



Agenda

Meeting: Housing Oversight Committee (Meeting 19)
Date: Wednesday, October 20, 2021
Time: 9 a.m. to 11:30 a.m.
Place: Virtual Zoom meeting
Purpose: Provide update on responses to committee recommendations, debrief from working group discussions.
Outcome(s): Feedback and guidance on furthering committee recommendations and oversight.

- 9:00 a.m. Welcome and housekeeping
- 9:05 a.m. Public Comment
- 9:15 a.m. Staff update: Implementation progress
- 9:30 a.m. Debrief and Discussion: Working group discussions
- 10:00 a.m. Break
- 10:05 a.m. Presentation and discussion: Responses to committee recommendations
Questions for committee discussion:
- Does the committee support proposed new regional developer fee guidelines, which are intended to ensure we stay on track to deliver the affordable homes we've promised to voters, advance racial equity and housing opportunity across the region, and make the best use of public dollars?
 - Does the committee support the proposed approach to encouraging inclusion of in-unit A/C, as an immediate response to this summer's heatwave and the recognition of the disproportionate impacts of extreme heat events to community members served by affordable housing?
 - Does the committee support proposed next steps to allocate Affordable Housing Bond interest earnings to fill financial gaps necessary to support inclusion of A/C in existing pipeline projects that did not initially plan or budget for A/C—after first evaluating other funding options to meet this need?
 - Does the committee support the proposal to allocate \$23 million in Affordable Housing Bond interest earnings to support capital investments in permanent supportive housing to serve up to 175 households experiencing chronic homelessness—in conjunction with Supportive Housing Services funding?
 - Does the committee agree with proposed next steps to support local implementation partner jurisdictions in expanding their capacity for equitable contracting and workforce tracking and outcomes?
- 11:15 a.m. Next steps
- 11:30 a.m. Adjourn

Metro respects civil rights

Metro fully complies with Title VI of the Civil Rights Act of 1964 and related statutes that ban discrimination. If any person believes they have been discriminated against regarding the receipt of benefits or services because of race, color, national origin, sex, age or disability, they have the right to file a complaint with Metro. For information on Metro's civil rights program, or to obtain a discrimination complaint form, visit www.oregonmetro.gov/civilrights or call 503-797-1536. Metro provides services or accommodations upon request to persons with disabilities and people who need an interpreter at public meetings. If you need a sign language interpreter, communication aid or language assistance, call 503-797-1700 or TDD/TTY 503-797-1804 (8 a.m. to 5 p.m. weekdays) 5 business days before the meeting. All Metro meetings are wheelchair accessible. For up-to-date public transportation information, visit TriMet's website at www.trimet.org.

Thông báo về sự Metro không kỳ thị của

Metro tôn trọng dân quyền. Muốn biết thêm thông tin về chương trình dân quyền của Metro, hoặc muốn lấy đơn khiếu nại về sự kỳ thị, xin xem trong www.oregonmetro.gov/civilrights. Nếu quý vị cần thông dịch viên ra dấu bằng tay, trợ giúp về tiếp xúc hay ngôn ngữ, xin gọi số 503-797-1700 (từ 8 giờ sáng đến 5 giờ chiều vào những ngày thường) trước buổi họp 5 ngày làm việc.

Повідомлення Metro про заборону дискримінації

Metro з повагою ставиться до громадянських прав. Для отримання інформації про програму Metro із захисту громадянських прав або форми скарги про дискримінацію відвідайте сайт www.oregonmetro.gov/civilrights. або Якщо вам потрібен перекладач на зборах, для задоволення вашого запиту зателефонуйте за номером 503-797-1700 з 8.00 до 17.00 у робочі дні за п'ять робочих днів до зборів.

Metro 的不歧视公告

尊重民權。欲瞭解Metro民權計畫的詳情，或獲取歧視投訴表，請瀏覽網站 www.oregonmetro.gov/civilrights。如果您需要口譯方可參加公共會議，請在會議召開前5個營業日撥打503-797-1700（工作日上午8點至下午5點），以便我們滿足您的要求。

Ogeysiiska takooris la'aanta ee Metro

Metro waxay ixtiraamtaa xuquuqda madaniga. Si aad u heshid macluumaad ku saabsan barnaamijka xuquuqda madaniga ee Metro, ama aad u heshid warqadda ka cabashada takoorista, booqo www.oregonmetro.gov/civilrights. Haddii aad u baahan tahay turjubaan si aad uga qaybqaadatid kullanka dadweynaha, wac 503-797-1700 (8 galka hore illaa 5 galka dambe maalmaha shaqada) shan maalmaha shaqo ka hor kullanka si loo tixgaliyo codsashadaada.

Metro의 차별 금지 관련 통지서

Metro의 시민권 프로그램에 대한 정보 또는 차별 항의서 양식을 얻으려면, 또는 차별에 대한 불만을 신고 할 수 www.oregonmetro.gov/civilrights. 당신의 언어 지원이 필요한 경우, 회의에 앞서 5 영업일 (오후 5시 주중에 오전 8시) 503-797-1700를 호출합니다.

Metro의差別禁止通知

Metroでは公民権を尊重しています。Metroの公民権プログラムに関する情報について、または差別苦情フォームを入手するには、www.oregonmetro.gov/civilrights。までお電話ください。公開会議で言語通訳を必要とされる方は、Metroがご要請に対応できるよう、公開会議の5営業日前までに503-797-1700（平日午前8時～午後5時）までお電話ください。

សេចក្តីជូនដំណឹងអំពីការមិនរើសអើងរបស់ Metro

ការគោរពសិទ្ធិពលរដ្ឋរបស់ ។ សំរាប់ព័ត៌មានអំពីកម្មវិធីសិទ្ធិពលរដ្ឋរបស់ Metro ឬដើម្បីទទួលបានកម្មប្រតិបត្តិការរើសអើងសម្រាប់សេចក្តីណែនាំ www.oregonmetro.gov/civilrights។ បើលោកអ្នកត្រូវការអ្នកបកប្រែភាសានៅពេលអង្គប្រជុំសាធារណៈ សូមទូរស័ព្ទមកលេខ 503-797-1700 (ម៉ោង 8 ព្រឹកដល់ម៉ោង 5 ល្ងាច ថ្ងៃធ្វើការ) ប្រាំពីរថ្ងៃ មុនថ្ងៃប្រជុំដើម្បីអាចឲ្យគេសម្រួលតាមសំណើរបស់លោកអ្នក ។

إشعار بعدم التمييز من Metro

تحتزم Metro الحقوق المدنية. للمزيد من المعلومات حول برنامج Metro للحقوق المدنية أو لإيداع شكوى ضد التمييز، يُرجى زيارة الموقع الإلكتروني www.oregonmetro.gov/civilrights. إن كنت بحاجة إلى مساعدة في اللغة، يجب عليك الاتصال مقدماً برقم الهاتف 503-797-1700 (من الساعة 8 صباحاً حتى الساعة 5 مساءً، أيام الاثنين إلى الجمعة) قبل خمسة (5) أيام عمل من موعد الاجتماع.

Paunawa ng Metro sa kawalan ng diskriminasyon

Iginagalang ng Metro ang mga karapatang sibil. Para sa impormasyon tungkol sa programa ng Metro sa mga karapatang sibil, o upang makakuha ng porma ng reklamo sa diskriminasyon, bisitahin ang www.oregonmetro.gov/civilrights. Kung kailangan ninyo ng interpreter ng wika sa isang pampublikong pulong, tumawag sa 503-797-1700 (8 a.m. hanggang 5 p.m. Lunes hanggang Biyernes) lima araw ng trabaho bago ang pulong upang mapagbigyan ang inyong kahilingan.

Notificación de no discriminación de Metro

Metro respeta los derechos civiles. Para obtener información sobre el programa de derechos civiles de Metro o para obtener un formulario de reclamo por discriminación, ingrese a www.oregonmetro.gov/civilrights. Si necesita asistencia con el idioma, llame al 503-797-1700 (de 8:00 a. m. a 5:00 p. m. los días de semana) 5 días laborales antes de la asamblea.

Уведомление о недопущении дискриминации от Metro

Metro уважает гражданские права. Узнать о программе Metro по соблюдению гражданских прав и получить форму жалобы о дискриминации можно на веб-сайте www.oregonmetro.gov/civilrights. Если вам нужен переводчик на общественном собрании, оставьте свой запрос, позвонив по номеру 503-797-1700 в рабочие дни с 8:00 до 17:00 и за пять рабочих дней до даты собрания.

Avizul Metro privind nediscriminarea

Metro respectă drepturile civile. Pentru informații cu privire la programul Metro pentru drepturi civile sau pentru a obține un formular de reclamație împotriva discriminării, vizitați www.oregonmetro.gov/civilrights. Dacă aveți nevoie de un interpret de limbă la o ședință publică, sunați la 503-797-1700 (între orele 8 și 5, în timpul zilelor lucrătoare) cu cinci zile lucrătoare înainte de ședință, pentru a putea să vă răspunde în mod favorabil la cerere.

Metro txog kev ntxub ntxaug daim ntawv ceeb toom

Metro tributes cai. Rau cov lus qhia txog Metro txog cai kev pab, los yog kom sau ib daim ntawv tsis txaus siab, mus saib www.oregonmetro.gov/civilrights. Yog hais tias koj xav tau lus kev pab, hu rau 503-797-1700 (8 teev sawv ntxov txog 5 teev tsaus ntuj weekdays) 5 hnuv ua hauj lwm ua ntej ntawm lub rooj sib tham.

