Proceed

In addition, Washington County has submitted and Metro staff has reviewed and accepted the following checklist materials demonstrating project funding eligibility, feasibility, and readiness to proceed:

- Evidence of site control by Community Development Partners in summer 2019
- Evidence of zoned capacity on the site per Tigard's development code 18.660
- Project pro forma dated 3/7/2020
- Letters of commitment from the equity investor (R4 Capital LLC) and construction lender (Citibank), as well as a 4% LIHTC award letter from Oregon Housing and Community Services (OHCS) and a voucher commitment letter from the Housing Authority of Washington County
- 80%+ design development drawings with construction bid and permit set
- Phase I and Phase II Environmental Soil Assessment (ESA) and Contaminated Media Management Plan to address pesticide levels identified in the soil
- Geotechnical report confirming suitability of soils for development
- Third-party land appraisal dated March 10, 2020
- Development team resumes
- Fair Housing Marketing Plan
- Resident Services Plan

Advancing Racial Equity

Metro staff have reviewed final project materials to confirm consistency with the racial equity elements of City of Beaverton's approved LIS. Key findings include:

- **Location:** The project is located in the Tigard Triangle area of Tigard, OR, an area expected to undergo significant growth and development in coming years. The site is located across the street from an established retail center and grocery store and near two future transit stations planned along the Southwest Corridor Light Rail Project. Assuming planned sidewalk investments for 72nd Avenue proceed, the project is approximately one-third of a mile's walk from the TriMet #12 Frequent Service Bus line that serves Tigard, Downtown Portland and NE Sandy Blvd. Prior to 72nd Avenue improvements residents would need to walk two thirds of a mile to 68th Avenue to reach frequent service bus service on 99W. The City of Tigard has improvements for SW 72nd north of SW Dartmouth ranked as a 2020-2025 priority in that urban renewal area. Due to the anticipated cost of the project, it may be closer to 2025 before the City has sufficient tax increment financing (TIF) revenue to pursue the improvements.
- **Access for historically marginalized communities:** Future lease-up will be guided by screening criteria from the County's Housing Choice Voucher program guidelines, which include less than standard income-to-rent ratios and reduced credit history requirements. The County's criteria also ease criminal history requirements by considering time since the conviction and actions taken to avoid similar misconduct in the future. Hispanic populations and people with disabilities are specifically identified as groups least likely to apply. The Fair Housing Marketing Plan states that a community contact and specific outreach strategies have been identified to reach these groups. Staff have requested additional information about language services and other strategies for ensuring that these groups will be reached during marketing and lease up.

- **Diversity in contracting/hiring:** The project’s general contractor, Bremik, has committed to meet the County’s goal of 20% participation of Minority, Women and Emerging Small Business (MWESB) contractors. Bremik has a track record of exceeding MWESB goals on some projects, and has also met workforce participation goals on many projects. To date, the project has achieved 26% MWESB participation in predevelopment work. In addition, the HAWC and the developer are currently discussing the potential of incorporating a workforce participation goal.
- **Culturally specific programming and supportive services to meet the needs of residents:** Resident services will be provided by the Good Neighbor Center, a local Tigard nonprofit with a mission to support and empower families. Households will receive services to maintain stable housing, increase income through education and skills programs including financial education, individualized savings programs, job networking and entrepreneurship training, as well as connections to resources like healthcare, school enrollment and food assistance. The Department of Veterans Affairs will provide case management for the eight households receiving VASH vouchers. Staff have requested additional information about strategies for ensuring that programming and services are culturally appropriate to meet the needs of residents.

Community engagement to inform project implementation

Metro staff have reviewed final project materials to confirm consistency with the community engagement elements of Washington County’s approved LIS. Key findings include:

- **Strategies for ensuring ongoing engagement around project implementation reaches communities of color and other historically marginalized community members:** Washington County reports approximately 10% of the 48 people who participated in engagement activities were people of color, and particular attention was paid in outreach strategies to engage communities of color and other marginalized groups such as veterans and people experiencing houselessness. Washington County staff note in their report that “predevelopment work and community engagement for this project has progressed at the same time as these specific engagement metrics have been developed. Engagement work for future Metro bond projects in the County will track demographics of those attending.” Attention to future planning related to capturing demographic data is appreciated, and Metro staff look forward to seeing results from Washington County’s future engagement efforts with robust work related to marginalized communities.
- **Strategy for ensuring community engagement to shape project outcomes to support the success of future residents:** Washington County’s engagement report shows strong coordination among service providers in the Tigard Triangle area where the project is located. It is clear the engagement process gleaned several concrete needs and opportunities related to supporting the success of future residents, and generated momentum for ongoing collaborative work toward these ends. Themes include:
 - Need for flexible community space
 - Need for larger family-sized units
 - Need to not displace residents and businesses in the area
 - Need for housing for extremely low-income households
 - Need for increase in services/amenities in the area as housing is added
 - Need for additional green spaces

