



Metro



Chief Operating Officer Recommendation

Future of regional housing funding

Updated July 30, 2024

oregonmetro.gov/housing

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FRONT COVER

Built with funds from Metro’s affordable housing bond, Nueva Esperanza in Hillsboro provides homes for 150 households with an emphasis on meeting the needs of farmworkers and immigrant families, among others.

The new apartment community, located in Washington County, brings a mix of housing for households with an income at or below 30% and 60% of the area medium income.

Matthew is a case manager at Do Good Multnomah’s Findley Commons, a 35-apartment permanent supportive housing complex in Northeast Portland for veterans who have experienced chronic homelessness and have a disability.

This document update represents the addition of several appendices not included in the July 9, 2024 version.



If you picnic at Blue Lake or take your kids to the Oregon Zoo, enjoy symphonies at the Schnitz or auto shows at the convention center, put out your trash or drive your car – we’ve already crossed paths.

In a metropolitan area as big as Portland, we can do a lot of things better together. Join us to help the region prepare for a happy, healthy future.

Metro Council President

Lynn Peterson

Metro Councilors

Ashton Simpson, District 1

Christine Lewis, District 2

Gerritt Rosenthal, District 3

Juan Carlos González, District 4

Mary Nolan, District 5

Duncan Hwang, District 6

Auditor

Brian Evans

COO Recommendation on regional housing funding

Council President Peterson and Metro Councilors,

Thank you for the opportunity to issue this recommendation to you today. I am grateful to have been able to apply myself and the collective expertise of our community to topics that are deeply personal and meaningful to so many of us – affordable housing and homelessness.

Over the last six months, Metro conducted a process that was at times highly technical and in the policy weeds. At the end of the day, however, my recommendation to you is given in service to people: the people experiencing chronic homelessness in our community today, those who are on the verge of becoming chronically homeless, and those suffering from skyrocketing rent and housing instability. My recommendation includes a suggested path to fund deeply affordable housing, and addresses the future of the Supportive Housing Services program through improvements to its governance and oversight. I look forward to receiving your guidance on next steps.

In January, at your direction, Metro staff began a process with stakeholders, community members and the public, with a straightforward question: How should Metro address a looming gap in affordable housing funding in the region? However, the conversation quickly evolved into so much more. Finding agreement on how to fund affordable housing turned out to be the easy part – most agreed that expanding the uses of the existing Supportive Housing Services tax to allow investment in affordable housing (with some key parameters) was a good and urgently-needed idea.

The harder conversations were about the region's seemingly shaky future, the lack of accountability in our systems, and plummeting trust that government can accomplish what it promises.

To be clear – people in our community are not suffering from a lack of compassion. They still believe in the values that have made this region so uniquely special. They recognize the challenges we face as a society are complex and there are some things that are outside of government's control. They don't expect government to perform miracles, but they do expect transparency, logical thinking, clear outcomes and clear progress from their public institutions. They want their compassion, and the sense of urgency they feel when they see someone suffering on the street or their favorite local shop struggling to get by, to be very obviously reflected in government's approach and actions. They want government to show compassion for and understanding of their frustrations. And they want to see results.



Marissa Madrigal
Metro Chief Operating Officer

Today the region stands at an inflection point because of these sentiments. For decades, greater Portland was booming, attracting new people and businesses who wanted to enjoy our high quality of life, world-class recreation, top-notch food scene and progressive politics. Residents new and old around the region were willing to approve leading-edge policies and new investments to support ambitious regional social goals, especially for the most vulnerable among us. From parks to affordable housing to investments in climate resilience, voters in the region have trusted government with a portion of their incomes and asked businesses to pay more to support healthy, thriving communities. But the social compact between the public and the government – in which the public chooses to pay somewhat higher taxes to benefit everyone – has been tested by post-pandemic inflation and the perception that government is not doing enough.

The results of some regional tax measures have been strong and tangible. Metro's Parks and Nature bonds have protected almost 19,000 acres of precious habitat. Metro's 2018 Affordable Housing Bond is on track to exceed its goals, with nearly 5,000 new affordable housing units open, under construction or in the development pipeline. Since 2021, the Supportive Housing Services program has placed nearly 5,400 households into housing and prevented more than 14,000 households from being evicted.

However, the Supportive Housing Services program has considerable room for improvement. Like other new local single-purpose taxes, SHS has suffered from a trust-busting combination of slow-to-start programs and higher than anticipated revenues. The public has watched hundreds of millions of dollars accrue to government bank accounts, while perceiving little change on the ground to show for it.

As a result, voter willingness to support new taxes is softening, while parts of the region are signaling a need for government investment and action. Decreasing housing affordability, continuing reputational damage to the region, a perceived lack of progress on reducing the number of people living outside, and what appears to be a hyper-local recession are driving individuals and families from the region. Population loss and stagnation negatively impact the local economy and also threaten the very tax revenues that every government in the region needs to put greater Portland back on the right track.

Fortunately, our region still has many strengths on which to build. Our focus on bringing people back to our downtowns and main streets is helping small businesses of all kinds. We've increased awareness of the importance of cultural and sports events and are exploring how to invest in those for the benefit of our communities. We've made huge strides in being conscious about the impacts of growth and change on communities of color as we work to more equitably manage those impacts. But the success of all this work, and other work on behalf of our communities' overall well-being, still comes down to how well we support those experiencing homelessness.

Major findings

A majority of stakeholders, community members and voters in the region:

- Support continued investment in homeless services and affordable housing.
- Believe local government is off track and should do better with its existing resources.
- Prefer expanding Supportive Housing Services investments, instead of a new property tax, to allow the acquisition, construction and preservation of deeply affordable housing – that is, housing for those experiencing or at greatest risk of homelessness.

- Believe the focus of all SHS investments should be for people experiencing or at risk of chronic homelessness, regardless of whether those funds are spent for services or housing.
- Believe the current SHS oversight and accountability structure is not sufficient to provide transparency and ensure the desired outcomes of the measure are met, which undermines support for SHS as a whole.
- Believe the SHS tax sunset in 2030 should be significantly extended or eliminated to create greater long-term certainty for communities and providers.

Some voters and stakeholders also support:

- A modest rate cut to the SHS personal income tax to address the reality that revenues are far higher than anticipated, so long as program outcomes can still be achieved.
- Adjusting the SHS personal income tax thresholds for inflation, so that the tax continues to be applied to high-income earners.

A minority of stakeholders and the public do not support any changes to the SHS tax, believing that Metro and the counties have more work to do to prove the efficacy of the existing program. These stakeholders have also expressed fear that changes now would undermine the hard work that has gone into building the program.

Details and supporting documentation for these findings are provided in the full report.

Recommendation overview

My recommendations to you are informed by this larger understanding of the moment and the areas of greatest alignment among our diverse community. They are supported by a broad coalition of subject matter

experts, community members and business leaders who have worked closely with Metro to develop these recommendations. The heart of my recommendation is three-fold:

- Renegotiate the Intergovernmental Agreements between Metro and the three counties to immediately address transparency and accountability challenges, with the goal of finalizing amendments by December 2024.
- Consider referring a measure to the May 2025 ballot to further strengthen accountability of the SHS program, expand its uses to include creation, acquisition and preservation of deeply affordable housing for those experiencing or at greatest risk of homelessness, and extend the sunset long enough to create efficiencies and leverage rent assistance to finance affordable housing projects.
- Reduce the SHS personal income tax rate as part of the above measure.

Public opinion surveys demonstrated a referral of this nature to the November 2024 ballot was likely viable. However, public opinion surveys also documented a worsening view of local government from previous surveys. Part of restoring trust is demonstrating that we are being thoughtful, careful and sober with the public's top priority. While there is broad stakeholder support for the recommendation as a whole, there remain a handful of details that need further discussion with stakeholders, advocates and subject matter experts. I believe Metro should measure twice and cut once, before asking voters to make changes to the SHS program. A misstep would not only foreclose our only real near-term path to avoiding a gap in affordable housing funding – it would undermine the ability to reform and extend the SHS program in the future.

Recommendation

Metro Council should consider the following actions:

1. Support regional, statewide and national efforts to reduce the cost of housing overall, the cost of affordable housing, identify infrastructure funds to support cities in developing land for affordable housing, etc.
2. Initiate a re-negotiation of the Supportive Housing Services Intergovernmental Agreements between Metro and each of the three counties to improve transparency, increase accountability and strengthen oversight of existing SHS programs to the extent possible within existing framework. Complete by December 2024.
3. Index the SHS personal income tax thresholds to inflation, starting in tax year 2024.
4. Consider referring a measure to voters for the May 2025 election to amend SHS in the following ways:
 - a. Expand the use of SHS funds to allow acquisition, construction and preservation of affordable rental housing and permanent supportive housing, with sufficient flexibility to complement county SHS investments.
 - b. Strengthen SHS commitment to serving those experiencing or at risk of chronic homelessness.
 - c. Establish clearer, more independent oversight of the program by creating a single, independent Investment Board appointed by the Metro Council and representing subject matter expertise in key areas of the system including but not limited to: lived experience, homeless services, healthcare, behavioral health care, substance use disorder and treatment services, affordable housing development, finance, the justice system, data and performance. This Investment Board would be responsible for making recommendations to the Metro Council regarding program goals, outcomes, affordable housing targets and data-driven key performance metrics as components of a new Regional Investment Strategy, to ensure homelessness is as rare, brief and non-recurring across the region as possible.
 - d. Implement a direct feedback channel to the independent oversight body for direct service providers and those with lived experience with homelessness and housing instability to inform the development of the Regional Investment Strategy.
 - e. Require counties to submit new Local Implementation Plans that conform with the Regional Investment Strategy and demonstrate feasible workplans to meet key performance metrics established by the Investment Board.
 - f. Require Metro to set regional reporting frameworks, standards and definitions for service types and delivery; prepare monitoring plans, accountability mechanisms; approve housing projects, fund regional investments to improve system alignment, coordination and standardization within existing 5% administrative cap.
 - g. Dedicate a minimum percentage of funds to capital investments in affordable housing and permanent supportive housing. A portion of existing carryover would be used for immediate investment opportunities, and future capital funding allocations would be driven by the Regional Investment Strategy and Local Implementation Plans.

- h. Extend the SHS sunset enough years to leverage rent assistance for affordable housing development and ensure long-term stability of services for people experiencing chronic homelessness.
- i. Address cities' needs for better support and coordination from SHS partners.
- j. Reduce the personal income tax rate.

Should the Metro Council choose to pursue a ballot measure, I recommend that the Council convene an elected-to-elected workgroup led by the Metro Council President or her designee, to finalize remaining details including length of extension, degree of personal income tax rate reduction, and the need for stronger partnership and alignment with the region's cities. Staff also recommends deeper engagement with those who have lived experience and those who serve those with lived experience to ensure that the reforms contemplated do not have unintended consequences.

While this is a formal recommendation of the Metro COO to the Metro Council, it is important for transparency to emphasize that it is not the opinion of one person, but rather the synthesis of feedback and advice from countless subject matter experts, community members, advocates, practitioners, stakeholder coalitions and Metro staff, who have worked diligently to apply the values Metro Council originally set forth for this process, including ensuring the stability of existing investments, pragmatism, urgency, equity and inclusion, and transparency and accountability. If approved by voters, a ballot measure of this nature would not only continue funding for deeply affordable housing. It would also provide a stable bedrock of funding for outreach, shelter and wrap-around services for a generation or more. Reformed governance would ensure that regional outcomes and key performance metrics are established in advance, while still allowing counties the

flexibility to design customized approaches for their communities. This recommendation represents an opportunity to demonstrate that our government is willing to listen, self-reflect, and consider different approaches in pursuit of better service to our community.

Metro is fortunate that the counties, recognize the need for all of us to build on the program's early successes, demonstrate tangible outcomes and increase trust with the public. Since the end of the Regional Housing Stakeholder Advisory Table in May, Metro has had productive discussions with staff from Clackamas, Multnomah and Washington counties. Our conversations have sought shared agreement addressing opportunities and risks presented by stakeholder and community feedback which called for increased accountability, funding for housing and an extension of the SHS tax. Those conversations continue, but Metro and county staff have begun to establish a framework at the staff level that could provide our respective elected bodies a number of reforms to consider either via changes to existing IGAs and/or a referral to voters. Metro Council may also wish to consider legislatively enacting improved oversight and accountability provisions.

Staff and I stand ready to receive your direction, including providing additional information, support the Metro Council in implementing this recommendation, refine the recommendation or pause work. Once again, thank you for the opportunity to share this recommendation with you today.

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Greater Portland faces a persistent, widespread housing and homelessness crisis.

The housing and homelessness crisis is deeply impactful to communities across our region because a safe and stable home is part of a person's basic, fundamental needs. On a broader scale, housing insecurity strains local resources and impacts community safety, public health, education, employment and more.

On January 11, 2024, the Metro Council directed Metro Chief Operating Officer Marissa Madrigal to engage in a formal process of technical work, research and broad stakeholder engagement. This work was intended to continue to identify solutions to address the need for regional affordable housing and opportunities to integrate affordable housing with supportive services investments that address homelessness.

This section provides an overview of the challenges that prompted this direction – and why now is the time to double down on our commitments and seek comprehensive, collaboratively-sourced and pragmatic policy solutions.

The region's housing and homelessness crisis is affecting everyone – especially our neighbors with low incomes, renters, and those who are Black, Indigenous and People of Color.

Housing cost burdens in the region affect renters and homeowners across the spectrum – particularly in a time of inflation, high interest rates and low housing supply. A Joint Center for Housing Studies of Harvard University found that Oregon has some of the highest percentages of cost-burdened renters in the United States, with 50 to 58 percent of renters identified as cost-burdened, spending more than 30 percent of their income on rent and utilities.

Renters with low and very low incomes experience those burdens more severely. Due to historic and ongoing practices and policies that have barred many people of color from full access to the economic benefits of a growing regional economy, we know that rent-burdened households are disproportionately include people who identify as Black, Indigenous and People of Color.



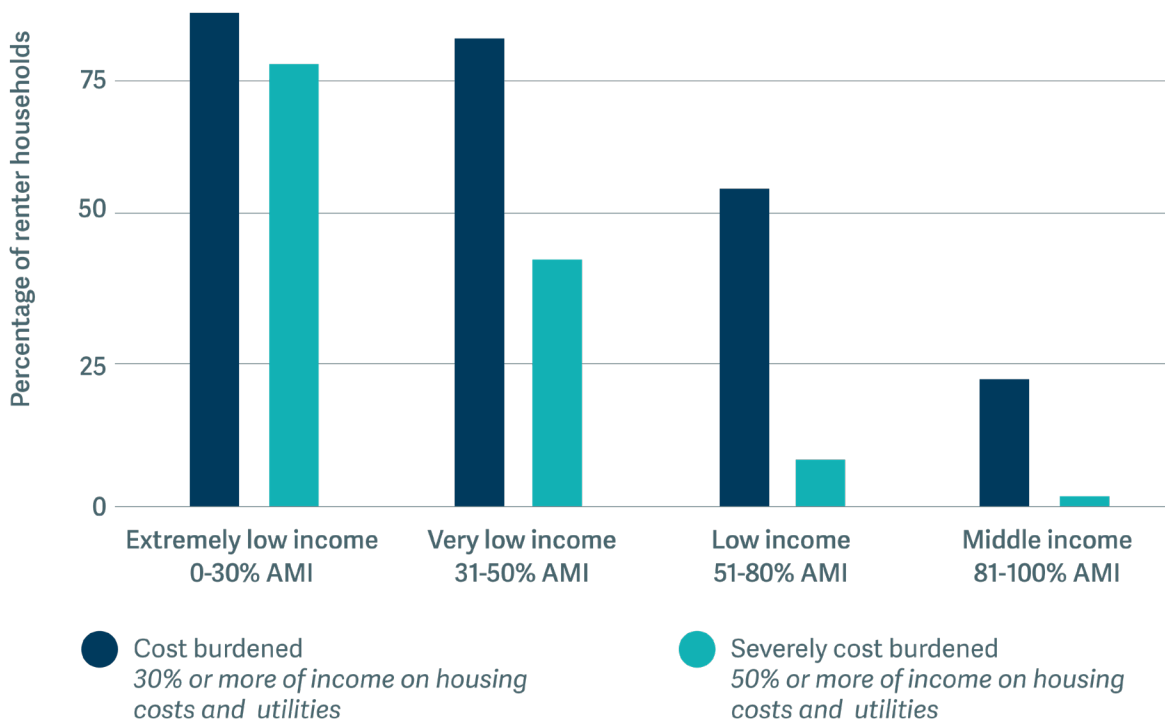
People need both affordable homes and supportive services

"You think it's never going to happen to you," Betsy said, but "I became homeless." After losing her husband and home, Betsy and her dog Vlad ended up sleeping in her car. She found hope when an agent at 211 connected her with Human Solutions (now Our Just Future). There, Betsy found a supportive environment and took a RentWell class, preparing her for successful rental housing.

Eventually, she secured an affordable apartment through Cascadia Health. At her new home, housing program coordinators continued to assist Betsy with navigation and referral support and financial resources, including rent assistance funded by Metro's Supportive Housing Services program. This combination of affordable housing, and supportive services has helped Betsy maintain stability and enjoy her home for several years.

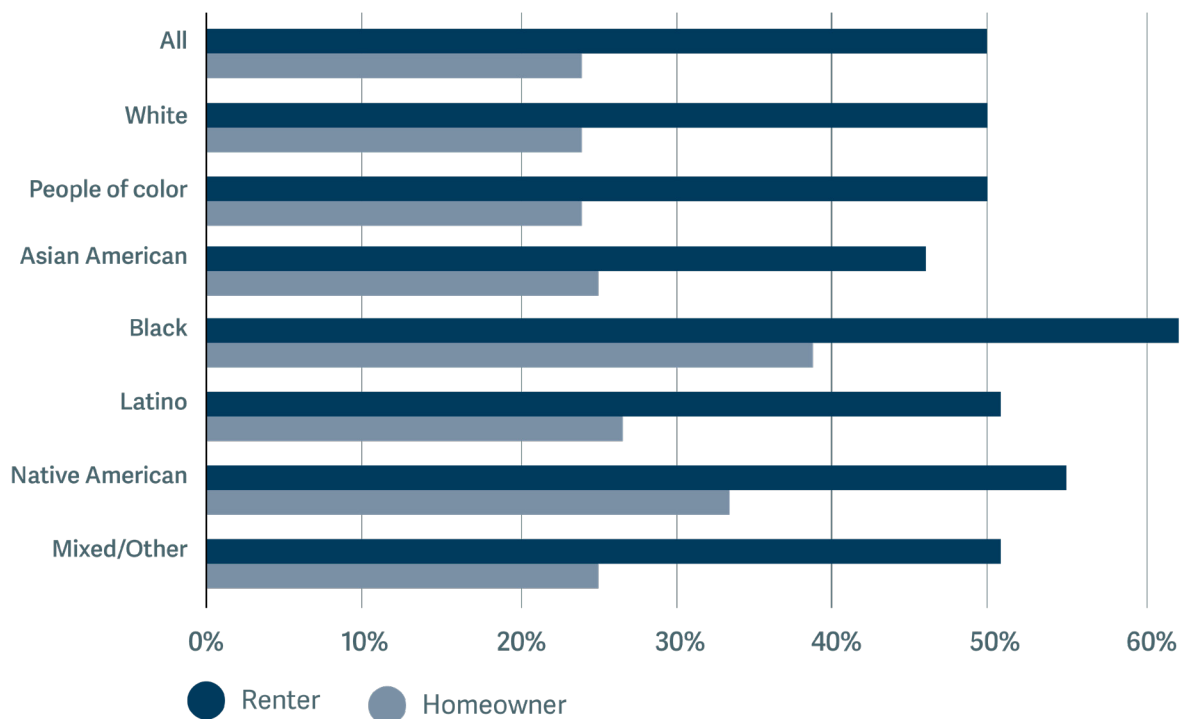
Percentage of cost burdened renter households in Oregon

Source: National Low Income Housing Coalition, 2022 <https://nlihc.org/gap/state/or>



Percentage of cost burdened households by race and ethnicity

Source: National equity atlas, Portland and Beaverton, OR and Vancouver, WA 2020. https://nationalequityatlas.org/indicators/Housing_burden



This is a crisis with several causes. Among the greatest: Incomes are not keeping up with rent.

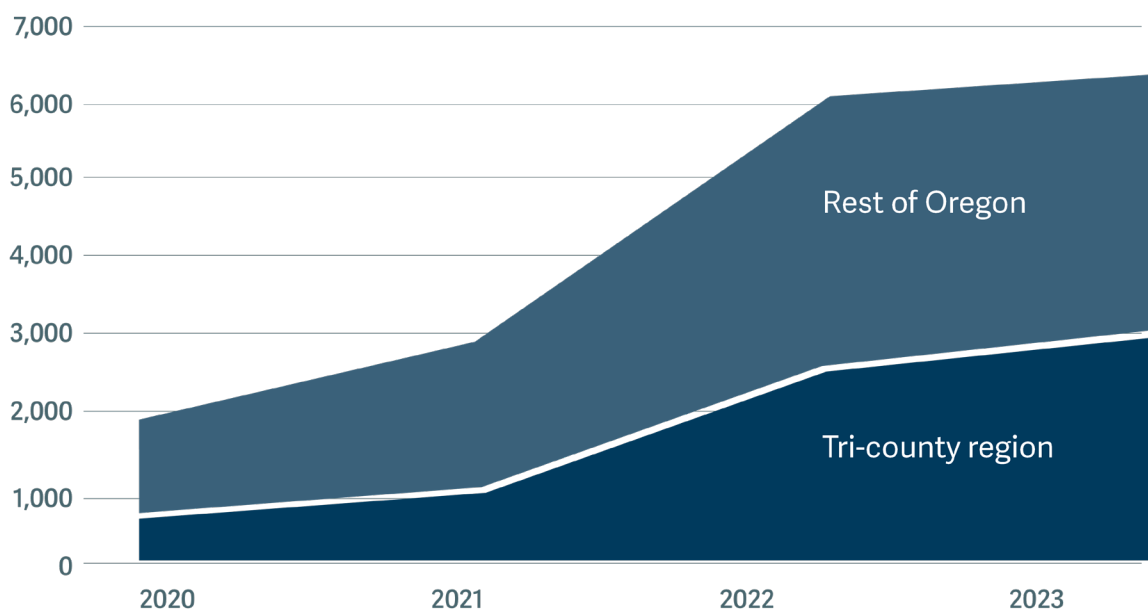
Average incomes in the greater Portland area are rising, like the rest of the country, but not quickly enough to catch up with rent increases going back years. Average rents are increasing to amounts that even moderate-income households struggle to afford.