Meeting minutes

Meeting: Metro Housing Bond Oversight Committee Meeting 18
Date/time: Wednesday, August 10, 9 AM – 11:00 AM
Place: Zoom Virtual Meeting
Purpose: Conclude Committee’s annual report process.

Attendees

Melissa Erlbaum, Mitch Hornecker, Mesha Jones, Co-chair Jenny Lee, Ed McNamara, Co-chair Steve Rudman, Nicole Stingh, Andrew Tull, Juan Ugarte Ahumada, Tia Vonil

Metro

Patrick Dennis, Breanna Hudson, Emily Lieb, Valeria McWilliams, Jimmy Oporta, Patricia Rojas

Facilitators

Allison Brown, JLA Public Involvement

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 reorientation to annual review

Allison Brown, facilitator with JLA Public Involvement, welcomed the Committee and asked co-chair, Steve Rudman, to make opening remarks.

Allison reviewed the agenda, confirmed the meeting summary from Meeting 17, and asked the group to disclose any conflicts of interest. The summary was confirmed. Mesha Jones announced that she was recently hired as a staff member at Portland Housing Bureau (PHB) but will be representing herself and not PHB on this committee.

Co-chair Jenny Lee announced that Dr. Steven Holt resigned from the committee due to capacity challenges and also thanked him for his contributions to the group.

Public comment

Allison opened the floor for public comment.

Larry Turner provided the following comments verbally. Larry urged the committee to not let bureaucracies get in the way of solving homelessness and that folks act fast to get money out to people living on the street. Larry elevated the swiftness of the CARES Act to illustrate a program that was able to get funding into the hands of people quickly and make a difference.

Review: Committee priorities and feedback

Steve shared that the co-chairs joined staff at the May Metro Council meeting to share the committee’s report with them. He said that Metro Council was attentive and added that the

Meeting minutes

co-chairs highlighted that the program is exceeding goals that were set and are on track to do well. Major theme from the meeting encouraged the program to “do more with more.”

Jenny added that they have a great sense of how we’re moving forward. It was powerful to share the process of the report with them and she thanked everyone for their contributions to the report earlier in the year.

Staff updates

Survey

Emily Lieb, Metro, presented themes from the oversight committee member survey. Prioritizations for future meeting topics were primarily: continued updates and discussions of work underway, and updates on the committee recommendations to Council. Additional feedback asked for more time to review quarterly progress and expenditure reports. Others suggestions were that we continue to discuss our audit response and track that progress, have presentations by partner staff, and presentations by developer and project teams. There was also interest in separate spaces to discuss other topics that may not get enough time on future agendas.

New staff

Emily introduced new Metro housing team staff: Nui Bezaire, Jimmy Oporta and Breanna Hudson.

Quarterly report

Emily presented the quarterly report. *The report can be found [here](#) as well as in the meeting packet.*

Patrick Dennis, Metro, presented program expenditures. *The expenditure report can be found in the report linked above as well as in the meeting packet.*

Ed McNamara asked a question about Metro staff’s role and involvement with jurisdictional partners ahead of concept endorsement submittals. Emily responded that they are continually refining the process and that they stay in touch with partners. He then asked how the process is evolving and if staff are now more hands on than in the beginning due to it being a new program? Emily said that due to staffing shortages Metro wasn’t able to convene partners monthly in 2020. This year staff have been able to do more as more staff is brought on.

Mitch Hornecker highlighted the nearly 30 million dollars in premium and interest earnings and the amount that is potentially unallocated. He said that with the urgency of the housing crisis, that we use that money and convince ourselves that our strategy is the best strategy for using it.

Meeting minutes

Audit response tracker

Emily provided a brief update on the audit response. She talked about the audit response tracker that staff is created and stated that it would be shared with the committee later in the week, and it will also be included in future committee meeting packets.

Emerging policy issue: Heatwave response

Emily stated that 116 people across the state died during the June heat wave and 93 of them were in the Metro area. In comparison, between 2017 and 2019 there were only 12 extreme weather related deaths and they were due to hypothermia. The heatwave disproportionately impacted low-income and BIPOC individuals. She said that Metro is working with partners and have a range of considerations to evaluate before Metro provides guidance or policy to partners. Staff are currently checking in with partners to ensure that each building in the pipeline has a cooling plan in place.

Mitch said that this is a great example of something that requires deep thought. On one hand everyone deserves to not live in a unit that can kill them, and also this is another example of why this type of housing is expensive. If air conditioning is required it could add another layer of cost. He said he isn't arguing against it, just urging a thoughtful approach since projects being funded are mostly new and so they have higher energy efficiencies- so are there other things that could be done short of mandating another cost?

Ed advocated for overall energy efficiency rating of the building, creating infiltration, good quality windows, and other strategies. Managing that will reduce the amount of heat gain and loss during the winter. Unless we're encouraging this, it may not get done. Outside consultants on projects can be helpful for these projects.

Nicole Stingh stated that Home Forward is working with the CCOs to see if the healthcare system can support this work as well. She said that even in the post-development phase there are opportunities for creating better living situations for the residents.

Presentation: Supportive Housing Services integration

Washington County and City of Beaverton staff were present to share the work they've been doing to align supportive housing services and bond dollars.

Jes Larson, Supportive Housing Services Program Manager in Washington County was joined by Shannon Wilson who leads the affordable housing bond development work at Washington County and Javier Mena who leads the affordable housing bond development work in Beaverton.

Jes used a PowerPoint presentation during this portion of the agenda. The slides can be found in the meeting packet.

Jes began her presentation.

Meeting minutes

- 36 service providers qualified to provide services through the supportive housing services (SHS) program RFQ
- Three legs of the SHS stool: the unit, the voucher, and the wraparound services
- The main programs that will be launched or expanded in the first year are bridge programs, shelter, housing navigation and case management work, and then the next focus will be the site-based supportive housing program
- Population A are people who have experienced prolonged homelessness, have disabling conditions and incomes under 30% AMI
- Their goal is to house 500 households in the first year
- Program alignment:
 - To ensure any unit designated for permanent supportive housing has the resources to provide the services, and SHS will fund those
 - Goal to increase the number of PSH units in the bond pipeline
 - Ensure providers, developers and others have a pathway to secure funding through contracts with Department of Housing Services
- The Aloha Inn and The Viewfinder are great examples of SHS and Bond program alignment

Javier shared about two early opportunities in Beaverton where they see potential to integrate SHS resources into the project. Elmonica has 81 units of which 33 are restricted to 30% AMI. He said they'd like to connect with SHS resources and increase the number of 30% AMI units. Another example is a senior affordable housing projects where 38 units are at 30% AMI and they would like to integrate SHS into that development.

Jes provided additional information on how they will be allocating resources for alignment. Expected allocations will fund Regional Long-term Rent Assistance (RLRA), housing retention case management services, enhanced resident services, enhanced building operations, rent assistance reserves upfront, and technical assistance.

Next steps

Staff said they would send a follow-up email that would include the audit tracker tool, PPT slides from Washington County's presentation, and the local implementation guidelines document.

Next business meeting is October 20th. There will be optional one off work sessions before that meeting to create space for more discussion amongst members.

The co-chairs thanked the Committee. The meeting was adjourned.

Memo

Date: Tuesday, Oct. 12, 2021
 To: Housing Bond Community Oversight Committee
 From: Emily Lieb, Affordable Housing Bond Program Manager
 Subject: Progress responding to the oversight committee’s recommendations to Metro Council

Since the Housing Oversight Committee last met in July, staff have made significant progress in taking action on the recommendations the Committee provided to Metro Council in June 2021. During our October 20 meeting, staff will share an update on work underway and proposed next steps that will be presented to Metro Council in a work session on November 2nd.

| Recommendation | Actions underway and proposed |
|---|---|
| “Do more with more.” | <ul style="list-style-type: none"> • In November, staff will release new standards for cash developer fees in the Metro affordable housing bond portfolio. • In September, staff released updated guidance encouraging partner jurisdictions to work with developers to ensure that in-unit A/C is included in all projects. • Metro will be asking Metro Council for authority to invest Affordable Housing Bond interest earnings in filling financial gaps to incorporate A/C into existing pipeline projects that did not initially plan/budget for A/C. |
| Support integration with SHS measure. | <ul style="list-style-type: none"> • Staff are recommending that Metro Council allocate \$23 million investment from Affordable Housing Bond interest earnings to support investments to create up to 175 additional permanent supportive housing units to serve households experiencing chronic homelessness. |
| Invest in technical assistance for contracting and workforce. | <ul style="list-style-type: none"> • Metro will provide up to \$120,000 in FY22 to reimburse local implementation partner jurisdictions for costs associated with establishing new capacity and systems for tracking equitable contracting and workforce solutions. |

Below is a summary of key policy considerations related to proposed developer fee guidelines, resilience for future heatwaves, additional investments in permanent supportive housing, and strategies to advance local capacity for achieving equitable contracting and workforce outcomes.

Proposed new regional cash developer fee guidelines

As part of ongoing program improvement and in response to significant changes in the funding landscape, staff are proposing new cash developer fee guidelines for all projects receiving Metro Affordable Housing Bond funding. The guidelines will help ensure that we stay on track to deliver the affordable homes we've promised to voters, advance racial equity and housing opportunity across the region, and make the best use of public dollars.

These new guidelines respond to feedback from the Housing Oversight Committee and direction from Metro Council to “do more with more,” as well as feedback from partner

jurisdictions, developers and Metro's Auditor regarding lack of transparency and clarity regarding Metro's approach to project evaluation.

