

**HOUSING BOND POLICY FRAMEWORK TO GUIDE  
INVESTMENT OF BOND FUNDING BASED ON COMMUNITY NEEDS**

IF YOU WISH TO SPEAK TO CITY COUNCIL, **PRINT** YOUR NAME, ADDRESS, AND EMAIL.

NAME (print)                      ADDRESS AND ZIP CODE (Optional)                      Email (Optional)

✓ Ted Gilbert	1205 SW 18th Ave. 97205	
<del>INVITED</del> Frieda Christopher	<del>13311 SE Sherman 97233</del>	
✓ Sarah Joannides	1300 SE Stark Street 97214 <del>11015 NW</del> New Seasons Market	
✓ <del>Joe W. Alce</del>		
✓ Don <del>Valliere</del> Valliere	4150 SW Moody	
✓ Nick Sauvie	5215 SE Duke 97206	
✓ Lightning	_____	_____
✓ Kari Lyons	_____	_____
✓ Richard Ellmyer	Ron's house 97203	_____
✓ Sumitra Chhetri	IRCO's Asian family center	Sumitra C@irc0.org

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NAME (print)	ADDRESS AND ZIP CODE (Optional)	Email (Optional)
✓ Emily Bernalt	211info	emilyb@211info.org
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✓ Tanya Wolfersperger	1207 SW Broadway #400	tanya@housingoregon.org
✓ Sahaan McKelvey	3920 N Kerby	Sahaanm@selfenhancement.org
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✓ Ron Peterson	Kids Need Both Parents	
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✓ Randy Rafanelli	fox + moose	
✓ Garrison Creamer		

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NAME (print)	ADDRESS AND ZIP CODE <i>(Optional)</i>	Email <i>(Optional)</i>
Kelly Haines		

**Portland Affordable Housing  
Preservation Trust**  
1205 SW 18<sup>th</sup> Avenue  
Portland, Oregon 97205

October 11, 2017

Mayor Tim Wheeler  
Commissioner Chloe Eudaly  
Commissioner Nick Fish  
Commissioner Amanda Fritz  
Commissioner Dan Saltzman

Subject: Testimony on Affordable Housing Bond Draft Policy Framework

Mayor Wheeler and Commissioners,

I testify today as the Chairman of an affordable housing non-profit, a real estate professional, and as an interested citizen. This Affordable Housing Board is an extraordinary opportunity for our community. I liken it to the original Metro Bond for Preservation of Open Spaces. The delivered results of that Metro Bond exceeded expectations—in terms of the number of acres acquired—and inspired the confidence of voters, so that they have twice since approved expansions of the program. So, too, with the Affordable Housing Bond, it is essential to inspire the Portland citizenry with the results delivered.

The City and the Portland Housing Bureau are already faced with some structural limitations on execution, not of their making—these being restrictions in existing state laws which prevent them from fully deploying their capital as the private sector would do, in order to maximize impact. To me, this makes it even more imperative to do all that is within the bounds of safety and soundness, as well as legality, to maximize results, and to use all the tools at your disposal.

There is one tool that is alluded to in the Framework Plan, though not explicitly detailed, that could make a difference in product volume, efficiency, and cost-effectiveness. This is the mechanism of turnkey development. This approach, in numerous variations, is frequently employed in the private sector. Under the current law, the City of Portland, through the Housing Bureau, must become the fee simple owner of the finished housing. Utilizing for-profit, non-profit, and Community Development Corporations, with the needed knowledge, experience, and financial capacity to provide some, or all, of the facets of development—including land acquisition and its funding; funding of pre-development costs including entitlements—would be a wise use of the public's resources—monetary and human. PHB staff or an owner's representative could provide oversight during the process. The finished product would be delivered for PHB ownership once completed; free of any liens or encumbrances.

There are numerous facets that can be included in a turnkey development agreement, including off-loading construction cost risk and interest rate risk onto the turnkey developer. All of the construction screens that are desired (e.g., minority hiring, prevailing wage, and green building) can be incorporated.

In summary, the public can leverage their substantial, yet precious, bond capital with private-sector capital, along with the latter's market knowledge and experience, while at the same time mitigating the public's risk. It can be used for new construction AND acquisition/ rehab. In my view, this is good business judgement, and good public policy. I sincerely hope that you will take advantage of this tool.

Sincerely,



Ted K. Gilbert, Chairman  
Portland Affordable Housing Preservation Trust

TKG: lga

cc: Kurt Creager  
Xavier Mena  
Karl Dinkelspiel



October 11, 2017

To: Portland City Council  
1221 SW 4th Ave, Portland, OR 97204

From: Metropolitan Alliance for Workforce Equity (MAWE)

Dear Portland City Council,

Thank you for moving ahead on the Housing Bond Policy Framework. The work and input community groups and members have provided has helped to shape an implementation framework that will locate units and services that maximize the positive impact of this investment.

We do, however, have serious concerns regarding the lack of specific local workforce and contracting equity components and corresponding metrics and goals in the proposed Policy Framework. There is little to no mention of these elements in the Policy Framework as written.

We see this as a significant missed opportunity to ensure that this public investment not only helps to house and serve vulnerable populations on the resident side, but also ensures that the way in which the funding is spent creates real and lasting economic opportunity for those same populations.

By applying the Community Benefits Agreement (CBA) to these funds, the City could ensure these important projects are structured to enhance City-community partnerships, and realize significant and tangible community benefits with this investment. We are concerned that the City is missing an important opportunity to set a high standard in partnership with the community. **We recommend you amend the proposed Policy Framework to include clear workforce and contracting equity elements by applying a CBA to the Housing Bond monies.**

To help illustrate the potential missed opportunity if workforce and contracting equity goals are *not* adopted, let's look at wages and business revenue that will be lost, which will directly result in a loss of earned income and wealth in the community.

The Housing Bond is for \$258.4 Million. This will be spent on acquiring or building a minimum of 1,300 units. Community feedback indicated a balance of both activities to produce the desired amount of units. To be conservative, let's assume 50% is spent on new construction activities, or about \$129 Million in Construction activities.

First, let's look at workforce equity. Construction industry estimating practices would estimate roughly 636,000 work hours for this amount of funding. If we applied the CBA baseline goals to these hours and assumed an average wage of \$25 per hour, this would result in over **\$5 Million in wages** going back to

the community, specifically females and communities of color locally. If we applied the actual performance of the CBA pilots to these projects, that number would increase significantly, to **over \$8 Million in wages**.

Second, contracting equity: If we applied the 17% CBA minority and women owned contracting goals to this funding, it would equal almost **\$22 Million in business revenue** for these businesses and for the local community. And again, if we applied the past performance of the CBA pilots (26%) to this funding, that figure would increase to over **\$33.5 Million**.

According to the FY 2015-2016 City of Portland's Procurement Annual report, the % utilization of MWBE firms was under 6%. If that percentage is applied to the potential Housing Bond contracts, it would result in **almost \$26 Million dollars less earned by MWDBE firms**.

We are the Metropolitan Alliance for Workforce Equity (MAWE), an historic partnership between the Carpenters, Operating Engineers, Laborers, other unions, construction contractors, pre-apprenticeship programs, and community-based organizations. MAWE works to promote economic opportunity and equity in workforce and contracting, and develop practical strategies to address historic inequities in the region. These partners developed Portland's first Community Benefits Agreement (CBA) to create a framework for shared community oversight and accountability, fair labor standards, and goals and resources to increase contracting and workforce opportunities for historically underserved community members.

The goals of MAWE are to:

- Support the creation of good quality construction jobs and contracting opportunities in the Portland Metro area.
- Specifically connect these jobs and opportunities to historically underrepresented populations, including people of color and women.
- Sustain and grow the training and community infrastructure with resources in order to address the regional need for a trained, qualified, and diverse construction workforce and contractor pool.
- Work with partners, contractors and public owners to replicate best practices on construction projects and systematize those practices region-wide to accomplish workforce and contracting equity.

We are part of a broad coalition of community partners who are working together to address the complex issues that have resulted in disparate impacts for communities of color, those with low-incomes, renters, workers, and minority- and women-owned small businesses. We are united in the belief that the benefits of the City's investments must be broadly shared, focused particularly on achieving equitable outcomes for communities who have historically been burdened by or currently experience displacement from public investments and development.

We, the signed leaders and organizations, request that the City achieve equitable outcomes for diverse community members by holding this development to a high standard, which includes: (1) true partnership between City, community and labor partners; (2) transparency in process, strategy and outcomes; and (3) shared oversight and accountability measures where all parties (community, labor,

contractors) are accountable for delivering on contracting and workforce equity goals. We believe the City's existing efforts and project goals regarding utilization of disadvantaged, minority, women and emerging small businesses (D/M/WBE and ESB), as well as the workforce diversity goals, are a good place to start, but lack key mechanisms that are critical to success.

The City already has an effective tool in the Community Benefits Agreement (CBA), which the City could use immediately to align project activities with the insight and resources of community stakeholders. The CBA was approved by City Council in September 2012 (Resolution 36954), and has achieved excellent results to date.

Thank you again for the opportunity to provide input and recommendations. We look forward to continued work together.

Best regards,

The Metropolitan Alliance for Workforce Equity  
Native American Youth and Family Center  
Columbia Pacific Building Trades Council  
Hacienda CDC  
IBEW Local 48  
Oregon Tradeswomen, Inc.  
Constructing Hope  
Pacific NW Regional Council of Carpenters  
LiUNA Local 737  
The Urban League of Portland  
Portland Youthbuilders  
Portland Jobs with Justice  
East Portland Action Plan  
The Rosewood Initiative  
Operators Union Local 701  
O'Neill Electric  
Worksystems, Inc.  
Rose CDC



**Urban League  
of Portland**





**Columbia Pacific  
Building Trades Council**



**East Portland Action Plan**

**LiUNA! LOCAL 737**  
*Feel the Power!*

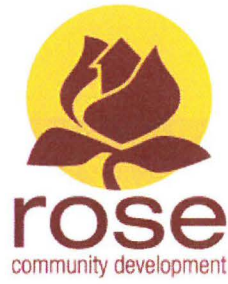


**Constructing Hope**  
Pre-Apprenticeship Program

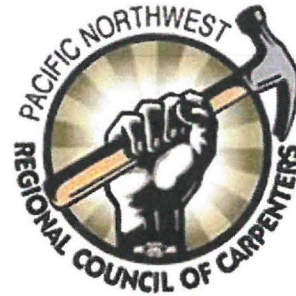
405 NE Church Street



PORTLAND YOUTH BUILDERS



Oregon Tradeswomen, Inc.