The inability to keep up with rent is a major contributor to evictions, which have risen sharply since the end of the pandemic-era renter protections.

Eviction judgments, Tri-county region and Oregon, 2020 to 2023

Source: *Evicted in Oregon*, Oregon Judicial Department court records, June 2024.

www.evictedinoregon.com/outcomes



Note: Clackamas county data (incorporated into tri-county total) has multiple court-systems process eviction cases. Data represented only includes eviction cases filed in circuit courts, and therefore is only a partial representation of the eviction cases in those counties.

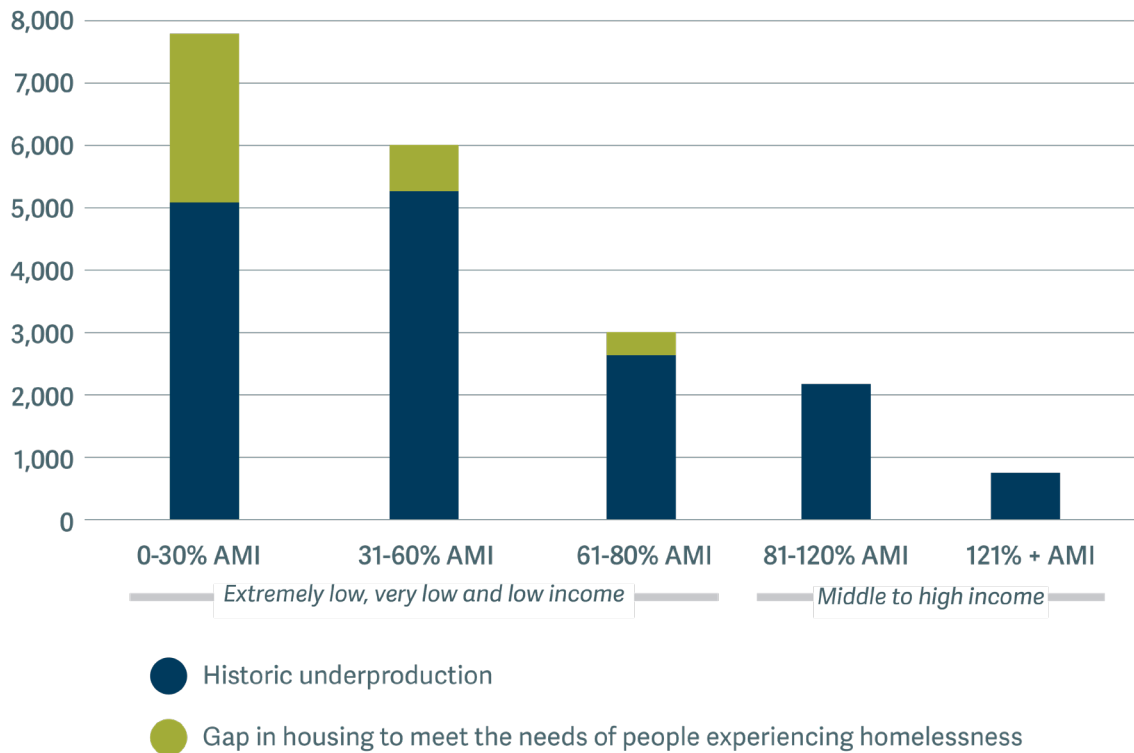
The supply of housing – especially affordable housing – is not keeping pace with the need.

For years, the region’s supply of housing has fallen short. There is already a significant gap to fill to meet existing housing needs, which without continued action will only widen over time.

Models estimate that greater Portland currently is nearly 24,000 units short of what’s needed to support existing population levels. In addition, the most recent estimate for future production shows that our region needs to produce 150,000 units of housing over the next 20 years to keep up with future growth.

Existing housing needs by income group, Metro region

Source: Metro, Urban growth report, July 2024. www.oregonmetro.gov/public-projects/2024-growth-management-decision



Note: Historic underproduction is based on U.S. Census data. The gap in housing to meet the needs of people experiencing homelessness is not counted by U.S. Census data.

Almost two-thirds of that future housing will need to be units affordable for people or households earning less than 80% AMI, as the need for affordable housing will continue to grow.

One contributor to the need for affordable housing is an aging population. Between now and 2044, the number of people over the age of 65 in the region will grow significantly.

Many households, often including those with people over the age of 65 and those with disabilities, rely on fixed incomes from sources like pensions or Social Security. These incomes do not increase at the same rate as expenses such as rent, utilities, healthcare and food. Unless a household has substantial savings or is able to supplement its income, this can create financial strain that makes it difficult or impossible to maintain housing.

Older adults represent the fastest-growing segment of the homeless population. According to the National Alliance to End Homelessness 2023 Point-in-Time count report, nationwide, almost one in four individuals experiencing homelessness last year were over the age of 55.

Although there are many tools to support housing creation, public investment is critical for deeply affordable housing.

As with other areas of regional concern, Metro plays a unique role in connecting the dots between long-term planning and the needs and experiences of people living here now.

Through urban growth management duties, land acquisition programs and grants to support planning for new homes and jobs, Metro helps to foster the conditions and land availability to support new construction of houses and apartments that are affordable across the income spectrum. Metro is also positioned to support strategic investments in housing investments along current and future transit corridors, ensuring long-term affordability follows opportunity.

Metro also works to support city and county partners in assessing housing needs and implementing zoning and code changes to speed up construction of housing in existing, developed areas – including areas with good access to transit, services and jobs.

However, affordable housing for those with the lowest income requires public subsidy due to both higher operating costs and income-restricted rents. This is an issue the market cannot solve alone.

Public investment is essential and required to build affordable homes

Public investment is essential for affordable housing development because these projects rely on a complex mix of public and private funding sources. Unlike market-rate projects that can secure long-term debt paid off through rental income, affordable housing projects face significant challenges. The rents charged in these buildings are not sufficient to cover operational and maintenance costs, nor are they high enough to repay the upfront investment and debt leverage required to fund the project. Public and affordable housing is not designed to be sold for a profit after asset appreciation. While the market plays a key role in housing construction, this financial gap makes it impossible for the market alone to create housing that remains affordable for low and very low-income households.

As a result, community and public funders play a critical role in bridging this gap. By providing the necessary financial support, public investment ensures the development and sustainability of affordable housing projects. Without this support, the market would be unable to produce housing that meets the needs of lower-income populations. Public funding is crucial not just for covering operating costs, but also for ensuring that the initial development and construction costs can be met without requiring prohibitively high rents.



Good Shepherd Village is the first affordable housing to be built in Happy Valley, and the largest affordable housing development in Clackamas County. In November 2023.

Voters have taken action to create housing – and the results are evident.

In 2016, City of Portland voters approved a bond to fund affordable housing creation with a goal of creating 1,300 newly affordable homes. While significant, this bond could only invest within the city limits. Housing affordability is a regional issue, however, and funding scarcity continued across the region.

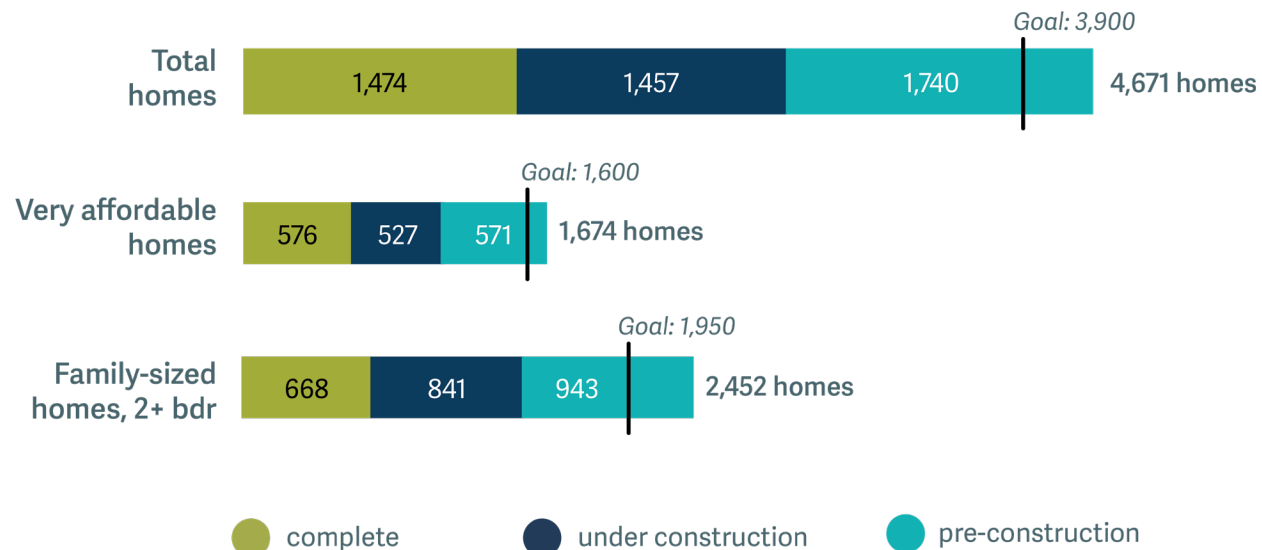
In 2018, the region’s voters overwhelmingly voted to approve Metro’s Affordable Housing Bond, signaling support for direct investment to address the housing gap in every part of the region. The bonds they authorized to build affordable housing have had a greater impact than we could have hoped.

With the help of seven local implementation partners and countless affordable housing providers and developers, construction and trades workers, community partners and others, Metro’s Affordable Housing Bond is on track to deliver nearly 4,700 affordable housing units – roughly 20 percent more than the original goal of 3,900. Exceeding goals for family-size units and deeply affordable units, this bond has maintained an important commitment to serve communities of color. These units are spread across the region, including in many communities that have historically been out of reach to people with lower incomes – who may nonetheless travel to these communities to perform essential jobs like teaching, childcare or staffing local businesses.

Thanks to voters, as many as 15,000 people in the region will have an affordable home, as well as many more people in generations to come.

Metro Affordable housing bond progress

Source: Metro, June 2024. www.oregonmetro.gov/public-projects/affordable-homes-greater-portland/progress



Within a few years, however, both the 2018 Metro Affordable Housing Bond and the 2016 Portland Housing Bond will have completed their investments – leaving the region with no local, dedicated funding source for creating affordable housing.

People with the greatest needs require more than housing– and once again, voters took action.

In May 2020, as the world grappled with simultaneous reckonings of pandemic and racial justice, voters passed Metro’s Supportive Housing Services measure (SHS). SHS is the country’s largest per-capita investment in providing housing services at a regional scale – creating a new high-earner and business income tax to dramatically increase resources available to fund a wide array of services.

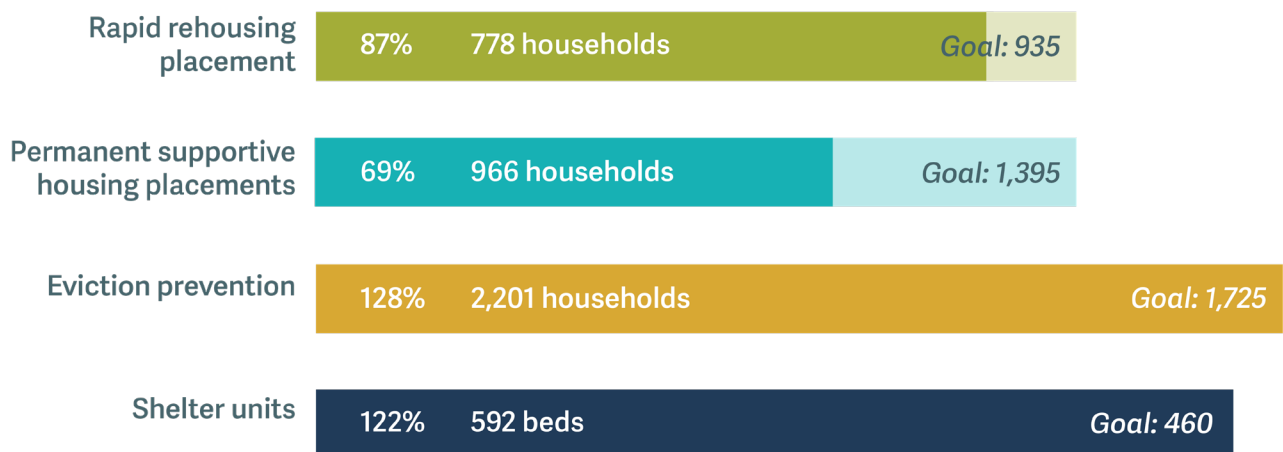
SHS was intended to complement the 2018 Metro Affordable Housing Bond. In development of the bond, inclusive engagement with diverse communities and stakeholders representing deep experience with housing needs informed a framework that recognized a commitment to deep housing affordability would also require funding for a wide variety of supportive services to support housing access and stability, particularly for people who are exiting or experiencing homelessness.

Thanks to voter approval of SHS, Metro now works with Clackamas, Multnomah and Washington counties to reduce homelessness through programs and services that help people find and keep safe and stable homes. These include but are not limited to:

- Emergency services such as outreach and shelter
- Placement into housing
- Help paying rent (emergency, short-term and long-term rent assistance)
- Advocacy, service coordination and case management
- Direct services in the areas of housing stability, mental health, physical health, language and cultural needs, education, employment, addiction and recovery, tenant rights and more.

Metro Supportive housing services progress

Source: Metro, Clackamas, Multnomah and Washington county. March 2024. www.oregonmetro.gov/public-projects/supportive-housing-services/progress



Progress and commitment call for action now, as an affordable housing funding gap looms.

As described above, voter support and hard work has led to considerable successes in affordable housing investment in the region. Within a few years, however, both the 2018 Metro Affordable Housing Bond and the 2016 Portland Affordable Housing Bond will have completed their investments – leaving the region with no local, dedicated funding source for creating affordable housing.

Community members and stakeholders aren't standing idly by in the face of this challenge. In summer 2023, stakeholders from the housing, advocacy and business communities began conversations with Metro Councilors and staff about taking action now. They articulated the threat that a lapse in affordable housing funding could pose to the momentum we've built together, dramatically reducing affordable housing production right when we need it most, and dismantling the infrastructure of affordable housing creation just as it reaches full steam.

These stakeholders also recognized an opportunity to think strategically about what SHS funding can do and an opportunity to apply what we've learned from both the affordable housing bond and SHS measures to improve oversight and accountability, and more fully meet the needs of people in our region.

These considerations and conversations initiated the recent stakeholder engagement and recommendation development process described throughout this document.

AT-A-GLANCE

2018 Affordable housing bond

2020 SHS Measure

Tax type

Property Tax

Personal Income Tax and Business Income Tax

Who pays

All property owners in the Metro District.

Property owners are taxed directly via county tax assessments.

Generally, these costs are also passed through to renters.

Personal Income Tax: Individuals who make more than \$125,000 annually and people filing jointly who make more than \$200,000 annually

Business Income Tax: Businesses with gross receipts above \$5 million. These costs are typically passed through to consumers where possible.

How the tax is calculated?

Metro issued \$652.8 million in general obligation bonds. The debt service to repay the bonds are funded by the property tax.

Property owners are assessed approximately 20 cents per \$1,000 of assessed value to pay for the annual debt service. The assessed value of the property is based on county tax assessments.

The 2018 Metro affordable housing bond is scheduled be fully paid-off in 2039; property owners will be taxed for payments until then.

Personal Income Tax: 1% marginal tax is applied to taxable income above \$125,000 for single filers or \$200,000 for joint filers. For Metro residents, it applies to income earned anywhere. For nonresidents, it only applies to income earned within the Metro district

Business Income Tax: 1% tax applied to Metro Taxable Income (net income)

Who receives the revenue?

The 2018 Metro affordable housing bond is scheduled be fully paid-off in 2039; property owners will be taxed for payments until then.

It is anticipated that all funds from this bond will be fully committed to housing projects by December 2024.

The capital spending timeline varies, but typically within 10 years. The debt service continues until the bond is repaid, generally within 20-30 years.

The tax is scheduled to end in tax year 2030.

Allowable uses

Funds are distributed to implementation partners for creation of affordable homes. The forecasted production goal for the bond was 3,900 units.

With limited exceptions, property tax bonds can be used only for capital projects, typically those requiring significant funding up front.

State law prohibits funding services and programs with property tax bonds.

Revenue can be used for the following: supportive housing services, long-term and short-term rent assistance, housing placement services, eviction prevention, transitional housing, and shelter.

The SHS measure does not currently allow revenue to be used for the construction or purchase of housing units.

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An issue this important needs an open, diverse conversation.

Housing and homelessness are deeply challenging, multifaceted issues. Therefore, it was critical from the beginning of this effort that we heard from, and applied, feedback from people with diverse experiences and broad expertise from across the region.

There are many heartfelt views among people who work with or on behalf of our neighbors struggling with these challenges, as well as their hard-won experience with effective interventions and solutions. Because the crisis has far-reaching impacts on our communities, Metro also made efforts to include perspectives that went beyond those directly experiencing homelessness or those working at the forefront.

Full consensus on a single path forward was not expected nor sought during this process – the top priority was to gather a wide diversity of views. There are key areas where this process uncovered broad alignment such as an enduring commitment to focus limited affordable housing resources on acquiring and building more deeply affordable housing. Other areas need ongoing conversation, as discussed in other chapters of this recommendation.

The collective care, deep experience and uncommon dedication shared by the participants and stakeholders who contributed time, energy and insight to this work is remarkable and an important contribution to our region.

This section details the various channels of this process and the key areas of alignment and concern that emerged.

This work began with clear values.

In January 2024, the Metro Council established five key values to guide this process, which Metro staff have advanced in every aspect of the work. These values include:

Urgency: Identifying and addressing real, persistent housing instability and its effects on communities in the region.

Stability: Supporting the stability of existing housing and homelessness funding and programs in the region, including the 2018 Metro Affordable Housing Bond and the 2020 Supportive Housing Services measure (SHS).

Pragmatism: Recognizing and being responsive to public attitudes, priorities and experiences with these issues and the region's work to address them.

Equity: Advancing Metro's racial equity goals through engagement, decision-making and assessment of potential investments and structures.

Accountability and transparency: Learning from current measures and community/stakeholder feedback to improve implementation and tracking impacts.

Areas of engagement

Stakeholder Advisory Table

Appointed by COO Madrigal, the Stakeholder Advisory Table brought together a broad diversity of interests, experiences and perspectives, including county and city elected officials, providers and advocates, community-based organizations, and business leaders from across the region. The group also included members of the Affordable Housing Bond and Supportive Housing Services oversight committees and Metro's Committee on Racial Equity.

Over approximately ten weeks, through five in-person meetings, two virtual subtopic discussions and two public opinion research briefings, the Advisory Table grappled with several topics, including the potential consequences of a gap in housing funding, revenue and taxation options, scenarios of priorities for populations and investments, and an exploration of program oversight and accountability. Conversations were structured to identify areas of convergence as well as divergence and were supported by facilitation from Drawbridge Innovations.

Community partner-led engagement

The current effort benefits from the considerable community engagement that shaped the 2018 Metro Affordable Housing Bond and 2020 SHS frameworks. Hundreds of community members have been engaged in implementation of both measures over the last several years helping shape a range of work from local investment strategies to specific housing and development projects.

For this recent effort, Metro contracted with the Coalition of Communities of Color to gain further, current perspectives from impacted communities, using engagement themes from the previous measures as a foundation.

The Coalition of Communities of Color conducted discussion groups in Clackamas, Multnomah and Washington counties in April and May 2024. Through over a dozen discussion groups, the Coalition affirmed and broadened our understanding of priorities and experiences of community members grappling with these challenges.

Community engagement themes

The following themes emerged from a community engagement on regional housing funding conducted through a partnership with Coalition of Communities of Color in spring 2024.

- Strong support for continuing funding for homeless services and a need for more affordable housing.
- Priority on homeless and housing investment for people experiencing chronic homelessness.
- Hope for investment in a spectrum of capital needs, from shelter to building and preserving affordable rental housing to homeownership opportunities.
- Articulating that future housing investments reflect community needs, focus on deep affordability, and build a culturally-responsive, welcoming, safe and stable community .
- Eagerness to engage directly with government and policymaking as investments move forward.

Engagement with regional committees

As with all areas of regional concern, Metro benefits from the time, collaboration and guidance of stakeholders, partners and experts who serve on advisory and oversight committees. We sought to apply that insight to this effort, providing updates and receiving input from these committees on multiple occasions.

Committee on Racial Equity. COO Madrigal and staff met several times with CORE to discuss the future of housing funding in our region. As the entity responsible for advising the Metro Council on the implementation of Metro's Strategic Plan to Advance Racial Equity, Diversity and Inclusion, CORE was an essential contributor to understanding strategies and priorities for supporting equity in decision-making, stakeholder engagement, recommendation development and in the implementation of any programmatic or funding changes for future housing investments.

Metro Policy Advisory Committee. With a key role advising Metro Council on growth management and land use issues and representation spanning cities and special districts, MPAC has a unique opportunity to provide input across a diversity of community experiences and needs. They shared insight on planning and transportation considerations, while also sharing needs specific to their constituencies.