The proposed guidelines are structured to increase regional consistency in cash fees while providing local flexibility to determine where fees fall within reasonably acceptable ranges established by Metro. Specifically, the policy establishes a \$3 million ceiling with percentage-based tiers associated with project size. Different tiered ranges are proposed for acquisition/rehabilitation projects to reflect the fact that acquisition costs are not accounted for in standard developer fee calculation methodologies. Finally, the proposed approach outlines expectations for local implementation partner jurisdictions to provide an explanation of the specific fee was determined through considerations related to specific circumstances of the project, including scale, complexity and racial equity.

In developing the proposal, Metro staff analyzed existing developer fees across the Metro housing bond portfolio, researched fee standards in more than 30 other jurisdictions, and evaluated how the developer fee could support desired outcomes for advancing racial equity.

The following considerations informed the development of the policy.

- The proposal uses flat dollar amount approach to the ceiling rather than a percentage out of a recognition that percentage-based approaches may over-compensate developers of larger projects.
- Tiered ranges are intended to ensure some level of consistency in developer compensation for similarly sized projects.
- Staff determined that the proposed fee limits are reasonable based on a review of fees in the existing pipeline—all but four of which are within the proposed new limits.
- The proposed fee structure aligns with existing fee limits in place at the Portland Housing Bureau and Oregon Housing and Community Services.
- The sliding scale approach balances regional accountability and local flexibility for ensuring reasonable and equitable compensation that appropriately responds to variations in project size, complexity, and benefits to marginalized communities.

Finally, it's important to recognize that developer fee guidelines will not address all concerns related to cost efficiency. Local funding solicitation, project selection, and negotiation processes play an essential role in advancing these outcomes. Beyond developer fee limitations, there are other opportunities to further elevate best practices for fiscal stewardship and racial equity throughout those local practices.

Supporting climate resilience through local cooling plans and additional gap funds for A/C upgrades in the existing pipeline

This summer's record-breaking temperatures have made it clear that hotter summers are here to stay in the Pacific Northwest, and immediate action is needed to respond. We know that extreme heat poses a particular threat to the vulnerable community members our affordable housing bond investments aim to serve. The Affordable Housing Bond Program

is guided by values of advancing racial equity and ensuring sound investments in affordable, high-quality homes.

Because of this public health issue, it is imperative that all affordable housing bond funded projects incorporate some form of in-unit air conditioning (A/C) system moving forward. Metro has requested that local implementation partner jurisdictions work with development partners for existing pipeline projects to incorporate a cooling strategy that includes in-unit A/C, to ensure safety and livability for residents next summer and beyond. Metro will work with jurisdiction partners to develop a plan to support these strategies, including evaluating the need for additional funding to fill gaps that can't be met through projects' existing financial parameters and other leveraged funding.

Staff are requesting authority to allocate funding from Affordable Housing Bond interest earnings to fill financial gaps for A/C upgrades in existing pipeline projects that did not initially plan and budget for A/C, and that cannot be filled through other sources.

It's important to recognize that each project is at a different place in the development process and one-size-fits-all approaches won't work. A range of solutions will be needed and may include central air conditioning, packaged terminal air conditioners (PTACs), ducted or ductless condenser or heat pump units, window or portable A/C units, hybrid, geothermal, or other emerging technologies.

This is a complex issue at the intersection of public health, racial equity and climate justice. More work is needed to ensure that affordable housing funders, jurisdictions and developers are aligned in supporting climate-smart approaches to cooling, including passive design strategies that reduce the need for air conditioning. There will be opportunities to continue to adapt our approach as time moves forward, but it's important to take action now to avoid costly retrofits in the future.

Allocating \$23 million to invest in additional permanent supportive housing to serve up to 175 households experiencing chronic homelessness

Following passage of the Supportive Housing Services measure, the Metro Council directed staff to seek opportunities to support the integration of Affordable Housing Bond and Supportive Housing Services investments. The oversight committees for both funding measures have also expressed strong support for the need to support integration and alignment of the two programs, to fully realize the potential of these game-changing investments to make a meaningful impact on homelessness.

This additional investment will support Metro's housing program in achieving the outcomes established in both the SHS and Housing Bond policy frameworks, including the Housing Bond's commitment to serve households experiencing homelessness and the SHS measure's commitment to place at least 5,000 chronically homeless households into permanent supportive housing.

Due to strong fiscal management, the Affordable Housing Bond Program has significant interest earning beyond what was initially projected for the program. These funds are

subject to the same restrictions as other Affordable Housing Bond funds previously allocated through Metro's program work plan. Staff are recommending that Metro Council take action in December to allocate \$23 million from Affordable Housing Bond interest earnings to support capital investments for permanent supportive housing is anticipated to serve up to 175 households experiencing chronic homelessness.

Following Council direction, staff will develop an implementation framework for these funds that prioritizes strategies that produce rapid results and produce the greatest impact relative to resources required. Strategies may include "project turnkey" approaches to converting former motels to permanent supportive housing or locally administered NOFAs that braid SHS funding from counties with these additional capital resources from the Affordable Housing Bond.

Providing technical assistance to support local implementation partners in expanding capacity for equitable contracting and workforce tracking and outcomes.

Both the Metro Council and the Oversight Committee have expressed the importance of supporting local implementation partners in achieving strong outcomes for equitable contracting and workforce diversity throughout the program, and the Oversight Committee recommended that Metro invest in technical assistance to support these outcomes.

There are limitations in the use of Affordable Housing Bond funds to invest in many of the strategies known to best produce results for workforce diversity, such as upstream investments in pre-apprenticeship programs to support more women and people of color in entering the construction trades. Metro's Construction Careers Pathways program is working to support these strategies in partnership with participating local jurisdictions.

Staff propose to provide up to \$120,000 in funding to reimburse local implementation partners for some of the costs associated with setting up their equitable contracting and workforce diversity tracking systems and capacity. This funding is included in Metro's FY 2021-22 budget for the bond program. Tracking workforce diversity is an important first step in developing the capacity to advance more robust workforce equity strategies. The data collected from these projects will help build a demographic baseline that will be useful to both the jurisdiction and broader regional efforts.

Additional next steps include:

- Finalizing procedures and reporting tools for jurisdictions to report on contracting (required) and workforce (subset of projects) outcomes to Metro following construction completion;
- Aligning with statewide initiatives to improve equitable contracting outcomes in affordable housing; and
- Supporting information-sharing about existing best practices for advancing contracting and workforce outcomes through solicitation requirements/criteria and partnerships with trade associations on program and project basis.

Affordable Housing Bond Preparedness Audit
Tracking status of management response items
Updated 10/13/2021

| Audit recommendation | Audit response timeline | Status |
|---|---|--|
| 1. Clarify and use procedures for evaluating requests and proposed changes to approved projects, including the use of Site Acquisition Program funds on sites owned by Metro. | December 2021 | LIP Guidelines updates are underway to improve transparency and consistency in internal evaluation of project approvals and changes to projects, and to ensure alignment with guiding principles. |
| 2. Communicate procedures to staff, the community oversight committee, and participating jurisdictions. | December 2021 | Updated LIP Guidelines will be distributed to local implementation partners (LIPs) and Housing Bond Oversight Committee (HBOC) in October 2021. |
| 3. Complete and use guidance for reporting on project and program outcomes, including: 3a Annual progress and financial report templates | Complete Refinement in 2021 | Metro shared annual and financial reporting templates and procedures with LIPs in fall 2020. Refined financial reporting guidance was provided in summer 2021, and the annual reporting template and procedures will be refined in fall 2021 in response to lessons learned. |
| 3b Processes for reporting information to the community oversight committee, including sites acquired for the Site Acquisition Program | June 2021 | Quarterly reporting was initiated in 2020 and expanded in spring 2021 to include staff reports for all concept endorsements and final approvals, including funding approvals for Metro site acquisitions. |
| 3c Metrics to address gaps in program outcomes, including the impact of housing units on neighborhood level changes for communities of color | June 2021 (initial updates) June 2022 (additional metrics to address gaps) | Updated metrics have been incorporated into the updated LIP Guidelines and address some gaps noted in the audit. Additional metrics to address measurement of “preventing displacement” and “high-quality homes” will be evaluated in the coming year. |
| 3d Targets for all metrics to assess whether performance meets expectations | n/a | Staff do not recommend creating new targets at this stage of implementation. |
| 3e Protocol to ensure reliable performance information is provided for each metric | June 2022 | LIP Guidelines will include more clarity regarding post-completion reporting, and newly hired staff are focusing on |

| | | |
|--|---------------|---|
| | | developing information/outreach, technical support, and data systems to support post-completion reporting. |
| 4 Communicate guidance to staff, the community oversight committee, and participation jurisdictions | December 2021 | Updated post-completion guidance is included in the LIP Guidelines and has been presented to LIPs during regular coordinating meetings. The updated guidelines will be shared with the HBOC in October 2021. |
| 5 Evaluate and assign bond administration responsibilities to balance workloads | June 2021 | The Housing Team has added three new staff since spring 2021, including one new staff member solely focused on supporting the Housing Bond program and a director to oversee both SHS and the Housing bond. Significant progress has been made in evaluating and assigning responsibilities to balance workloads. |
| 6. Increase the accuracy and transparency of the bond administration budget by 6a Developing a long-term budget for bond administration | June 2022 | Work is underway to refine the bond administrative cost forecast as part of the FY2022 budget process. |
| 6b Tracking actual hours worked on the bond to inform FTE calculations | Complete | This practice has been in place since June 2020 and was used to inform budgeting for FY 2021-22. |
| 6c Providing budget vs. actuals reports to the community oversight committee | June 2021 | The 8/10/21 Housing Oversight Committee agenda included a discussion of the limitations of budget-to-actuals reporting and a request for feedback on expenditure reporting to better meet the committee's needs. |