Sam Chase  
Metro

## METRO COUNCIL

### Work Session Worksheet

**PRESENTATION DATE:** Thursday, September 7, 2017

**LENGTH:** 60 minutes

**PRESENTATION TITLE:** Regional Funding and Investment Opportunities for Equitable Housing

**DEPARTMENT:** Planning and Development/GAPD

**PRESENTER(S):** Emily Lieb, [Emily.Lieb@oregonmetro.gov](mailto:Emily.Lieb@oregonmetro.gov), 503-797-1921

Andy Shaw, [Andy.Shaw@oregonmetro.gov](mailto:Andy.Shaw@oregonmetro.gov), 503-797-1763

Elissa Gertler, [Elissa.Gertler@oregonmetro.gov](mailto:Elissa.Gertler@oregonmetro.gov), 503-797-1752

#### WORK SESSION PURPOSE & DESIRED OUTCOMES

- **Purpose:** Provide an update on Planning staff's research and evaluation of potential regional investment approaches for equitable housing
- **Outcome:** Staff receives clear Council direction to proceed with proposed next steps to further develop regional program options

#### TOPIC BACKGROUND & FRAMING THE WORK SESSION DISCUSSION

In 2016, the Council requested more information from the Planning Department regarding potential programmatic and revenue options for regional equitable housing investment. A preliminary staff update on this topic was provided during the October 25, 2016 Council Work Session. Since then, Planning staff have completed the following efforts:

- Consulting study estimating the subsidy gap necessary to construct or preserve different types of affordable housing in different types of locations (i.e., high, medium, low land cost areas)
- Analysis and compilation of additional regional and local data regarding the need for affordable housing
- Inventory and analysis of existing federal, state and local resources for supporting affordable housing investment
- Identification of potential investment program options and analysis of their advantages and limitations
- Identification and description of potential revenue tools and their compatibility with identified investment program options
- Engagement of city, county, and housing authority staff to discuss their jurisdictions' most pressing housing concerns, current policy efforts, and perspectives on potential regional funding and investment solutions

The memo and table included in the packet outline the need for and advantages of a regional approach to address the challenge and lay out the policy and operational considerations that can inform the agency's next steps. They summarize the benefits and limitations of three potential investment strategies and two potential funding sources that have been informed by research and initial stakeholder input, including feedback from our local city/county staff partners as we've held meetings during the last several weeks to collaborate on these ideas.

If the Council is interested in continuing to explore this direction, staff proposes the following next steps:

- Work with internal and external partners to identify how efforts to advance regional affordable housing can best align with Metro's adopted racial equity strategy and provide maximum benefit to residents of color in our region
- Engage local planning, community development, and housing authority staff; funders and lenders; and for-profit and non-profit developers to better understand their perspectives on how a regional investment program could align with existing programs and support local needs and goals.
- Conduct targeted analysis to fully vet financial estimates and further refine programmatic options.
- Develop a draft regional investment program proposal for consideration by the Council in Fall/Winter 2017.

**QUESTIONS FOR COUNCIL CONSIDERATION**

- How would the Council like staff to move forward with the proposed analysis and engagement process to fully develop a regional investment program proposal?
- What are the best ways to align staff and Council work on next steps?

**PACKET MATERIALS**

- Would legislation be required for Council action  Yes  No
- If yes, is draft legislation attached?  Yes  No
- What other materials are you presenting today?  
*Regional equitable housing investment opportunities memo*  
*Attachment A: Preliminary Analysis of Potential Regional Equitable Housing Investment Strategies and Program Options (narrative summary and table)*

# Memo



**Metro**

600 NE Grand Ave.  
Portland, OR 97232-2736

Date: August 28, 2017  
To: Metro Council  
From: Elissa Gertler, Planning and Development Director  
CC: Martha Bennett, COO  
Megan Gibb, Land Use and Development Manager  
Emily Lieb, Equitable Housing Initiative Project Manager  
Subject: Regional Equitable Housing Investment Opportunities

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Like other regions around the country, the Metro region faces an urgent need to address a critical shortage of affordable housing. Rents are increasing faster than renter incomes, and more than 67,000 renters in our three-county region pay more than half of their income toward housing costs. Metro's Equitable Housing Initiative is working to build our region's capacity and Metro's capacity to respond through a multi-pronged approach that includes the following elements:

- Mitigate displacement and stabilize communities
- Maximize and optimize resources for regulated affordable housing
- Leverage growth for affordability
- Increase and diversify overall housing supply

Financial resources remain the biggest hurdle to ensuring adequate housing for the region's low-income residents. Federal resources for affordable housing have continued to decline, and despite recent expansions in funding at the state level and within the city of Portland, a large funding gap remains to meet the need for housing affordable to households making less than 50% of area median income (AMI). It would cost about \$900 million to construct sufficient new housing to close the region's 11,100-unit deficit of housing affordable to households making 30-50% of AMI, and approximately \$5 billion to fill the 36,300-unit deficit of housing affordable to households making at or less than 30% of AMI.<sup>1</sup>

This memo starts from an assumption that there are certain income levels currently not served by the private housing market—hence the need to undertake strategies not only to increase incomes and provide access to affordable transportation options, but also to increase the supply of publicly subsidized, regulated affordable housing. The memo and attachments outline the need for and advantages of a regional approach to address the challenge and lay out the policy and operational considerations that can inform the agency's next steps. As part of the Equitable Housing initiative, we have undertaken a technical analysis to identify the region's most significant areas of housing need, and the strategies

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<sup>1</sup> Assuming 4% tax credit leverage for wood frame or podium construction in medium cost areas, per unit gaps of \$60,000 to \$100,000 are achievable for affordability at the 60% of AMI level. Gaps to reach the 30% of AMI level are roughly double that amount. Based on David Rosen & Associates Housing Affordability Gap Analysis, 2017. Housing deficit estimates are from the 2010-2014 Comprehensive Housing Affordability Strategy database (CHAS) produced by the U.S. Department of Housing and Urban Development (HUD) and U.S. Census American Community Survey (ACS).

that have been used successfully in other places to address similar challenges. The memo and attachments summarize the benefits and limitations of three potential investment strategies and two potential funding sources that have been informed by this research and additional initial stakeholder input, including feedback from our local city/county staff partners. Finally, the memo includes recommended next steps for partner engagement, application of a racial equity lens, and continued development of programmatic elements.

The Planning department is seeking Council feedback regarding the overall direction and proposed next steps described at the end of this memo.

### **Advantages of a Regional Approach**

Our housing affordability challenges do not know jurisdictional boundaries, yet within our region, resources for investing in affordable housing are overwhelmingly focused within the city of Portland. More than half of our region's severely cost burdened households live outside Portland in the other 23 cities and counties that comprise Metro's jurisdictional boundary; however, only 33% of our region's 41,353 regulated affordable rental housing units are located outside Portland, and only 6% of existing \$149 million of annual funding capacity for investing in affordable housing is focused outside of Portland in the rest of the region.<sup>2</sup>

Tackling the region's shortage of affordable housing will require new dedicated revenue tools, coordinated investment strategies, and a mix of short- and long-term approaches. While such tools and strategies could be pursued at the local level, our team feels strongly that a regional approach offers several advantages, including the ability to:

- Generate an investment strategy on the scale necessary to have an impact on serving regional needs
- Integrate affordable housing into communities across the region and strategically target investments to locations that offer the best balance of cost efficiency, leverage, outcomes for vulnerable communities and local needs
- Develop a regional housing strategy that responds to regional dynamics of market change and economic displacement
- Connect affordable housing investments to planning and policy related to transportation, natural areas, economic development, and racial equity
- Leverage state and federal resources to support coordinated investment strategies to address a critical regional need
- Spread the burden of revenue generation evenly across the region in a way that does not affect the competitive advantage of one jurisdiction over another
- Capture operational efficiencies of scale

### **Recommended Strategies**

Based on research, analysis, and stakeholder conversations over the past two years, staff have identified promising investment tools recommended for further exploration and development as part of a comprehensive regional investment program. We believe a successful regional program will include multiple components that fall within three strategic approaches:

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<sup>2</sup> 2010-2014 Comprehensive Housing Affordability Strategy database (CHAS). U.S. Department of Housing and Urban Development (HUD) and U.S. Census American Community Survey (ACS); Metro 2015 Regulated Affordable Housing Inventory; David Rosen & Associates Inventory of 2016 Federal and Local Resources for Affordable Housing Investment.

- *Strategy #1: Anti-displacement and community stabilization (land/building acquisition).* Land acquisition, acquisition and rehabilitation of existing regulated and unregulated affordable housing, and gap financing to create or preserve housing opportunities for households at 0-80% of AMI in locations with high displacement risk and/or access to transit, opportunities, and amenities.
- *Strategy #2: Flexible gap financing, homelessness prevention and deep affordability.* Flexible gap financing to support traditionally financed projects at 0-60% AMI, which face widening subsidy gaps due to rising construction costs and uncertainty in the tax credit equity market. This strategy could be coordinated with housing authorities' project-based rental assistance vouchers to include some units with deeper affordability to serve households with incomes at 0-30% of AMI.
- *Strategy #3: Mixed income communities and shallow subsidy.* Financial incentives for inclusion of affordable and "below market" units, typically 60-80% AMI, in new private market residential developments. Incentives could be tailored to local community needs.

These three strategies and the program components within them are further described in *Attachment A*. In order to respond to the range of needs and contexts across the region, we anticipate that a regional equitable housing investment program would include multiple programmatic elements targeting different income levels and approaches. Most of these strategies are fairly scalable; however, start-up and overhead costs will vary. A summary of feedback on these strategies from local jurisdiction staff is included on pp. 5-7.

Key policy considerations related to the equity and cost effectiveness that would need to inform the design of a regional investment program include:

- *Who is served?* Households with the lowest income levels have the greatest need for affordable housing, but deeper income targeting requires more subsidy per unit, thereby reducing the number of households that can be served. For example, a strategy targeting households at 80% of AMI will be able to support more units with a shallow subsidy than a strategy serving households at 30% of AMI, which requires a much deeper per unit subsidy. It is worth noting: while our analyses do not show a deficit of rental housing affordable at the 50-80% or 60-80% AMI levels anywhere in the region, the data show that people in those income categories tend to "rent down", putting further pressure on and exacerbating the deficit of housing in the 0-60% AMI range.<sup>3</sup>
- *Where is housing built?* It's more expensive to produce affordable units in locations with high land costs; however, these locations are often the places that offer better access to transportation, services, and jobs. Focusing investments in low or medium-cost areas with increasing land values could help prevent displacement, ensure income diversity in high-opportunity areas, and capture value created by the real estate market.

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<sup>3</sup> 2010-2014 Comprehensive Housing Affordability Strategy database (CHAS), U.S. Department of Housing and Urban Development (HUD) and U.S. Census American Community Survey (ACS). A similar conclusion was reached by a Johnson Economics of 2015 data from Axiometrics, ACS, and Metro's 2015 Regulated Affordable Housing Inventory.

- *What type of housing (new or preserved)?* Acquisition of existing units for preservation as affordable housing is more cost effective than new construction in low- to middle-cost areas; however, this strategy does not increase the overall supply of housing and is limited to locations where existing naturally occurring affordable housing exists. More research is needed to understand specific preservation opportunities across the region and how they would align with different income targeting and location priorities.
- *What revenue tool could be used to support it?* Two funding tools that have been identified as having near term potential include construction excise tax (CET) and general obligation (GO) bonds. These tools have different implications in terms of potential scale, permitted uses and compatibility with identified investment strategies, anticipated geography (region as a whole vs. non-Portland balance of region), implementation requirements (legislative and voter approvals), and who would be impacted (i.e., who pays, who benefits). These considerations are discussed further in the next section. .

### Potential Funding Sources

Two revenue tools identified as having near term potential include construction excise tax (CET) and general obligation (GO) bonds. These tools are complementary. While either tool could be pursued and implemented independently, it is anticipated that a regional program supported by both of these funding tools could generate broader stakeholder support and serve a range of housing needs and local market contexts. If the region chose not to pursue either of these funding sources, other potential options include attempting to build a regional housing investment consortium or collective impact approach, pursuing federal or philanthropic grants, or attempting to develop a private funding source. Such strategies would all likely result in a much smaller scale of impact than the two funding sources detailed here.