SHS and Metro Affordable Housing Bond Oversight Committees.

These committees play a critical role in reviewing, monitoring and ensuring that implementing partners are meeting goals and requirements of the measure. COO Madrigal and other staff provided updates, answered questions and sought feedback from these committees during this process.

Committee members have provided valuable feedback from their first-hand expertise as we consider how to improve oversight and accountability. Additionally, co-chairs from each of the committees served on the Stakeholder Advisory Table.

Public partner engagement

Nearly every program, policy and investment Metro undertakes is done in close collaboration with our local government partners. For the Affordable Housing Bond, primary implementation partners included the three county housing authorities, the cities of Beaverton, Gresham, Hillsboro and Portland, and Metro's Site Acquisition Program team. Several other cities in the region contributed to the completion of bond-funded affordable housing projects through strategies like fee waivers and streamlined permitting. For supportive housing services, the three counties have developed implementation plans and been responsible for working with their cities, along with providers, community organizations and other partners on implementation.

Understanding local governments' needs, priorities and recent experience with housing and services funding has been an important part of developing a recommendation that creates the greatest potential for improved collaboration in the future. Throughout this process, COO Madrigal and Metro staff have met with officials at every level of local government, including elected leaders, city and county managers, revenue managers, planners, and housing and services implementers. All three counties and elected officials from Beaverton, Portland and Lake Oswego elected officials were represented on the Stakeholder Advisory Table.

Technical analysis on housing investments and revenue

To identify and understand investment priorities that meet this moment, Metro's Housing department worked with a consultant team to conduct research on national and regional best practices and review successes and challenges from implementation of the Affordable Housing Bond. The team also worked to develop models of impact to evaluate different housing investment strategies. Technical interviews with dozens of practitioners connected to housing and homelessness work in our region were also conducted to gain their expertise and insight on topics ranging from construction financing to community benefit opportunities. This recommendation, particularly the Investments chapter that follows, have been informed by findings from this work.

Metro's Finance and Regulatory Services department also conducted months of research, modeling and engagement with financial experts to assess revenue volatility, forecasts and considerations for investments. This work is discussed further in the Revenue chapter of this recommendation.

Public opinion research

Public opinion research is no replacement for the deep and broad engagement with community, stakeholders and practitioners described above. However, intentional research with representative samples of community members can illustrate the resonance and potential viability of funding proposals, particularly those that require voter approval. While our understanding of public opinion on these issues is informed by focus groups and quantitative surveys going back several years, Metro conducted specific additional surveys on housing and homelessness funding options several times between late fall 2023 and the release of this recommendation.

What we heard: Areas of alignment

As noted previously, the project team did not seek to find full consensus, and instead worked to identify and understand an array of concerns and questions. There were, however, several areas of broad alignment that emerged across channels of input:

- Agreement that ongoing state, local and regional funding for acquisition and construction of affordable housing is critical to the health and welfare of the entire community.
- Recognition of the dangers of the looming gap in regional affordable housing funding as existing bonds wind down – with rippling social, economic and community costs.
- General openness to expanding the allowable uses of SHS revenue to include affordable housing, while also maintaining commitments to fund services.
- Prioritizing any affordable housing investment to focus on serving people and families with the greatest need – namely, those experiencing chronic homelessness or at the greatest risk of it.
- Ensuring that services and housing investments continue to prioritize racial equity, recognizing that communities of color disproportionately experience homelessness, housing instability and their effects.
- Creating long-term stability and predictability for providers, partners and people in need of homeless services, rent assistance and affordable housing – in part by addressing the current 2030 sunset of SHS taxes and funding.
- Improving transparency, accountability and efficiency in the allocation, spending and reporting of regional housing and services tax dollars.

What we also heard

While there were several areas of broad agreement, it is also important to note concerns we heard from stakeholders. Some concerns can be addressed or answered within the scope of this project and Metro's role in the region, while others will take continued time and energy to explore.

We heard concerns about the timing of this effort, about stretching an already-strained system, and losing sight of commitments we've already made to voters. Stakeholders had diverging perspectives on the fairness, impact and efficacy of the SHS taxes on high-earning households and businesses. Some sought tax rate reductions in recognition of higher-than-expected revenues, or changes to the personal income tax threshold given increasing wages and inflation. Others raised concerns about such moves' potential impacts on revenue, given increasing costs to meet housing and services needs.

We also heard several ideas for potential investments that may be sound policy priorities, but are beyond the scope of a focus on those experiencing or at risk of chronic homelessness. These include investments in middle-income or workforce housing and affordable homeownership.

Finally, given the diversity of local conditions and needs in the region, we heard a range of ideas about how to restructure oversight and accountability to apply local knowledge and flexibility that advances clear regional goals and outcomes. To highlight one example, we heard strong interest from city stakeholders in ensuring that cities' needs are adequately considered as partners in housing and supportive services investments. These local-regional dynamics were central to 2018 Metro Affordable Housing Bond and 2020 SHS frameworks, but there were diverging opinions about how successful these models have been for each of these measures – and how they might be evolved to address concerns and increase integration.

Regional Housing Stakeholder Advisory Table, Spring 2024

Olga Acuña (she/her): Director of Federal Programs, Hillsboro School District; Board member, Community Housing Fund

Oscar Arana (he/him): Interim Chief Executive Officer, Native American Youth and Family Center

Mayor Lacey Beaty (she/her): Mayor of City of Beaverton

Andrea Bell (she/her): Executive Director, Oregon Housing and Community Services

Kabir Bhatia (he/him): Partner, BridgeWorks Capital; CEO, StoneStable; Board member, Habitat for Humanity, Portland Region

Keisha Brewster: Member, Metro Committee on Racial Equity

Mayor Joe Buck (he/him): Mayor of City of Lake Oswego

Lee P. Cha (he/him): Executive Director, Immigrant and Refugee Community Organization

Andrew Colas (he/him): President and CEO, Colas Construction

Jonath Colon Montesi (he/él): Deputy Director, Centro Cultural

Rachael Duke (she/her): Executive Director, Community Partners for Affordable Housing

Melissa Erlbaum (she/her): Executive Director, Clackamas Women's Services

Dan Field (he/him): Director, Joint Office of Homeless Services, *representing Chair Jessica Vega Pederson, Multnomah County*

Ernesto Fonseca (he/him): CEO, Hacienda CDC

Christina Ghan (she/her): Policy Director, City of Portland, *representing Office of Commissioner Carmen Rubio*

Stephen Green (he/him): Executive Director, Business for a Better Portland

Ezra Hammer (he/him): Attorney, Jordan Ramis

Chair Kathryn Harrington (she/her): Chair, Washington County Board of Commissioners

Sanai Hennessee (she/her): Western States Regional Council of Carpenters, *Nickeia Hunter alternate*

Molly Hogan (she/her): Executive Director, Welcome Home Coalition

Kymerly Horner (she/her): Executive Director, Portland Community Reinvestment Initiatives

Sean Hubert (he/him): Vice President and Chief Strategy Officer, Central City Concern

Jon Isaacs (he/him): Executive Vice President, Public Affairs, Portland Metro Chamber

Jenny Lee (she/her): Deputy Director, Coalition of Communities of Color

Kevin Lux (he/him): Executive Secretary-Treasurer, Columbia Pacific Building and Construction Trades Council

Angela Martin (she/her): Director, HereTogether Oregon

Elizabeth Mazzara Myers (she/her): Executive Director, Westside Economic Alliance

Alexander Phan (he/him): Principal Broker and Team Leader, Diverse Realty Group; Vice Chair of Board of Directors, HomePlate Youth Services

Steve Rudman (he/him): Co-chair, Metro Affordable Housing Bond Oversight Committee

Margaret Salazar (she/her): CEO, REACH Community Development

Amanda Saul (she/her): Assistant Director of Development, Home Forward

Patrick Sheehan: Board Member, North Clackamas Chamber

Michi Slick (she/her): Principal; Killian Pacific; Commissioner, Prosper Portland

Chair Tootie Smith (she/her): Chair, Clackamas County Board

Mandrill Taylor, MD, MPH (he/him): Addiction Psychiatrist, Kaiser Permanente; Co-chair, Supportive Housing Services Regional Oversight Committee

Bob Walsh: President and co-founder, Walsh Construction Co.

Laurie Wimmer: Executive Secretary-Treasurer, Northwest Oregon Labor Council

Accountability and oversight recommendations

During the engagement process to create this recommendation, members of the Stakeholder Advisory Table and other stakeholders shared deep concern about what they perceived or experienced as the need to improve ineffective governance and accountability structures in the Supportive Housing Services program (SHS). The continued calls from a broad range of participants to evaluate roles and responsibilities, standards, performance measurement and accountability within the SHS program required staff to examine these concerns further. Thus, the project scope expanded to include governance as an additional, important element of this recommendation.

The SHS measure was referred to voters in February 2020, before the COVID-19 pandemic exacerbated systemic fractures and changed the services landscape, including hiring practices, the labor pool and the ability to recruit and retain workers, particularly in this field. Serving those in need and delivering improved outcomes has turned out to not be as simple as pouring more money into existing programs. Regardless of the root cause, the public and non-profit systems in place to serve people in need have struggled to absorb unprecedented funding, fueling the public's distrust and jeopardizing the program.

Since its inception three years ago, audits conducted by the Metro Auditor and at the county level have detailed weakness in SHS oversight and accountability. Understanding these obstacles is crucial as we strive to refine and improve the system.

Not surprisingly, the SHS measure anticipated that Metro should periodically reevaluate the SHS program's oversight and accountability structure. Indeed, the SHS measure explicitly authorized Metro to "conduct a review of the regional oversight committee's role and effectiveness as appropriate." Reviewing the SHS Oversight Committee's "role and effectiveness" necessarily entails a review of the program's oversight more broadly. This review – upon us now – likewise empowers the Metro Council to legislatively act, if necessary, to ensure "effective" and "appropriate" SHS program oversight. This is especially true given the lessons learned, changing circumstances and evolving program needs – including the recommendation to add affordable housing. The Metro Council may also wish to consider legislatively enacting improved oversight and accountability provisions.

Recommendations

The recommendations in this chapter build on the current SHS program, ensuring that efforts are pragmatic and geared toward maintaining the stability of services while creating a more streamlined and efficient system. By addressing identified gaps and ambiguities, we aim to enhance oversight, accountability and ultimately the effectiveness of SHS, particularly if we look to further integrate regional housing and supportive service investments into one system that creates better access and outcomes for those who need it most.

This section provides more information on the following recommendations:

- Initiate a re-negotiation of the Supportive Housing Services Intergovernmental Agreements between Metro and each of the three counties to improve transparency, increase accountability and strengthen oversight of existing SHS programs to the extent possible within existing framework. Complete by December 2024.
- Establish clearer, more independent oversight of the program by creating a single, independent Investment Board appointed by the Metro Council and representing subject matter expertise in key areas of the system. This Investment Board would be responsible for making recommendations to the Metro Council regarding program goals, outcomes, affordable housing targets and data-driven key performance metrics as components of a new Regional Investment Strategy, to ensure homelessness is as rare, brief and non-recurring across the region as possible.
- Implement a direct feedback channel to the independent oversight body for direct service providers and those with lived experience with homelessness and housing instability to inform the development of the Regional Investment Strategy.
- Require counties to submit new Local Implementation Plans that conform with the Regional Investment Strategy and demonstrate feasible workplans to meet key performance metrics established by the Investment Board.
- Require Metro to set regional reporting frameworks, standards and definitions for service types and delivery; prepare monitoring plans, accountability mechanisms; approve housing projects, fund regional investments to improve system alignment, coordination and standardization within existing 5% administrative cap.

Feedback and lessons learned since the launch of SHS

Systems to monitor progress were not in place at the onset of the program.

At the program's onset, systems to monitor progress had not yet been created, leading to governance and oversight challenges. The Tri-County Planning Body (TCPB) established by SHS is still developing a regional plan with associated metrics, leaving local implementation plans without clearly defined goals and outcomes for creating a regional system of care. Compounding challenges included the absence of common SHS program definitions and standards and the lack of a data sharing agreement and related reporting practices. Although some reporting mechanisms are now in place, there is more work to do in this area.

The current structure lacks clearly defined roles and accountability mechanisms

The current SHS oversight and accountability structure has overlapping, ambiguous and challenging roles. The structure includes four government entities with both elected and programmatic responsibilities, and one fiscal and programmatic oversight body, the SHS Oversight Committee (SHSOC). Additionally, the TCPB is tasked with developing a plan for regional coordination related to regional capacity, systems alignment standards and metrics, and also oversees a regional investment fund to address homelessness across the region.

This complex structure has reduced the effectiveness of SHS investments in several ways, including but not limited to the following.

- Metro administers and facilitates the program, manages tax collection, and distributes tax revenue to counties.

However, Metro currently cannot direct SHS fund use or suspend funds if regional outcomes are not met. Although the SHSOC and Metro Council can recommend changes to county implementation plans and improvements to county SHS programs, they have limited means to compel county partners to act on or follow those recommendations.

- The SHSOC recommends ways to enhance SHS implementation in its annual report. The Metro Council may approve and delegate these recommendations to Metro staff. Yet the TCPB has a similar purpose: to create a regional plan to guide Metro and county SHS implementation. The lack of role distinction, overlap of responsibility, and absence of process alignment causes challenges and dilutes the effectiveness of efforts for all parties.
- The Metro Council is accountable to voters for SHS. Yet when confronted with major issues such as under-spending, contracting challenges, imbalance in populations served or inconsistent service definitions, the Metro Council has no meaningful or timely accountability mechanism with which to compel change. Furthermore, the Metro Council does not have a role in reviewing or approving regional plans or recommendations created by the TCPB. This has resulted in a system where Metro operates as a "pass-through entity" and not as an oversight and accountability body that ensures people experiencing homelessness are served effectively.

Feedback from members of the SHSOC reflects the need for clearer roles and lines of responsibility, including who is accountable to whom and for what. Members have shared that establishing consistent regional outcomes and metrics that are connected to work plans and program investments would better support system-wide delivery of homeless services. Feedback from both SHSOC and TCPB members also highlights structural issues and challenges, including insufficient enforcement authority and significant work with constrained resources and limited capacity. These challenges are compounded by overlapping and ambiguous duties between SHSOC and TCPB, leading to confusion about their respective responsibilities.

Collaboration and accountability must be better matched for effective governance.

Collaboration and co-creation are the assumed mechanisms embedded into much of the SHS structure. While all parties recognize and uphold these values in principle, in practice they can lead to inefficient and prolonged decision-making, which contradicts the urgency at hand, hinders progress, and sets the stage for interjurisdictional conflict.

Metro's role is to provide oversight and accountability for SHS, including by implementing oversight tools within financial and program reporting templates. The current SHS governance structure requires that Metro and the counties negotiate reporting and monitoring tools and practices. The prolonged negotiation process, in contrast to a feedback process that meaningfully incorporates input, means there is limited ability to provide appropriate oversight and accountability.

Reporting and transparency should be better aligned.

Metro and county implementation partners need to provide the public with accurate, accessible and up-to-date information about our successes and challenges in creating and managing this regional system of care. Due to reporting standards that are not yet sufficiently tied to regional outcomes and inconsistencies with reporting across the region, however, it has been difficult to consistently share progress and support the public's understanding of the work. Numerous stakeholders have advocated for improved transparency, reporting standards and accountability, as key necessities for maintaining community support of SHS.

Established metrics were not effectively linked to specific outcomes.

The SHS Work Plan, adopted by Metro Council in 2020, details several outcome metrics across the domains of housing stability, equitable service delivery, engagement and decision-making. Several of these outcome metrics are not linked to a specific numerical value, however. Further, current SHS intergovernmental agreements between Metro and each county state that counties "are not required to comply with any performances, rights, or obligations set forth in the Metro SHS Work Plan."

At the inception of SHS, the counties each had their own systems of care for homelessness, with separate data infrastructure and programming implementation. As Metro has worked to monitor the outcomes in the SHS Work Plan, there are clear inconsistencies across counties in the definitions, standards, and collection and reporting of data, limiting our understanding of impact at a regional scale.

One critical responsibility of the SHS Oversight Committee is monitoring program administration financials, which includes reporting on spending toward Populations A and B as defined in the SHS measure, which requires that each county allocate 75% of funds to services for Population A and 25% of funds to services for Population B. Due to the inconsistencies in definitions and reporting, Metro has not been able to identify what percent of spending by each county has served each population. Therefore, the SHSOC has not been able to fulfill this crucial responsibility.

The promise to the voters to have a regional system of care, with clear impacts, can only be fulfilled by having all three counties adhere to the same regional definitions and standards.

Lessons learned from the Affordable housing bond

A summary of lessons learned from Metro's 2018 Affordable Housing Bond is included at the end of this chapter, page 33.

2023 Metro SHS Audit and Management's response

The Metro Auditor, an independent, elected position, released an audit of the Supportive Housing Services program in January 2024. The audit noted that the complexity of the SHS governance structure has led to ambiguities and overlapping responsibilities that continue to hinder effective oversight. It also emphasized the need for a more streamlined and transparent governance framework to ensure better accountability and more effective oversight.

Additionally, the audit highlighted weaknesses in the performance measurement system, which hinders the ability to reliably track and assess program outcomes. This misalignment affects the quality of data available, making it difficult for stakeholders and the public to understand the program's impact. The audit stressed the importance of reliable data not only for current evaluations but also for future planning.

In its response to the audit, Metro management agreed with the Auditor's assessment that the current governance structure, while intended to incorporate diverse perspectives and maintain flexibility, has led to delays and ambiguity in decision-making, party responsibilities and information sharing. Management also noted that the layered oversight roles, including the Metro Council, County Boards of Commissioners, the SHS Oversight Committee and the TCPB, have created challenges in the efficient functioning of the program.

Management also agreed with the Auditor's recommendation to incorporate key performance measures to improve oversight and reporting.

The full audit report and management response, **Supportive Housing Services: Shared oversight reduces transparency and accountability, January 2024**, a report by the Office of the Auditor, is available at www.oregonmetro.gov/regional-leadership/metro-auditor.

Recommendations to improve accountability and oversight

After three years of this complex, multi-jurisdictional response to homelessness, this moment presents an opportunity to respond to lessons learned in actionable and measurable ways. The following recommendations seek to build on existing SHS commitments, make necessary adjustments to incorporate feedback, enhance and clarify oversight and accountability functions, and strengthen transparency and trust at all levels.

Renegotiate existing Intergovernmental Agreements between Metro and the three counties.

The Metro Council should initiate a re-negotiation of the SHS Intergovernmental Agreements between Metro and each of the three counties to improve transparency, increase accountability and strengthen oversight of existing SHS programs to the extent possible within existing framework. These negotiations should be completed by December 2024.

Strengthen and consolidate independent oversight.

As described previously, the SHS program's multi-layered governance structure includes overlapping and ambiguous responsibilities with limited enforcement and accountability mechanisms. To clarify roles, Metro should streamline and strengthen independent oversight and regional authority. SHSOC and TCPB should be consolidated into a single Investment Board appointed by the Metro Council. This board should have a narrower and more effective charge and its membership must represent the critical expertise necessary to fulfill it.

The Investment Board's oversight scope should be outcome-based and focus on the most critical regional strategies and decisions. Like the SHSOC and TCPB before it, the Investment Board should leverage existing work, lead with racial equity and center the voices of those who are most impacted by decision-making.

Investment Board membership

Membership of the Investment Board should reflect the diversity of expertise that is part of the region's broad network of housing and homelessness services. Areas of expertise to consider for membership include, but are not limited to, lived experience, homeless services, healthcare, behavioral healthcare, substance use disorder and treatment services, affordable housing development, finance, the justice system, data and performance.

Development of a Regional Investment Strategy

Supported by Metro staff and regional expertise on housing and homelessness, the Investment Board should develop and recommend a Regional Investment Strategy to guide local, program-level strategies. The Regional Investment Strategy should be developed by the Investment Board and recommended to the Metro Council for approval. The Regional Investment Strategy is discussed further below.

Implement a direct feedback channel to the independent oversight body.

To ensure the critical voices of direct service providers and those with lived experience are prioritized, a consistent, regular regional feedback model should be incorporated into Regional Investment Strategy planning and reporting processes. This engagement model would consist of two groups with a direct feedback channel to the Investment Board: people with lived experience with housing insecurity, and service providers and affordable housing operators.

Additionally, ad-hoc advisory groups should be formed to ensure the Investment Board is equipped with the technical research and industry knowledge necessary to develop regional outcomes and performance metrics.

Require new county Local Implementation Plans and work plans to conform to key performance metrics outlined in the Regional Investment Strategy.

SHS funding has supported an unprecedented expansion of the region's homeless service system of care. As described earlier, amid the program's launch, there was limited time and capacity to establish the TCPB and create a regional plan to guide local investments made through SHS revenue. Looking ahead, the Investment Board should create a Regional Investment Strategy to guide housing and supportive services work across the region. This strategy should establish a framework that includes regional outcomes, overarching goals, program definitions and standards, and key performance metrics (KPMs) necessary to monitor progress. The strategy should be completed every 3-5 years, with ongoing checkpoints throughout each cycle.

After approval of the Regional Investment Strategy by Metro Council, implementing partners would then create new Local Implementation Plans (LIPs) aligned with the strategy, to ensure regional, long-term goals are complemented by targeted, feasible, impactful actions at the local level.

The LIPs would include:

Proposed programmatic strategies and high-level budget estimates. Outline planned evidence-based programmatic investments, including the types of housing services to address homelessness, a description of budget amount estimated for each investment and other funding sources in addition to SHS funds.

Priority populations and investment distribution. Continue prioritizing original SHS populations with detailed implementation plans showing funding distribution tied to metrics for evaluating populations served.

Analysis of inequitable outcomes and development of racial equity strategies. Describe racial inequities in housing stability and access and include clearly defined mitigation strategies with a thorough racial equity analysis, as well as identified resource allocations to address disparities and ensure equitable access.