METRO HOUSING BOND QUARTERLY REPORT | JULY-SEPTEMBER 2021

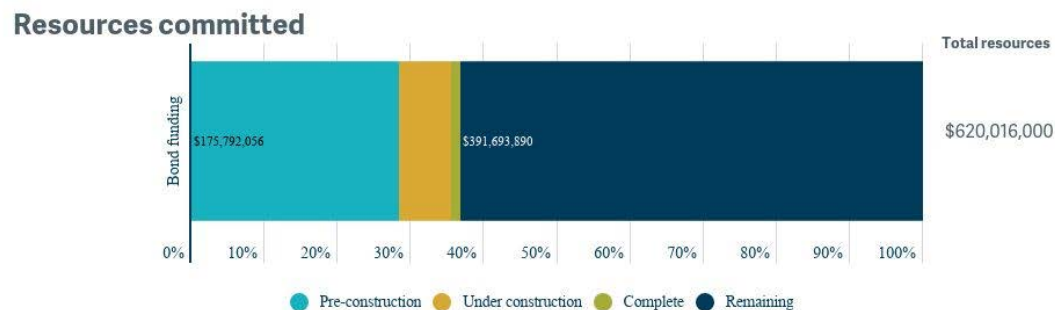
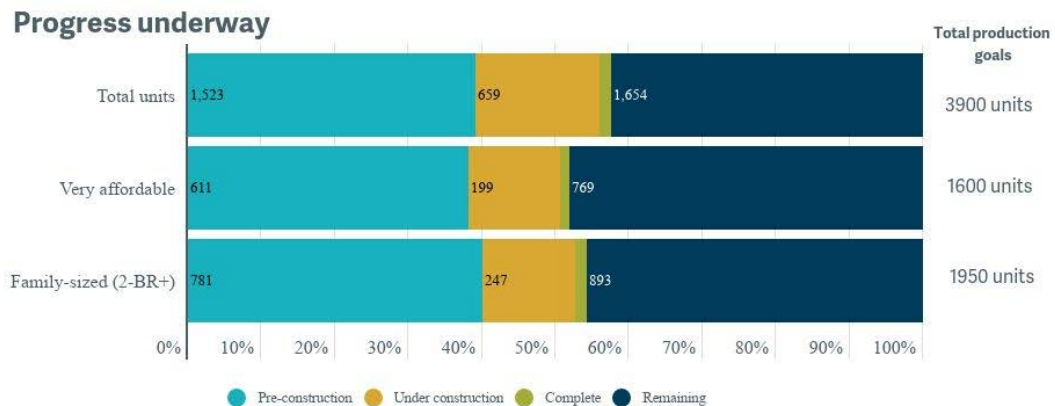
October 7, 2021

This is the third quarterly progress report for the Metro Affordable Housing Bond of 2021. Similar reports are produced quarterly with the goal of keeping the Housing Bond Community Oversight Committee, Metro Council, and other stakeholders and partners informed about ongoing implementation progress. A more detailed report will be provided annually for each calendar year, following submission of local progress reports by each participating implementation jurisdiction for review by the Oversight Committee.

PROJECTS UNDERWAY

As of the end of September 2021, fourteen projects have received a Metro concept endorsement and are in pre-construction, representing 1,523 units in the pre-development stage. Seven projects have received final approval, representing 659 units currently under construction. The housing bond program opened its first 64 units with the completion of 10 Metro-bond units at Rockwood Village in Gresham and 54 units at the Mary Ann in Beaverton. Collectively, these projects represent 2,246 new affordable homes, or 57.6% of the total production target for the Housing Bond, while using up approximately 36.8% of funding. Of the homes in the housing bond pipeline, 1,096 will have two or more bedrooms, representing 56.2% of the Housing Bond’s target for family-sized homes; and 814 will be affordable to households with incomes at or below 30% of area median income (AMI), representing 50.8% of the Housing Bond’s target for deeply affordable homes.

Production and funding dashboard



In August, Metro provided final approval for the Hattie Richmond project, formerly Baldwin PSH, submitted by the Portland Housing Bureau (PHB). Metro staff are currently reviewing a concept endorsement request for the Elmonica project submitted by the City of Beaverton, and final approval requests of Washington County's Terrace Glen and Clackamas County's Good Shepard project. These pending approvals will be included in the next quarterly report.

LOCAL IMPLEMENTATION PROGRESS AND UPDATES

Local implementation progress and activities for the third quarter are summarized below.

Home Forward

- **Housing Bond Progress:** Home Forward's Dekum Court project will contribute 147 units to Portland's overall unit production goal (see below).
- **Dekum Court project:** The environmental review process and selection of financing partners has been completed. Lenders started appraisal work in preparation of due diligence reviews and there is ongoing coordination between the design team and the city of Portland to review permits. A pre-apprenticeship fair and a Community Advisory Committee meeting were held on September 16th and the construction of the off-site Head Start site has begun.
- **East County project:** MWA Architects and Bremik Construction meet weekly and expect the project concept plan to be completed in October. Three focus groups were held in August with Spanish-speaking, eastern European and Black residents of East County. A Community Advisory Council is expected to host its first meeting on October 27th. Home Forward staff presented at the City of Troutdale's rent burdened meeting on September 29th.

Portland

- **Housing Bond Progress:** 431 units are currently in the pipeline representing **29%** of Portland's overall unit production target. The MBOS is anticipated to include an additional 687 units, which would bring Portland overall unit production to **76%**.
- **Portland's Metro Bond Opportunity Solicitation:** The Portland Housing Bureau (PHB) received twenty-four (24) proposals at the solicitation deadline on July 2nd, 2021. Beginning in July, a three-part evaluation process of the proposals was conducted by PHB staff which included technical, financial and community committee reviews. PHB has recommended seven (7) developments for Metro bond funding of \$90.7 Million which will provide a total of 687 new affordable housing units. The M-BOS prioritized dedicated supportive housing and family-focused housing projects. Of the 687 planned units, 297 will serve household at 30% AMI, 376 are 2 bedrooms or larger and 122 are designed as supportive housing units for chronically homeless individuals, couples or families.
- **East Portland projects:** PHB will be recommending two additional Phase II projects for Metro Bond funding. The two projects, **Powellhurst Place** and **Garden Park**, will utilize

\$5.5M of Metro Bond funding for a total of 118 units of new affordable housing in East Portland.

- **Hattie Richmond (formerly Baldwin PSH):** The project received final approval in August and will provide 60 studio units to people making less than 30% area median income and will include on-site resident services provided by case managers and peer support specialists. The project will be located in North Portland and is scheduled to break ground in October.

Clackamas County

- **Housing Bond Progress:** 459 units are currently in the pipeline representing **57%** of Clackamas County's overall unit production target.
- Press releases will be released soon, notifying the public of ongoing construction at **Fuller Road Station** and the **Webster Road** projects. Both projects anticipate holding in-person grand openings next year.
- A final approval request for **Good Shepherd Village** is currently under review and will include a disbursement of \$18,330,000. A final approval request for **Maple Apartments** is planned for November.
- Staff are drafting a second round of bond NOFAs, to be released in the 1st quarter of 2022. Clackamas County anticipates availing an estimated \$20 to \$30 Million through this NOFA.
- The Housing Authority of Clackamas County is working with Metro and the city of Lake Oswego to release a developer solicitation (RFP) for the **Boones Ferry** site next year.

Washington County

- **Housing Bond Progress:** 808 units are currently in the pipeline representing **99%** of Washington County's overall unit production target
- The **Viewfinder project** has started leasing activities. This lease-up process involved marketing to community groups serving BIPOC communities. An information session to sign-up for the waitlist was held in partnership with the Somali Empowerment Circle. These early lease-up activities helped the Supportive Housing Services team establish a preference for 11 units at the Viewfinder for individuals needing permanent supportive housing.
- The **Valfre at Avenida 26** held its groundbreaking on September 7th. Once completed the project will provide 36 units, 30 of which will be family-sized.
- A final approval request for **Terrace Glen** is currently under review and will include a disbursement of \$17,484,000. The project is anticipated to break ground in January.
- Final approval requests for the **Aloha Quality Inn** and the **Goldcrest Apartments** are anticipated in November and December, respectively. Construction for the Goldcrest Apartments is anticipated January of next year.

Hillsboro

- **Housing Bond Progress:** 149 units are currently in the pipeline representing **52%** of Hillsboro's overall unit production target.
- A final approval request for **Nueva Esperanza** is planned for December, along with a disbursement request of \$16,940,731.

Metro Site Acquisition Program

- Metro's Site Acquisition Program signed an exclusive negotiating agreement (ENA) with REACH CDC to develop affordable housing on Metro's property near the Elmonica MAX Station in Beaverton. REACH was selected as the site's preferred developer after a joint solicitation process between Metro and the City of Beaverton earlier in the year.
- In June, the Housing Authority of Clackamas County, City of Lake Oswego, and Metro entered into a Memorandum of Understanding to explore developing a Housing Bond project on a 1.4 acre city-owned property on Boones Ferry Road near West Sunset Drive.

Beaverton

- **Housing Bond Progress:** 218 units are currently in the pipeline representing **100%** of Beaverton's overall unit production target.
- A concept endorsement request for the **Elmonica Project** is currently under review. Due to a dynamic situation with the adjacent property, REACH, the city of Beaverton and Metro will be striving to complete predevelopment by summer 2022.
- Beaverton opened its doors to residents with the completion of 54 units at the **Mary Ann**. One household has been approved for move-in, 20 applications are in process and there are 87 households on the 1-BR waiting list and 74 household on the 2-BR waiting list. The project will also include eight (8) project-based section 8 vouchers.