Considerations	Construction Excise Tax	General Obligation (GO) Bond
Scale	\$10.8 million/ year	Potentially \$500 million or more. For example, Metro’s 2006 Parks bond was \$227 million. The proposed TriMet transportation bond for 2018 will be \$1.7 billion.
Permitted uses	According to the formula laid out in SB 1533, 15% of proceeds are passed to the Oregon Housing and Community Services Department (HSCD) for homebuyer assistance programs, 50% of residential revenues must be used for developer incentives, and the remaining 35% of revenues from a residential CET and all revenues from a commercial CET can be used at local discretion.	Currently, local GO bonds for affordable housing are subject to a requirement that a public agency own and operate the asset until the bond is repaid. These requirements create limitations for the ability to use bond investments to leverage traditional finance tools such as tax credits. However, discussions are underway to pursue a constitutional amendment in 2018 that would modify those requirements to create greater flexibility.
Anticipated geography	Locations where a local CET is not currently in place. (Currently, Portland is the only Metro	The three-county region



Considerations	Construction Excise Tax	General Obligation (GO) Bond
	jurisdiction with a local CET, but others are considering it.)	
Approvals required for implementation	State legislative approval is necessary to enable Metro to be authorized to use the CET enabled by SB 1533. Regional voter approval would also be necessary.	Regional voter approval would be required for a GO bond. State voter approval would be required for the constitutional amendment that would provide more flexibility for this strategy.
Who pays?	While it is often assumed that “developers pay” for a CET, it is possible that some or all of these costs may be passed on to tenants in new residential or commercial building.	Costs would be spread across existing property owners throughout the region. Due to Measures 5 and 50, this means that existing inequities in the property tax system would be perpetuated.
Current use for affordable housing	There are currently seven local jurisdictions around the state of Oregon that have adopted a CET for affordable housing under the authorization provided in SB 1533. Currently, Portland is the only jurisdiction in the Metro region with a CET; however, other jurisdictions, including Milwaukie, are considering a CET.	The State’s Local Innovation and Fast Track (LIFT) program is funded by \$40 million GO bond committed by the state legislature in 2015. In 2016, the City of Portland passed a \$258 million bond—the largest housing bond ever passed by Portland voters, with a price point of \$75/voter/year—focused on building or preserving 1,300 units of affordable housing over the next 5-7 years.

### Feedback from Local Jurisdiction Staff

In August, Metro Planning staff met with planning, community development, and housing authority directors from across the region to discuss their perspectives on the need for regional approaches to funding and investment in equitable housing, and on the identified investment strategy options.

General themes included:

- There is widespread recognition among staff and elected leaders that housing affordability is a regional challenge that requires regional solutions. Participants expressed general support for Metro to convene a conversation about opportunities.
- Several participants expressed concerns about fair allocation of resources and the need for strong local participation in the design and/or administration of new investment programs. Additional concerns were raised about the need to align new program criteria with existing funding programs to avoid creating another layer of complexity for the already challenging process of lining up multiple funding sources to make affordable housing projects pencil out.
- Across the region, city and county staff are being directed by their councils to identify new policy and funding solutions to address growing local concerns about homelessness, displacement vulnerability for renters, and the need for permanently affordable housing to serve households at a range of income levels—from growing houseless populations to the local workforce.

- Smaller jurisdictions feel they lack the technical capacity to facilitate affordable housing development and expressed interest in a regional technical assistance program, whereas several larger jurisdictions felt they had significant staff expertise but lacked the resources and in some cases the staff capacity for implementation.
- Staff from different jurisdictions expressed interest in having a range of program elements included to allow for optimal customization in making investments that serve local needs. Some jurisdictions might be interested in a full range of tools and approaches, while others might only be interested in specific program elements.

Themes related to how the strategies described in Attachment A might relate to identified needs and existing programs or gaps to address them included:

- Nearly everyone we spoke with expressed concerns about the need for new solutions to address growing homelessness challenges. Housing authorities saw an opportunity to combine new gap financing with their existing federal rental assistance vouchers and align investments with social services to develop new permanent supportive housing for service-dependent low-income households.
- Housing authority staff also identified a growing need for flexible funding to fill the widening gap for traditionally financed affordable housing projects at 30-60% AMI. Current projects in the pipeline have been experiencing delays due to rising construction costs and uncertainty among tax credit equity investors.
- City and county staff saw an opportunity for coordination between regional housing and transportation funding discussions. Several participants pointed to opportunities for land acquisition and preservation in the SW Corridor.
- Jurisdictions with a lot of naturally occurring affordable housing expressed interest in a preservation strategy that would improve habitability of units while also protecting affordability.
- Several participants saw an opportunity for developer incentives to support inclusion of 60-80% AMI rental units in new market rate development to support mixed income buildings. Even in locations where most market rate development is currently affordable at 80% AMI or below, staff saw an opportunity to bring more income diversity to neighborhoods while also protecting long-term affordability in the face of anticipated market change.

Participants also identified three areas not included in the strategies summarized in *Attachment A*:

- In addition to general preservation strategies, several participants specifically pointed to the need to stabilize communities in mobile home parks. New state resources have been dedicated to this issue, but several participants felt it merited additional consideration as part of a regional strategy. This is something we would like to further explore in the next phase of this work.
- Several participants talked about the need to broaden access to homeownership both through the development of more modest “missing middle” housing options and through targeted homeownership assistance programs. Such a strategy would be supported to some extent by a CET due to the requirement that 15% of funding be allocated to the state to provide down payment assistance.
- Several participants, particularly in Clackamas County, pointed to the need for new solutions to provide temporary housing for the homeless, and more regional coordination around services for the homeless. We believe there is an opportunity to explore how a regional investment program could support homelessness efforts. With regard to coordination of services, the HUD regional field office could potentially serve as a regional coordinator.

Finally, feedback related to revenue approaches included:

- Some jurisdictions had concerns about the potential impacts of construction excise tax on development, given rising construction costs and already high system development charges (SDCs). At the same time, jurisdictions in Washington County have been fielding increasing inquiries from private developers following adoption of Portland inclusionary housing policy, which may create additional appetite for development outside of Portland.

Based on this feedback, we believe there is general support for the list of strategies described in Attachment A, but recommend continued engagement with city, county, and housing authority staff—as well as with a broader range of stakeholders—to design a program that will serve a wide range of needs and local contexts.

### **Racial Equity Approach and Proposed Next Steps**

Based on the findings presented above and our discussions with internal and external stakeholders, we recommend the following next steps for staff to move forward with developing a draft regional investment program proposal.

*Racial Equity Analysis.* Over the next several months, staff will work with internal and external partners to identify how efforts to advance regional affordable housing can best align with Metro’s adopted racial equity strategy and provide maximum benefit to residents of color in our region while still complying with federal fair housing law. Strategies designed to increase access to housing for residents with lower incomes do provide some targeted benefit to people of color, who experience disproportionate levels of low income compared to white populations; yet more can and should be done to explore how regional affordable housing revenue and investment strategies can maximize benefit to people of color. We will explore multiple next steps, including engagement, collaborative partner dialogue, and analysis to understand the potential equity impacts of revenue and investment strategy decisions, and to ensure that a racial equity lens approach is applied to these discussions. This information will be used to inform next steps and recommendations and will support existing timelines and program development.

*Investment Strategies and Tools.* Based on feedback from local jurisdiction staff, we recommend additional consideration of how mobile home park preservation and homeownership assistance might factor into a regional investment approach, and additional consideration for how a regional housing investment program could be aligned with homelessness efforts across the region. More targeted research is also needed to understand the best scale and targeting for a land acquisition and/or acquisition of naturally occurring affordable housing program.

*Revenue Options.* Further cost-benefit and legal analysis is necessary to understand the impacts of potential revenue tools and their implications for program development. Political feasibility research is also recommended to understand the viability of each of these strategies.

*Stakeholder Engagement.* On September 13, staff will present an update on this work to the Metro Policy Advisory Council (MPAC). We will also continue to engage city and county planning and community development staff and public housing authority staff, for-profit and non-profit developers, and funders and lenders to better understand their perceptions

about how a regional strategy could respond to local needs and align with existing programs. Key stakeholders include:

- City and county community development and housing departments
- Local council and policy staff
- Public housing authorities
- Oregon Housing & Community Services (OHCS)
- Funders and community development finance institutions, including Network of Oregon Affordable Housing, Community Housing Fund, and Enterprise Community Partners
- Foundations, including Meyer Memorial Trust
- Private developers and nonprofit affordable housing developers
- Social service providers
- Advocacy groups and coalitions working on housing and equity issues, including the Welcome Home Coalition and Washington County Thrives Initiative
- Community leaders representing vulnerable communities, including partners on Metro's adopted Equity Strategy
- SW Corridor Equity & Housing Advisory Group

*Council Next Steps.* While staff is seeking Council direction to proceed with next steps to further research and analyze the most feasible and effective ways for Metro to play a role in addressing our region's affordable housing needs, we are also seeking Council's input on how our efforts at the financial and programmatic level can be best coordinated with the Council's outreach and engagement with key stakeholders across the region on this issue. How can staff's work best support and integrate with the leadership and communication efforts of Council on this issue as well as on related funding issues? Are there key stakeholders that Council wants to share this work with to seek feedback and input? As we work to explore an important new approach to accomplishing the 2040 Vision, staff recognizes how important it will be for Council to set the stage for this work and we want to ensure all of our efforts are coordinated with yours so that we're all more effective.

## Attachment A: Preliminary Analysis of Potential Equitable Housing Investment Strategies and Program Options

August 28, 2017

The below summary describes three potential investment strategies that have been evaluated by Planning staff with economic and analytical support from David Rosen & Associates. Within each strategy, you will find description of specific program options that could be included, advantages/challenges of the overall approach and specific tools, other resources that could be leveraged, operational considerations, and additional research needs.

In order to respond to the range of needs and contexts across the region, we anticipate that a regional equitable housing investment program would incorporate all three of the below strategies described below—each likely including multiple programmatic options targeting different income levels. Most of these programmatic options are fairly scalable; however, start-up and overhead costs will vary. All strategies and program options would benefit from alignment with and leverage of existing affordable housing funding and investment programs.

More detail on the specific program options described within these strategies is available in the attached table.

### **Strategy #1: Anti-displacement and community stabilization (land/building acquisition)**

***Program Elements:** Land acquisition, acquisition and rehabilitation of existing regulated and unregulated affordable housing, and gap financing to create or preserve housing opportunities for households at 0-80% of area median income (AMI) in locations with high displacement risk and/or access to transit, opportunities, and amenities.*

In order to create and preserve affordable housing in locations with high displacement vulnerability and strong value capture potential from planned public investments (such as new transit corridors) or anticipated market changes, this strategy could include both land acquisition for new construction of affordable housing and funding for acquisition, rehabilitation, and preservation of existing regulated and unregulated affordable housing. Given the multi-dimensional nature of displacement vulnerability, a regional approach could ensure that investments are made within a comprehensive regional framework that is grounded in an equity approach, while also being tailored to geographic dynamics and responsive to local challenges and specific site opportunities.

This strategy provides flexibility to respond to variations in market dynamics over time and across different submarkets. In the short term, it provides the ability to respond to displacement pressures, helping to protect tenants from rent increases and address habitability issues in existing naturally occurring affordable housing. In the medium and long term, it provides opportunities to ensure that the benefits of public investments in transportation, parks, and economic development are captured for vulnerable, historically underserved groups by acquiring land in key locations, such as new transit corridors or growing employment centers.

For projects affordable at or below 60% of AMI, also provides opportunities to leverage 4% Low Income Housing Tax Credits, an underutilized, noncompetitive federal resource. Additional gap financing would be required to support higher density projects (for the land acquisition strategy) and projects in higher cost locations (for the preservation strategy).

