



Executive Summary

Metro Housing Bond 2020 Annual Report

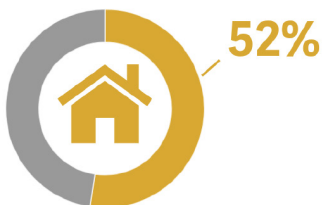
May 2021

oregonmetro.gov/housing

Production progress

In November 2018, greater Portland's voters took action to address the region's housing crisis, overwhelmingly passing the nation's first regional affordable housing bond with a goal of creating 3,900 affordable homes across the region; half (1,950) would be sized for families with two bedrooms or more and 1,600 would be affordable to households with very low incomes.

Metro and partners are more than **halfway to achieving the goal of 3,900 units with only one third of bond funds committed**. As of December 2020, there were four projects under construction and 15 more in the pipeline, collectively representing 2,045 affordable homes.



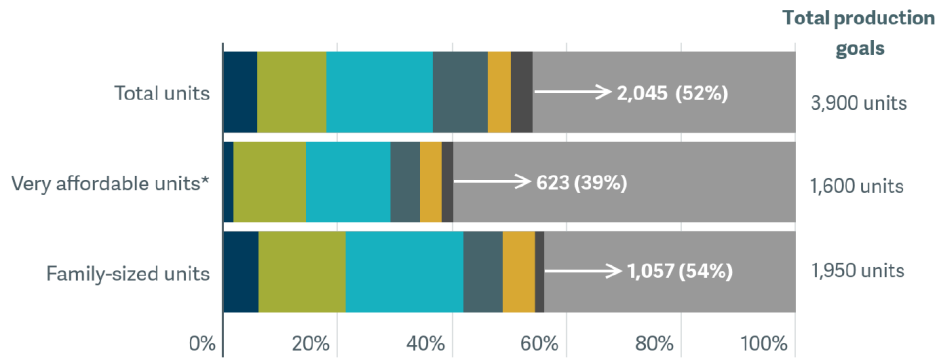
- Homes in development
- Homes remaining



- Funds used
- Funds remaining

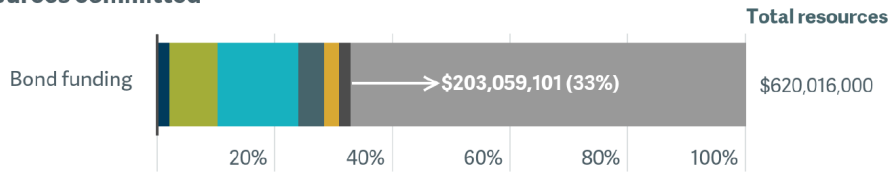


Predevelopment underway as of December 2020



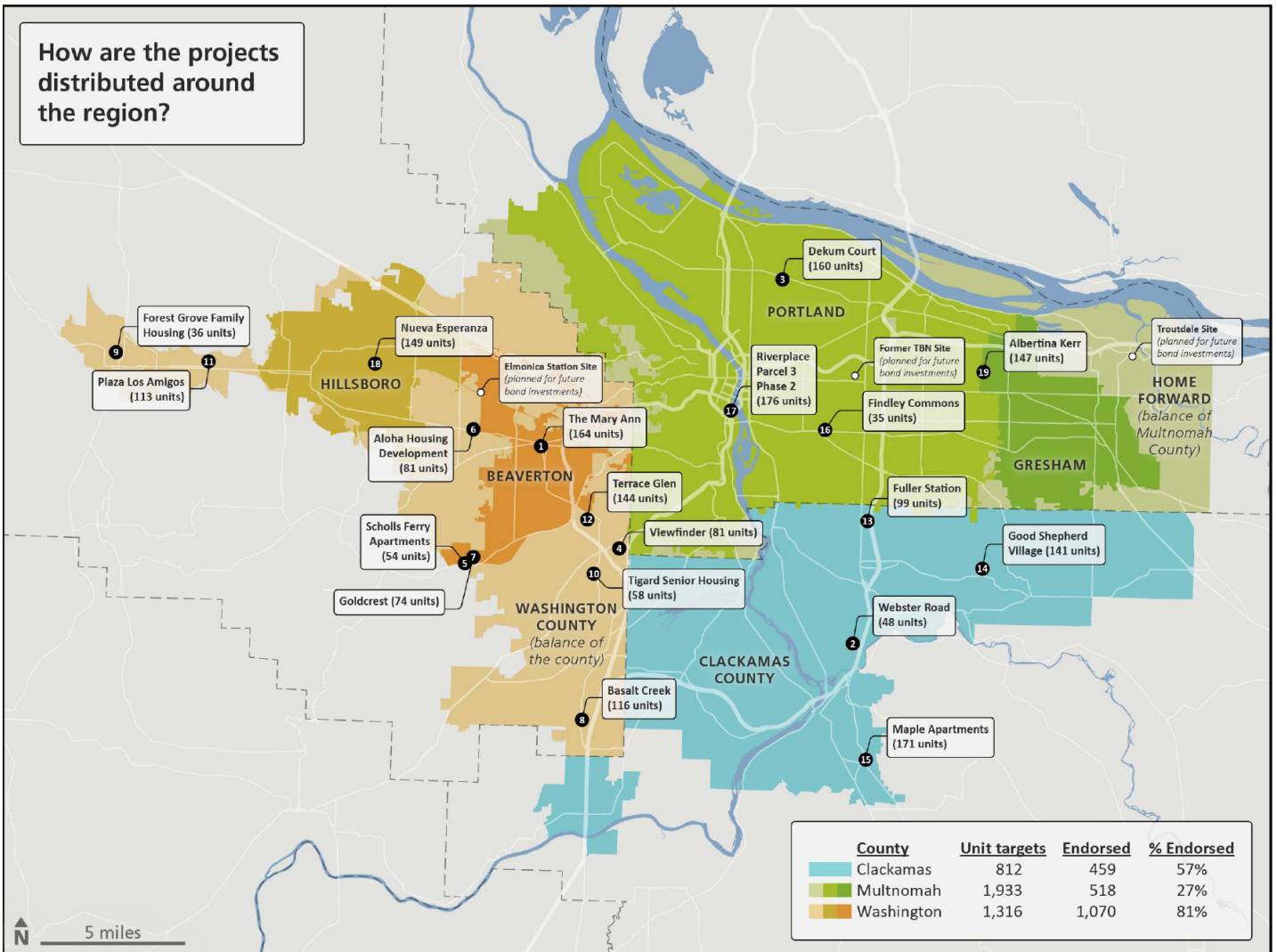
*refers to households at 30% Area Median Income (AMI)