Gresham

- **Housing Bond Progress:** 194 units are currently in the pipeline representing **104%** of Gresham's overall unit production target.
- **Rockwood Village** (formerly Rockwood 10) welcomed its first residents to the first completed building on the property. Of the 39 completed units at the project, 10 are Metro-funded units. Construction completion of Rockwood Village is expected in February of next year.
- Construction is proceeding at **Albertina Kerr**, which will provide 147 units of affordable housing. Construction completion is anticipated in the spring of 2022.
- Gresham will begin the process for its next solicitation, which is anticipated in 2022.

Metro Housing Bond – Project progress and status

| Jurisdiction | Project Name/former name | Project Status | Development Team (Developer/GC) | Eligible bond units | 30% units | 2+ BR | Anticipated Completion |
|---------------|--|------------------------|-----------------------------------|---------------------|------------|-------------|------------------------|
| Beaverton | Mary Ann | Complete | REACH/Walsh | 54 | 11 | 29 | May-2021 |
| | Scholls Ferry | Pre-construction | Wishcamper/COLAS | 164 | 12 | 84 | Oct-2022 |
| Clackamas | Fuller Road Station | <i>In Construction</i> | GSA, GRES/R&H Construction | 99 | 25 | 82 | Oct-2021 |
| | Good Shepherd Village | Pre-construction | Caritas, Catholic Charities/Walsh | 141 | 58 | 79 | Mar-2023 |
| | Maple Apartments | Pre-construction | CDP, Hacienda CDC/LMC | 171 | 70 | 129 | Mar-2023 |
| | Webster Road | <i>In Construction</i> | HACC/Walsh | 48 | 48 | 0 | May-2022 |
| Gresham | Albertina Kerr | <i>In Construction</i> | Gerdin Edlen/Pence | 147 | 30 | 31 | Mar-2022 |
| | Rockwood Village/Rockwood 10 | Complete* | CDP/LMC | 47 | 47 | 39 | Feb-2022 |
| Washington | Aloha Housing Development | Pre-construction | BRIDGE/LMC | 81 | 33 | 50 | Sep-2022 |
| | Aloha Quality Inn | Pre-construction | HAWC/(TBD) | 54 | 54 | 0 | Jan-2022 |
| | Plambeck Gardens/ Basalt Creek | Pre-construction | CPAH/LMC | 116 | 47 | 60 | Sep-2023 |
| | Goldcrest/ Cooper Mountain | Pre-construction | BRIDGE/COLAS | 74 | 14 | 45 | Jun-2022 |
| | Plaza Los Amigos | Pre-construction | REACH/LMC | 112 | 26 | 72 | May-2022 |
| | Saltzman Road | Pre-construction | Home First/Beaudin | 53 | 30 | 9 | Jul-2023 |
| | Terrace Glen | Pre-construction | Related NW/Walsh | 144 | 46 | 73 | Dec-2022 |
| | The Valfre at Avenida 23/ Forest Grove Family Housing | <i>In Construction</i> | DCM Communities/LMC | 36 | 8 | 30 | Sep-2022 |
| | Tigard Senior | Pre-construction | NHA/Walsh | 57 | 23 | 0 | Jan-2023 |
| | Viewfinder/72 nd & Baylor | <i>In Construction</i> | CDP/Bremik | 81 | 34 | 56 | Nov-2021 |
| Hillsboro | Nueva Esperanza | Pre-construction | Bienestar, HDC/LMC | 149 | 60 | 105 | Jun-2023 |
| Portland | Hattie Richmond/Baldwin PSH | Pre-construction | Home Forward/Bremik | 60 | 60 | 0 | Oct-2022 |
| | Dekum | Pre-construction | Home Forward/Walsh | 147 | 61 | 75 | TBD |
| | Findley Commons | <i>In Construction</i> | Home First/Beaudin | 35 | 0 | 0 | Oct-2021 |
| | Riverplace Phase 2 | <i>In Construction</i> | BRIDGE/Walsh | 176 | 17 | 48 | Sep-2022 |
| TOTALS | | | | 2246 | 814 | 1096 | |

*Rockwood Village has completed 10 of its 47 Metro bond-funded units. The city of Gresham expects full construction completion February 2022.

** 23 projects are currently in the Metro HB pipeline. Only one project, The Mary Ann in Beaverton, has reached full construction completion. Construction at Rockwood Village is ongoing, as the project has completed its first 10 of 47 Metro bond units. Another seven projects are currently under construction. The remaining 14 projects are in the pre-construction phase.

METRO AFFORDABLE HOUSING BOND

Financial Report Through September 2021

FINANCIAL SUMMARY

| | |
|---|----------------------|
| TOTAL REVENUE | \$682,082,545 |
| TOTAL EXPENSES and DISBURSEMENTS | \$76,888,000 |
| TOTAL COMMITTED | \$161,132,971 |
| TOTAL FUNDING AVAILABLE | \$444,061,575 |

REVENUE

| | FY 2018 - 2020 | FY 2020 - 2021 | FY 2021 - 2022 | TOTAL REVENUE |
|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| Bond Proceeds | \$652,800,000 | | | \$652,800,000 |
| Premiums on Bonds | \$2,630,335 | | | \$2,630,335 |
| Interest Earnings | \$16,059,696 | \$9,099,166 | \$1,493,348 | \$26,652,210 |
| TOTAL REVENUE: | \$671,490,031 | \$9,099,166 | \$1,493,348 | \$682,082,545 |

<--- "Premiums on Bonds" and "Interest Earnings" not included in Work Plan Funding = \$29,282,545

EXPENSES

| PROJECTS | FY2018-2020 Expended or Disbursed | FY2020-2021 Expended or Disbursed | FY 2021-2022 Expended or Disbursed | Committed -- Not Yet Disbursed | TOTAL EXPENDED, DISBURSED or COMMITTED | WORK PLAN FUNDING | % of Work Plan Funding Expended, Disbursed or Committed |
|---|--|--|---|---|---|------------------------------|--|
| Jurisdiction: | | | | | | | |
| Beaverton | \$3,000,000 | \$0 | \$0 | \$9,000,000 | \$12,000,000 | \$ 31,140,595 | 38.53% |
| Clackamas County | \$2,609,333 | \$11,509,209 | \$0 | \$34,233,000 | \$48,351,542 | \$ 116,188,094 | 41.61% |
| Gresham | \$0 | \$16,352,030 | \$0 | \$0 | \$16,352,030 | \$ 26,756,995 | 61.11% |
| Hillsboro | \$0 | \$0 | \$0 | \$16,940,731 | \$16,940,731 | \$ 40,657,081 | 41.67% |
| Home Forward (East Multnomah Co.)* | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 15,879,123 | 0.00% |
| Portland* | \$0 | \$3,684,394 | \$4,411,737 | \$22,910,240 | \$31,006,371 | \$ 211,056,579 | 14.69% |
| Washington County | \$11,583,000 | \$5,650,000 | \$3,792,088 | \$78,049,000 | \$99,074,088 | \$ 116,465,532 | 85.07% |
| Metro Site Acquisition Program | \$159,977 | \$4,640,885 | \$32,579 | \$0 | \$4,833,441 | \$ 62,016,000 | 7.79% |
| TOTAL ACTUAL & COMMITTED PROJECT EXPENSES: | \$17,352,310 | \$41,836,518 | \$8,236,404 | \$161,132,971 | \$228,558,203 | \$ 620,160,000 | 36.85% |

*Home Forward's Dekum Court project is reflected under the Portland allocation and commitments, since funding for this project was part of the funding initially allocated to City of Portland.

| ADMINISTRATIVE | FY2018-2020 Expended or Disbursed | FY2020-2021 Expended or Disbursed | FY 2021-2022 Expended or Disbursed | TOTAL EXPENDED or DISBURSED | WORK PLAN FUNDING | % of Work Plan Funding Expended or Disbursed |
|--|--|--|---|--|------------------------------|---|
| Jurisdiction: | | | | | | |
| Beaverton | \$223,898 | \$115,118 | \$115,118 | \$454,134 | \$655,591 | 69.27% |
| Clackamas County | \$489,213 | \$489,213 | \$489,213 | \$1,467,639 | \$2,446,065 | 60.00% |
| Gresham | \$0 | \$140,826 | \$168,991 | \$309,817 | \$563,305 | 55.00% |
| Hillsboro | \$171,188 | \$171,188 | \$171,188 | \$513,564 | \$855,939 | 60.00% |
| Home Forward (Multnomah County) | \$0 | \$167,148 | \$167,149 | \$334,297 | \$334,297 | 100.00% |
| Portland | \$0 | \$0 | \$0 | \$0 | \$4,443,296 | 0.00% |
| Washington County | \$1,068,690 | \$0 | \$345,450 | \$1,414,140 | \$2,451,906 | 57.68% |
| Metro Site Acquisition Program | \$0 | \$0 | \$0 | \$0 | \$1,305,600 | 0.00% |
| <i>Metro Accountability and Financial Transaction Costs</i> | | | | | | |
| One-Time Financial Issuance | \$1,867,934 | \$0 | \$0 | \$1,867,934 | \$13,056,000 | 38.06% |
| Ongoing Financial Management Costs | \$233,226 | \$179,721 | \$24,549 | \$437,496 | | |
| Accountability, Oversight & Indirect | \$744,287 | \$1,059,610 | \$859,850 | \$2,663,746 | | |
| Reserved for Future Allocations | | | | | \$6,528,000 | 0.00% |
| TOTAL ACTUAL & COMMITTED ADMINISTRATIVE EXPENSES: | \$4,798,436 | \$2,322,824 | \$2,341,508 | \$9,462,767 | \$32,640,000 | 28.99% |