*Alternative Approach.* A preservation strategy targeting moderately affordable housing could be supported by an affordable housing preservation loan fund created through in partnership with banks, community development finance institutions, foundations, and other public agencies, similar to the model presented by the Twin Cities' NOAH Impact Fund. Because private investors would likely require a limited return, this strategy would more appropriately target housing that is slightly below market, affordable to households with incomes between 60 and 100% of AMI. Due to the higher income targets, such a strategy would not be eligible to leverage noncompetitive 4% Low Income Housing Tax Credits. Meyer Memorial Trust is currently exploring a real estate investment trust to invest in preservation of naturally occurring affordable housing. Network for Oregon Affordable Housing (NOAH) has an existing \$31 million acquisition loan program. Given these existing regional resources and discussions, and given the time it would take to develop a loan structure that would meet all partners' needs in terms of risk tolerance and expectations for return, we do not believe creation of a multi-partner loan structure is the best focus for a new regional effort. However, there is opportunity to work with these and other partners to explore coordinated investment strategies for preservation, or to generate new regional resources to invest in an existing fund.

*Operations.* Land acquisition aligns with existing activities within Metro's Transit Oriented Development (TOD) program, such as the model used for the Furniture Store development at SE 82<sup>nd</sup> and Division in Portland. However, increasing activity at this scale would require additional legal and development staff capacity, as well as partnerships with other agencies to perform income monitoring and compliance. An affordable housing preservation strategy, on the other hand, would require more analysis of needs related to naturally occurring affordable housing and emerging best practices to design and implement an effective strategy; as well as discussions with existing funders working together on preservation of existing regulated affordable housing. Whether administered by Metro, by local jurisdictions, or by housing authorities, this strategy would likely take the form of grants to nonprofits to acquire and preserve existing projects that meet specific criteria.

*Additional research needs:*

- Displacement vulnerability mapping framework
- Analysis of naturally occurring affordable housing to understand capital needs, acquisition opportunities, and existing tenants
- Research on emerging best practices for preservation of naturally occurring affordable housing
- Analysis of existing funding/programmatic gaps for preservation of regulated affordable housing
- Analysis of racial equity impacts

## **Strategy #2: Flexible gap financing, homelessness prevention and deep affordability**

**Program Elements:** *Flexible gap financing to support traditionally financed projects at 0-60% AMI, which face widening subsidy gaps due to rising construction costs and uncertainty in the tax credit equity market. This strategy could be coordinated with housing authorities' project-based rental assistance vouchers to include some units with deeper affordability to serve households with incomes at 0-30% of AMI.*

A regional program could support existing state and federal programs to subsidize the development of deeply affordable housing aimed at helping households at a range of income levels from 0-60% of area median income. With an estimated regional deficit of 36,300, the greatest need for affordable housing is at the 30% AMI level and below. However, affordability at this level is really only achievable with a permanent operating subsidy such as rental assistance vouchers, of which there is a limited supply susceptible to federal budget cuts. Additionally, many households at or under 30% of AMI may require permanent supportive services which cannot be funded with GO bond proceeds.

Program elements targeting 0-30% AMI could specifically target investments to support individuals and families who are currently homeless or at risk of becoming homeless, as well as seniors and people with disabilities. It could include coordination with social service investments to provide permanent supportive housing for the most vulnerable, chronically homeless and service-dependent groups, including people with disabilities. The tradeoff of deep subsidies is that benefits are limited to a small number of people. Given that this approach relies primarily on existing federal funding, it presents limited opportunity to influence the location of future affordable housing and to coordinate housing investments in a way that responds to market pressures and captures value from planned investments in other forms of infrastructure.

*Alternative Approach.* An alternative approach that was considered but is not recommended would be to use a regional funding program to increase funding for rental assistance. Staff do not recommend rental assistance for a regional investment program because this tool requires a permanent ongoing funding stream at a scale best supported by the existing federal voucher program, and because it doesn't increase the supply of permanently affordable housing units.

*Operations.* A gap financing program has a fairly low administrative burden and could be administered by Metro or by a local jurisdiction or housing authority. There is less overlap with other Metro programs and policy frameworks, so it is unclear what advantage regional administration would have over local administration. Because this program primarily targets existing units under construction, there is limited value in regional coordination beyond the pursuit of a shared revenue source. One approach might be to use new resources to offset the cost of local affordable housing incentives such as tax exemptions and fee waivers.

### *Additional research needs:*

- Analysis of existing federal, state, and local financing tools, and existing project pipeline, that a gap financing program would complement
- Analysis of existing social services capacity to complement investments in permanent supportive housing
- Analysis of racial equity impacts

### **Strategy #3: Mixed income communities and shallow subsidy**

***Program Elements:** Financial incentives for inclusion of affordable and “below market” units, typically 60-80% AMI, in new private market residential developments. Incentives could be tailored to local community needs in terms of what income level is served and whether the program is more targeted at private or nonprofit developers.*

A regional strategy could provide scalable financial incentives to support development of “below market” (typically 60-80% AMI) units in new transit oriented developments for which market rents typically run 80-120% AMI or higher. Such a strategy could offset the cost for developers to provide reduced rents for a fixed term. Essentially, this would serve as a voluntary inclusionary housing program—except in locations where jurisdictions have adopted a mandatory inclusionary zoning requirement, where it would serve as an additional incentive for developers to participate. Such a tool would need to be calibrated to local market conditions, but could be a key tool to support income diversity in high-opportunity locations—something which has been shown to lead to better economic and health outcomes among low- and moderate-income residents. There are currently limited existing local, state, and federal resources that support development of housing affordable at these income levels.

In comparison to other programs that leverage traditional federal, state and local funding for affordable housing, investing in moderately affordable or “below market” housing would make it easier to leverage private investment. It would provide a measure of affordability relief to a greater number of people in more locations distributed throughout the region; however, this strategy does not target the income levels where need is greatest. Our analysis does not show any deficit of housing at 50-80% AMI, however, people in this income category “rent down”, therefore exacerbating the shortage of 0-60% units<sup>1</sup> A developer incentive program could help to round out a regional investment program to support the creation of housing at a range of affordability levels, and to leverage private investment to support our policy objectives.

*Operations.* Metro’s Transit Oriented Development program staff have the expertise to administer an incentive program, and some local agencies have staff capacity to administer a program, but might benefit from technical assistance. Such a program would pose a higher administrative burden to monitor income compliance for a large number of units, so would likely require a fee-for-service partnership with housing authorities or another third party to perform income verification and monitoring.

*Additional research needs:*

- Regional sub-market analysis to understand sensitivity to various incentives

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<sup>1</sup> 2010-2014 Comprehensive Housing Affordability Strategy database (CHAS), U.S. Department of Housing and Urban Development (HUD) and U.S. Census American Community Survey (ACS).



Strategy	Program Component	Hypothetical maximum target affordability** and locations	Hypothetical rental units produced per \$1M invested	Existing finance tools that could be leveraged	Strengths	Limitations
Anti-Displacement and Community Stabilization (Land/Building Acquisition)	<b>Land Acquisition</b> Metro could acquire land for affordable housing development in high-opportunity locations that are well served by transit and make it available to affordable housing developers and land trusts through a competitive process. This strategy could include a gap financing component to make higher density construction types pencil out.	60% AMI Medium cost areas where affordable housing developers are outbid by market rate developers	Land for 29 units (\$35,000 per unit)  Land and construction of 17 units (\$60,000 per unit) (1)	<ul style="list-style-type: none"> <li>4% and 9% Low Income Housing Tax Credits (LIHTC)</li> <li>Oregon Affordable Housing Tax Credits (OAHTC)</li> <li>Metro TOD funds</li> </ul>	<ul style="list-style-type: none"> <li>Ability to deliver affordable housing in areas with good transit and other opportunities</li> <li>Flexibility to respond to variations in market dynamics</li> <li>Leverages readily available 4% LIHTC to cover approximately 30% of construction costs</li> <li>Ability to use competitive RFQ process to get best projects from non-profit and for-profit developers</li> <li>Metro experience with this model (TOD Program Furniture Store acquisition)</li> <li>Strong role for regional coordination</li> </ul>	<ul style="list-style-type: none"> <li>Requires sufficient regional gap financing capacity to ensure that land is able to be developed after it is acquired</li> <li>Construction types beyond wood frame construction would require additional subsidy</li> <li>Requires staff and broker capacity to identify sites and negotiate with property owners</li> <li>Lack of a substantial amount of transit served vacant properties.</li> <li>RFQ process leads to long timelines from acquisition to delivery of new affordable units</li> </ul>
	<b>Acquisition/preservation of naturally occurring affordable housing</b> Grant funding to housing authorities, non-profit developers, and land trusts to acquire and preserve naturally occurring affordable housing in locations with high vulnerability for economic displacement.  An alternative approach would be to create a structured, multi-partner fund to provide low-cost loans. While this approach could help catalyze broader collaboration, it is not recommended due to existing partner efforts and the time that would be required to create a fund that met all public and private investors' needs in terms of tolerance for risk and expectations for return.	60% AMI Low (and medium) cost areas expected to experience rising rents and medium cost areas (larger subsidy required)  80% AMI Low cost areas experiencing rising rents and medium cost areas	40 units (\$25,000 per unit) (2)  100+ units (3)	<ul style="list-style-type: none"> <li>4% Low Income Housing Tax Credits (LIHTC)</li> <li>Network of Oregon Affordable Housing (NOAH) Acquisition Loan program</li> </ul>	<ul style="list-style-type: none"> <li>Ability to target areas and populations at risk of displacement</li> <li>Ability to coordinate with transit planning</li> <li>Leverages readily available 4% LIHTC to cover approximately 30% of acquisition and rehab costs</li> <li>Potential to support rehabilitation and permanent affordability in poorly managed or deteriorated properties</li> <li>Relatively simple to administer and scale up</li> <li>Strong role for regional coordination</li> </ul>	<ul style="list-style-type: none"> <li>Much larger/prohibitive subsidy required where market rents are substantially higher than restricted rents</li> <li>Affordability below 60% AMI requires additional subsidy or sources</li> <li>Traditional funding is biased toward new construction; lack of focus on preservation (particularly of NOAH)</li> <li>Acquisition and rehabilitation of occupied buildings requires skilled and experienced partners.</li> </ul>
Flexible gap financing, homelessness prevention and deep affordability	<b>Gap Financing for deeply affordable housing</b> Gap financing to affordable housing developers to close the financial gap for existing affordable housing projects at 60% AMI, or to buy deeper affordability to reduce rent in planned or existing LIHTC projects from 60% AMI to 30% AMI.	30% AMI Existing or planned affordable projects throughout region  60% AMI Medium cost areas where affordable housing developers are outbid by market rate developers	13 units (\$75,000 per unit) (4)  17 units (\$60,000 per unit) (1)	<ul style="list-style-type: none"> <li>4% and 9% Low Income Housing Tax Credits (LIHTC)</li> <li>Oregon Affordable Housing Tax Credits (OAHTC)</li> <li>Rental assistance</li> </ul>	<ul style="list-style-type: none"> <li>Serves most vulnerable population</li> <li>Potential to coordinate with social services and rental assistance to provide permanent supportive housing</li> </ul>	<ul style="list-style-type: none"> <li>Does not create additional units</li> <li>Lowest income tenants would still need rental assistance vouchers or income source to afford 30% AMI rents</li> <li>Limited role for regional coordination</li> </ul>
	<b>Mixed Income Communities and Shallow Subsidy</b> <b>Financial incentives for mixed-income housing</b> Financial incentives for private developers to include affordable units in otherwise market rate projects located in high-opportunity areas that are well served by transit.	80% AMI Greatest impact in higher cost areas with inclusionary zoning (IZ)	29 units (\$85,000 per unit) (5)	<ul style="list-style-type: none"> <li>Private investment</li> <li>Metro TOD funds</li> </ul>	<ul style="list-style-type: none"> <li>Supports mixed-income buildings. Mixed income communities have been shown to lead to better economic and health outcomes for low-income households</li> <li>Leverages private investment</li> <li>Potential to support mandatory inclusionary zoning (IZ) program</li> <li>Spreads affordability throughout the region</li> </ul>	<ul style="list-style-type: none"> <li>Absent mandatory IZ policy, must pay developer full cost of difference between market and affordable rent, leading to high cost per unit in expensive markets.</li> <li>Requires market analysis to ensure that incentives are properly calibrated for varied local market conditions</li> <li>High administrative burden due to the need to monitor compliance across a larger number of units</li> </ul>

\*Deeper affordability or higher cost areas would require more subsidy per unit.