Inclusive community engagement. Detail how perspectives of Black, Indigenous, and People of Color, people with lived experience of homelessness, and culturally specific groups were included in the plan's development and will be engaged during implementation and evaluation, including a plan for an advisory body prioritizing BIPOC and people with lived experiences.

Any existing requirements of LIPs should also be considered for inclusion in future plans.

Key performance metrics (KPMs)

Most significantly, the success of this work requires a throughline between regional goals and outcomes to county-specific implementation plans, and metrics to measure and monitor progress over time. This should be accomplished through the development of new KPMs by the Investment Board. These could include:

- Clear and specific regional outcomes and goals.
- Quantifiable indicators used to evaluate progress.
- Direction on datasets for collection.
- Methods and tools for gathering relevant data.
- Processes for data analysis and interpretation to derive insights.
- Reporting systems for communicating results to stakeholders.

The Investment Board should establish a review cycle of KPMs to evaluate and refine metrics and objectives and review tools and processes for efficacy. As with all components of the Regional Investment Strategy, the Metro Council would approve these KPMs.

In alignment with the regional strategy, county-level LIPs would outline how counties would gather and report KPM-related data. Tracking KPMs is critical to indicate whether the programs funded with SHS tax revenues are effectively fulfilling the purpose of SHS programming. With this information, Metro and the counties can invest in programming that most effectively ends people's homelessness. Metro staff would develop and support tools, methodologies and other resources to assist county implementation, and would provide ongoing technical assistance as required to facilitate an effective feedback and refinement loop for improvements to the KPM approach.

How key performance metrics are used for oversight and accountability

KPMs are essential for ensuring transparency and accountability in the use of public funds. These specific, quantifiable indicators help track progress toward goals and objectives, allowing for an objective assessment of the performance and effectiveness of various initiatives. This objectivity is crucial for maintaining public trust, as it demonstrates that funds are being used efficiently to achieve intended outcomes.

In governance, KPMs align the efforts of different jurisdictional bodies with overall regional strategies, ensuring that all activities contribute toward common objectives. This alignment helps prevent resource waste and duplication of efforts. Additionally, data-driven insights from KPMs inform decision-making, enabling leaders to direct resources to areas needing improvement, or those that demonstrate effective outcomes – and justify expenditures and actions to stakeholders.

Continuous performance improvement is another significant benefit of tracking KPMs. By identifying strengths and weaknesses, these metrics enable targeted improvements and the sharing of best practices, ensuring that services evolve to meet changing needs effectively. Moreover, benchmarking through KPMs allows organizations to compare their performance over time and against industry standards, demonstrating accountability and a commitment to high standards.

Establish a regional system of care through standards of practice and definitions.

Most people do not confine their lives within one county. The experiences of homelessness are similarly not limited to jurisdictional boundaries. Many of the resources and supports on which we all rely – transportation, healthcare, employment, food, cultural communities, and others – exist and operate across city and county lines. So, in resolving their housing instability, the people served by SHS regularly access community-based organizations and other social services throughout the region. Limiting people to services in the community in which they began receiving them, or having differing standards of service from provider-to-provider, unnecessarily complicates and limits a person’s path to long-term stability.

Clear, consistent definitions and standards of practice are cornerstones of a successful system. Both are required to create and maintain validity and quality of programs and data. Both are also required to ensure equitable service delivery across providers. Without quality assurance, equitable compensation standards across providers becomes challenging, and tailored service models may fail to offer commensurate supports, ultimately impacting individual outcomes. Clarity and consistency in who is prioritized for services, and how those services are delivered, allows better measurement of program effectiveness, ensures consistent adherence to proven practices, enables clear communication of progress, and identifies areas needing improvement.

Examples of regional outcomes:

- BIPOC households are housed at a rate equal to or greater than their estimated representation in the population of people experiencing homelessness
- Households placed into permanent supportive housing using SHS funds experience reduced numbers of emergency room visits compared to households experiencing homelessness
- At least 90% of households placed into housing with SHS funded rental assistance maintain housing for at least 24 months

Examples of regional indicators include:

- Annual eviction rate of people placed out of homelessness into SHS-funded housing
- Length of time BIPOC households are in shelter before being placed in housing, versus the length of time for non-BIPOC households
- Percentage of people who remain housed for at least 24 months after placement into permanent supportive housing



Children’s discovery space at Fuller Station Apartments in Happy Valley.

A more consistent and aligned approach to definitions and quality standards will support a more responsive and transparent system. Regardless of the community in which they live, households can expect appropriately-funded, quality services that are culturally responsive and tailored to their needs. Quality standards and definition alignment allow for improved reporting and better communication with and between providers, participants and the public.

Effective tools are needed to achieve this alignment. Standardized data collection and reporting practices that support consistent documentation of aligned data elements, accompanied by reporting guidelines and systems, support increased visibility into outputs and key performance metrics. This in turn supports tracking and reporting on longer-term regional outcomes, and strengthened data-sharing practices within the system. Consistent with existing roles, Metro should develop the tools, process and standards for data collection and reporting for activities and investments funded by SHS.

Metro should also continue work that is already underway through its quality and compliance team, to create monitoring and evaluation tools that improve alignment of standards. A more thorough, data-driven approach to performance evaluation – tied to the Regional Investment Strategy and key performance metrics established by the Investment Board – will allow Metro, counties and providers to see over time what strategies are working. It also allows for improvements to be implemented more quickly, and to communicate what has informed program changes. Additionally, standardized monitoring tools and processes can help to transparently assess how well implementation partners are maintaining requirements and commitments.

Across all types of evaluation, it is vital that Metro, county partners and the Investment Board hear feedback from those closest to the work, including service providers and the experiences of those who receive SHS-funded housing and services. Qualitative reporting and robust engagement practices must also be a key element of this improved framework.

Lessons learned: Metro Affordable Housing Bond

Metro compiled the following list of lessons learned from jurisdictions' annual report presentations to the Housing Bond Oversight Committee and from jurisdictional partners and technical experts:

Site acquisition: Site acquisition is a helpful tool. The use of bond funds to acquire property brought affordable housing to strategic locations throughout the region and helped to remove barriers for smaller organizations to participate in affordable housing development. Future site acquisition efforts should maintain this intentionality while improving efficiency by ensuring there is clarity of jurisdictional and sponsor roles throughout the development process. Future efforts should also consider flexible tools that can be responsive to opportunities in the market.

Predevelopment funding: Lack of this funding is a persistent issue for affordable housing development and a barrier for the ability of smaller organizations, including culturally specific organizations, to participate in development. This challenge is deepening as operating cost escalation puts smaller, nonprofit organizations into more difficult financial positions. However, due to restrictions of general obligation bonds, the Metro bond funds are not able to be used to support predevelopment activities.

Funding coordination: Coordination with funding partners, including Oregon Housing and Community Services, is essential to the success of a local gap funding program. Alignment on timing and criteria among state and local funders will reduce risks and impacts of cost escalation for affordable housing developments. Opportunities exist to streamline funding to reduce complexity for affordable housing developers and improve outcomes across funding streams.

Affirmative marketing: Community networks are critical for equitable access. Affirmative marketing strategies, including partnering with culturally specific organizations and service providers, have led to successful and timely lease-up processes for bond-funded properties. In addition to ensuring fair housing access, timely lease up is also essential for the financial stability of a property.

Deeply affordable units: Deeply affordable units have higher operating costs and require an array of resident services and other supports to meet needs and ensure long-term property stability, requiring additional nonleasable space to support offices and other service areas. This can be especially true in high quality permanent supportive housing. Future funding opportunities should consider the unique funding needs of different unit and property types and levels of affordability, as well as the impacts of changing economic conditions.

Regional standards and best practices: Throughout the implementation of the affordable housing bond, Metro convened jurisdictional partners and stakeholders to develop regional standards to support best practices in the industry, provide clarity and guidance on policy goals, establish metrics and benchmarks to track progress and outcomes, and build relationships that have the potential to improve coordination. For example, Metro established regional net cash developer fee guidelines to support fiscal stewardship and racial equity. However, more evaluation of the unintended consequences of net cash developer fee caps is needed to ensure these policies do not impede small nonprofit and culturally specific organizations' ability to respond to cost escalations or build organizational capacity.

Balancing local discretion and regional alignment: Allowing for local discretion can support jurisdictional partners in addressing local housing priorities, but it can also make regional accountability and transparency more difficult. While balancing local discretion with regional alignment can prove challenging, such efforts result in stronger outcomes and more consistency and transparency in reporting on outcomes.

Communication and engagement: The bond program has been successful at creating new affordable housing that is specific to the needs of each community. Metro and its partners should proactively share the success of this and any future programs with partners, local leaders and voters in a way that resonates with their values and priorities

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Investment recommendations

In recent years, voters across the region came together to invest in comprehensive, regional solutions to address homelessness and housing instability for individuals and families. These investments benefit us all through stronger, more resilient communities. These investments are making a real impact on our housing and homelessness crisis.

For some experiencing housing instability and homelessness, financial support in preventing an eviction or accessing an affordable home is all that's needed. But for those experiencing long-term homelessness – many of whom have disabling conditions caused or exacerbated by the traumatic experience of homelessness – additional supports can help them access and maintain housing. The Supportive Housing Services (SHS) measure, passed in 2020, sought to build upon the 2018 Metro Affordable Housing Bond, by providing flexible supportive services that could be tailored to meet the needs of those experiencing or at risk of homelessness.

Together, the Metro Affordable Housing Bond and SHS are contributing to the development of regional infrastructure and systems to deliver housing and services to those in need. The regional scale of these investments is critical to expanding fair housing opportunity and choice across the region.

Recommendations

In recent months, Metro has conducted research and analysis and engaged with community leaders, practitioners and experts to understand opportunities and priorities for future investments. Through these conversations, these priorities have come into focus:

- Expand the use of SHS funds to allow acquisition, construction and preservation of affordable rental housing and permanent supportive housing, with sufficient flexibility to complement county SHS investments.
- Strengthen SHS commitment to serving those experiencing or at risk of chronic homelessness.
- Invest in regional strategies: require Metro to set regional reporting frameworks, standards and definitions for service types and delivery; prepare monitoring plans, accountability mechanisms; approve housing projects, fund regional investments to improve system alignment, coordination and standardization.

Some of these recommendations are achievable within the current SHS structure. Others will require voters to approve changes. Improving the coordination and impact of regional housing investment will also require new and improved regional structures and systems, including a significant role for Metro and a regional oversight body to support clear and consistent funding requirements, enhanced transparency and accountability, and better outcomes through defined regional performance measurement.

The Oversight and Accountability and Revenue chapters of this recommendation provide deeper discussion of recommendations for SHS taxes and accountability and oversight. This section focuses on recommended strategies and priority populations for future investments in housing and supportive services.

Expand the use of SHS funds to allow acquisition, construction and preservation of affordable rental housing and permanent supportive housing, with sufficient flexibility to complement county SHS investments.

Metro heard support from many stakeholders, partners and community members for broadening the allowable uses of existing SHS revenue to create a “braided” funding source for both affordable housing and supportive services. This integration can achieve better coordination and management of investments than efforts conducted separately, and it provides us an opportunity to continue our progress toward positive, demonstrable, long-lasting impacts for those we serve.

If an expansion of allowable uses were approved by voters, Metro should ensure that SHS revenue continues to prioritize the development of a regional homeless system of care and funding for a range of flexible investments proven to be effective in homelessness response, housing access and placement, and ongoing wraparound support services. Metro should also continue to fund short- and long-term rental assistance – with improvements to regional coordination, alignment and accountability to shared outcomes. Given that homelessness is only ended when a household is permanently housed, investment strategies and reporting should demonstrate a clear connection between investments and the ultimate goal of placement and long-term stability in permanent housing. The goal is to create better access to housing for those experiencing chronic homelessness or at risk of chronic homelessness.

If SHS funding is used for affordable housing, investment criteria should be responsive to changing needs and economic conditions and allow for new construction and preservation of affordable rental housing, as well as acquisition and conversion, with a priority focus on strategies that best contribute to established SHS outcomes and needs.

Funding for affordable housing should also allow for strategies that lower the cost of development or improve outcomes, including for supportive housing services. Strategies to consider could include:

- Predevelopment support to cover early-stage activities such as planning, design and securing permits, as well as strategic land acquisition.
- Funding to support operational needs through strategies such as expanded operating subsidies, enhanced payment standards or operating premiums, capitalized reserves or further supplementing existing risk mitigation pools.

Any change to allowable uses of SHS funding should also provide flexibility for local implementation partners to create and execute strategies that meet the needs of their communities and complement supportive services investments.

Permanent supportive housing

Together, Metro’s Affordable Housing Bond and SHS have created hundreds of permanent supportive housing units across the region – again with the help of local implementation partners and a variety of providers, community organizations and neighbors.

Permanent supportive housing combines affordable housing with comprehensive support services designed to help individuals and families achieve stability and maintain long-term housing. This approach has proven effective for people experiencing chronic homelessness, people with disabilities, those with severe trauma and health challenges, and other vulnerable populations.

The key components of this approach include safe and affordable permanent housing, rental assistance, and on-site or community-based services. These services are tailored to meet the unique needs of each household, which might include services like housing stability and behavioral health supports, employment and life skills development, or case management. The goal is to address the root causes of homelessness and provide the necessary resources for residents to live independently.

Currently, SHS funds cannot be used to fund construction or purchase of affordable housing units. Voters would need to approve a change for funds to be allowable for this key component of permanent supportive housing.

Permanent supportive housing has been proven to be an effective long-term housing solution for communities due to its holistic approach. Research shows it reduces homelessness, improves health outcomes and enhances quality of life for residents. This approach also helps the overall system through funding proven solutions, reducing strain on expensive emergency services such as shelters, hospital emergency rooms and other public services.



Danica, resident services coordinator at Heartwood Commons, works alongside two housing case managers and a clinical case manager, who help residents with things like goal setting, connecting to employment and accessing healthcare resources.



Heartwood Commons is a converted motel with 54 studio apartments and supportive housing services managed by Community Partners for Affordable Housing. Washington county purchased and renovated the building with Metro Affordable Housing Bond funds and opened its doors in 2023 as the county’s first permanent supportive housing community. Case management and other resident services are paid for by Metro’s Supportive Housing Services fund.

Strengthen SHS commitment to serving those experiencing or at risk of chronic homelessness.

All people need safe, stable homes – and the region does not have enough supply, particularly for people with the greatest need. Moreover, people who have experienced long-term or repeated homelessness, compounded by disabilities and a cycle of trauma, also often need comprehensive and ongoing supportive services to achieve housing stability.

While we need to continue serving all who face housing instability, we should establish a level of priority for serving people experiencing, or at risk of, chronic homelessness (Population A) in future affordable housing investments that use SHS funds. During the engagement process, stakeholders and partners nearly unanimously advocated for continuing this focus to maintain and complement existing commitments.

To support priority populations in a way that truly addresses chronic homelessness, programmatic investments supported by SHS should be responsive to the changing needs of the community and equip partners to serve a range of needs. That includes providing high-fidelity services, based on proven models, that adhere to regional standards for both quality and funding. Additionally, services should be measured to demonstrate that they meet desired regional outcomes. Supportive housing investments, especially permanent supportive housing, should include program standards and flexibility. This will allow service providers to tailor supports to serve those with marginalized identities and evolving, intensive behavioral and physical health needs.

Funding should also contribute to proactive coordination across systems, including with housing providers, to ensure comprehensive support. This may mean tiering funding

award to service acuity level to accommodate increased staffing, clinical and culturally-responsive supports, and system integration. SHS-funded permanent supportive housing should be adaptable and appropriately resourced – supporting a long-term strategy to stabilize households. Investments should include strategies to ensure geographic distribution of investments and equitable access to housing and services for BIPOC households, who are disproportionately represented among those experiencing homelessness due to historic and ongoing economic marginalization, higher rates of incarceration, and the health impacts associated with these system inequities.

We know that people’s circumstances, health and needs change over time. Regional housing investment should match households to the supports they need, and shift those supports as household needs change.

Additionally, people in this region live, work and recreate across county and city lines. Affordable housing investments that use SHS funding should allow for improved transferability across counties, providers and program types, leveraging SHS funding flexibility to support increased stability for those it serves. This can be achieved through investing in system-level process improvements, such as a strengthening of the system’s ability to overlay longer-term supportive services and rental assistance for households that have been placed out of homelessness using short-term supports, but that are again at risk of homelessness. Seamless portability of services meets the real need of our communities and empowers those we serve to make choices about where to live.

Invest in regional strategies

An integrated regional system – of both affordable housing and supportive services – will require centralized coordination and support, and continued investment in strategies to ensure these taxpayer-funded programs are effective and efficient.

Priorities for these regional focuses should include:

Capacity, training and technical assistance

Metro has learned the importance of investing not only in affordable housing units and services, but also in the organizations and workforce that support them. Metro should continue to develop and implement strategies that further workforce development, living wages and training in social services, construction, property management and other fields.

Culturally responsive and trauma-informed approaches across service delivery and housing operations systems.

People across the region continue to experience identity-based marginalization. That's why Metro is committed to an intersectional approach to addressing homelessness, while recognizing race as the biggest predictor of a person's experience of homelessness. This is possible due to transformative services provided by culturally specific community-based organizations working directly with those transitioning from homelessness to stable housing. SHS investments should continue to prioritize culturally specific and trauma-informed strategies to address people's experiences of homelessness. This includes culturally-specific programming, disaggregated data and engagement practices to ensure that impacted communities have a voice in decision-making.

Training tomorrow's housing services workers and providing new paths to stability

Funded by Metro's Supportive Housing Services program, in 2023 Washington County launched a housing careers pilot program focused on workforce development, with the aim to provide individuals who have first-hand experience of homelessness and marginalization with training and a career pathway within housing services fields. Participants, many of whom identify as BIPOC or LGBTQIA+, underwent training and a 500-hour paid internship with local housing service providers.

Partner organizations like Worksystems and IRCO provided career coaching, recruitment and support to bolster the program's outcomes. This approach has compounding benefits – not only does it enhance a person's stability through earned income and a career supporting others with common experiences, but it also helps address the workforce shortages that limit our collective impact.



4D Recovery co-founder and executive director Tony Vezina works with students Carlos and Colbert

Regional quality standards and definitions

Stakeholders have expressed the need for well-coordinated quality and compensation standards that effectively support providers in responding to the full range of community needs – including households that require intensive, long-term supportive services.

For future regional affordable housing investments, Metro should develop new regional underwriting guidelines tailored to unit size, affordability level and other factors that impact cost and viability. Housing providers and funders have given clear feedback that capital investments should include funding for predevelopment costs, as well as some form of operating premium, capitalized operating reserve or regional risk mitigation pool to support property stabilization needs over time.

For services investments, Metro should include population-based standards aimed at ensuring quality services and funding for the types of interventions that can most effectively meet a full range of acuity of need. This would also include regionally aligned payment standards and terms for rental assistance as well as programmatic quality and payment standards for the provision of supportive services.

Systems coordination and alignment

Whether or not allowable uses are expanded, SHS funding should continue to support partners in integrating and aligning efforts across the systems that must work together well to have real impact on homelessness, as poor coordination can worsen outcomes for the people these systems are intended to serve.

Too often, a person must successfully navigate multiple complex systems that are difficult to access to achieve housing stability. High-quality supportive housing services are comprehensive, holistic and accessible. They seek to address barriers and support increased stability across a range of needs – such as food security, employment, education, health, substance use or legal issues. However, as these barriers compound for households and communities, it can be difficult for individual providers to convene partners to address gaps and improve systems while also fulfilling their vital role of direct service provision and coordination.



Built with funds from Metro’s affordable housing bond, Nueva Esperanza provides homes for 150 households with an emphasis on meeting the needs of farmworkers, and Latine and Somali immigrant families.

Whether or not allowable uses are expanded, Metro should continue to support SHS implementation partners in integrating and aligning efforts across systems, improving coordination and outcomes. More detail on these recommendations is in the Oversight and Accountability chapter.

If SHS allowable uses are expanded to include capital affordable housing and permanent supportive housing, Metro should create guidance that supports strategic weaving of capital funding with ongoing operating and services investment to ensure this affordable housing is financially and operationally stable. With the above-mentioned regional standards and definitions serving as a foundation, Metro can support the system in achieving more alignment with state and federal funding where it amplifies impact or reduces risk and cost. Metro should also collaborate with other funders to ensure clear outcomes and award funding based on quality – not necessarily the lowest price, which encourages an underestimation of real cost and contributes to emergent operating shortfalls.

Investments in regional system supports

While counties have infrastructure and expertise in delivering services at the local level, there are many opportunities and efficiencies to be gained by developing regionwide strategies and investments. Some providers have grown rapidly in a relatively short period of time, while other providers are expanding their purview to provide these types of services or building their capacity from the ground up to meet this need. Metro should coordinate technical assistance, training and capacity building, and streamline investments to support the organizational health of housing and service providers to achieve better outcomes for those we serve.

Potential Affordable housing production scenario

As noted in this chapter, housing funders, developers and operators need to be responsive to changing conditions and needs throughout the life of SHS funding, particularly if voters were to approve an extension of the current sunset. The creation of an Investment Board and Regional Investment Strategy (discussed further in the Oversight and Accountability chapter) should allow for adapting investment priorities to meet need over time.

An evolving strategy can increase the region's ability to respond to changing needs and conditions, thereby enhancing stability. It may also require that regional and county production targets be set for shorter periods of time, rather than the full horizon of SHS funding.

To illustrate, an evolving regional housing strategy might mean that rather than emphasizing new construction for an investment cycle, a priority might be taking advantage of a specific market condition or acute need. Examples of this scenario include the current condition that allows for acquisition and conversion of newly built market-rate units at a total cost well below new construction, or funding preservation of properties with expiring affordability in properties serving highly vulnerable residents most likely to experience homelessness upon conversion, such as BIPCO, older adults, people with disabilities, or other marginalized communities.