** PHB's Project Delivery Fee is an administrative reimbursement, not paid for by Metro's Affordable Housing Bonds

*** Metro's Finance and Regulatory Services has determined that all Metro Site Acquisition Program expenses are considered Project Expenses

ADDENDUM: PROJECT ENDORSEMENTS AND FUNDING APPROVALS

Each quarter we include the staff reports for projects that were endorsed or approved during the quarter. This quarter the following projects were endorsed or approved.

| Project | Approval/endorsement |
|---------------------------------------|-----------------------------|
| Hattie Redmond (formerly Baldwin PSH) | Final approval |

Metro Affordable Housing Bond Program
Final Approval

Project Name: Baldwin PSH Apartments
Implementing Jurisdiction: City of Portland
Metro IGA Contract Number: 937016
Date of Concept Endorsement: April 19, 2021
Anticipated construction start: October, 2021
Anticipated construction completion: October, 2022

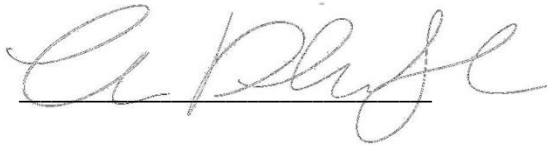
Action:

Metro hereby provides City of Portland with Final Approval of \$4,603,815.00 in Metro Affordable Housing Bond funds for the development of Baldwin PSH Apartments, a regulated affordable housing project located at 7656-7688 N Interstate Avenue, Portland. Metro staff findings are attached in Exhibit A, and a more detailed description of the Project, as provided by the City of Portland, is attached as Exhibit B.

This Final Approval is based upon the information contained in the final approval request provided to Metro by City of Portland, including Project cost proformas and statements of sources and uses of funding needed to generate a Project with the following unit mix:

| <u>Number of Units</u> | <u>Number of Bedrooms</u> | <u>AMI Level</u> | <u>Project Based Vouchers</u> |
|------------------------|---------------------------|------------------|-------------------------------|
| 60 | Studios | 30% | 60 |

Changes to the information contained in the final approval request provided by City of Portland could result in reevaluation of the Project's need for Metro Affordable Housing Bond Funds and changes to the staff findings and funding allocation to the Project before funding disbursement. 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 requirements, a final sources and uses budget, a construction contract schedule of values, and an invoice from the City of Portland including wiring or other instructions related to transfer of funds.



8/9/21

Marissa Madrigal

Date

Chief Operating Officer

Exhibit A: Metro staff findings and recommendations | Metro bond funding final approval for Baldwin PSH Apartments



Drafted by: Valeria McWilliams, Senior Housing Program Coordinator
and Jimmy Oporta, Housing Program Analyst
Date: August 2nd, 2021

Criteria for funding approval

Metro will issue Final Approval to the 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 Baldwin PSH 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 Portland Housing Bureau (PHB).

Changes since concept approval

The project has undergone some changes since concept endorsement. The total project cost has increased by \$2.2 million (10.4%), but these increases are offset by an increase in anticipated 4% LIHTC equity, and the proposed unit mix remained the same. Changes or updates to information previously provided during the concept endorsement phase include:

- Increase in requested Metro Bond funds from \$4,500,000 to \$4,603,815 due to the following:
 - Increase of funding sources (\$3 million) to reflect updated 4% LIHTC equity
 - Increase of \$2.2 million in projects costs, including:
 - Significant lumber/materials escalation due to supply chain issues
 - Addition of internet infrastructure to provide free internet service to all tenants
 - Addition of rooftop photovoltaic (solar) panels
 - Deposit to replacement reserves and rental assistance loss reserve as required by lenders and investor
 - OHCS program delivery fees not included in initial proposal
 - Increase in anticipated DMWESB participation rates to reflect outcome of bid process

Contribution to unit production targets

Baldwin PSH Apartments will utilize 2.2% of PHB's total allocation of bond funds (\$4,603,815) while delivering 60 units that meet the following unit production outcomes:

- 4% of Portland's overall unit production target;
- 10% of Portland's target of units affordable to households making 30% or less of area median income (AMI); and
- 0% of Portland's family sized unit target.

When combining this project with Portland's existing development portfolio, this puts the City on a path to have utilized 15% of total allocation of bond funds while delivering on the following cumulative unit production outcomes:

- 29% of Portland's overall unit production target;
- 23% of Portland's target of units affordable to households making 30% or less of area median income (AMI); and
- 17% of Portland's family sized unit target.

Readiness to proceed

The Portland Housing Bureau has submitted and Metro staff has reviewed and evaluated submitted materials for evidence of project feasibility and readiness to proceed. These include:

- An updated project pro forma dated 07/09/2021
- OHCS Affirmative Fair Housing Marketing Plan
- Residents Service Plan
- Letters of Intent by PHB, OHCS and U.S. Bank Community Development Corporation, U.S. Bankcorp Investments, Inc., U.S. Bank
- 80% design development drawings
- Phase I Environmental Site Assessment (ESA) dated 12/28/2020
- Geotechnical report confirming buildability of soils dated January 2021
- Land appraisal dated 06/14/2021

Staff have not identified any major risks to project feasibility but will continue to request updates from PHB regarding how work is proceeding.

Advancing racial equity

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

- **Location:** The project is located in the Kenton neighborhood. The surrounding area consists of a mix of low to medium residential and mixed-use buildings. The project will be a half mile away from Kenton town center, home to Kenton Library, post office and Kenton Park. Peninsula and Farragut parks are within a mile of the project. The closest grocery store, Fred Meyer, is within 0.2 miles. The site is a 15-minute MAX ride to Kaiser Permanente's Interstate building.
- **Transit access:** The site is located on the Yellow MAX light rail line to Downtown Portland and two blocks from the frequent service #75 and #4 bus lines.
- **Diversity in contracting/hiring:** The project is on track to achieve an estimated 23% DMWES participation for professional services, exceeding PHB's 20% goal. Projected participation for hard construction costs is 38%, exceeding PHB's 30% goal. Additionally, the development team has committed to the following workforce goals: 20% onsite hours to apprentices, 18% onsite hours to minorities, 9% onsite hours to females and 30% new hires to Section 3 individuals. The Section 3 program is a federal program that provides jobs for residents in areas receiving certain types of HUD financial assistance.
- **Access for historically marginalized communities:** Urban League and Home Forward will work with Multnomah County's Coordinated Access system to obtain referrals. The

units are targeted to serve Black individuals experiencing homelessness. The development team will also implement a wide range of strategies to reduce or eliminate housing challenges facing Black and other BIPOC residents such as: reduced screening criteria for criminal offenses, training in harm reduction to support residents through crises and allowing tenants multiple opportunities to remain housed.

- **Culturally appropriate services:** Urban League’s staffing for the Baldwin will include two full-time case managers, two full-time peer support specialists and their supervisors, and a part-time resident services coordinator. Case managers and peer support specialists will have caseloads of 10-15 households per staff member, in line with Corporation for Supportive Housing’s (CSH) best practices and Urban League’s current practices.

Community engagement to inform project implementation

Metro staff have reviewed the updated narrative to confirm consistency with the community engagement elements of PHB’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:

Overall, community engagement activities were effective at eliciting input from formerly houseless BIPOC community members. Because this project is a partnership between Home Forward and the Urban League, a racial equity focus guided all aspects of the engagement process, which included three focus groups with BIPOC residents of existing supportive housing projects and a meeting with the BIPOC case management staff at Urban League. An art committee with BIPOC artist consultation was also formed to help guide and select the art that will be incorporated into the building, with installation of community-selected art planned for summer of 2022.

Strategy for ensuring community engagement to shape project outcomes to support the success of future residents:

Focus group discussions with formerly houseless BIPOC community members centered on four major themes: 1. Arrival (how the building feels as you approach and enter), 2. Community (connectivity to common area space inside and out), 3. Safety (design qualities that give a sense of home and safety) and 4. Unit design (what makes a healthy, stress-free environment). Based on this input, the following changes were made to the building design:

- Bring transparency and light into entry way
- Provide multiple types of community spaces for gathering
- Ensure good lighting, security systems and visibility
- Ensure units have plenty of natural light and ventilation.
- Residents were also consulted on color pallet and finish materials.

Finally, based on input from Urban League staff who will have offices in this building, a wellness room and exterior patio were added to their spaces. In addition to using feedback to inform the design of the building, community feedback also helped shaped the resident services plan, along with the project’s application and lease-up process.

EXHIBIT B: Project summary submitted by Portland Housing Bureau | Metro bond concept endorsement for Baldwin PSH Apartments

Submitted by: Danell Norby, Housing Portfolio Finance Coordinator
Portland Housing Bureau, danell.norby@portlandoregon.gov
Submitted on: July 13, 2021

Project Overview

The Portland Housing Bureau (PHB) is requesting Metro final approval to award up to \$4,603,815 in Metro Bond Funds to Home Forward for the Baldwin Apartments, a proposed new construction project consisting of 60 units of permanent supportive housing (PSH) at 7688 N Interstate Avenue in North Portland's Kenton neighborhood. Home Forward is the project developer/owner and is partnering with Urban League to provide referral pathways and intensive on-site supportive services. The project will house individuals who have experienced homelessness with a focus on serving Black residents, who are overrepresented in the homeless population yet remain underserved. The Baldwin concept builds upon Urban League's successful Project HAVEN, which offers low-barrier, deeply affordable housing to highly vulnerable individuals who request culturally specific services for African Americans.