Physical space in the building will include common areas, offices and community space. Outdoor spaces with multiple uses have been planned for the project. Fifty-six units in the building will be family sized. Partnerships with service providers will provide support for future residents. Regarding displacement, the report indicates multiple organizations dedicated to ongoing partnership to address this prospective issue.

EXHIBIT B: Project summary submitted by Washington County | Metro bond funding final approval for 72nd & Baylor Apartments

Submitted by: Shannon Wilson, Housing Development Coordinator,
Washington County, shannon_wilson@co.washington.or.us
Submitted on: April 16, 2020

Project Overview

The Housing Authority of Washington County (HAWC) has requested Final Approval for \$11,583,000 in Metro Housing Bond funds for the construction of the 72nd and Baylor Apartments (the “Project”), a six-story affordable apartment building that will provide 81 residential units, including 56 two- and three-bedroom units. Thirty-four units will be affordable to households earning 30 percent of area median income (AMI) or below. The Project will be developed by Community Development Partners (CDP) in partnership with the Housing Authority of Washington County, and is located at the corner of 72nd Avenue and Baylor Street in Tigard.

Last year, between March and June 2019, eligible Housing Bond implementation jurisdictions were invited to submit up to one “Phase 1” project to Metro for consideration prior to approval of a full Local Implementation Strategy. This Project approved by the Washington County Board of Commissioners on June 18, 2019 for concept approval and prioritization as HAWC’s Phase 1 project. Metro Council approved concept endorsement for this project on July 11, 2019.

The Washington County Board of Commissioners provided final approval for this project on April 7, 2020. The primary change to the project since it received concept endorsement is that during refinement of the project design, it was determined that the building could be configured to include one additional unit. This resulted in an increase in the Metro Bond fund request of \$143,000, bringing the total request to \$11,583,000.

The site is 1.11 AC / 48,353 SF and will total 39,297 SF after right-of-way dedication. CDP purchased the site in the late summer of 2019. Currently three older occupied single-family homes are onsite. CDP is providing relocation assistance and plans to demolish the homes prior to construction. The financing package for the project includes 4% Low Income Housing Tax Credits (LIHTC), OHCS Weatherization funds, deferred developer fee and permanent debt, all leveraged with Metro Bond funds.

Development Program

The project will contain 81 units, including 46 two-bedroom and 10 three-bedroom units. The project includes 62 parking spaces and has been designed with generous common space including three offices, a maintenance office, computer room, large community room that can be partitioned to create multiple spaces, fitness room, and media lounge to accommodate the various programming that will exist onsite. Outdoor areas include a second-floor courtyard, dog relief area, playground, and parking lot with an electric vehicle charging station where a mobile clinic could be set up.

Thirty-four units will be deeply affordable to households making 30% AMI or below, including 10 two-bedroom and 10 three-bedroom units. Of these 34 units, eight will be supported with project-based Section 8 vouchers and eight will be supported with Veterans Affairs Supportive Housing (VASH) vouchers.

Unit Size (no. of bedrooms)	No. of Units	AMI %	PBV	VASH	Square Feet/Unit	Gross Monthly Rent/Unit
1-BR, 1-BA	14	30%		5	603	\$519
1-BR, 1-BA	11	60%			603	\$1,038
2-BR, 1-BA	10	30%	2	3	816	\$623
2-BR, 1-BA	36	60%			816	\$1,245
3-BR, 2-BA	10	30%	6		1,119	\$718
Total	81		8	8		

Background

Washington County and Community Development Partners have been in negotiations to facilitate an affordable housing project on the site since fall of 2018. Community Development Partners obtained site control of the Project property in the fall of 2018 and purchased the site in the summer of 2019. HAWC plans to partner with CDP by funding the Project because it will provide new affordable housing in a high opportunity neighborhood while helping implement Tigard’s vision for the Tigard Triangle. The City of Tigard’s recent work to rezone the Triangle and plan for infrastructure in support of future growth has contributed to creating a valuable opportunity site for new affordable housing.