In another scenario the Investment Board might recommend a focus on increasing the regional supply of a specific unit type for a period of time – for example, larger unit sizes to accommodate large households in response to a demonstrated need for this unit type – as a strategy that best meets the evolving needs of SHS service populations.

The following is an illustration of regional opportunities to expand affordable housing inventory over the coming decade, followed by a high-level overview of critical assumptions for these investments.

Private Activity Bonds and Affordable Housing

Private Activity Bonds (PABs) are a key source of funding available for both affordable housing development and preservation. When committed for affordable housing, they bring the availability of federal resources through the federal Low Income Housing Tax Credit (LIHTC) program. The 4% LIHTC is only available when paired with PABs. Nearly all affordable housing produced through the 2018 Metro affordable housing bond leveraged LIHTC, illustrating the importance of this funding source to regional development.



Terrace Glen Apartments in Tigard was funded by Metro's Affordable Housing Bond.

To access the 4% LIHTC, fifty percent of the project must be funded with PABs. However, in recent years Oregon has reached our cap on the allocated amount of PABs, creating development pipeline delays that increase cost and funding uncertainty. Given the current backlog in demand, developers can expect that PABs may not be more fully available to leverage with new projects until at least 2026. Thoughtful coordination between the state and local funders will be necessary to ensure local investments do not anticipate more PAB availability than is projected, and contribute to oversubscription of PABs.

Enhancing SHS-funded capital investment, years 2026-2030

If voters approved an expansion of allowable uses, the first five years of SHS-funded capital investment would likely be enhanced by a portion of the existing carryover from the first few years of SHS tax collection.

Given constrained private activity bond (PAB) availability in the state of Oregon and a time-limited market condition that allows for highly opportunistic acquisition and conversion of existing properties, it may make sense to make roughly half of this proposed carryover available to support more immediate acquisition opportunities. Acquisitions can expand the pool of regulated, deeply affordable housing quickly, often in higher opportunity areas, and can do this at an overall cost that's currently much lower than new construction. However, affordable housing developers have struggled to take advantage of this opportunity due to insufficient funding availability.

In that case, allocating funding to this strategy, while distributing the remaining carryover over several years could allow the region to achieve increased production of deeply affordable units and permanent supportive housing in a relatively expedient manner while staying well within the region's projected private activity bond and state funding availability.

Through this sample combination of investment strategies, regional housing investment with SHS funding could be expected to achieve something in the magnitude of the following:

Potential production through new construction and acquisition Years 2026-2030

	Clackamas	Multnomah	Washington	Regional total
Newly constructed units	160-185	340-395	250-290	750-870 units
Acquired and converted units	65-75	135-160	100-115	300-350 units
Total units produced				1,050-1,220 units

Much of this housing could feasibly be programmed to serve those exiting long-term homelessness and with ongoing supportive service needs. And many of these units could be made available to households much sooner than traditional development allows – improving the region's ability to respond with urgency. These units could be expected to cost between \$320,000 and \$350,000 on average in capital investment over the five-year period, across both acquisitions and new construction.

Ongoing capital investment, a consistent regional resource

Following an initial capital investment cycle supported with existing SHS revenue carryover, the system could settle into a longer-term cadence of regular funding availability for prioritized housing investments, with those priorities articulated through regional and local planning efforts. In this way, the system will meaningfully balance predictability with responsiveness.

To illustrate the potential impact of this ongoing availability of funds, given thoughtful and quality-focused investment in an array of sizes of the most deeply affordable units and allowing for permanent supportive housing as service and rental assistance funding allows – we might expect to see this range of affordable housing production for a second, five-year period:

Potential production through new construction

Years 2031-2035

	Clackamas	Multnomah	Washington	Regional total
Newly constructed units	105-120	230-260	165-190	500-750 units

Given rising costs and conservative leverage assumptions, units over this second five-year period would be expected to average closer to \$425,000 per unit in SHS-funded capital investment.

Though these estimates represent possible production over five-year periods, it's worth noting that for both sets of estimates above, but especially in years without supplemental carryover, county partners would likely need save earmarked revenue over the course of a few years to adequately fund one or more housing developments. For the 2031-2035 modeling above, for example, Clackamas County might need to save funding for 2-3 years to fund one 50-70 unit single-site permanent supportive housing project, while Multnomah County – given a bigger proportional allocation of SHS revenue – would likely be able to fund a similar project every 1-2 years.

Critical assumptions

For the estimated production ranges above, BAE Urban Economics used the following assumptions, intended to represent a highly conservative and purely illustrative example for 10 years of regional production opportunity:

Funding distribution

- Clackamas County: 21.33%
- Multnomah County: 45.33%
- Washington County: 33.33%

New construction

- 100% of units produced are deeply affordable (30% AMI), with the possibility to create permanent supportive housing, contingent on service and rental assistance funding availability. Assumed payment standard for units supported by Regional Long Term Rent Assistance (RLRA) would be commensurate with 80% AMI rents; where RLRA unavailable to leverage, assumption of some operating support to achieve 30% rents
- The unit mix for this modeling is 70% 1 bedroom, 20% 2 bedroom, 10% 3 bedroom
- Units produced are assumed to include adequate office and service space to provide high-quality on-site supportive services, with roughly 40% of space non-leasable.
- Annual development cost escalation is modeled at 6%, reflective of current conditions
- \$75,000 per unit in assumed Oregon Department of Housing and Community Services gap funding, a conservative assumption given that current funding maximums are substantially higher

Acquisition and conversion

- Units acquired are assumed to be regulated at a mix of affordability levels (30-60% AMI), with the possibility to create permanent supportive housing, contingent on property attributes, service and rental assistance availability for between 50-100% of units
- 100% of units are modeled as 2 bedrooms, given estimated average cost for this unit type. Total unit cost is assumed to average between \$290,000 to \$350,000 per unit, depending on achieved affordability level and available debt leverage, based on a review of current market listings.

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The Supportive Housing Services measure (SHS) brought new revenue streams into the homeless services landscape and new high-earner personal and business income tax revenue sources to Metro.

SHS applies a 1% tax on taxable personal incomes over \$125,000 for individuals and \$200,000 for those filing jointly, and a 1% tax on taxable income for businesses with at least \$5 million in revenue. The taxes are scheduled to end, or sunset, after tax year 2030. This means that, absent any changes to the existing law, revenue will stop being collected on income earned after that date. Counties will then need to find alternative funding or cease operation of recently created SHS programs.

Revenue was a key area of discussion during Stakeholder Advisory Table meetings and other engagement in recent months. Metro received valuable feedback about the need for ongoing certainty of services funding beyond 2030 as well as recommendations on changes to the personal income tax, regarding who is taxed and at what rate.

In addition to these conversations, Metro engaged deeply with stakeholder groups representing homeless services, affordable housing, jurisdictional interests and economic issues. Metro also worked closely with county partners to better understand their needs for success.

Recommendations

Strong support for the following recommended changes to SHS revenue systems was expressed throughout discussions.

- Extend the SHS sunset enough years to leverage rent assistance for affordable housing development and ensure long-term stability of services for people experiencing chronic homelessness.
- Dedicate a minimum percentage of funds to capital investments in affordable housing and permanent supportive housing. A portion of existing carryover would be used for immediate investment opportunities, and future capital funding allocations would be driven by the Regional Investment Strategy and Local Implementation Plans.
- Index the SHS personal income tax thresholds to inflation, starting in tax year 2024.

Before further describing these recommendations, the next section provides background information on revenue collections, lessons learned from program implementation, predictability of income tax revenue and feedback from stakeholders.

Background information on revenue collections and tax structure, program implementation and stakeholder feedback

Higher than anticipated collections

Discussions between housing advocates and local jurisdictions about a potential region-wide SHS funding measure began in 2019. Attempts were made to quantify the amount of funding needed to provide services to community members in need. Coming out of those discussions, an original goal was to raise \$250 million annually.

SHS tax collection began in 2021. Approximately \$240 million was collected in the first fiscal year, from July 1, 2021 through June 30, 2022, while \$337 million was collected in the second fiscal year, July 1, 2022 through June 30, 2023.

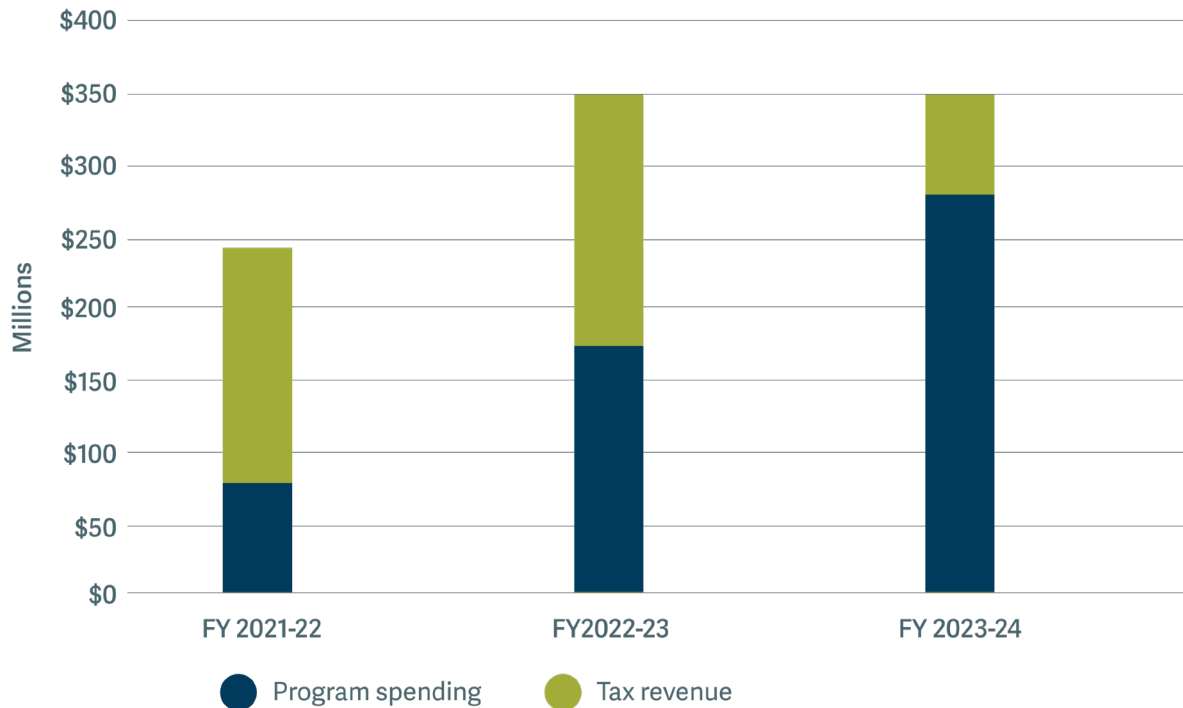
Higher than anticipated revenue was driven by significant economic growth for high-wage earners and large businesses coming out of the pandemic. Late tax payments from the prior fiscal year, received in the second year of collections also contributed to the higher revenue. During that same time, inflation increased steadily and significantly, leading to increased operational costs in areas like shelter siting and operations, rent assistance, labor and service supplies.

Program development ramp up

While revenues began to flow immediately from Metro to counties, program development took time to ramp up. Counties were building out new programs or, in the case of Multnomah County's Joint Office of Homeless Services, a new scale of programming, which took time to thoughtfully design and implement. As of this time, county programming is almost fully built out, which can be seen in the level of spending for Fiscal year 2023-24 on the graph below. This critical design and planning time, along with robust collections in Fiscal year 2022-23, caused large balances to accrue to the counties, which are now available to support one-time-only investments, such as system investments and increases in scalable programming. As mentioned in earlier chapters, SHS funding cannot currently be used for capital expenses to build or purchase units for housing. However, it can be used for other one-time investments. Counties have developed plans to spend down these accrued balances over the next several years, beginning this year.

Supportive housing services tax revenue and program spending

Source: Metro Finance and Regulatory Services department, June 2024.



Volatility inherent in tax structure

In the initial years, tax revenues were higher than originally expected, primarily driven by economic growth coming out of the pandemic. However, in the current year, actual collections are expected to be below the most recent forecast. This is driven by current trends such as high interest rates and a relatively poor local economy which result in lower tax revenue.

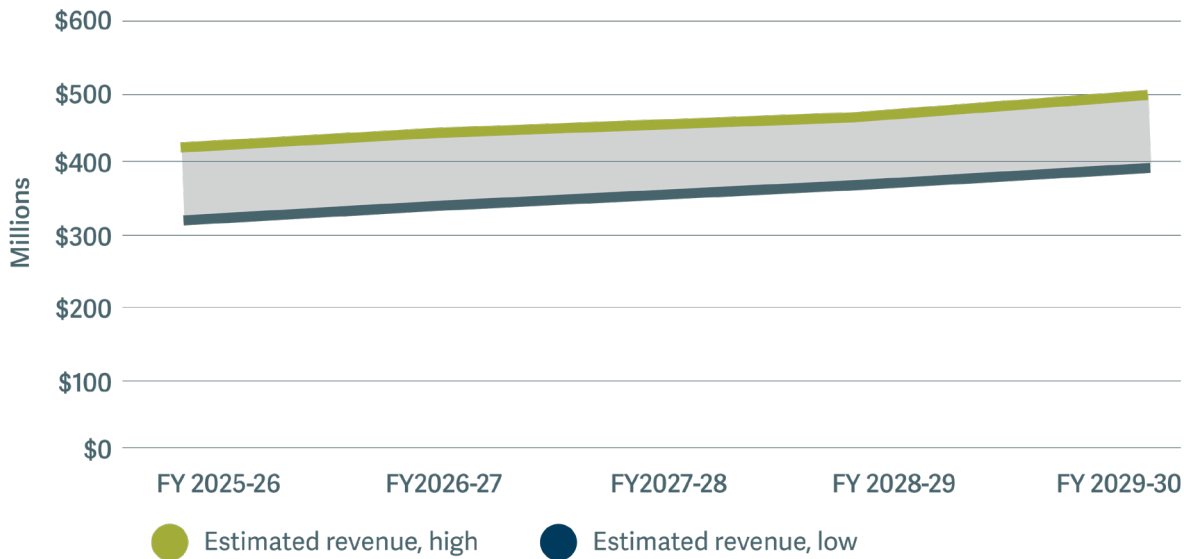
Significant variances between projections and actual revenues are inherent in income taxes – this can be seen in other jurisdictions in Oregon and across the country. This volatility is especially true with high-earner and business income taxes because of year-over-year fluctuation in income streams like capital gains and net income from sales, which represent a significant portion of revenue collected from these taxes.

The relative newness of these taxes and the changing economic environment make determining an appropriate range of

uncertainty in revenue forecasts especially challenging. However, given the scale of unknowns today, a reasonable range between a low- revenue year and a high- revenue year is \$100 million. The range will change as forecasts are updated and actual revenue collections are received each year. The accuracy is higher for the first 12 to 18 months of each forecast, and as the timeframe extends, the uncertainty increases due to a number of factors.

The volatility of these taxes creates a challenge when used to fund a program with steady costs. The heart of this program is permanent supportive housing – long-term rent assistance and services combined with affordable housing to help people stay housed. Because the revenue sources are and will remain uncertain, Metro should create a program and oversight structure that is nimble enough to adjust to changing circumstances, while continuing to deliver and hold parties accountable.

Supportive housing services revenue forecast, FY2026 to FY2030
 Source: Metro Finance and Regulatory Services department, June 2024.



What we heard: Stakeholder feedback on SHS revenue

Over the last few months of engagement, stakeholders emphasized the importance of spending existing tax dollars efficiently, creating long-term certainty around program funding and acknowledging potential economic fluctuations.

- **Balancing revenue needs against tax burdens:** Stakeholders overwhelmingly acknowledged the need for ongoing supportive services for those experiencing or at risk of homelessness. However, concerns were raised about the long-term viability of SHS taxes, particularly the tax differences between Multnomah County and the rest of the region, become better known and more pronounced. As early indications show that households at all income levels are migrating away from the region, particularly Multnomah County, which some experts attribute to the combination of high taxes and a perceived lower quality of life.

- **Prioritizing efficiency:** Stakeholders emphasized the importance of responsible fiscal planning and adaptability within the SHS program. The stated need for supportive services exceeds the region’s capacity for raising revenue. As a result, we must prioritize the use of dollars to maximize outcomes.
- **Acknowledging economic uncertainty and establishing long-term stability:** Recognizing the potential for unexpected revenue fluctuations, stakeholders stressed the need for establishing long-term certainty around SHS funds to ensure consistent funding for critical services.

Research and discussions with the Stakeholder Advisory Table and other stakeholders emphasized the need to acknowledge both the uncertainty and potential scarcity of resources when managing revenue streams. At the same time widespread support was voiced for innovative problem solving in the face of those scarce resources and uncertainty.

Recommendations for SHS revenue, taxes, and allocation for affordable housing

Extend the SHS sunset

Long-term funding certainty is key to success of the SHS programs currently underway, as well as future affordable housing investments. – With long-term funding, households know they won't lose their rental assistance and housing providers know the rent payment they depend on to fund housing operations will continue to arrive. Reliability of a funding source encourages service improvements and private investment, and allows for greater participation in affordable housing development. With a long-term funding source, communities have the opportunity to undertake multi-year housing initiatives that otherwise would not be available with a near-term cut-off – supporting a more sustainable regional housing system.

Without an extension, there will be no SHS tax revenue from income earned after 2030. The Metro Council should consider asking voters to extend the SHS tax sunset far enough beyond 2030 to create efficiencies and leverage rent assistance to finance affordable housing projects. This extension should be accompanied by enhanced oversight and accountability measures described in the relevant chapter of this recommendation.

Allocate portion of funding for affordable housing

If voters approve an expansion of allowable investments with SHS funding to include capital investments in housing along with services, the Investment Board described in the Oversight and Accountability chapter should identify a percentage of revenue, as well as a portion of existing carryover and future underspend, to dedicate to affordable housing development, preservation and acquisition. For example, this could look like dedicating a minimum of 10% of ongoing funding, \$200 million of current FY2024 carryover and some portion of future annual underspend to affordable housing. See Investments for an example strategy and outcomes for affordable housing investments (pages 42-45).

Index personal income tax threshold

To maintain the intent that these taxes only apply to businesses and high-income taxpayers amidst rising costs, Metro should annually increase the SHS personal income tax threshold, similar to annual increases to the federal standard deduction. Indexing the tax threshold decreases the likelihood of middle-class households becoming taxpayers due to inflation rather than an actual increase in purchasing power. This could be done without needing a ballot measure.

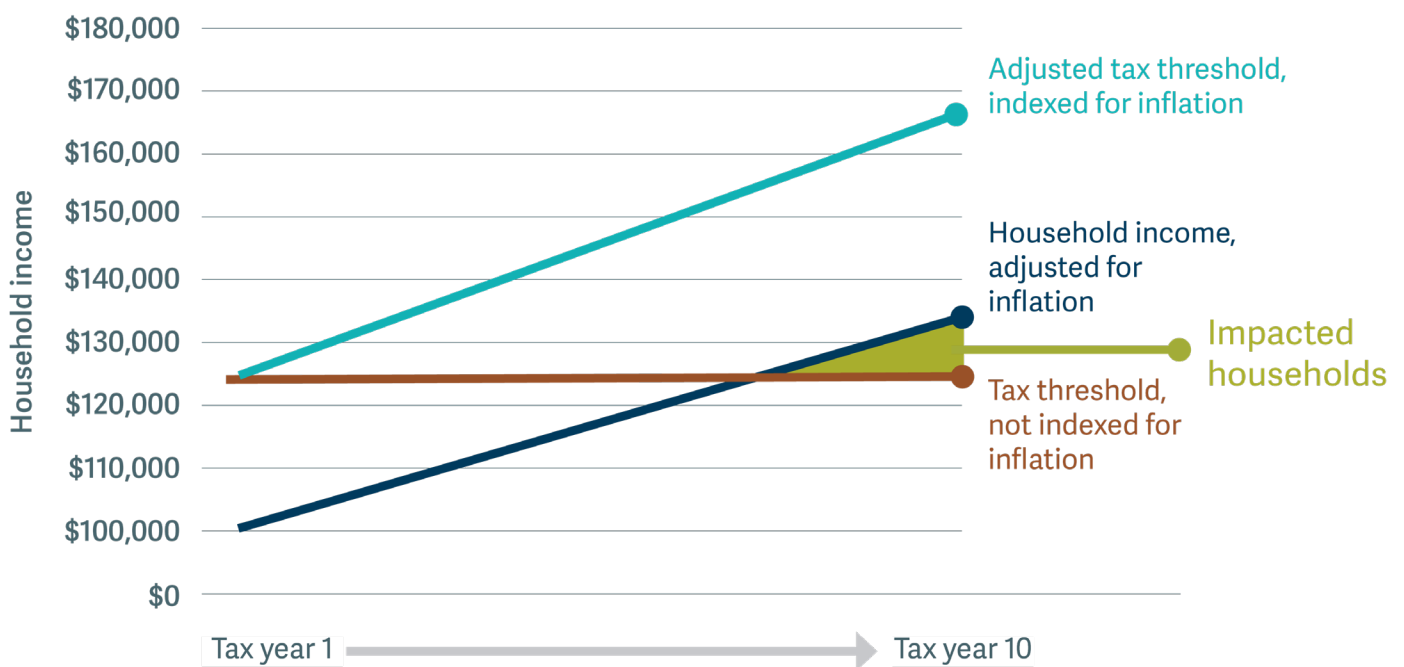
Why should income exemption levels adjust each year by some measure of inflation?

Over time, inflation can erode the purchasing power of each dollar earned. Small amounts of inflation are important to sustaining an economy. A small amount of inflation encourages consumer spending which is responsible for over two-thirds of the economy – if there was no inflation or prices were falling, people would wait to buy goods or services at lower prices.