Home Forward purchased the 19,950 square-foot property on North Interstate Avenue in 2016. The site is currently developed with three single-story, detached multifamily structures (eight units total). Home Forward plans to demolish the existing housing and will provide relocation assistance to current tenants.

Development financing for the Baldwin includes 4% LIHTC equity, Oregon Housing and Community Services (OHCS) weatherization funds, OHCS PSH capital funds, deferred developer fee, and Metro Bond funds. All funding sources have been committed or conditionally awarded and the project will not carry hard debt from a permanent senior loan. Home Forward has also secured OHCS rental assistance and supportive services funding for all 60 units.

Changes between Concept Endorsement and Final Approval

There have been no substantive changes to the project concept or development program since PHB submitted the concept endorsement report to Metro in February 2021. Updates or additional information included in this report include:

- Added summary of findings from Phase 1 Environmental Site Assessment and Geotechnical Report
- Updated project costs and DMWESB participation rates to reflect outcome of bid process
- Updated funding sources to reflect increased 4% LIHTC equity
- Refined project timeline with September 30, 2021 financial closing

Development Program

The proposed Baldwin project consists of 60 studios for individuals earning up to 30% AMI. Total square footage for the building is 34,418 sq ft including 12,896 sq ft of residential common areas. Amenities include a community room, laundry facilities, bike storage, common kitchen and pantry, outdoor plaza, dog run, rooftop terrace and six parking spaces for staff. The building will also provide ground-floor space for resident services and on-site property management.

| Unit size (no. of bedrooms) | No. of units | AMI % | PBVs* | Square feet/unit | Gross monthly rent/unit** |
|-----------------------------|--------------|-------|-----------|------------------|---------------------------|
| Studios | 60 | 0-30% | 60 | 347-360 | \$1,015 |
| Total | 60 | | 60 | | |

*Rent subsidy for the 60 units is from OHCS rental assistance, not HUD Project-Based Section 8 vouchers. The rental assistance will cover the difference between the tenant’s payment (30% of income) and 60% AMI rents.

**The gross monthly rent reflects the 2021 HUD rent rate for 60% AMI studios.

Project Image



Rendering of the Baldwin Apartments viewed from North Interstate Ave.

Background

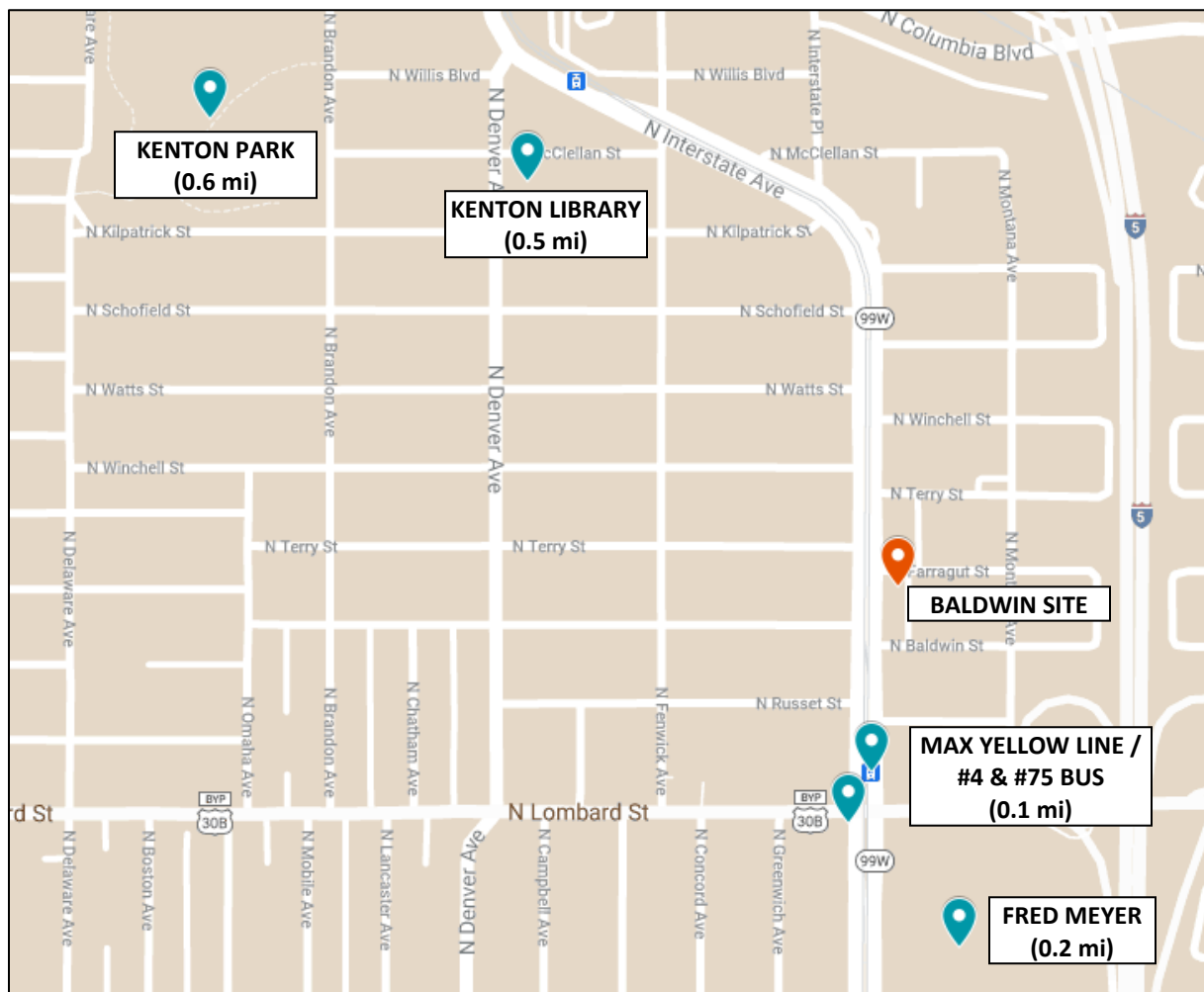
Home Forward purchased the Baldwin property from the open market in 2016 for future affordable housing development. The site was selected due to its amenity-rich location. It is also located in the heart of Portland’s historic African American community, which has experienced mass displacement due to gentrification and eminent domain. The eight existing units have no affordability restrictions and Home Forward has continued to operate them as market-rate, naturally occurring affordable housing.

In 2019 representatives from Home Forward and Urban League were one of ten teams selected for OHCS’s first PSH Training Institute cohort. During this six-month training on PSH best practices led by OHCS and the Corporation for Supportive Housing (CSH), the project team developed and refined its concept for the Baldwin Apartments based on CSH’s Quality Standards. After successfully completing the PSH Training Institute in 2020, the project was awarded \$9,000,000 in PSH capital funds, 60 units of rental assistance, and OHA funding for supportive services. As of July 1, 2021, OHCS has taken over stewardship of the supportive services funds.

In the Fall of 2020, the Baldwin development team submitted a proposal for Portland's 2020 Metro Bond RFQ for PSH projects. PHB confirmed a contingent award of \$4,500,000 on February 5, 2021 and a revised final award of up to \$4,603,815 on June 17, 2021. The project has received approval through the City's land use/design review process and is now in the final stages of permitting, with September 2021 targeted for financial close and October 2021 for start of construction.

Location and Neighborhood

The site is located on the Yellow MAX light rail line to Downtown Portland and two blocks from the #75 and #4 bus lines. Development to the north and south is primarily 5- to 6-story residential and mixed-use; low-density housing is located to the east and west. A half mile away is Kenton town center, home to the Kenton Library, post office, and 12-acre Kenton Park. Peninsula and Farragut Parks are also within a mile. A Fred Meyer grocery store/pharmacy is within 0.2 miles. The site is close to Kaiser Permanente and approximately 3 miles from Legacy Hospital.



Site

The Baldwin site is a single 19,950 square-foot parcel along the east side of North Interstate Avenue between North Baldwin Street and North Farragut Street. Home Forward has owned the property since 2016. The site is currently developed with three single-story, detached multifamily structures that were built in 1945. The structures are in current use as market-rate, naturally occurring affordable rental housing which will be replaced with the proposed 60-unit affordable development.

The site is zoned Residential Multi-Dwelling 3 (RM3), a medium- to high-density multifamily zone characterized by buildings up to six stories tall in commercial centers and corridors. At completion, the Baldwin Apartments will be four stories with studio apartments, common facilities and services on the ground floor, and upper floors dedicated to studio apartments. The project design incorporates features that are consistent with the surrounding residential quality including a gable roof. A ground floor lobby and other programming will activate the frontage along North Interstate Avenue, and the southwestern corner of the building is anchored by an indoor community space that opens to a landscaped outdoor plaza. Surface parking, consisting of six spaces for staff plus one loading zone, will be accessible from North Baldwin Street.

Phase 1 Environmental Site Assessment and Geotechnical Report

Hahn and Associates completed a Phase 1 Environmental Site Assessment (ESA) for the property on December 28, 2020. The findings included four decommissioned heating oil underground storage tanks (USTs). Soil contamination above screening levels was found with one of the USTs.

Home Forward plans to leave two of the four USTs undisturbed under a portion of the basement slab. Per Hahn's recommendations, if left in place and undisturbed, no actions are necessary with respect to the impacted soils. The other two USTs will be removed due to their proximity to the future Baldwin building foundation. As recommended in the Phase I ESA report, a Contaminated Media Management Plan is being prepared to guide the removal of the USTs and surrounding soil.

Per the Phase I ESA recommendations, asbestos containing materials have been removed from the existing structures, and siding containing lead-based paint will be deconstructed from the buildings prior to demolition.