\*\*Target affordability levels reflect maximums for hypothetical unit production estimates. It is anticipated that a program would actually target income ranges (e.g., 0-30% AMI, 30-60% AMI, 60-80% AMI).

(1) Based on estimated land cost of approximately \$35,000 per unit (and full gap subsidy for development of \$60,000 per unit affordable at 60% AMI), assuming new construction of wood-frame low rise flats (Prototype 2), medium cost scenario, 4% tax credit leverage (no basis boost).

(2) Based on estimated gap subsidy of approximately \$25,000 per unit for acquisition of existing multifamily units affordable at 60% AMI assuming: 50% each 1 BR and 2 BR units, medium cost scenario, 4% tax credit leverage.

(3) Based on estimated gap subsidy of approximately \$7,000-\$10,000 per unit for acquisition of existing multifamily housing affordable at 80% AMI assuming: low to medium cost areas, no leverage.

(4) Based on estimated gap to bring a 60% AMI unit to 30% AMI, assuming: new construction of wood-frame low rise flats (Prototype 2), medium cost scenario, 4% tax credit leverage.

(5) Based on estimated gap to bring a market rate rental unit to 80% AMI assuming: 50% each 1 BR and 2 BR units, medium cost scenario, no leverage.

(6) Net present value at 6% discount rate of 60 year of rental assistance to bridge the gap from market rents to 30% AMI rents in middle cost areas assuming: 50% each 1 BR and 2 BR/2BA units. Average subsidy cost is \$363,700 per unit.

## CITY COUNCIL TESTIMONY

October 11, 2017

### Stakeholder Advisory Group Report Housing Bond

1. Intro: Margaret Bax 3435 NE 22<sup>nd</sup> · Retired Housing Policy Manager for City of Portland; former Emergency Room Nurse. Member of the Stakeholder Advisory Group

2. Thank you for allowing me and members of the community to provide input on the Bond Implementation Framework. We learned a lot from each other and about the people in our community who are usually left out of decision making, including those who are in desperate need of safe, affordable housing.

3. A significant challenge for the SAG was to make responsible recommendations regarding the bond without knowing the City's overall Housing Strategy or Plan. What the City's housing priorities are and what resources you have to address them. It became clear that there isn't one.

I believe that we, as a community, need to develop a Clear Strategic Housing Plan that sets priorities of what we intend to do over the next 3, 5, 10 years. With specific targets/goals for populations to be housed and includes income level and number of units by size. This Plan should consider all resources (money, land, tax credits, vouchers, etc) available and a strategy for maximal leveraging of all private and public resources.

It is appropriate for the City to provide the leadership for this effort as you control most of the local housing financial resources and you have the political mandate. However, the City does not need to, and should not, do this alone.

Please involve real meaningful community input from the people needing the housing and those who actually deliver the housing and services necessary for them to remain stable in their homes.

4. Portland has an impressive array of local community based non-profit housing providers who have been serving our community for decades. Most have received national recognition for successful, innovative, and cost effective programs. They are extremely valuable partners with deep connections to our neighborhoods, the business community, and service providers.

There were over 800 people yesterday at CCC's retirement lunch for Ed Blackburn's. They were current and former staff, volunteers, board members, neighbors, contractors, business rep's, hospitals and other service providers. These people reflect deep partnerships and relationships that have developed and been nurtured over many years. I saw people there that I hadn't seen in years come out to honor and celebrate Ed and CCC's work. Each of our non-profit CDC's has these broad based community partnerships and long-time supporters and they are all working every single day to provide housing and the necessary services to the most vulnerable people in our City.

**In my opinion, these CDC's, along with Home Forward, should be much more involved in the City's planning, building, operating and managing of the housing developed with bond and other city resources.**

The City cannot come close to solving our housing and homelessness crisis alone. Please reach out to and involve the community more. The Bond SAG was a good effort. Please do more. We have been the most successful this community when we are inclusive and work together.

Thanks again for allowing me to participate and for your time today.

## **PDX Affordable Housing Bond**

Mayor Wheeler and Council Commissioners, for the record my name is Emily Berndt, Director of Partnerships for 211info. 211info is a nonprofit that provides referrals to health and community services to people in Oregon and Southwest Washington, using a continually updated database of 35,000 services. Last year we had more than 700,000 contacts via phone, text, email, our mobile app and our website.

- As a member of the Welcome Home Coalition, we appreciate the Council's commitment to addressing our growing housing crisis and their commitment to increasing the supply of affordable housing, especially supportive housing.
- 211info works in partnership with the Welcome Home Coalition, and we also supply data and trends information to stakeholders throughout the State of Oregon.
- Today I am here to present our most recent housing report for Multnomah County. The report shows that 40% of our Multnomah County callers have contacted 211info because they are at risk of losing their housing. The top service requests are rent payment assistance, shelter availability, transitional housing as well as low-income subsidized housing.
- Going through the report, you will see that we collect age, gender, monthly household income, size of household and other information necessary for eligibility determination for programs. As you can see, 36% of rent payment assistance requests were from people who identified as African-American/Black. The report also contains a breakdown of zip codes related to housing requests.
- 211info is a point of entry for community members to contact when they need a range of services. People who are calling are typically not homeowners, and they are trying to remain in their rental housing. We hear stories from callers every day about the lack of affordable housing. Many of our callers are experiencing hardships that lead to housing issues. We hear from people who are sick, people who have unexpected bills, and whose utility expenses and rents have increased. They often hope to stay in the neighborhoods where their children attend school, but they can't find anywhere in the city where they can afford rent.

Thank you for this opportunity to present our housing report and show support for the Welcome Home Coalition's mission and vision. I am available if you have questions or need more information.

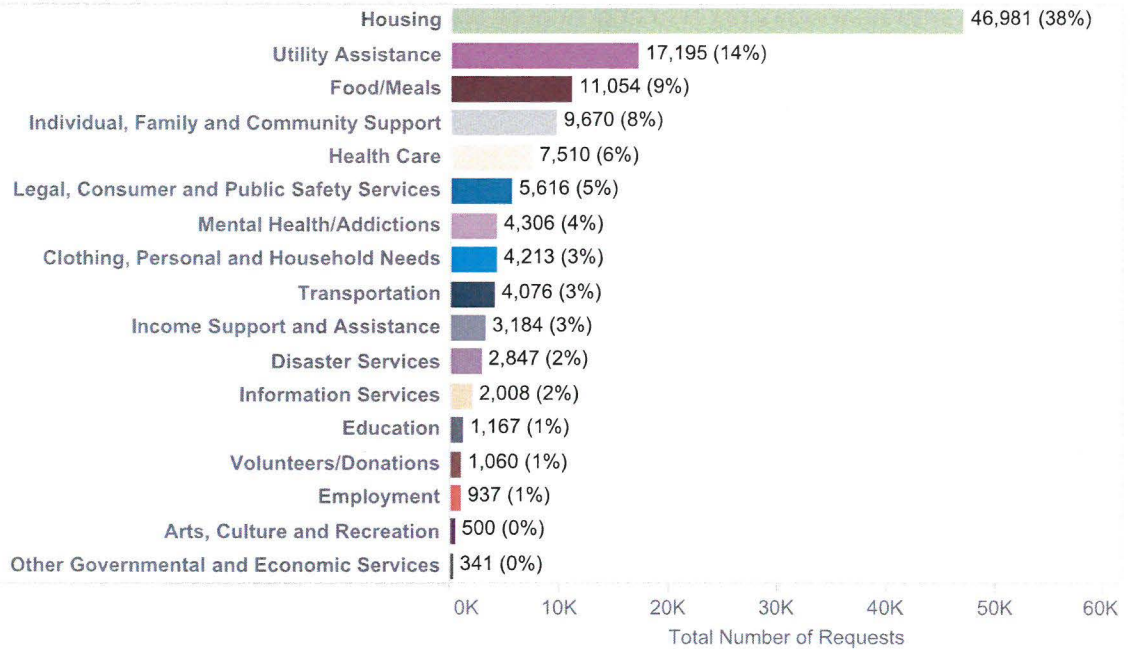
# HOUSING SERVICE REQUESTS

Multnomah County, Oregon  
July 1, 2016 - June 30, 2017

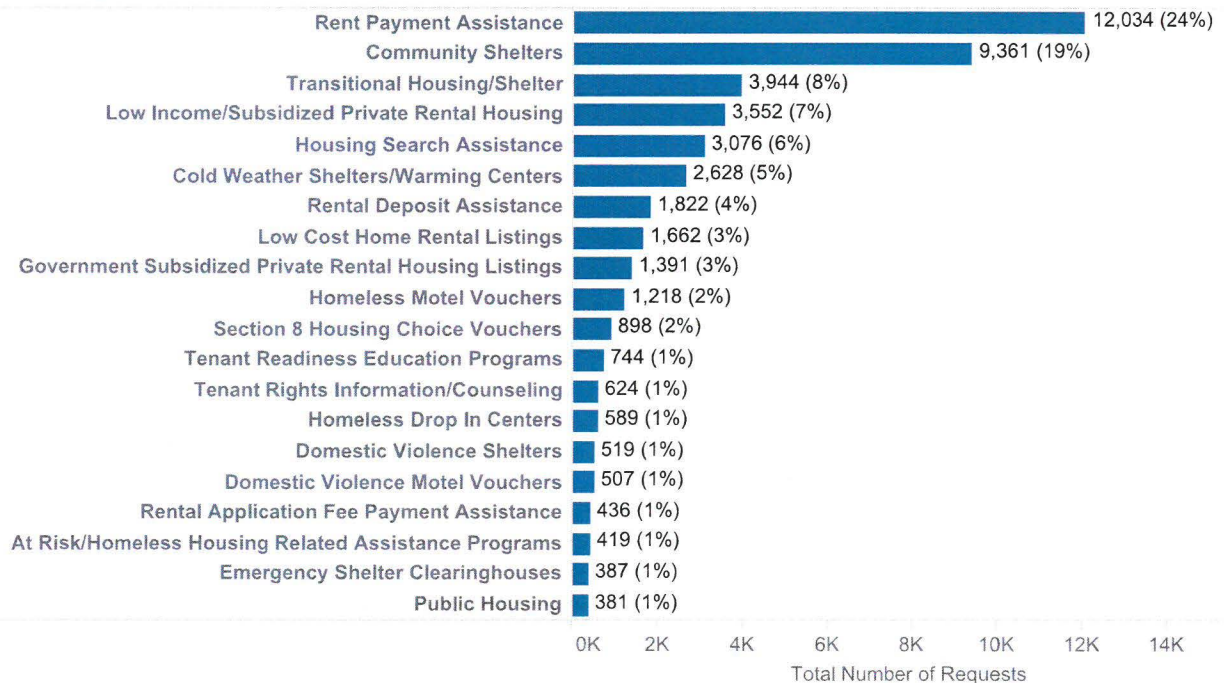


There were 122,665 contacts across 211info's call, text, email, web search, and mobile app referral platforms. Of those contacts, 38% requested housing-related services in Multnomah County. The top 20 distinct housing-related services are listed below, with 24% of contacts requesting rent payment assistance.