That reduction in purchasing power is, at least in an economy-wide sense, typically partially alleviated through increases to wages. Annual social security payment adjustments as an example. This is also why, typically, tax systems adjust income thresholds by inflation.

Over time, failing to index a tax to inflation may increase the chances that the policy is taxing households that were not intended to be taxed.

Example: Households impacted by taxes not adjusted for inflation



Appendices

Stakeholder Advisory Table summary

Community engagement summary

Public opinion research summary

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Stakeholder Advisory Table summary

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2024 Metro Regional Housing Stakeholder Advisory Table

Summary Report

Prepared by the Drawbridge Innovations consulting team | July 2024



drawbridge
- innovations -

for



Metro

Background

Metro convened a Stakeholder Advisory Table (SAT) in the spring of 2024. The purpose of this SAT was to advise Metro Chief Operating Officer Marissa Madrigal on elements of a recommendation to the Metro Council regarding options for future regional housing funding.

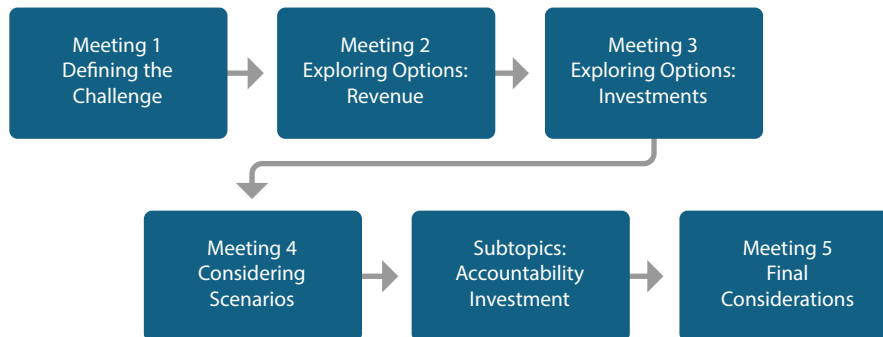
The opportunity for the SAT emerged as Supportive Housing Services (SHS) income tax revenue significantly exceeded the initial annual forecast for the first two years (2021, 2022). Metro's COO sought input from community, government, and business stakeholders about the most effective way to prioritize the investment of these dollars, with the final goal of helping to end homelessness across greater Portland.

The SAT was convened to explore feedback on key questions such as:

- What is the need for continued regional housing funding in the region?
- What revenue source or sources are available, if any?
- If there is an opportunity for affordable housing revenue, who would be served and what investments might help the most?
- What are some opportunities to be innovative?
- How could continued regional housing funding align with other funding and programs that exist?
- How would Metro know it was successful and accountable to our community?

The COO selected and invited advisory table members to represent a range of communities, perspectives, experiences, roles, and geographies across the Portland metro region. The SAT participated in five in-person working sessions held at the Metro Regional Offices; additionally, SAT members were invited to participate in two virtual subject-matter-specific sessions. (Please see appendix for a comprehensive list of advisory table participants.)

SAT Meeting Overview:



Meeting 1: March 1, 2024

Meeting Objective: SAT kickoff and defining the challenge

Meeting Context: This meeting provided SAT participants with background context and information, defined their roles in advising the COO, and defined the core values guiding the work. (Figure 1).

Presentations from Metro staff defined the need for affordable housing, featuring data on population growth in the region, housing pricing and average incomes. Staff also shared a current-state view of the tools available to fund affordable housing, including recent Metro bonds and state funding. Data and analysis gathered for the affordable housing bond, as well as data from IPUMS USA and ECONorthwest, showed that the Metro region is behind in its production of affordable units, particularly impacting affordable units for lower-income households and communities of color.



Key Insights from SAT Participants: SAT participants engaged in small-group discussions about the potential consequences of a gap in regional housing investments.

Common themes that emerged included:

- Real-person harm:**
 - Increasing rates of people facing homelessness, which would be exacerbated if the housing supply gap persists.
 - Continued negative impacts on our unsheltered populations.
 - Lack of stability within families
- Systemic considerations and impacts:**
 - Think systemically about how changes in one area impact other areas: transportation, quality of life, racial equity, capacity building for industries and our governments.
 - It is important to consider not just adding housing inventory but also maintaining and upkeep of the inventory so the region benefits from these investments in the long term.
 - Lack of affordable housing increases the need for rental assistance, and reduces access and choice.
 - Affordable housing is a pathway to home ownership and upward mobility. Gaps in housing investments break this pathway.
 - A potential gap could be a loss of momentum in capacity building and collaboration, with CBOs, MWESBs, and governments.
- Regional impacts:**
 - Regional housing prices are curbing population growth, economic growth, and the reputation of the region.
 - If investment in housing doesn't happen, there will be snowball effects: job stagnation, healthcare issues, traffic and congestion, and impacts on the transit system.
 - As higher housing prices force residents with lower incomes outward, the diversity of our region changes.

Meeting 1 Highlighted Comments:

"A fractured affordable housing system also fractures the social contract in other areas: such as generations coming up who are feeling hopeless."

"The need is great, and dollars are slim."

"We have an ecosystem for culturally specific affordable housing developers and service providers.... We have made good progress there. Instability or lack of funding would put that progress at risk."

Live Graphic Recording - March 1, 2024

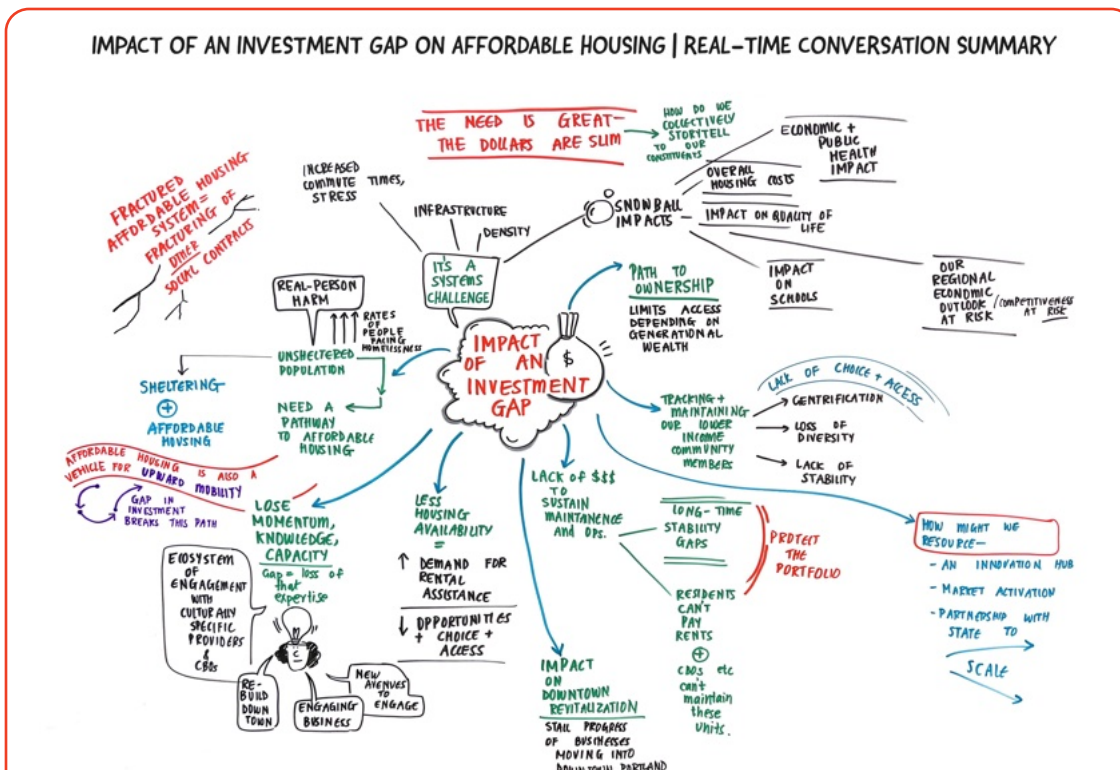


Figure 1: SHS Core Values



Meeting 2: March 20, 2024

Meeting Objective: Exploring revenue options

Meeting Context: In the second SAT meeting, staff presented information about the viability, opportunities and limitations of a variety of potential revenue options to fund additional affordable housing production. This included the Affordable Housing Bond, passed in 2018, and the Supportive Housing Services taxes. Staff presentations summarized allowable expenditures and investments through both revenue sources, as well as the target goals approved by voters.



Key Insights from SAT Participants: SAT members were invited to explore the idea of **using the income taxes to provide both services and housing**. Participants were divided into small groups and asked to represent the voices and needs of their constituents and communities in discussions. Group discussions focused on what should be included in the recommendations to meet these needs and identified any questions or concerns that would need to be addressed. Common themes that emerged included:

- Supportive services are vital resources that stabilize people on their housing journey**
 - Ideally, preserve resources long-term.
 - Confidence is needed that there are adequate resources and flexibility to meet future service needs.
 - Rent assistance, shelter services, eviction prevention and other supportive services are critical to supporting the full housing journey spectrum.
- Considerations for redirecting portions of income taxes for capital investments**
 - There was robust discussion about potential tradeoffs and sacrifices that could be needed if SHS revenue was used to fund both services and housing.
 - The ability to support the production of new units **and** rehab/preserve existing affordable housing is important.
 - Housing priorities: Deeply affordable, family-sized units, mixed-use units with services.
 - Pathways for affordable home ownership are needed.
 - Explore use of funds to purchase buildings and convert into PSH and/or permanently affordable units.
- Increase data, measurement, and accountability**
 - Reduce ambiguity by clearly defining outcomes, goals, timelines and oversight.
- Bake in flexibility into any changes to the income tax**
 - There is a need for flexibility as new data emerges about our region's needs. This flexibility should allow for the use of funds in various ways, such as responsive rent assistance or capital improvements, and should enable adjustments over time based on the resources required.
- Mixed feedback about sunset**
 - Support for restructuring, pushing, or eliminating the sunset of SHS was matched with feedback to keep the sunset as is so that the region can work toward achieving the specific goals spelled out in SHS ballot measure, rather than presume that more time will be needed to achieve those goals.

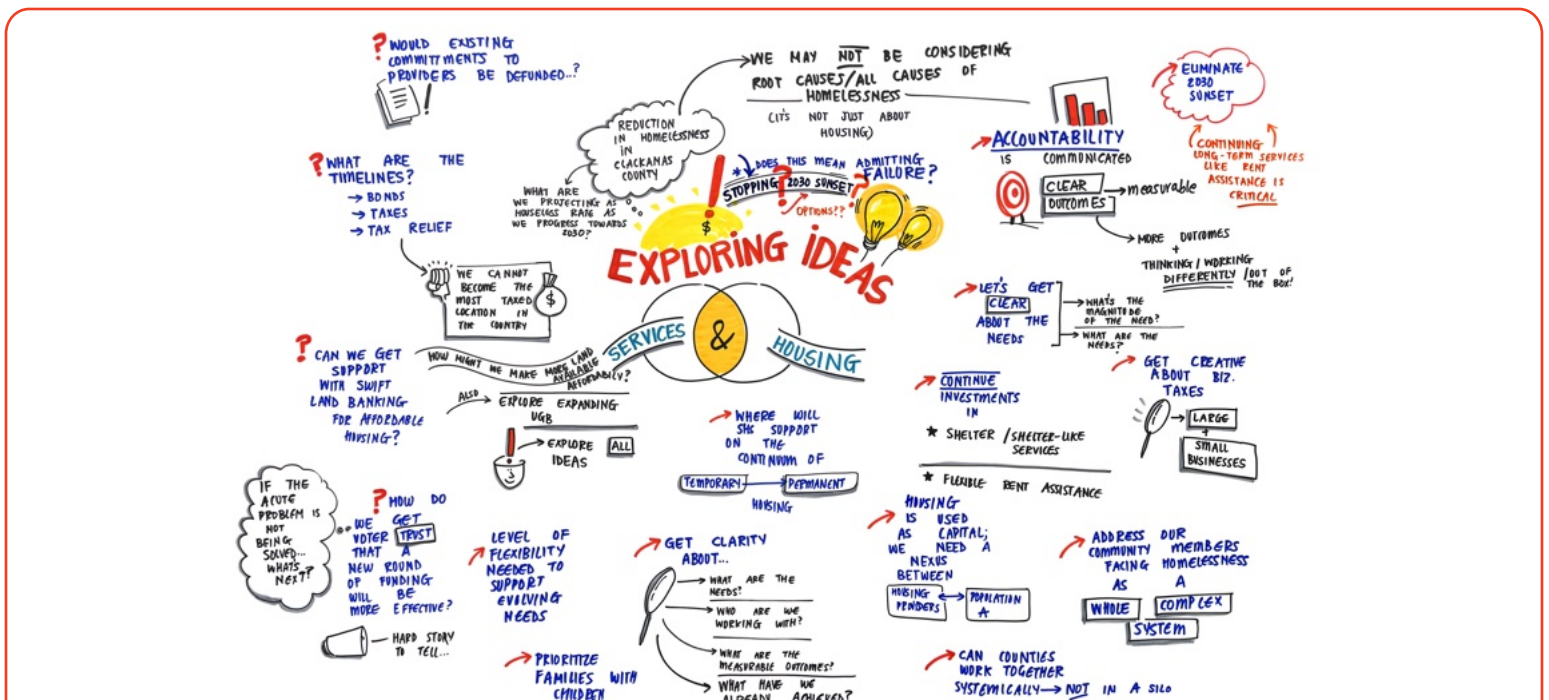
Meeting 2 Highlighted Comments:

"If you assume the houseless rate in 2031 is the same as today, **you've already admitted failure.**"

"How do we establish a clear understanding that we won't be #1 most taxed location? **Tax relief** is hugely important to these conversations."

"We've done a great job getting people in housing assistance vouchers. We'll see **houselessness** increase due to people losing those benefits."

Live Graphic Recording - March 20, 2024



Meeting 3: April 3, 2024

Meeting Objective: Exploring investment options

Meeting Context: In this meeting, participants were invited to build their own revenue scenarios using a series of variables provided by Metro.



Key Insights from SAT Participants: Through the scenario-building exercise, participants shared their views on **the tradeoffs and priorities in funding additional housing** as they considered who would be served, who would pay, how much, and for how long. Common themes that emerged included:

- **General support for expanding SHS to include housing – making adjustments to reflect lessons learned and the current landscape**
 - “If we lose the pipeline for affordable housing we don’t have another bond on the horizon.”
 - Tax relief for small businesses and on income tax to account for inflation, and for small margins which impact small businesses most.
- **Strong alignment that Populations A and B should be centered for supports**
 - 30% AMI is priority: Maintaining focus on extremely low and low incomes, not in a way that’s exclusive, but ensuring they remain high priority.
- **General support for extending or eliminating the 2030 tax sunset**
 - “If we eliminate sunset, we pre-suppose that when we get to 2030 the need is fixed, which is unrealistic.”
 - This is a sector that’s been underfunded and disinvested for decades. The housing crisis is not going to be solved in a decade, hence the need for extension. “We can’t do two decades of work, turn it off, and think the work will continue.”
- **Cities could play a role in distributing funding under an expansion of SHS**
 - Enable cities to receive dollars so they can directly deploy in a more responsive, nimble fashion that counties can do (building on the successes learned from the first Metro housing bond).
 - Create a pool of funds in partnership with cities: land banking, preserve existing affordable housing – to enable more rapid action at city level.
- **Desire for more data around needs and impacts**
 - Desire for more data around the impacts of expanding SHS’s purview: What are the actual numbers to understand tradeoffs if SHS was redirected?

Meeting 3 Highlighted Comments:

“We need this tax money to end homelessness. **We can’t end homelessness without housing**”

“Since SHS was passed by voters **the landscape has evolved:** From pre-pandemic and where we are now is a whole different world.”

“Flexibility is smarter than being rigid and boxing us in. This is a **re-imagination, not a re-negotiation.**”

“**There is a cost to doing nothing:** the cost when people don’t get [housed]: ER visits, criminal justice. What does that look like? If one tradeoff is doing nothing, there’s a cost to that.”

Live Graphic Recording - April 3, 2024

SCENARIO BUILDING EXERCISE



Meeting 4: April 17, 2024

Meeting Objective: Exploring investment options

Meeting Context: The fourth SAT meeting began with presentations from representatives of each of the three counties in the region. These county presentations outlined current plans for usage of the SHS dollars.

Following the county presentations, Metro continued the revenue scenario building discussion from meeting 3. Following Metro staff's analysis of the individual scenario inputs, common themes that staff identified were organized into three "trending scenarios" that Metro presented to participants (see Figure 2). While these trending scenarios were not recommendations from Metro, they provided a framework to continue the group discussions around potential changes to SHS.



Key Insights from SAT Participants: Factoring in the new information presented from counties, the three trending scenarios from Metro, and any new thinking, participants were invited to **revisit their scenario exercise worksheet from Meeting 3, and provide any additional ideas or changes.** Participants could also leave their original scenario unchanged. Common themes that emerged from the meeting included:

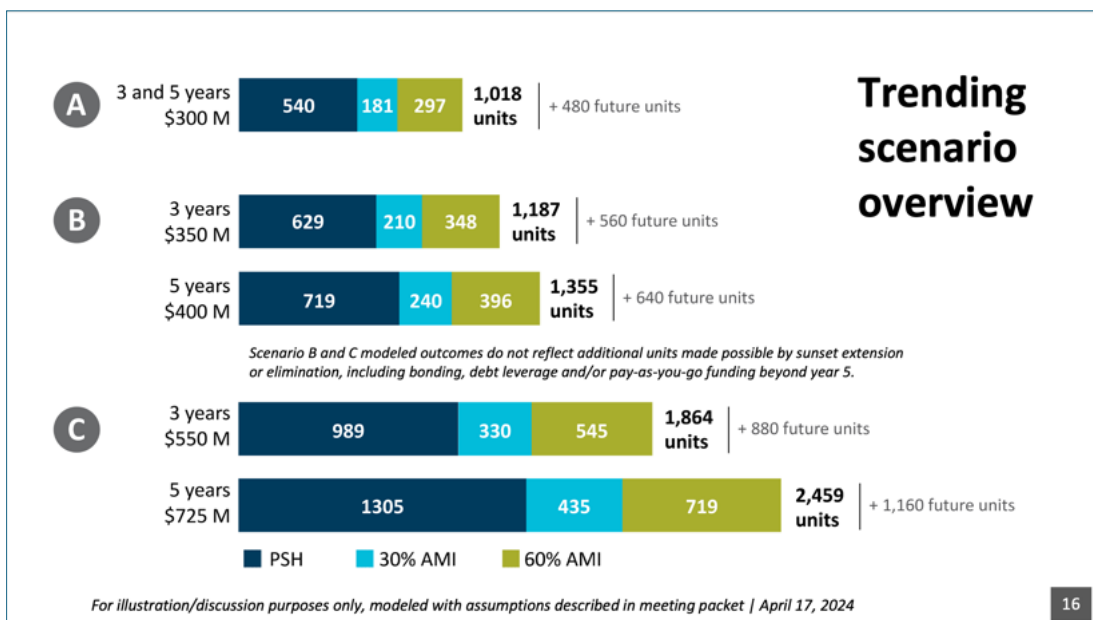
- **Opportunity for collaboration and shared purpose**
 - There is a desire for the region's players to work as partners toward a common goal.
 - Effective collaboration will require clear roles definition for counties and Metro, as well as cities.
- **More clarity desired around tradeoffs if dollars were reallocated**
 - To ensure counties' pre-existing budget commitments are honored, participants requested additional information about specific expenditures counties have already contracted for, and what tradeoffs might exist if dollars were reallocated.
- **Continued commitment to the need for affordable housing**
 - We need a persistent, ongoing need to continue investing in housing, but not at expense of services. This isn't an either/or conversation.
 - "If we stop investing in housing now, we will dig ourselves into a deeper hole."

Meeting 4 Highlighted Comments:

"My plea is that those of us who help to plan **make sure we continue to have policies and practices that support equity.** When we let minority populations be a part of this, we can ensure they get services."

"What I'm nervous about is an energy of 'against each other.' We can do better than that. We need more housing and need it to be affordable. And people need services. **How do we have this conversation where we're working toward that common goal?"**

Figure 2: Three trending scenarios for discussion



Subtopic Meeting: Accountability & Oversight, April 30, 2024

Meeting Objective: Accountability and oversight topic focus

Meeting Context: SAT participants were invited to participate in a virtual topic-specific session about accountability and oversight. Metro staff presented current accountability and oversight structures for Metro's affordable housing bond and SHS measure, and early lessons learned. Metro also shared feedback it has heard from stakeholders of what elements are required to ensure robust accountability, such as integrated systems, demonstrated outcomes, flexibility and adaptability, and transparency.



Key Insights from SAT Participants: In small group breakout discussions, attendees provided feedback about **what was working regarding accountability structures and what obstacles prevented successful accountability**. Specific ideas for accountability and oversight included:

- Changes to oversight structure overall, including Metro's role, the role of existing committees, and the introduction of an independent/outside oversight role.
- Recommendation to gather broader feedback to inform accountability.
- Need for greater transparency overall.
- Changes to the Tri-County Planning Board (TCPB).
- Better and more specificity around the definitions core to SHS.
- More accountability for and acknowledgement of on-the-ground resources and lived experiences.
- Greater coordination of data and systems and the parties involved.

Subtopic Meeting: Investment Evaluation, May 1, 2024

Meeting Objective: Investment topic focus

Meeting Context: The second virtual topic-specific session focused on investment evaluation. Metro staff and its consultants provided an overview about the dynamics associated with investment in affordable units:

- Consultants from BAE presented findings from their analysis around gap financing and gap funding trends, development cost trends, and trends in financing sources. BAE also shared an overview about incentives, tools, policies and actions that could be considered to support affordable housing production.
- Consultants from Lagniappe Housing Solutions presented their study of affordable housing funding needs, based on input from stakeholders such as OHSC, NOAH, Neighborhood Partnership, Proud Ground and Habitat for Humanity. This research identified additional gaps and opportunities for Metro to consider in any investment scenario going forward.
- Consultant Erik Bagwell addressed a variety of options and considerations regarding acquisition and conversion of existing building stock to affordable units, including some of the challenges in doing so.
- Consultant Amy Boyle concluded presentations with background about the needs for preserving existing affordable housing units, to ensure the region doesn't see a decline in its existing supply.