Resources committed



- Beaverton
- Clackamas
- Washington
- Portland
- Hillsboro
- Gresham
- Home Forward
- Remaining

How are the projects distributed around the region?



County	Unit targets	Endorsed	% Endorsed
Clackamas	812	459	57%
Multnomah	1,933	518	27%
Washington	1,316	1,070	81%



Policy goals

Decisions about where and how to invest in new affordable housing are guided by a set of core values and policy goals established through Metro-wide engagement in 2018 and further informed through local community engagement and planning from 2019 onward.

The program seeks to ensure that investments serve people currently left behind by the region's housing market, especially:

- communities of color
- families with children and multiple generations
- people living with disabilities
- seniors
- veterans
- households experiencing or at risk of homelessness
- households at risk of displacement.

Goal: Create housing opportunities throughout the region in locations that (a) expand affordable housing options in neighborhoods that have not historically included sufficient supply of affordable homes, (b) increase access to transportation, employment, education, nutrition, parks and natural areas, and (c) help prevent displacement in changing neighborhoods where communities of color live today.

Outcomes:

- Bond investments demonstrate **strong outcomes toward the goal of advancing fair housing and reducing segregation regionally**. Forty-six percent of units are in areas with lower than the regional average percentage of people of color, and 59% are in areas with a lower share of per capita regulated affordable housing. Four projects, representing 19% of the total units, have no existing regulated affordable housing within a one-mile radius.
- Bond investments are largely **located in areas with access to public transportation and in walkable areas**, including 69% of total units within either a quarter-mile of frequent service bus or a half-mile of MAX, and 70% with a walkscore of 50 ("somewhat walkable") or better.
- The distribution of bond investments across the region shows **substantial support for the goal of stabilizing communities at a higher risk for displacement**, particularly communities of color and people with limited English proficiency. Of the total units in the pipeline, 54% are located in areas that have a higher proportion of people of color, and 73% are located in places that have higher than average concentrations of either people of color or people who speak English less than "very well."



Goal: Increase access and stability for priority communities

Outcomes:

- All local implementation partners have reported on efforts to support the bond program's goal of advancing fair housing access through low-barrier screening and affirmative marketing in projects.
- Several projects have established partnerships with culturally specific service providers, many of which will support the marketing and lease-up process in addition to providing ongoing resident services.

Goal: Create economic opportunities through the construction process

Outcomes:

- All developers have committed to meeting, and many developers have committed to exceeding, the bond's goals for achieving a minimum of 20% of construction contracts for bond funded projects awarded to minority-owned, women-owned and service-disabled veteran-owned firms.

Goal: Engage communities of color and other historically marginalized communities

Outcomes:

- Efforts to engage communities of color and other historically underrepresented communities are resulting in meaningful engagement. Engagement themes that are shaping local implementation and project planning/design include the need for larger units, communal spaces, varied outdoor spaces and laundry facilities.

Date: April 2021

To: Metro Council

From: Metro Affordable Housing Bond Community Oversight Committee

Re: 2020 Annual Report

A report to the community from the Metro Affordable Housing Bond Community Oversight Committee

Over the past two months, the Metro Affordable Housing Bond Community Oversight Committee has reviewed progress reports from all eight implementation partner agencies, as well as an analysis of regional progress and performance presented by Metro staff. We are happy to report that, in a year of unprecedented challenges, the Metro affordable housing bond program is **on track to exceed the promises made to voters**. What's more—there are opportunities to go above and beyond. And we should.

So much has changed in the past year. The housing crisis has been intensified by the ripple effects of the global pandemic, increasing the urgent need for more affordable homes and other services to ensure that everyone in our community has access to safe, stable affordable housing.