## Number of services requested across all contact types, grouped by problem need



## Top 20 housing-related service requests



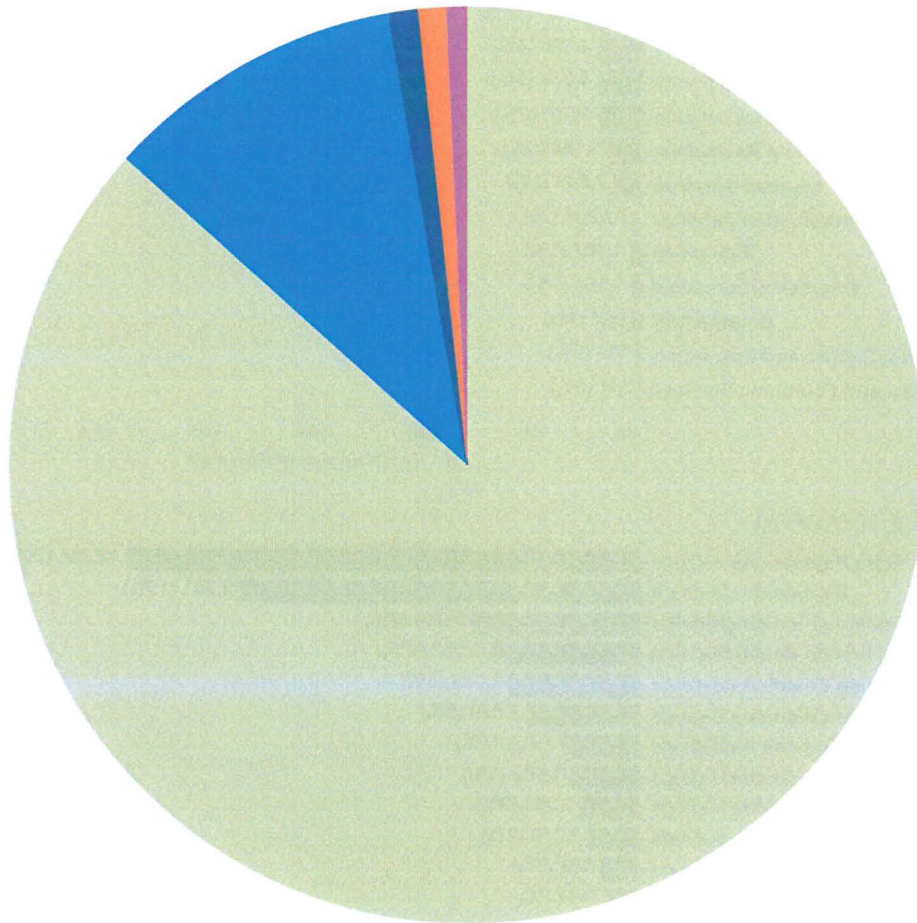
# HOUSING SERVICE REQUESTS

Multnomah County, Oregon  
July 1, 2016 - June 30, 2017



The majority of housing-related requests in Multnomah County were generated from the City of Portland.

Percent of contacts requesting housing-related services by city



Portland	87.4%
Gresham	10.1%
Troutdale	1.0%
Fairview	0.9%
Other	0.8%



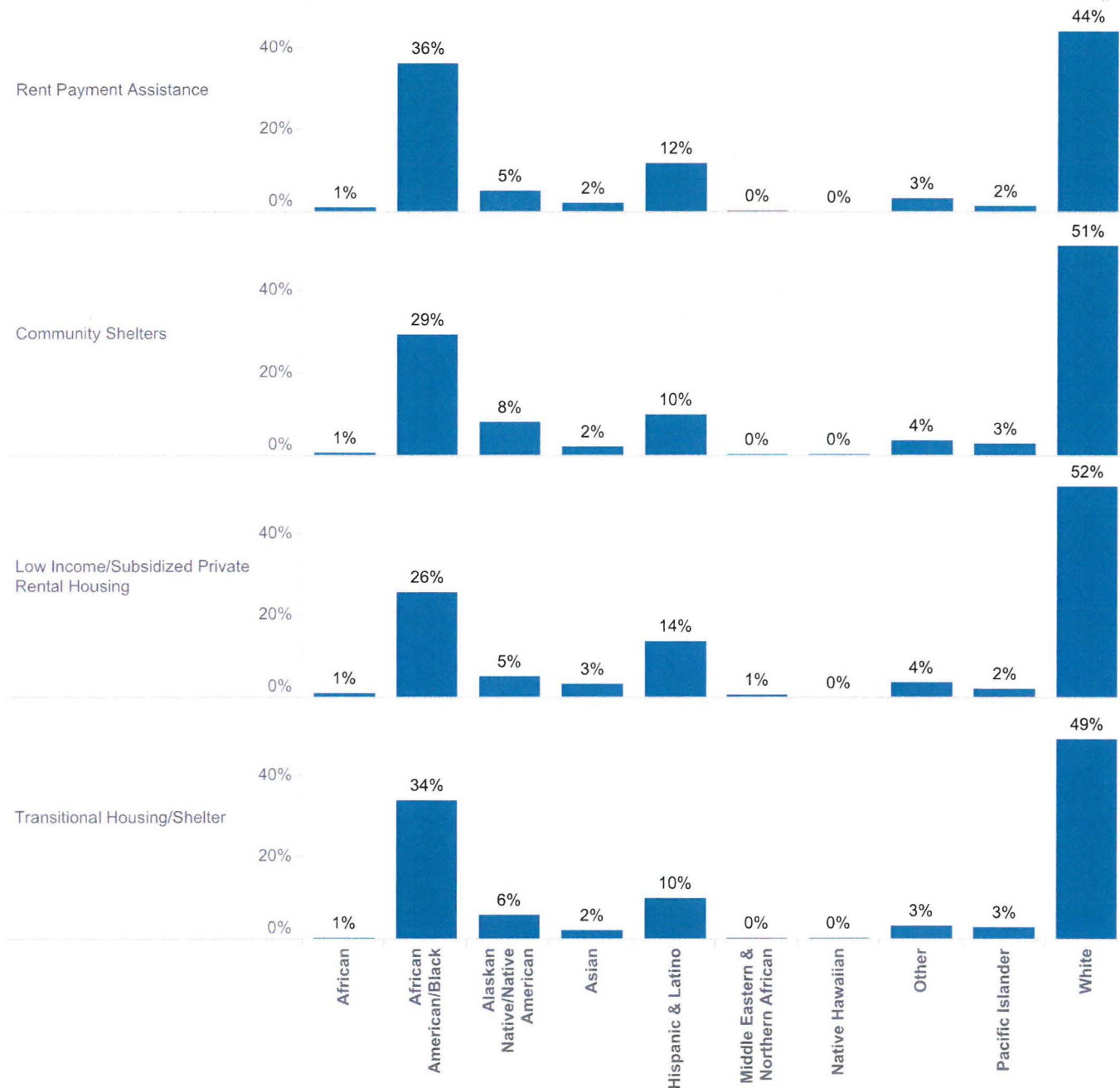
# HOUSING SERVICE REQUESTS

Multnomah County, Oregon  
July 1, 2016 - June 30, 2017



Housing was the greatest need for individuals across all races and ethnicities. However, housing need requests were disproportionate when compared between races and ethnicities. For example, 36% of all rent payment assistance requests were made by contacts who self-identified as African American or Black.