Key Insights from SAT Participants: Following the presentations, SAT participants were invited to provide input via a digital polling tool. Common themes that emerged included:

- Strong support for both home ownership and preservation, but questions emerged about how these could be supported through Metro's work.
- Continued calls for flexibility and nimbleness, echoing previous meeting themes.
- Importance of factoring in capital investments, operating and maintenance expenses into its cost forecasts, so that buildings are ensured a longer life cycle.

Meeting 5: May 10, 2024

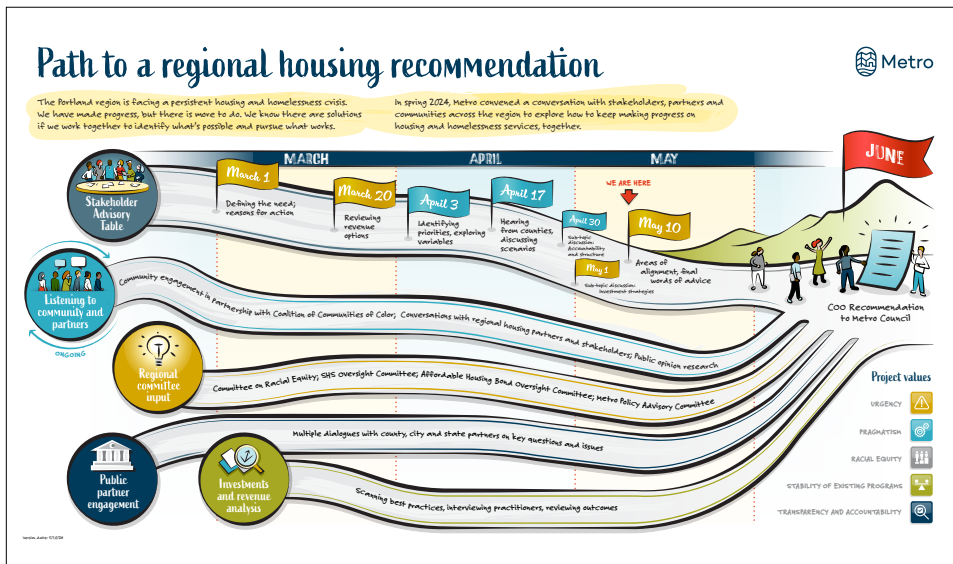
Meeting Objective: Exploring final considerations and next steps

Meeting Context: In the final SAT meeting on May 10, Metro COO Marissa Madrigal synthesized the inputs provided throughout this multi-step process: from the various SAT meetings, conversations with community members and organizations, engagement with county partners, public opinion polling, regional committees for racial equity, policy, and the SHS taxes and housing bond oversight committees (see Figure 3).

Madrigal then outlined the remaining work to be done to arrive at a recommendation to Metro Council, such as funding mechanisms, investment strategies and accountability and oversight.

Key Insights from SAT Participants: Participants were invited to provide final thoughts around what else Metro should consider in developing its recommendation, what values would be important to carry forward in future work, and what each member would carry with them as this SAT process concludes. Common themes were captured in the following visual during the meeting.

Figure 3: The multi-layered path to a regional housing recommendation



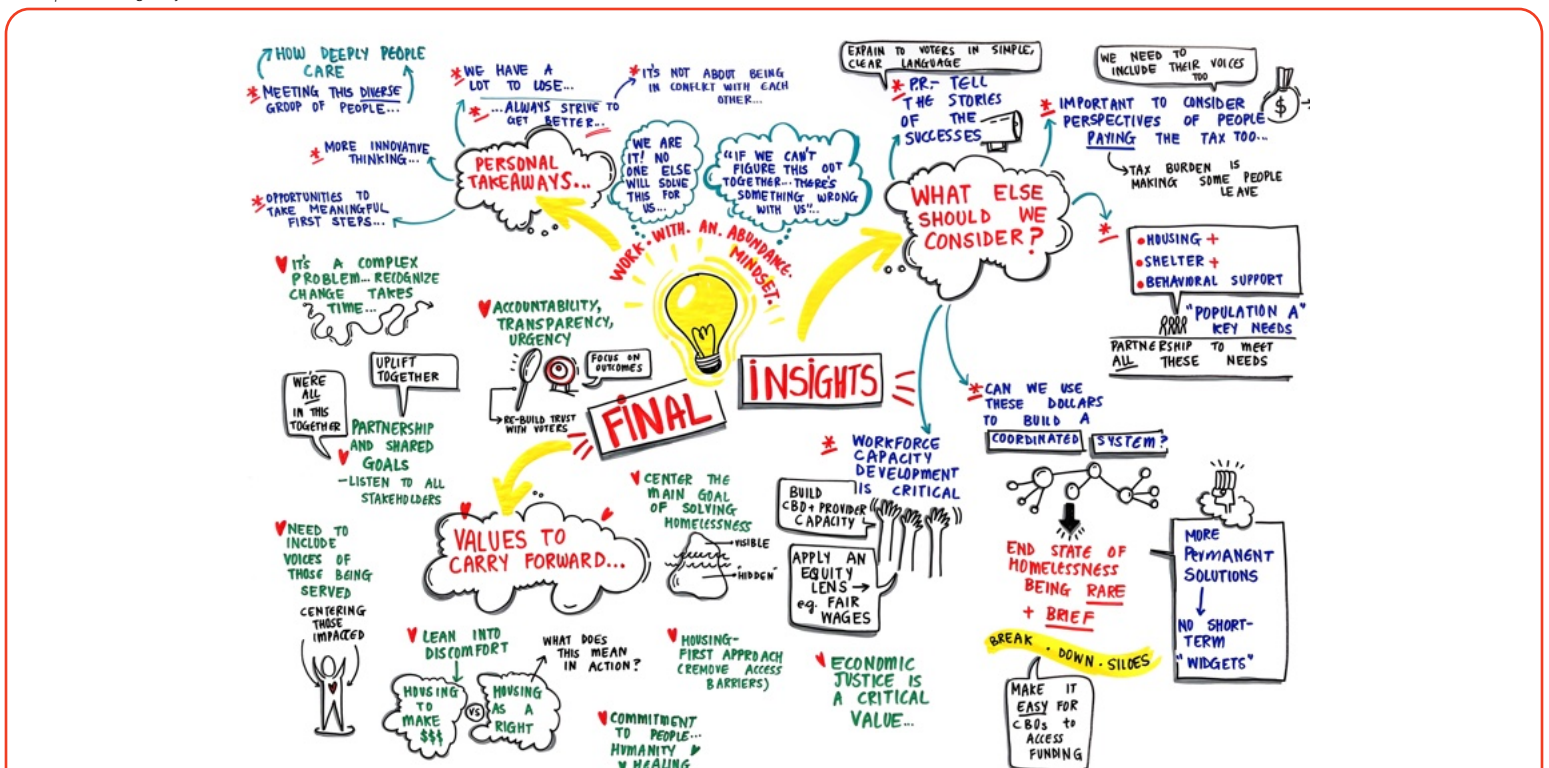
Meeting 5 Highlighted Comments:

"Homelessness is not about widgets. **This is the opportunity: to rethink how to approach it.** Be bold and do that."

"We are it: the solution. **No one from outside will solve our needs.** We have to focus, keep building the system and stop cannibalizing each other."

"I've enjoyed every time you get with a different group in this room you realize **how deeply people care about solving this issue from all sides.** People in need are the most important. Everyone's coming from that place."

Live Graphic Recording - May 10, 2024





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Community engagement summary

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Community Engagement Report

Metro Affordable Housing Investments

Prepared by Jenny Lee and Marcus Mundy, Coalition of Communities of Color, July 2024

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Summary and Findings

In spring 2024, the Coalition of Communities of Color (CCC) worked with Metro to conduct community engagement sessions to inform Metro’s future housing investments. CCC partnered with some of their culturally-specific member organizations and partner organizations to conduct 12 focus groups, emphasizing communities most impacted by the housing shortage. Three focus groups with organizational staff were conducted, including CCC and the Welcome Home Coalition’s membership.

Community members continue to be impacted by the region’s affordable housing shortage, resulting in deep social impacts. Participants identified challenges and opportunities to finding and maintaining housing that were common to all focus groups and others specific to individual populations. There was an emphasis that communities are not monoliths and continued, meaningful engagement is needed to ensure that collective and individual needs and desires are met in housing development and placement, as well as supportive services. Residents support investing supportive housing resources in the development and acquisition of affordable housing while also maintaining sufficient services.

Key learnings included:

- Housing affordability remains a pressing issue for families’ well-being, including economic stability, mental health, and quality of life.
- Regulated affordable housing is very difficult to access and the supply is extremely low relative to the need.
- Both services and housing are essential for addressing homelessness and housing opportunities for low- and moderate-income households.
- More affordable housing is a long-term solution with the potential to better meet the needs and desires of households who cannot afford market rent.
- Services should not be reduced, but existing and future revenue beyond what is needed to maintain current service levels is a significant opportunity to invest in affordable housing.
- A wide range of services and assistance are needed to support housing stability for people with low and extremely low incomes.
- Community members have a wide range of ideas for types of housing, design elements, and increasing affordability, including conversion of existing residential and commercial buildings.
- Many housing desires and barriers that were identified in previous years’ engagements remain salient, particularly desires related to the location of new affordable housing,

amenities, and design features, as well as barriers around affordability and challenges maintaining housing stability.

Purpose

The purpose of this project was to:

- Better understand community members' housing desires and challenges, particularly with regard to regulated affordable housing and services.
- Hear community perspectives on potential changes to the supportive housing services measure, including relative prioritization of housing development and services, population focus, and housing strategies.
- Provide information for pathways for future civic engagement on Metro's housing work.

While Metro, other jurisdictions, and community-based organizations have extensively engaged community members on affordable housing, major decisions on future housing and services investments necessitate that we develop an understanding of current community needs and priorities, and also should position community members as stakeholders in government decision making.

Background

CCC is an alliance of 18 culturally-specific organizations. Our membership is concentrated in the Portland metro area, although our staff also conduct research and policy analysis at the state level. The full list of members can be found [here](#).

In addition to CCC's relationships with potential community engagement partners, CCC staff have participated in the implementation of both of Metro's affordable housing bond measures. Many of CCC's organizational members also provide Supportive Housing Services (SHS)-funded services and/or affordable housing. This work builds on CCC's ongoing efforts related to the development and implementation of the 2018 affordable housing bond and 2020 supportive housing services measure, as well as CCC member and partner organizations' partnerships associated with these programs.

Past Themes

In spring 2024, Metro staff summarized past themes from community engagement efforts prior to the 2018 affordable housing bond, as well as the annual reports for 2020 and 2022. Housing desires reported by community members included:

- Locating new affordable housing in places that stabilize people at risk of displacement, stabilize communities, create opportunity, and provide community benefits.
- Addressing issues of housing discrimination and equitable access.

- Advancing racial equity through workforce opportunity and access to housing.
- Creating larger housing units (3+ bedrooms).
- Creating housing for people with very low incomes.
- Providing communal spaces, laundry facilities, and disability access.
- Family-friendly design: safe places for children to play, family units close to play areas, second bathrooms in larger units, washer/dryer hookups near kitchens for easy multitasking, and other building and unit configurations that support the needs of households with children.
- Safety and security: indoor and outdoor lighting, wide-angle peepholes in exterior doors, and security cameras.
- Mitigating and planning around impacts on the surrounding neighborhood such as traffic, parking, and construction noise.

Focus Groups

CCC partnered with 9 organizations to recruit and host focus groups.

- Africa House (IRCO)
- Bienestar
- Division Midway Alliance
- Greater Middle Eastern Center (IRCO)
- Pacific Islander and Asian Family Center (IRCO)
- Slavic and Eastern European Center (IRCO)
- Street Roots
- Welcome Home Coalition
- Urban League of Portland

CCC also convened one session directly focused on Clackamas County residents to ensure geographic representation. CCC drew on its relationships through our research work in Clackamas County to recruit participants. All other organizations led recruitment for their sessions. Welcome Home's participants were primarily recruited from their Voices for Housing Justice program; Bienestar and Urban League recruited community members as well as residents of their affordable housing properties. Sessions were held primarily in April and May, with one in June.

The focus groups lasted 60 to 90 minutes depending on group size, which ranged from 9 to 24 attendees. They were conducted in English, with Bienestar conducting a community focus group in Spanish with 20 participants. Organizational staff and community members assisted with additional interpretation as needed. Focus groups were conducted by CCC staff and partners with experience in housing instability. Welcome Home conducted two focus groups, one in-person and one on Zoom to ensure accessibility for their participants.

Over 150 individuals attended the focus groups drawing from all three counties. Two were held in Washington County and one in Clackamas. Because this engagement focused on communities typically underrepresented in policymaking (communities of color and people with lived experience of housing instability), focus groups were conducted in the partner organizations' community spaces to support the comfort of participants.

124 community participants provided demographic information. Participants were informed that sharing this information was optional and would be conducted anonymously. Among those who chose to share information, 20 identified as Asian, 30 identified as Black (17 African American and nine as Black African), five identified as American Indian and Alaska Native, seven as Middle Eastern/North African, eight as Pacific Islander, 31 identified as white (20 Slavic and 11 Western European or other white), and three selected multiple racial categories. Sixty participants were immigrants or refugees. Because demographic information was optional, these numbers are significantly lower than total focus group participation. Self-reported living situations were four currently experiencing homelessness, 26 living temporarily with others or with family/friends, 15 owning their own home, and 59 renting. We did not include living or formerly living in regulated affordable housing as a demographic question but four focus groups included significant portions of people living in regulated housing.

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CCC intentionally organized the focus groups as community-only spaces to ensure that participants felt comfortable sharing all aspects of their perspectives on housing and Metro.

In addition to the focus groups, three organizationally-focused sessions were conducted: one each by CCC and Welcome Home with their member organizations, and one with Bienestar staff to gain greater insight into Spanish-speaking communities' housing experiences.

The focus group was formatted with the facilitator presenting basic information and guiding a discussion.

Community Focus Group Format and Outline

- Introduction of CCC and background on Metro government
- Purpose of the engagement
- Group introductions
- Overview of Metro's housing work and revenue

- What has been learned from previous community engagement and examples of how it has changed or influenced policy development and implementation
- Values for affordable housing investments identified in Metro's 2018 community engagement
- Group exercise thinking about what would be most important to keep someone stably housed and share out from the group.
- Information on Metro's affordable housing bond and its outcomes
- Information on the Supportive Housing Services measure and what it funds
- Group discussion for feedback on which communities to prioritize in future investments
- Group discussion of whether investments should include affordable housing, even if it meant the tradeoff of reducing the level of services for SHS
- Group exercise to identify priority areas for funding with future investments and discussion
 - Additional prompts for discussion (time permitting) included the tradeoff for the number of people helped, the amount of time it would take to implement solutions, and the permanency of the solution)
- Reflection on desires for future affordable housing investments and share out
- Discussion of reasons why our region does not have affordable housing (time permitting)
- Repeat back of key themes from the facilitator
- Discussion of desires for future community engagement (whether participants were interested in discussing housing further and how they wanted to engage with government)
- Next steps on policy development process and closing

Housing Concerns

Challenges with affordable housing track many of the findings from previous community engagements. Many concerns were shared across these diverse communities while others were more specific to communities' experiences in the region. A lack of sufficient and culturally-responsive services, as well as a lack of awareness

Regional Shortage of Affordable Housing

Housing affordability was universally recognized as a pressing problem for the region. Every focus group discussed how challenging it was to find both market rental units that they could afford and how extremely difficult it was to access regulated affordable housing. There was a widespread perception that the region was not creating enough affordable housing.

Some participants shared their beliefs on challenges to creating more housing, including more affordable housing. These included an inability to build on vacant land, neighborhood opposition to housing development, competition with homebuyers and investors (particularly those from outside of Oregon), and redevelopment of lower-cost housing into units out of reach for people with moderate incomes.

The language “affordable housing” can be ambiguous, with multiple participants noting that rent-regulated housing is not affordable to many people with low and extremely low incomes. It also does not factor in utilities, which can add substantially to renters’ cost burden.

Barriers to Housing Stability

Participants identified a gap between rising costs and income, as wages were not keeping up with rents. The limited availability of jobs and economic opportunity was perceived as a driver of housing instability. Many participants across identities reported challenges accessing existing housing, including lack of or poor credit and rental history, previous contact with the criminal legal system, and discrimination, including on the basis of perceived mental health issues. Newly arrived residents have no rental or credit history in the US, foreclosing many rental opportunities.

Many residents identified significant issues with property management, including maintenance and repairs, quick responsiveness, relationship-building with residents, and onerous enforcement of rules. Some noted high turnover in resident services staff and desired greater stability.

Impacts of Housing Instability

The consequences of the region’s shortage of affordable housing include frequently changing schools for children, and serious mental health strain.

The lack of affordable homes also deeply impacts economic opportunity. Residents of affordable housing seeking to develop professionally, increase their earnings, or start their own business are concerned that they will be “penalized” by losing their rent-regulated units as they exceed income requirements. Residents indicated that affordable housing should be for those in greatest need, but a transition period and plan for households with increased earnings would help them prepare to afford market-rate rents. Young people may also forego employment opportunities because their earnings are included in the household income, “trap[ping] people in poverty” where multiple generations are unable to advance economically without putting their homes at risk.

Immigrant and Refugee Communities’ Housing Challenges

Many people, even those connected with community-based organizations, are not aware of these resources or have been unable to access them. Larger units are needed to accommodate families and avoid overcrowding. Even market-rate multifamily rentals do not meet this need. Refugee resettlement funds last only three months and asylum seekers receive no funds.

Particularly for these communities, there are deeply disruptive and challenging living situations for people temporarily living with family or friends. Communities repeatedly shared that they would do whatever possible to ensure someone has a home. However, the instance of

“doubling” up can be severe. This has even resulted in parents being separated from their children to find a workable solution. Occupancy that exceeds the lease agreement also puts tenants at risk of eviction, exacerbating the cycle. The severity of these situations, including the attendant trauma, suggests that specific housing situations are urgently needed for newly arrived community members.

Trauma can also play a role in emergency responses to homelessness: for a refugee, a congregate shelter may be associated with locations such as refugee camps and cause trauma. As a result, congregate shelters felt fundamentally inaccessible to those experiencing PTSD. For location, many desire to live in areas with communities they identify with and access to culturally specific resources; for example, the Middle Eastern focus group had a very clear sense of preferred towns and areas based on the communities present there.

“Homelessness” had an expansive definition for participants to include doubling up. “From a culturally-specific perspective, many people have never had their own homes” even though they are not considered homeless, and they are thus unable to receive resources.

Housing Desires

Participants want the ability to stay long-term in a home and community, but also new housing opportunities that allow for economic opportunity, such as taking a new job, or living in a home with more amenities and space.

One participant shared that “people want to be in a place that best serves them” and indicated geographic flexibility, and that they would be open to living in affordable housing properties throughout the region if they best met their other housing desires.

Design Input

Some suggestions on design and unit type demonstrated an appreciation for diverse types of housing. Community members indicated a wide range of preferences and concepts for housing, particularly dependent on family configurations and different generations.

Design suggestions included more “closed” plans, particularly separation between the kitchen and living areas, and privacy for intergenerational households (e.g., adults’ bedrooms not immediately adjacent to each other). While it’s widely understood that intergenerational living or living with family members is common in many cultures and highly valued, participants also raised issues that they would like to have options (e.g., grandparents having a home of their own) and were particularly concerned that young people were unable to move out of their homes. Communities are not a monolith and while the lack of larger units is causing serious housing instability, desires are diverse and not assumed (e.g., advertising available units should reach all communities).

Some community members expressed that in other countries, more communal spaces are common and helped build community among residents, or even suites with shared living rooms

and kitchens with separate bedrooms. Shared spaces may be even more desirable if they offer additional amenities that residents would not otherwise have in their units. Furthering this theme, some suggested shared housing, particularly for immigrant and refugee communities with extended family and social relationships, or single individuals, particularly younger and older adults. Other participants mentioned their strong preference for individual units with bathrooms and kitchens. Community members desire choices in where they live and culturally-appropriate strategies.

Unit Features

Some feedback directly referenced climate change, both reducing the environmental impact of housing as well as resilience to climate change. Common desires included air conditioning and ventilation in the face of rising temperatures, adequate space, sustainable features such as renewable energy sources, durable construction, and greenspaces that would help cool units.

Units need to be physically accessible, with a preference for ground floor units available to those with reduced mobility.

Soundproofing would improve residents' quality of life, particularly for those who work night shifts, and improve relationships among neighbors. Households with young children could be prioritized for ground floor units to reduce noise.

Units should be designed to a quality comparable with market units; one group noted that this was a matter of equity and their community ought to have the same quality of housing as others.

Types of Housing

Participants expressed a very wide range of preferences and/or openness, as well as distaste, for different types of housing.

Two-floor rowhouses were perceived as a balance between density and privacy. While homeownership was raised in the context of unaffordability, participants broadly did not express opposition to multifamily housing or density so long as units were high quality, had adequate space, had desired amenities, and community was built among neighbors. Others expressed that some households may not need much space and that tiny houses and clustered villages could be long-term or temporary housing solutions. By contrast, some felt these spaces could be overcrowded, lack privacy, lead to conflict with neighbors, result in economic segregation, and cause strain for people with disabilities or are neurodivergent. This range of preferences indicates the need for housing abundance, multiple types of housing, choice for potential residents, and creativity in our housing policy.