Due diligence and predevelopment work to-date includes:

- Phase I and Phase II Environmental reports
- Geotechnical report
- Pre-application meeting with the City of Tigard
- Neighborhood Meeting
- Lot consolidation of three single family lots
- NEPA Environmental Review (required by HUD for vouchers)
- Subsidy Layering Review (required by HUD and in-process)
- Permit-set architectural drawings completed
- Submission with the City for permits
- Lenders and investor secured

The project is on target for a June 25th, 2020 construction loan closing.

Location and Neighborhood

This site is located in the Tigard Triangle area of Tigard, OR, an area shaped by bordering roadways - Highway 99W, Highway 217 and Interstate 5. Through the Tigard Triangle Strategic Plan, the City and its community identified a vision for this area to create a place “where people of all ages, abilities and incomes can live and work within walking distance to shops, restaurants and parks.” The City created the Tigard Triangle Urban Renewal Area and adopted an innovative Lean Code to facilitate new development, invest in necessary infrastructure and to ultimately implement the Tigard Triangle Strategic Plan’s vision.



Site

The site is 1.11 AC / 48,353 SF and will total 39,297 SF after right-of-way dedication. The site is zoned Tigard Triangle Mixed Use (TMU) and is within a Qualified Census Tract (QCT) and Opportunity Zone (OZ). Currently three older occupied single-family homes are onsite. CDP is providing relocation assistance and plans to demolish the homes prior to construction.

A Phase I Environmental Site Assessment conducted by EVREN Northwest (ENW) on March 15 and 18, 2019 found that the property was previously used as an orchard. Due to the typically heavy use of pesticides at orchards and duration of time these pesticides remain in the soils, ENW recommended further investigation. As a result, a Phase 2 was commissioned showing pesticide levels above the recommended value for multifamily housing at a 6" depth across the site. ENW then prepared a Contaminated Media Management Plan which outlines procedures to use when exporting soil tested as contaminated from the site. Additionally, the Phase I showed that an Underground Storage Tank (UST) was decommissioned per the ODEQ in May 2005. Petroleum impacted soil was found near the decommissioned UST. General Contractor will be carrying an allowance for environmental clean-up of pesticides and petroleum in the project's budget.

A Geotechnical Investigation was conducted by GEO Consultants NW on May 1, 2019. Subsurface explorations indicate the site is mantled with relatively firm native silt. Structural and live loads of the proposed residential structure can be supported by conventional spread footings and slab-on-grade floors. The one geotechnical concern for the project was the very low infiltration rate for the near surface soil measured at 0.1 to 0.2 inches per hour. Due to this low infiltration rate, the project is designed with stormwater facility planters to allow stormwater to be retained on site before discharging to the public system.

Project Financing

72nd and Baylor Apartments has an estimated total development cost of \$32,874,939, reflecting a per unit cost of \$405,863 and a per gross square foot cost of \$377. The proposed developer fee of \$4,200,000 represents 15.46 percent of total costs (less acquisition costs as calculated by OHCS) and is within Oregon Housing and Community Services limitations.

Projected sources for the project include \$11,902,502 in 4% LIHTC, \$11,583,000 in Metro Housing Bond funds, \$7,950,000 in permanent debt, and \$1,167,529 in Deferred Developer Fee, and \$270,373 in OHCS Weatherization.

The City of Tigard provides an SDC exemption for affordable housing projects for SDCs within the City’s control. In addition, the City’s re-zoning of the Tigard Triangle area four years ago allows for maximized development on the site with regarding the building height and no parking minimum for affordable housing. In addition, partnership with the Housing Authority of Washington County allows the project to qualify for property tax abatement. Also, as previously noted, the site is in a HUD-designated Qualified Census Tract (QCT) which provides a 30% ‘boost’ in tax credits available for the project.

Sources	Amount
4% LIHTC (Equity)	\$11,902,502
OHCS Weatherization	\$270,373
Permanent Loan	\$7,950,000
Metro Bond Funds	\$11,583,000
Deferred Developer Fee	\$1,167,529
TOTAL SOURCES	\$32,873,404
Uses	Amount
Acquisition Costs	\$1,506,068
Construction Costs	\$22,327,394
Development Costs	\$9,039,942
TOTAL USES	\$32,873,404

Development Team

Community Development Partners was founded in 2011 and has since developed 1,400 units in 19 buildings throughout four states. In Oregon, CDP has completed two renovations with partners with Salem and Linn Benton Housing Authorities. CDP also has a new 60 unit, four-story project under construction in Portland called Nesika Illahee which was developed in partnership with the Native American Youth Association (NAYA).