## Top 4 housing-related service requests, segmented by race and ethnicity

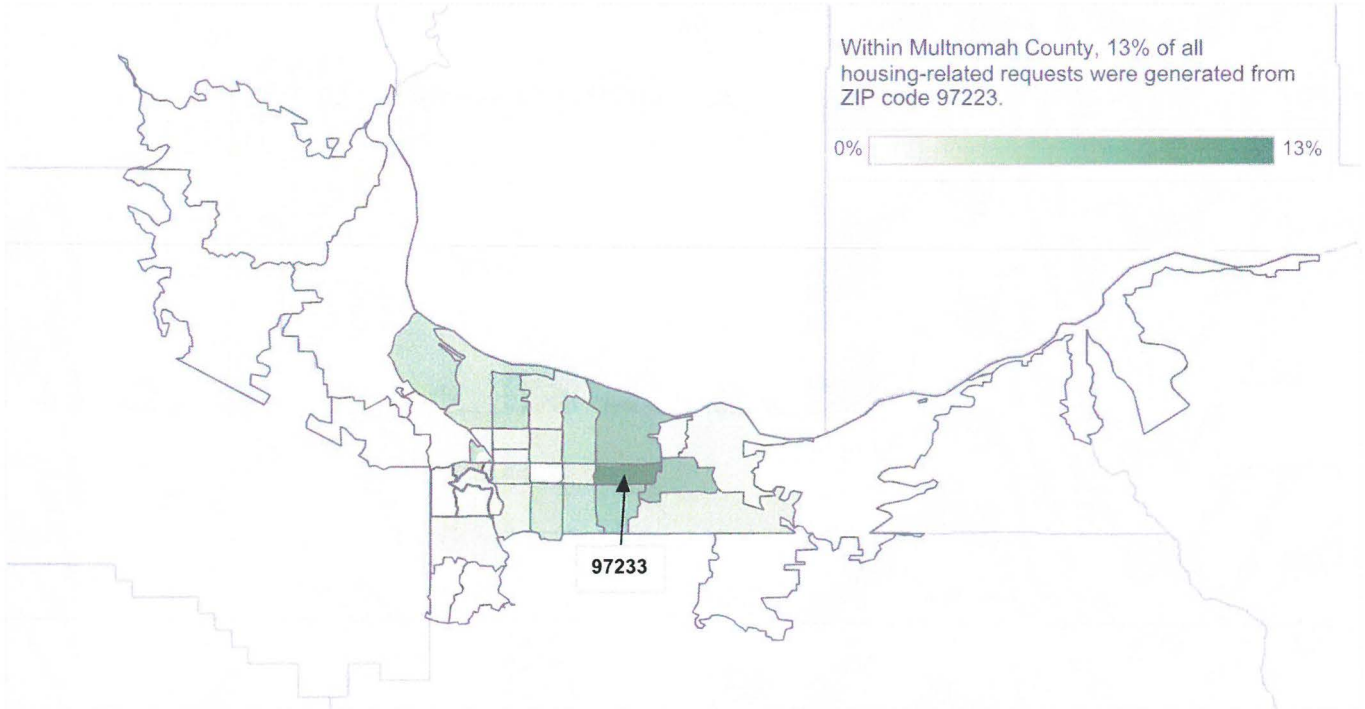


# HOUSING SERVICE REQUESTS

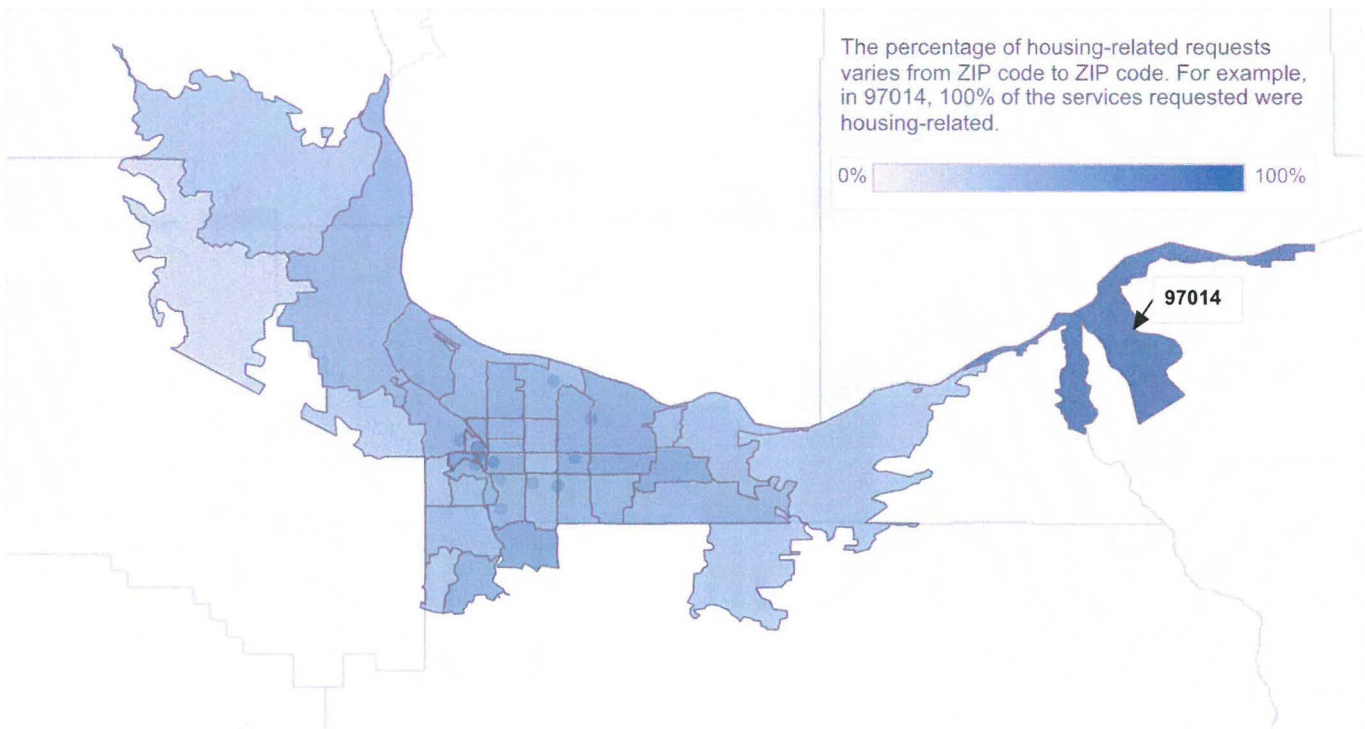
Multnomah County, Oregon  
July 1, 2016 - June 30, 2017



Percentage of housing-related need requested across Multnomah County by ZIP code

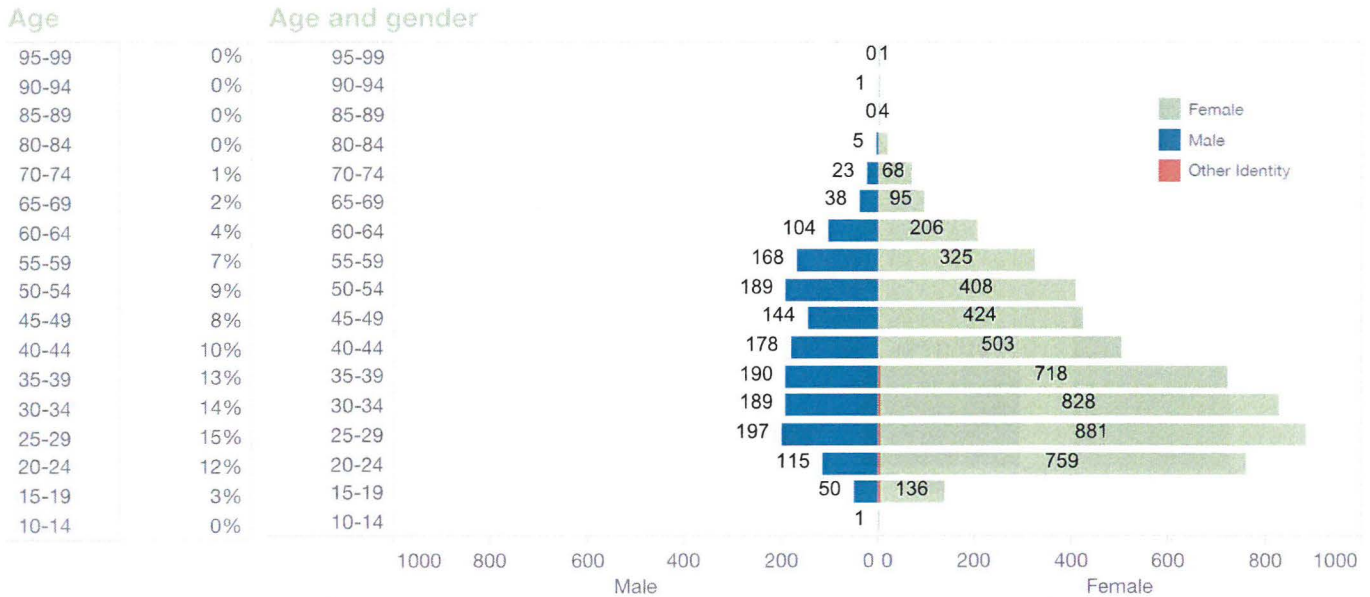


Percentage of housing-related need requests within each ZIP code

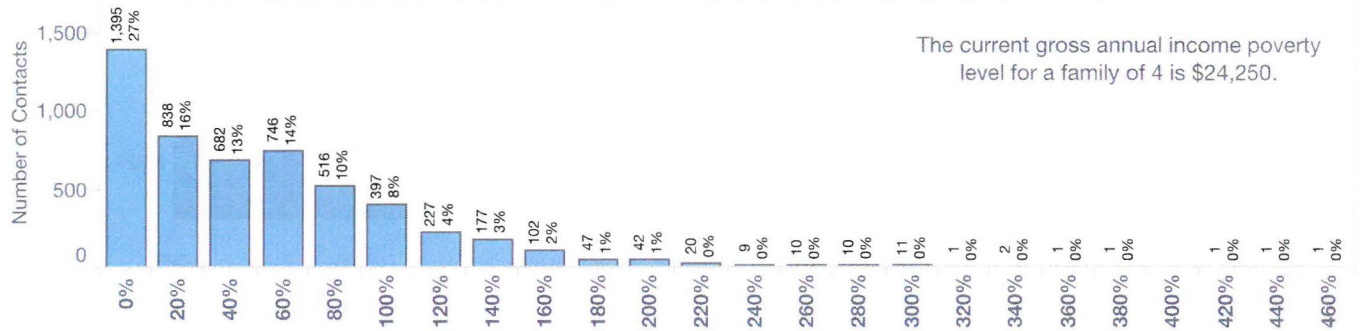


# HOUSING SERVICE REQUESTS

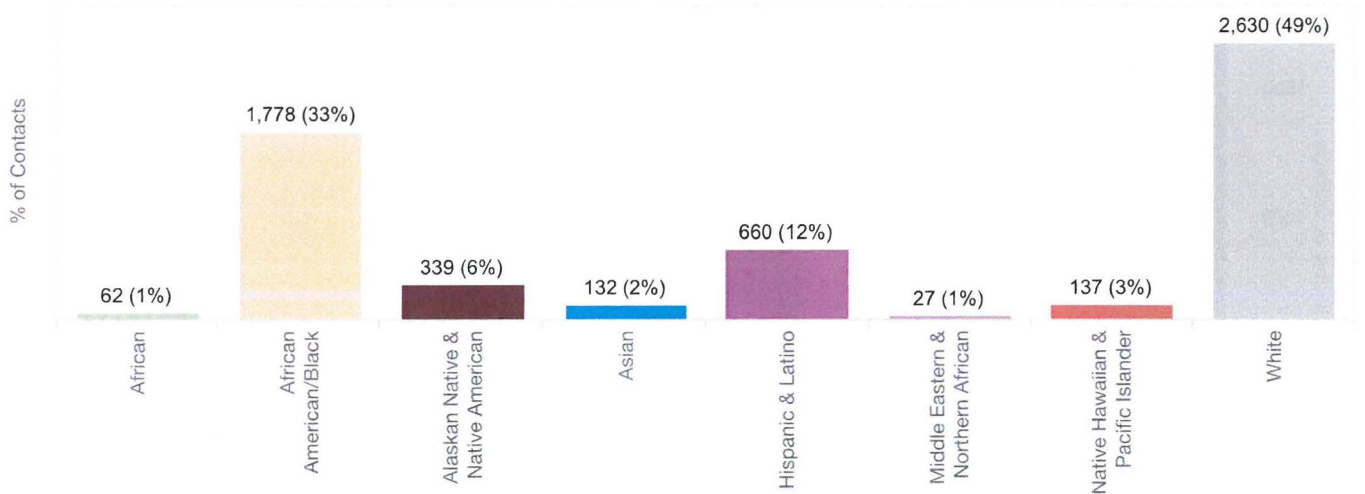
Multnomah County, Oregon  
July 1, 2016 - June 30, 2017



## Income, as a percentage of the poverty level



## Race and ethnicity



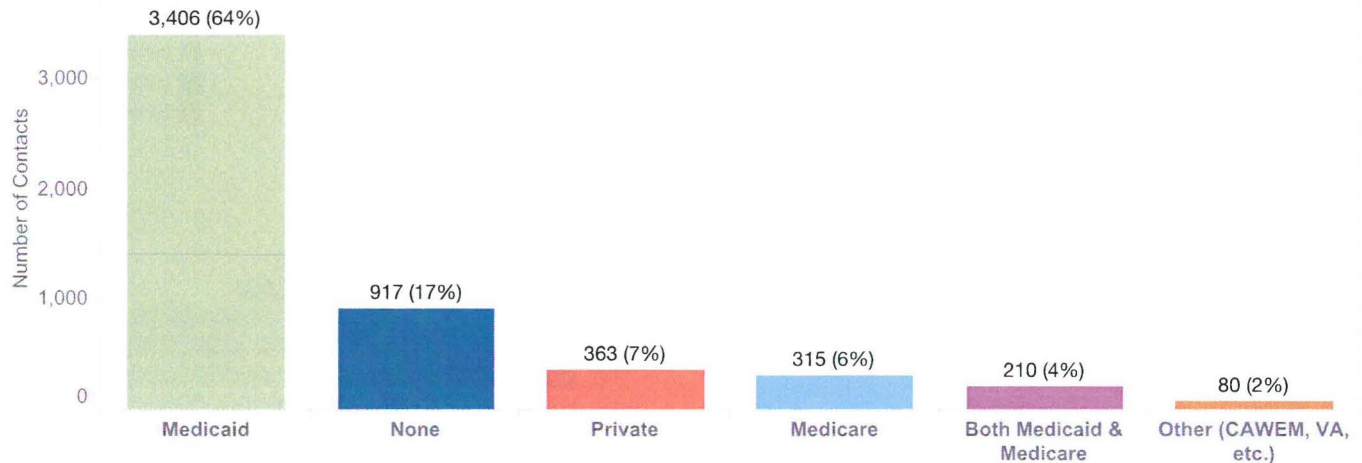


# HOUSING SERVICE REQUESTS

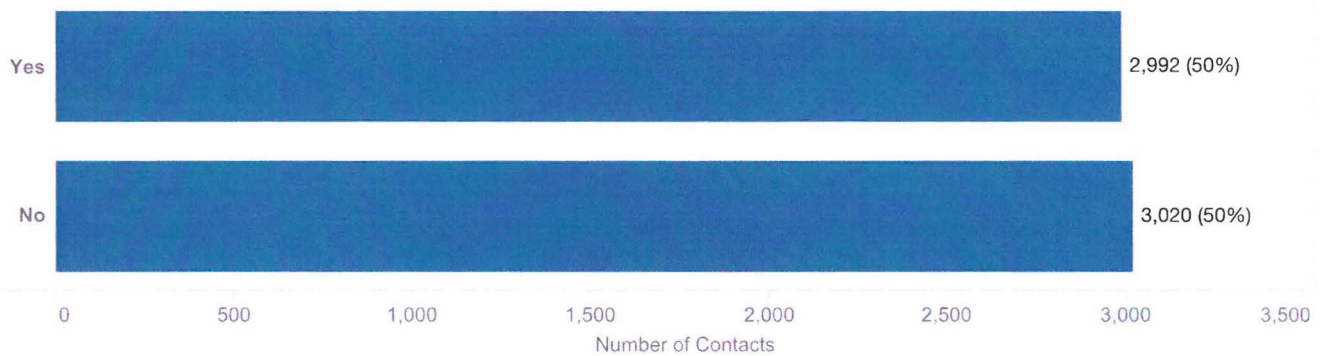
Multnomah County, Oregon  
July 1, 2016 - June 30, 2017