The program is on track to exceed its goals due to a combination of policy and market forces, as well as early action from implementation partners. Federal policy changes have increased the value of 4% Low Income Housing Tax Credits, a major source of leveraged funding in the housing bond portfolio. Interest rates are low, meaning projects can leverage more private debt than initially anticipated. Finally, housing bond implementation partners have moved quickly to deploy resources; in addition to responding to the urgent need for housing, these rapid efforts to advance implementation are reducing the impact of construction cost escalation (although cost escalation is expected to increase the cost of delivering units later in implementation).

Combined, this early progress and market/policy changes impacting leveraged funding opportunities mean that the average per unit need for Metro bond funding required to achieve our targets is lower than initially forecasted.

From the passage of the Metro supportive housing services measure in May to economic recovery efforts at the state and federal level, there is an influx of new resources in the system of funding that layers and intersects with affordable housing development. Additional federal funding for housing development is anticipated in forthcoming federal infrastructure funding packages.

With the region on track to exceed the unit production goals established for the measure, and new resources coming online, we believe there is not only an opportunity, but an imperative, to do more with these resources - whether that means going broader to achieve more overall units and/or going deeper to support the most challenging-to-fulfill needs such as permanent supportive housing and larger, family-sized units. There are also opportunities to look for synergies that allow housing bond investments to leverage state/federal/other local funds and to be integrated with complementary investments, such as digital equity and co-location with early learning facilities. **We need to ensure that, as a system, we are working toward “doing more with more.”**

Along these lines, there is an important opportunity to **support integration of Metro supportive housing services funding with affordable housing bond investments to ensure that these**

voter approved funding sources can fulfill their game-changing potential to address the needs of community members who are experiencing or at risk of homelessness. It is essential that supportive housing implementation plans include prioritization of long-term rental assistance funding in the form of project-based vouchers that can be integrated early in the development process, so that we are designing and programming affordable housing buildings specifically to meet the needs of individuals and families exiting homelessness. There's a critical opportunity for ongoing coordination between Metro bond implementation and supportive housing implementation within each county, as well as between Metro and implementers.

As an oversight committee, we have been charged not only with ensuring progress toward the unit production targets, but also with ensuring that implementation is aligned with the core values established by the Metro Council, including the charge of leading with racial equity throughout implementation. Early indicators show that jurisdictional and development partners are taking these commitments seriously—with much more remaining to be seen as projects begin to lease up.

Key highlights of progress on advancing racial equity include:

- *Fair housing access:* Projects are distributed across the region and are incorporating strategies for fair housing access through thoughtful approaches to low-barrier screening and affirmative marketing—consistent with the expectations established in Metro's work plan. Continued monitoring will be needed to evaluate fair housing outcomes once projects start to lease up. Beyond lease up, Metro should work with partners to explore creative approaches to monitor stability and resident satisfaction over time.
- *Culturally responsive programming and services:* Local progress reports reflect robust community engagement throughout planning, and we believe this early engagement will help to improve resident livability throughout the life of the investments. It will be important for the relationships established through engagement to continue beyond development to operations. Implementing partners need to think about who is providing services for residents, as well as the need to invest in capacity building (i.e. cultural competency) among property managers.
- *Equitable contracting and workforce:* We are seeing strong commitments for equity in contracting, which was emphasized by the committee in the local implementation strategy review process. More work and investment is needed to support economic opportunities for women and people of color through construction. Tracking workforce diversity may be a positive first step, but requirements could have unintended consequences, particularly for smaller subcontractors. Workforce strategies are a priority area that should be considered for technical assistance.

The Metro affordable housing bond is already catalyzing new regional coordination and partnership to respond to the region's housing crisis. There are opportunities for Metro to engage local jurisdiction partners in a conversation about how to expand the impact of our investments beyond initial targets. These conversations need to acknowledge that jurisdictions face different challenges and are participating in implementation at varying scales and with varying internal capacity. **We recommend that Metro work with implementing jurisdiction partners to ensure that project investment decisions are being made with an eye toward maximizing collective impact of Metro bond and leveraged funds, as well as aligning with complementary investments, such as digital equity, early learning, and green building. We also recommend**

that Metro provide funding and technical assistance to increase the region's capacity to implement permanent supportive housing and equitable workforce strategies.

Finally, we want to underscore the need for Metro to further staff up to support this work. The housing bond team has accomplished so much with limited capacity, but, as noted in the recent audit, additional investments in staff are essential to ensure that Metro can take advantage of the opportunities outlined above. We are excited for the recent arrival of a new regional housing director, who can support those conversations with partner jurisdictions about opportunities to elevate commitments together, and for other staff who will join Metro's housing team soon to support program evaluation and administration. We look forward to continuing to build on this progress in 2021.

Housing Bond Community Oversight Committee:

Melissa Erlbaum

Dr. Steven Holt

Mitch Hornecker

Mesha Jones

Jenny Lee (co-chair)

Ed McNamara

Steve Rudman (co-chair)

Nicole Stingham

Andrew Tull

Juan Ugarte Ahumada

Tia Vonil