Bremik Construction will serve as the Project’s general contractor. Founded in 2004, Bremik completed construction on Deskins Commons for the Housing Authority of Yamhill County and Vibrant! Apartments for Innovative Housing Inc. in Portland. Bremik has experience reaching workforce and contracting goals associated with affordable housing and other publicly financed projects. The firm exceeded 20 percent MWESB participation on many affordable projects including Vibrant! And Lents Commons and met most of the workforce participation goals on those same projects.

Scott Edward Architects (“S|EA”) will design the Project. S|EA is Portland based architectural firm with extensive multifamily experience. Recent affordable housing experience includes Cornelius Place, a mixed-use building in downtown Cornelius which integrates a ground floor public library with 45 units of low-income senior housing on its upper floors.

The Housing Authority of Washington County (HAWC) is a Special Limited Partner in this project. This private-public partnership allows the project to qualify for property tax abatement and enhances the projects ability to meet affordability requirements over the duration of the 60-year requirement through the collaborative stability of CDP and HAWC. The Housing Authority of Washington County has a portfolio of 1,239 affordable units and public housing in the County (with another 264 under construction), in addition to a successful track record of providing Section 8 vouchers, homeless programs, and self-sufficiency programs.

Guardian Real Estate Services (GRES) will be providing the Project's property management and tenanting services. GRES has been providing property management services to the region for over 40 years and has extensive experience managing both market rate and affordable projects. GRES manages over 120 income-restricted projects and over 4,700 units throughout Oregon, Washington, and Arizona.

Community Engagement

In the first phase of community engagement focused on developing HAWC's Local Implementation Strategy, Washington County met with nearly 300 people including members of affected communities as well as individuals representing over 50 community-based organizations. For engagement specific to the Project, CDP is working with the Center for Public Interest Design (CPID) during the Project's early phase. The Center for Public Interest Design is a research and action center at Portland State University that aims to investigate, promote, and engage in inclusive design practices that address the growing needs of underserved communities. CDP engaged CPID to lead an asset-based development research and outreach process. CPID will conduct research to identify existing resident-serving assets that are in the surrounding community as well as identifying needs that are not being met by those existing assets. The process involves utilizing PSU Master of Architecture students and CPID staff for on the ground outreach. The PSU-OHSU School of Public Health is also involved in creating a community health needs assessment. The entire process produced an in depth understanding of the community's assets and needs that can then be utilized to inform the concept and design of CDP's project.

Project outreach has and will continue to also leverage the work done by several jurisdictions, non-profits, and other community-based organizations active in the Southwest Equitable Development Strategy (SWEDS). SWEDS convened stakeholders active throughout the Southwest Corridor to help plan for future equitable growth and economic development. The Project can leverage these existing connections and relationships to help facilitate more engagement with the existing community and future residents.

Advancing Racial Equity

The Project proposes to meet Washington County's Minority, Women and Emerging Small Business (MWESB) contractor participation goal of 20 percent and will incorporate affirmative outreach and marketing techniques to communities of color through tenant selection and lease-up. To date, the Project has utilized MWESB firms to achieve 26 percent of predevelopment work. In addition to a minority, woman-owned, and emerging small business goal, HAWC and the developer are currently discussing the potential of incorporating a workforce participation goal, however it is not confirmed as of the date of this report.

Future lease-up will be guided screening criteria included in the County's Housing Choice Voucher Administrative Plan guidelines and will include less than standard income-to-rent ratios and reduced credit history requirements. Washington County's screening criteria will also ease criminal history requirements such that they consider recent convictions and successful strategies that may have been employed to prevent similar future misconduct. Guardian Real Estate Services will provide leasing and property management services and will follow HAWC's screening guidelines through lease up. The Department of Veterans Affairs will provide lease-up services for the eight units on site utilizing VASH vouchers.

This project will help prevent displacement anticipated by future development of a MAX light rail line through the SW Corridor area.

Partnerships and Services

Resident services will be provided by the Good Neighbor Center, a local Tigard nonprofit with a mission to support and empower families. Households will receive services to maintain stable housing, increase income through education and skills programs and employment services, and connections to resources like healthcare, school enrollment and food assistance. The Good Neighbor Center also provides education and skills programs such as financial education, Rent Well, individualized savings programs, job networking, and entrepreneurship training along with fitness and cooking classes. CDP has executed a Memorandum of Understanding with the Good Neighbor Center as an expression of their partnership at this project. The 8 VASH voucher households will receive case management through the Department of Veterans Affairs (VA).