The Geotechnical Investigation Report completed by Greenfield Geotechnical in January 2021 determined that the site has a low likelihood of liquefaction and ground failure. The subsurface investigation encountered medium dense to very dense sandy gravel; no groundwater was discovered at the depths investigated. *See attached Phase 1 ESA and Geotechnical Investigation Report.*

Project Financing

The estimated total development cost is \$23,754,741, equal to \$395,912/unit or \$690/sq ft. Excluding acquisition, the development cost is \$363,704/unit or \$634/sq ft.

Sources of capital financing include 4% tax credit equity, OHCS weatherization and PSH funds, Metro Bond funds, and a deferred developer fee. Because all units will be affordable to individuals earning up to 30% AMI, the project will receive a full SDC exemption.

OHCS has awarded the Baldwin 60 units of rental assistance and up to \$600,000 in annual supportive service funding. Home Forward is exempt from paying property taxes on the site.

Sources and Uses Overview

| Source | Amount | Use | Amount |
|--|---------------------|----------------------------------|---------------------|
| 4% LIHTC Equity | \$9,477,104 | Land/Acquisition | \$1,932,500 |
| OHCS Weatherization | \$45,150 | Construction Costs | \$14,581,487 |
| OHCS PSH Funds | \$8,619,325 | Soft Costs (excl. Developer Fee) | \$4,665,464 |
| PHB Metro Bond* | \$4,409,087 | Developer Fee** | \$2,725,290 |
| Deferred Developer Fee | \$1,084,825 | | |
| Home Forward Contribution (Energy Trust of Oregon Solar Incentive) | \$119,250 | | |
| Total | \$23,754,741 | Total | \$23,754,741 |

*Metro Bond award amount to be finalized prior to closing; not to exceed \$4,603,815.

**Developer fee includes \$150,000 to Urban League for partnering on outreach and program design.

Note: The 4% LIHTC floor rate increased the amount of tax credit equity available to the Baldwin project. Home Forward will use a portion of the additional equity for construction cost increases and to fund the project's operating and replacement reserves. If there is remaining surplus after the project's needs have been met, including consideration of contingency to address the current volatility in materials pricing, it will result in proportional reductions to the OHCS award and Metro Bond award.

Development Team

- Developer/owner/property manager:** Home Forward (HF) is owner and developer of over 6,500 units of public and affordable housing in Multnomah County. The organization's development department consists of 18 staff including registered Engineers, Architects, Finance staff, and in-house relocation staff. Home Forward has an established record of developing complex projects with multiple public and private financing sources. Supportive Housing projects completed by Home Forward include Bud Clark Commons (130 units) and Beech Street Apartments (32 units).
- General contractor:** Bremik Construction is an experienced contractor that has built over 1,300 housing units in the last six years, with 600 more under construction or in preconstruction. Bremik's experience with multifamily projects includes renovation and new construction; small, midsize and large developments; affordable and market-rate properties; and successful DMWESB utilization to meet the goals of public funders.
- Architect:** SERA Design and Architecture is a local firm with experience in architecture, interior design, urban design and planning services. SERA has collaborated with local organizations on several affordable housing developments to date, including both PSH and culturally specific projects.

Community Engagement

Community engagement has been a priority for Home Forward and Urban League from the genesis of the Baldwin Apartments. The first step in incorporating feedback came from participation in OHCS's PSH training cohort, where Corporation for Supportive Housing's quality standards and lessons learned from Urban League's experience providing culturally specific PSH services were built into the program design. Next the project team made proactive and direct outreach to the

immediate community. Public outreach conducted to date for the Baldwin has included the following:

- Home Forward sent an informational mailing about the project to the surrounding neighborhood (one-mile radius) – 5/15/20
- Home Forward posted signage about the project on the property – 5/21/20
- Home Forward presented at Kenton Neighborhood Association Meeting and provided a project update to meeting participants – 6/10/20 and 10/14/20
- City of Portland send a Land Use Public Notice to surrounding neighbors for 21-day comment period – 10/2/20
- Home Forward conducted various focus group meetings with HAVEN Residents (BIPOC formally homeless individuals) – June through October 2020

No written comments were received about the project. Verbal comments were positive and included constructive ideas to better the project, including utilizing a gabled roof to reflect the neighborhood’s residential character, increasing the building’s rear setbacks beyond the zoning code requirements to better separate the building from its neighbors, and incorporating an outdoor patio and roof deck to increase residents’ access to nature. Anticipated future outreach includes focus group meeting with Project HAVEN residents and mailings to nearby residents prior to demolition and start of construction.

See attached Community Engagement Summary for additional details.

Advancing Racial Equity

Project Location and Partnership with Urban League

The Baldwin site is located in Kenton, one of the North and Northeast Portland neighborhoods that comprise Albina, the center of Portland’s African American community. Over the last few decades, gentrification and eminent domain have resulted in the mass displacement of Black residents from Albina. By targeting the Baldwin PSH units to serve Black individuals experiencing homelessness, Home Forward and Urban League aim to reconnect this displaced community with greater Albina and the culturally specific services and landmarks that remain in place.

Urban League specializes in providing culturally specific programming for African Americans along with community organizing and legislative advocacy. Because the majority of Urban League’s staff and leadership identify as African American/Black, programs and services are designed and implemented by individuals with experience and expertise in meeting the needs of Black community members. (See also: Partnerships and Services)

The site is in Portland’s Interstate Corridor Urban Renewal Corridor, where projects with PHB funding are subject to the City’s N/NE Housing Strategy that includes a Preference Policy for applicants with generational ties to the area. PHB is working with the Joint Office of Homeless Services to determine if it is possible to blend the Preference Policy with the Supportive Housing requirement that tenants be referred through Coordinated Access. If the application of the Preference Policy conflicts with the Supportive Housing units, Home Forward may request an exemption by explaining in detail: 1) why the conflict exists, 2) why the application of the policy would present an issue with tenanting the PSH units for BIPOC communities, and 3) the intentional tenanting plan for the PSH units to serve BIPOC communities.

Strategies to Eliminate Housing Barriers

The Baldwin project will serve highly vulnerable individuals who request culturally specific services for African Americans through Multnomah County’s Coordinated Access system, ensuring that the

project houses the intended population of Black residents experiencing homelessness. In addition, the development team will implement a wide range of strategies to reduce or eliminate housing challenges facing Black and other BIPOC residents, including:

- Home Forward and Urban League will reach BIPOC prospective tenants through a network of hundreds of partner agencies and advertisements in culturally specific publications including The Skanner, El Hispanic News, and the Asian Reporter.
- Home Forward has reduced screening criteria for criminal offenses at PSH projects. The organization has also implemented a process to re-examine proposed denials before officially denying an applicant.
- All supportive services are voluntary to eliminate the risk of tenants losing housing due to non-participation.
- To ensure that residents have easy access to services, the ground floor of the Baldwin development will include resident service offices, supportive service offices, private conference rooms, property management offices, and community space.
- Urban League will provide individualized services tailored to each client with a focus on addressing common barriers to housing stability among Portland's Black community.
- Rather than strictly enforcing leases in the face of behavioral and substance abuse challenges, property management, resident services and supportive services staff will be trained in harm reduction to support residents through crises. Tenants will have multiple opportunities to remain housed.

Equity in Contracting

Home Forward emphasized the importance of DMWESB participation in its 2020 RFP process to select a General Contractor (Bremik) and Design team (SERA) for the Baldwin Apartments by allocating significant points in the selection criteria. Both Bremik and SERA have worked with PHB to meet participation goals in projects including Magnolia II, Vibrant, Orchards of 82nd, and The Henry. The project is currently on track to achieve an estimated 23% DMWESB participation for professional services, exceeding PHB's 20% goal. Projected participation for hard construction costs is 38%, also exceeding PHB's 30% goal.

Partnerships and Services

Urban League and Home Forward seek to expand culturally specific PSH services to better meet the needs of the African American community, whose members are over-represented among the population experiencing chronic homelessness. The agencies will work with Multnomah County's Coordinated Access system to obtain referrals. Urban League's staffing for the Baldwin will include two full-time case managers, two full-time peer support specialists, and their supervisors, along with a part-time resident services coordinator. Case managers and peer support specialists will have caseloads of 10-15 households per staff member, in line with Corporation for Supportive Housing's (CSH) best practices and Urban League's current practices.

Pre-tenancy services at the Baldwin will include assistance with rental applications, support throughout the screening support, and move-in resources/supplies. Resident services and case management will focus on maintaining housing stability and increasing self-sufficiency. Planned services include:

- On-site peer recovery and mentorship
- Assistance accessing benefits and supported employment
- Life skills coaching

- Eviction prevention and conflict resolution
- Criminal record expungement
- Credit counseling and financial empowerment
- Transportation assistance
- Coordination or support associated with chronic disease management and nutrition services
- Connection to health and behavioral health care providers
- Community activities and dinners
- Free community room internet, low cost in-unit internet

Anticipated Timeline

| | |
|---|------------|
| Building Permit Submitted | 1/15/2021 |
| Type II Design Review Approval | 1/28/2021 |
| Metro Concept Endorsement | 4/2021 |
| OHCS 4% LIHTC Application Submitted | 5/2021 |
| PHB Housing Investment Committee Approval | 8/2021 |
| Metro Final Approval | 8/2021 |
| OHCS Finance Committee | 8/2021 |
| OHCS Housing Stability Council | 8/2021 |
| Financial Closing | 9/30/2021 |
| Construction Start | 10/4/2021 |
| Construction Completed | 10/28/2022 |
| Lease-Up Completed | 4/2023 |