Location

In addition to access to services, participants indicated flexibility about where they want to live, with less of a focus on specific geography or city but a strong desire for locations that provide

economic opportunities, amenities, and access to transportation. Participants noted that the centralization of services would reduce the strain of accessing services regardless of the area where housing is located. Desired location features included proximity to bus lines, with many residents commuting to work via bus; parks; child care; grocery stores; and health services.

Safety

A number of residents in multifamily homes stated that they would feel most secure if access to the building was limited to residents and accompanied guests through locked buildings and gates. Others suggested a greater presence of staff on site, both property and resident services staff as well as designated security staff, and increased lighting. Some residents feel uncertain about safety in their community and are concerned by inconsistencies in responses to safety issues.

Additional Services and Amenities

Other themes consistent with past engagement included:

- Awareness and increased outreach for affordable housing (e.g., public forums)
- Accessibility for people with physical, psychiatric, or intellectual disabilities
- Access to green spaces and parks, including secure areas for children to play and space for animals
- Adequate on-site bike and vehicle parking
- Community spaces on-site, including spaces where families and community members can spend unstructured time together and children can play, particularly during rainy seasons
- Activities to build community and relationships among residents
- Services
 - Case management and navigation services
 - Childcare on-site
 - Senior services
 - Food pantries

Feedback

We sought specific feedback on two key components of potential housing investments: (1) which populations should be prioritized and (2) how the funds should be spent, both on services as well as affordable housing.

Population Focus

Many people of color experiencing homelessness are missed. Focus groups were structured to focus on housing opportunities, identify issues and desires, and then incorporate discussions about housing investments, including how to spend limited existing resources designed to create housing stability. In particular, communities of color, immigrants, and refugees emphasized that homelessness existed in different ways, and while people may not be living

outside, there was an increasing risk that they would become unsheltered and experience lasting trauma and instability as a result.

CCC also emphasized housing because past public opinion research CCC has commissioned indicates many people make a connection between mental health and substance use disorders and chronic homelessness. By opening up the conversation around housing needs broadly, we aimed to generate feedback that was grounded in community housing needs and then segued to policy discussions.

Spending Resources

Others noted that rent is so high that income levels exclude many people struggling to make ends meet but not eligible for regulated housing. While the acuity of need for people experiencing unsheltered homelessness was apparent, community members often felt that others were seriously struggling and would be at risk of homelessness in the future. Distinctions in types of homelessness—whether doubled up, in emergency shelter, or unsheltered—and causes, including economic hardship, illness, language and cultural barriers, and challenges facing new arrivals require specific, appropriate approaches from service providers.

Participants were concerned about housing across generations, and mentioned older adults who were forced to return to work because they could not afford rent on Social Security income, and young adults who could not establish their own households.

Use of Funds

Uncertainty about the amount of funding and how it would impact services were raised as two of the greatest concerns. Reducing funds to existing programs was of particular concern.

Many participants were aware of lengthy waiting lists for affordable housing and expressed a sense of desperation in their communities.

However, community members were deeply concerned about cuts to existing services and recognized them as essential for housing stability. Enthusiasm for spending on affordable housing was based on the idea that current services would be maintained. While participants recognized there were many necessary services, most felt that funds beyond existing SHS services would be well spent on creating affordable housing. When explicitly asked about the tradeoffs, such as serving fewer people or the length of time to create housing, participants felt that housing was a long-term solution worthy of investment. Participants expressed concerns about “falling further behind” with the number of affordable units and a sense that the situation would not get better without investments.

Participants recognized that public funds are limited and need to be used efficiently and generated ideas on how to reduce costs while creating more affordable housing.

Community Engagement

Focus group participants indicated that they were interested in continued discussion on affordable housing, including policymaking, and engaging directly with government. CCC conducted the focus groups independently without Metro staff presence to create community-centered spaces. In the past, CCC has conducted focus groups in direct partnership with government agencies. We specifically asked if participants were interested in hearing directly from government and sharing their perspectives with them, and virtually all focus groups indicated a strong interest with an emphasis on government coming to community spaces with trusted partners. However, we also received important feedback that the presence of government partners or political leaders can shift discussion toward other pressing issues and concerns that community members are facing and create barriers to discussing specific policy topics.

Presentations and community engagement sessions should be carefully constructed with a trauma-informed approach, clarity for participants on the purpose of engagement, resources available to respond to specific community concerns (e.g., a “cheat sheet” with a directory of community resources), and partnerships with CBOs, including physically hosting events and having staff and community leaders inform the presentation.

Community members had little familiarity with the SHS measure and many were unaware that it was providing rent assistance. They wanted to understand how funds were being spent and questioned whether it was reaching community members since they were unaware of anyone receiving it and did not know how to access it.

Policy Solutions

Prioritization of Resources

Participants consistently believed that creating new regulated affordable housing with public investments was essential to addressing the problem long-term. No opposition to market development was specifically raised, beyond concerns that *only* market-rate housing was being built; however, every focus group reached a clear consensus that housing needs were not being currently met with high market rents, and the risk of rising rents meant regulated affordable housing was a critical solution. Wages will not rise quickly enough to keep up the cost of housing, so permanently affordable housing is seen as a longer-term solution. “Without creating more regulated affordable housing, the situation will only get worse.”

Community members brought up a number of housing solutions in the context of public policy. Participants observed or had heard of vacant units and felt those were a cost-efficient and rapid way to create affordable housing. They also noticed newly-built market housing but did not hear about any significant quantities of new affordable housing creation. When asked directly, participants understood that there are currently limited revenues for housing and services.

Housing Strategies

Down payment assistance was named as a solution to help families transition out of affordable rental housing. Even for those who saved enough for a down payment, families are concerned about long-term stability—all of their savings have been spent on a down payment. And with hefty mortgages, they fear that any emergency or job loss could put them at risk of losing their home. Habitat for Humanity was mentioned as a potential model for increasing homeownership; condos instead of single-family homes were suggested as a more affordable option.

The wide range of desires about housing types discussed above—everything from shared homes to apartment clusters to townhouses and single-family units—demonstrates the need for a diverse and abundant housing supply that offers community members meaningful choices.

Conversion to Regulated Affordable Housing

Acquisition of existing housing was repeatedly identified as a quicker solution to housing, especially among focus groups who discussed the use of the Metro bond in more detail. There was also a perception that this would also reduce costs and that a significant number of vacant units exist.

It should be noted however that multifamily units over three bedrooms exist in very limited numbers, so these may require new development to meet the needs of extremely low income larger families.

One participant raised the concern that public investments in vouchers to private landlords did not provide any lasting benefit beyond housing, and that focusing on affordable housing would have a lasting social impact.

Some participants were very knowledgeable about specific housing strategies for investments, or similar concepts for housing strategies. Community land trusts arose as a way to use public investments that preserved long-term affordability and directly benefited the occupants as they built equity, in contrast to vouchers. Partnerships to acquire government-owned land and incentives for private property owners, such as tax breaks, who may be willing to sell at a reduced rate to create affordable housing were two cost-saving solutions. Adapting unused retail and commercial space for housing could also bring environmental benefits through density and reducing the need to build entirely new buildings. Accessory dwelling units and increased density, including homeowners building on existing residential properties, were also named.

Additional ideas for physically redesigning spaces and increasing housing included reducing parking or moving it underground to increase housing units.

Services and Resources

In addition to on-site services and amenities for affordable housing, participants and organizational staff identified a wide range of additional programs and supports that were needed for long-term success.

Services and resources for low-income community members included:

- Rent assistance, including increased assistance for people with significant health problems and disabilities
- Case management involving a broad array of services
- Help finding and moving into housing, including financial assistance for application fees, deposits, first/last months' rent, and move-in costs
- Culturally appropriate emergency services and shelters for those without any housing, including newly arrived residents, and family shelter options
- Culturally appropriate emergency shelters during extreme weather
- Workforce development to increase income
- Asset-building programs to build wealth and create future housing opportunities
- Eviction prevention programs
- Tenant rights' education, particularly for new arrivals unfamiliar with Oregon's landlord-tenant law (e.g., health and safety violations, repairs, notice for rent increases), offered in multiple languages
- Guidance for residents to understand leases and requirements for the building to prevent lease violations and increase stability in the community
- 24/7 support to stabilize people in crisis or facing conflict

Programs and services, including government, need to be multilingual and mainstream providers need to offer culturally-appropriate/responsive resources. This was emphasized throughout feedback across focus groups.

Participants expressed challenges finding housing assistance, sometimes even if they were connected to service providers, and multiple suggested a registry of units available for rent with information on accessibility of the units. Some participants in regulated affordable housing shared that they had struggled to receive reasonable accommodations and that financial support to housing providers could help make this more possible.

People might be having an episode that is brief, in the moment, because they are on substance in the moment and they should not lose their apartment over it. We need more peer support specialists to support people.

Young adults and individuals without families may qualify for fewer forms of assistance than families with children, making it difficult for them to begin living independently or reach economic stability.

Residents of affordable housing who are seeking to develop professionally, increase their earnings, or start their own business are concerned that they will be "penalized" by losing their rent-regulated units as they exceed income requirements. Residents indicated that affordable housing should be for those in greatest need, but a transition period and plan for households with increased earnings would help them prepare to afford market rate rents.

Additional Housing Policies and Needs

Community members identified additional housing policy responses that fall outside of Metro's housing investments, including rent control, taxes on vacant units to encourage rentals in existing housing inventory, and fees and regulations for new investment properties.

Findings

A review of focus group and organizational discussions are summarized in the following themes:

- Housing affordability remains a pressing issue for families' wellbeing, including economic stability, mental health, and quality of life.
- Regulated affordable housing is very difficult to access and the supply is extremely low relative to the need.
- Both services and housing are essential for addressing homelessness and housing opportunity for low- and moderate-income households.
- More affordable housing is a long-term solution with the potential to better meet the needs and desires of households who cannot afford market rent.
- Services should not be reduced, but existing and future revenue beyond what is needed to maintain current services levels is a significant opportunity to invest in affordable housing.
- A wide range of services and assistance are needed to support housing stability for people with low and extremely low incomes.
- Community members have a broad range of ideas for types of housing, design elements, and increasing affordability, including conversion of existing residential and commercial buildings.
- Many housing desires and barriers that were identified in previous years' engagements remain salient, particularly desires related to the location of new affordable housing, amenities, and design features, and barriers around affordability and challenges maintaining housing stability.

Organizational discussions

Both CCC and the Welcome Home Coalition convened their members to discuss Metro's housing investments, identifying community needs as well as policy input. These conversations used a different set of questions directly discussing needs for affordable housing investments and SHS since organizations were familiar with these programs, and many either provided services or housing or directly interacted with services and housing providers.

At the basic level, implementation is key. Organizations consistently felt that there were acute needs across the communities that they serve. Organizations represented a range of policy perspectives, with some feeling that the urgency of housing people currently experiencing homelessness, even if a temporary solution, may be more of a priority than affordable housing due to the amount of time it would take for development. Additionally, resource constraints mean

fewer people will live in permanently affordable homes relative to those who could receive long-term rent assistance.

Key topics raised included:

- Services
 - The need for services funded by SHS, particularly rent assistance, were not being met and client demand exceeds available rent assistance
 - Wraparound and supportive services are essential for housing stability, both in transitioning into housing and retention
 - Recovery services will be ineffective if there is no housing available after completion of services
- Rent Assistance
 - Rent assistance is needed for affordable housing properties since many tenants are not able to afford even the regulated rent
 - Project-based rent assistance vouchers could support development if the timeline were extended
 - People with the highest barriers could not find units on the market, even with rent assistance; their needs would be better met by a mission-driven housing provider
 - Rent assistance for market units benefits the landlord and does not provide lasting affordable housing infrastructure or community benefit; rents will continue to rise and rent assistance vouchers will have to keep increasing versus affordable housing providers with regulated rents
- Housing Development
 - The 2018 bond was very successful in helping providers develop units
 - Capital use of SHS dollars could increase flexibility, and extending SHS now would enable affordable housing development; the current sunset is too short to benefit affordable housing development
 - Reduced local investment would pose a significant barrier to affordable housing development, especially as conditions have changed since the last housing bond (e.g., availability of financing, cost of construction)
 - Preservation of existing affordable housing needs to be a priority (asset management)
 - Counties should invest more money in housing stability (e.g., rent assistance) than emergency shelters
- Policy and Governances
 - Any policy changes require careful consideration and support for proposals is dependent on the program design--these questions are at a conceptual level rather than an analytical one
 - Lack of clarity around whether SHS is meeting its goals
 - Current governing bodies could be streamlined or better supported to increase efficacy

It was also noted that the SHS program was scheduled to end and providers faced a cliff; this challenge is more concerning than how the funds are used. The concept of “surplus” revenue

was not an accurate frame and new sources of revenue would be needed soon to better meet the need. Some participants felt that the current structure did not require a tradeoff and that there was enough money to fund both. Others felt that all of the projected SHS funds were needed to meet the need for rent assistance and supportive services, or that we should increase revenue so that we would be able to fully meet the need for services and also fund housing creation.

The groups also raised political concerns (changing the use of money intended for services; political viability; interest in another funding source in the future). One member expressed concern about changing a voter-approved measure when the intent of the SHS measure—ending chronic homelessness—had not yet been achieved and that many vulnerable individuals were experiencing unsheltered homelessness and that moving them quickly into housing using rent assistance would be the best use of funds.

Ongoing Work

Next Steps

As with all community engagement, it is essential that participants are informed up front about how their perspectives will be used and also updated and informed on how this will be used. CCC also believes community engagement should, whenever possible and appropriate, provide pathways for civic engagement in public processes. This report will be shared with community participants who provided their contact information. We have committed to informing participants about Metro's actions related to housing investments and opportunities for direct engagement, including written and oral comment at public hearings or emails to elected officials. If Metro does refer a measure at some point, CCC will independently update participants on the measure and the ultimate outcome as part of our commitment to community members as valued, full participants in policymaking.

Areas for further exploration include more specific conversations on permanent supportive housing and the communities' understanding of affordable housing as a solution to homelessness. Past public opinion research conducted by CCC in partnership with Topos indicated that community members make the connection, but that when discussing affordable housing, individuals currently living in housing tended to think more about how housing affordability impacted them or friends and family personally. To that end, we suggest the following approach to future community engagement sessions:

- Ground participants in the specific types of housing that serve as a solution to chronic homelessness such as permanent supportive housing,
- Provide education on how homelessness is defined, who is impacted, and causes and solutions to homelessness
- Understanding of existing SHS programs, including the structure of the program, its activities and outcomes, and revenue allocation

Priorities for Future Engagement

Metro must continue deeper community engagement if they consider future investments in affordable housing. Most importantly, Metro must work with more individuals who have lived experience of homelessness or severe housing instability, people receiving or seeking services funded by SHS or similar social services, extremely low-income people living in affordable housing, and people with physical and psychiatric disabilities. Within these categories, Metro and partners should apply a racial equity lens for engagement in partnerships. Metro must support these community members—who will be the most impacted by decisions related to SHS or housing investments—in meaningfully shaping decisions related to SHS or housing investments. To truly bring these community members into policymaking and feedback will take significant time and effort to bring together key partner organizations and support to hear from folks with lived experience. These individuals provide critical insight and need to be robustly represented in stakeholder conversations.

Throughout any public processes, Metro should engage both with partners but also create opportunities for community members to directly hear from decisionmakers at Metro, including council members and staff leadership, and share their perspectives.

Public opinion research summary

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TO Metro

FROM Dave Metz and Miranda Everitt
FM3 Research

RE: Metro Housing Funding Opinion Research Summary

DATE July 24, 2024

Fairbank, Maslin, Maullin, Metz & Associates (FM3) have completed three rounds of opinion research¹ exploring the views of voters in the Metro service area when it comes to extending funding for housing and homelessness – two issues that area voters feel are most serious in Clackamas, Multnomah and Washington counties. Through these rounds of research, we have consistently found that voters look favorably on the opportunity to continue to fund supportive housing services, and to allow flexibility to apply revenue from the tax on high-income households and large businesses to fund the creation, acquisition and preservation of affordable housing as well.

Key findings of the surveys include:

- **Voters are in a negative mood.** Figure 1 shows that majorities of voters in the region have consistently felt that the area is “on the wrong track” – though that view has moderated slightly in the last few months.

Figure 1: View of the Direction of the Region

Response	Nov. 2023	May 2024	June 2024
Right Direction	26%	27%	27%
Wrong Track	64%	63%	58%
Don't Know	9%	11%	15%

- **They have negative views of local and regional government.** Figure 2 on the next page shows that views of city and county governments and Metro are not especially favorable. While Metro and County governments were seen slightly more positively than city governments regionwide in November 2023, the three levels of government are now essentially all receiving the same ratings – which seem to have deteriorated somewhat since the May 2024 primary election.

¹ **Methodology:** From November 25-29, 2023, FM3 completed 800 interviews, yielding a margin of sampling error for the study is +/-3.5% at the 95% confidence level. From May 2-7, 2024, FM3 completed 645 interviews for an overall margin of sampling error of +/-4.0%. From June 18-20 and 27-30, 2024, FM3 completed 806 interviews for a margin of sampling error of is +/-3.5%. Margins of error for subsamples will be higher in each case. All surveys were completed by phone (cell and landline) and text-to-web among likely November 2024 voters in the Metro service territory. Due to rounding, not all totals will sum to 100%.

Figure 2: Favorability Ratings for Local and Regional Government

(Total Favorable / Total Unfavorable)

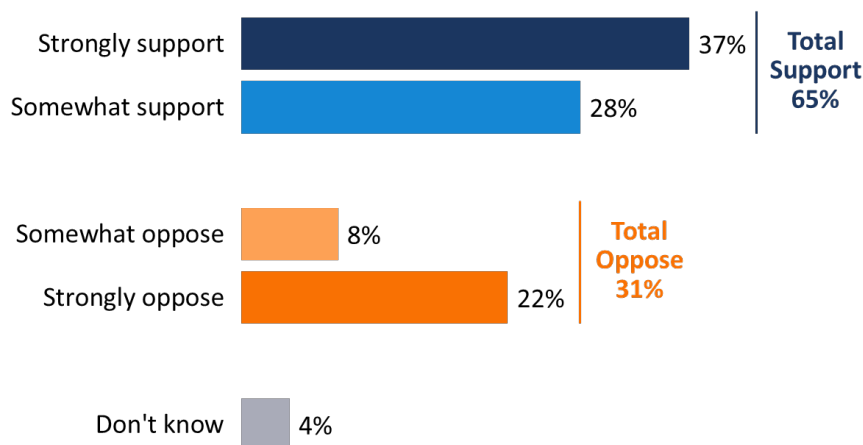
Organization	Nov. 2023	May 2024	June 2024
Your County government	43% / 47%	40% / 49%	35% / 55%
Your City government	36% / 54%	36% / 57%	31% / 62%
Metro	44% / 37%	40% / 37%	31% / 61%

- Homelessness and housing costs remain urgent concerns.** Homelessness remains a near-universally shared concern among the region’s voters, with 91% in the most-recent poll saying it is an “extremely serious” or “very serious” problem for the region – and 79% saying the same for the cost of housing. Doing nothing is not a viable option for most voters: in a November 2023 voter survey, just 30% of voters preferred an option of ending regional investments in affordable housing as the 2018 Metro Housing Bond winds down its spending.
- More than three in five support extending the supportive housing services tax to provide revenue for affordable housing while continuing to provide services for people who are homeless.** Figure 3 below shows the conceptual explanation of the policy change from the November 2023 voter survey. Nearly two-thirds (65%) support the idea, and 37% “strongly support” it. In the May 2024 survey, a similar question yielded support from 62% (and 37% “strong support”).

Figure 3: Support for Extending the Tax and Pairing Housing and Services

Now let me tell you a little bit more about the potential approach to use a portion of this existing tax to build additional affordable housing in the Portland region. Currently, this tax is bringing in additional revenue beyond what is needed to pay for the supportive services it funds. Some people have suggested using this additional revenue to build affordable housing, and also extending the amount of the time that the tax is in place in order beyond a scheduled expiration in 2030 to generate more revenue for housing. This approach would NOT increase tax rates on anyone, but would make it possible to build as many as 5,200 additional units of affordable housing in the region. Knowing this, would you support or oppose this approach?

(November 2023 Survey)



- **With the right ballot measure language, support matches the three-in-five backing we have previously seen for the concept.** The June survey tested a range of potential titles and captions to evaluate differences. This poll showed that with a title and caption that makes it clear that the proposal would reauthorize a current funding source without increasing tax rates; strengthen accountability; and provide affordable housing and services for people experiencing homelessness, 62% support a measure – with nearly four in five (38%) saying they would “definitely” vote yes.
- **Voters value pairing affordable housing and services.** Voters’ top priorities for funding include maintaining existing affordable rental housing as well as building new affordable rental housing and housing that can be paired with services for people who have experienced long-term homelessness.
- **Enhanced oversight is a critical component.** Our research also examined potential accountability provisions. We saw broad interest in improving accountability, with stricter oversight of plans, spending and outcomes supported by 84% of voters. In addition, voters are concerned about the independence of oversight, with 80% supporting an oversight committee made up of experts and stakeholders who do not receive funding from the program.

Figure 4: Support for Potential Measure Accountability Elements

Provision	Total Support	Total Oppose	Don't Know
Increasing oversight of county governments’ plans, spending, and outcomes	84%	11%	5%
Requiring stricter oversight of funding by a committee made up of housing, services and finance experts and stakeholders from across the greater Portland region who do <u>not</u> receive funding from the program	80%	12%	8%

In sum, Metro voters clearly see homelessness and the cost of housing as key issues facing their region – and these issues remain fundamental drivers of their overall negative mood. Given the choice between further regional investment in affordable housing and supportive services, or ending Metro investments, they overwhelmingly choose to continue investing in these priorities. Voters are broadly supportive of extending the tax on high earners and large businesses to fund affordable housing as well as supportive services, especially with the inclusion of strong accountability and oversight structures.