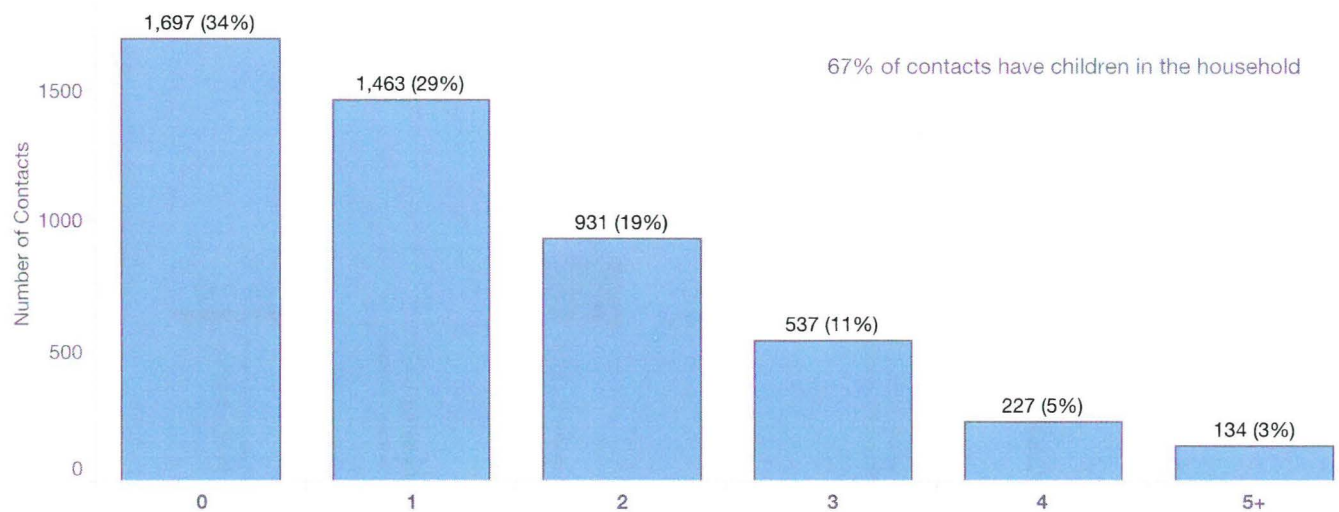
## Health insurance status



## Are you currently homeless?



## Number of children in the household



## Moore-Love, Karla

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**From:** Andy Miller <AMiller@humansolutions.org>  
**Sent:** Wednesday, October 11, 2017 3:27 PM  
**To:** 'tedwheeler@portlandoregon.gov'; Fish, Nick; Saltzman, Dan; Commissioner Fritz; Commissioner Eudaly; Council Clerk – Testimony  
**Cc:** Callahan, Shannon; Creager, Kurt; Chang, Jennifer; Alexander, Cupid; Valderrama, Andrea  
**Subject:** Affordable Housing Bond Framework

I had planned to come and provide testimony in support of the Affordable Housing Bond Policy Framework, but unfortunately a last minute schedule change derailed me. Instead, I offer the following to you as a summary of my thoughts as a member of the Stakeholder Advisory Committee, a member of the Welcome Home Coalition, a member of EPAP's Housing Subcommittee and a passionate housing advocate, developer and policy maker. I stand ready to work with all of you as a partner to continue to develop needed resources to meet the urgent housing needs in our community and to guide our investments to achieve the most significant impact on the families, neighborhoods and communities feeling the brunt of our housing and homeless crisis.

I applaud the work of PHB to facilitate an engaged process to develop a meaningful policy frame around this historic investment. The framework makes a strong commitment to racial equity and to serving the most vulnerable populations impacted by the trauma of displacement and homelessness. I strongly support the goals of the framework to produce at least 300 units of Permanent Supportive Housing and at least 600 units of housing affordable to our lowest income households with incomes at or below 0-30% MFI.

I did want to take this opportunity to call out a few of the many places where I feel we must pay close attention as we move forward to implement the bond framework and develop additional policies to guide our investments in affordable housing and neighborhoods:

- **Locational Priorities:** To achieve racial equity and to prevent displacement, we must invest in newly constructed, well-built housing in neighborhoods that have experienced historic disinvestment and are ripe for gentrification - even if those neighborhoods currently offer "low opportunity" as measured by the City's indices. I dissented a bit from some on the SAG on this part of the framework. I believe that we must demonstrate to marginalized communities living in areas of East Portland that we are prepared to invest public resources to build quality neighborhoods by developing well-built new homes in the neighborhoods that are now home to many of those communities. The market is eyeing these "low opportunity" neighborhoods for market rate development, and all of the evidence tells us that much of East Portland will likely increase in opportunity as defined by the City's indices in the near future. Our view on location must be dynamic and not static, lest we repeat past actions of not investing sufficiently in affordable housing in neighborhoods undergoing dynamic change.
- **Strategic Approach:** The Framework begins to sketch a rough outline of housing policy for the City – but it was developed relatively quickly and solely to implement the single resource of the Affordable Housing Bond. A clear and comprehensive plan to address the greatest housing needs in the City that covers the full spectrum of housing needs and that will target and guide our full range of resources is greatly overdue. I have heard that PHB is undertaking a community-informed update to its strategic plan – an effort many of us in the housing community have asked for, fully support and look forward to partnering in. From my perspective, that strategic approach needs to do much more than just address issues of supply – it must clearly align limited financial resources and policy development to address the critical housing issues of our day, including homelessness, displacement and the creation of healthy, inclusive, mixed-income neighborhoods.
- **Place-making:** When we put the bond in front of the voters, the Welcome Home Coalition emphasized the role of affordable housing as infrastructure. Well-built, well-designed affordable housing that is developed with community input and in conjunction with investments in conventional housing, economic development and

transportation assets can contribute to inclusive place-making. I encourage us all to revisit our nationally-recognized efforts at place-making and to incorporate deep affordability and a racial equity lens to grow healthy neighborhoods that embrace our economic and racial diversity. We should treat our investments in affordable housing as investments in place, in infrastructure and in neighborhoods. We should not simply create the most units for the lowest public investment – even in times of crisis. We should dedicate our resources to projects that contribute to making every neighborhood in Portland a beautiful, inclusive and thriving place.

- **Community Partnership:** I want to emphasize the portion of the framework in Section 8(B) that states that the City should leverage “partnerships that utilize and build upon existing development, ownership, and operating expertise and capacity to replicate existing local best practices.” The City has spent decades building and supporting an industry of nonprofits that work in partnership with community to create, own, develop and operate an inventory of affordable housing responsive to local needs. I urge the City to rely on our industry as it implements the bond and creates and operates additional units of affordable housing. Collectively, our nonprofit housing community has the experience, relationships and capacity to work closely with the City to ensure that we are successful now and for years to come.

Thank you.

**Andy Miller**  
**Executive Director**  
**Pronouns: He / Him / His**

*Human Solutions*  
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## Parsons, Susan

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**From:** Gwenn Baldwin <gwenn@baldwinconsulting.biz>  
**Sent:** Wednesday, October 11, 2017 2:06 PM  
**To:** Wheeler, Ted; Eudaly, Chloe; Fritz, Amanda; Commissioner Fish; Saltzman, Dan  
**Cc:** Council Clerk – Testimony; Chisek, Kyle; Finn, Brendan; Runkel, Marshall; Mike Kingsella (mkingsella@locusdevelopers.org)  
**Subject:** Oregon LOCUS letter re affordable housing bond framework  
**Attachments:** Oregon LOCUS Letter on affordable housing bond guidelines 10-11-17.pdf

Mayor Wheeler and Commissioners Eudaly, Fish, Fritz and Saltzman,

Oregon LOCUS appreciates the opportunity to comment on the affordable housing bond framework.

We look forward to working with you on this in the months ahead. gb

### **Gwenn A Baldwin**

strategic positioning — government relations

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# OREGON LOCUS

## Responsible Real Estate Developers and Investors

*an affiliate of Smart Growth America's national developer coalition*

### President

Sam Rodriguez  
*Mill Creek Development*

October 11, 2017

### Vice President

Dennis Allen  
*Urban One*

Portland City Council  
1221 SW 4th Avenue  
Portland, OR 97201

### Secretary/Treasurer

Tim O'Brien  
*Urban Asset Advisors*

Dear Mayor Wheeler and Commissioners Eudaly, Fish, Fritz and Saltzman:

### Board Members

Cassidy Bolger  
*Portland Lloyd Center  
Community, LLC*

Oregon LOCUS appreciates the opportunity to provide feedback on the affordable housing bond implementation framework. As the Oregon affiliate of Smart Growth America's coalition of responsible developers and investors, Oregon LOCUS supports policies that encourage walkable, compact development that is economically, environmentally and socially sustainable.

### Matthew Goodman

*Downtown Development Group*

Oregon LOCUS endorsed the affordable housing bond measure when it was on the ballot and urge moving forward with its implementation. This funding will help address some of Portland's most challenging and critically important affordable housing needs, including supportive housing.

### Jeremiah Jolicoeur

*Alliance Residential Company*

Once of the cornerstones of this framework is acquisition of land for permanent affordable housing, which Oregon LOCUS agrees is critical to a successful outcome. Oregon LOCUS supports the location priorities and urges the Portland Housing Bureau to coordinate with Prosper Portland and the Portland Bureau of Transportation to identify and pursue purchasing land adjacent to future infrastructure and economic development investments *before* these are investments are made. This will help ensure that housing in high opportunity areas is attainable for those at lower incomes, as well as maximize not only the amount of land that can be purchased, but also the equity going forward.

### Noel Johnson

*Cairn Pacific*

### Joel Kaplan

*Oregon Law Group*

Although Southwest Corridor represents one good opportunity, Oregon LOCUS encourages the City of Portland to look at the range of planned infrastructure investments funded by system development charges across all bureaus. Smart leverage of our investments in infrastructure through the built environment means supporting walkable, high opportunity neighborhoods while at the same time curbing displacement impacts.

### Wade Lange

*American Assets Trust*

### Michael Nagy

*Wood Partners*

### Peter Skei

*Specht Properties*

### Brad Schnell

*Greystar Real Estate  
Development*

Oregon LOCUS appreciates the opportunity to comment on the affordable housing bond implementation framework, and looks forward to working with you to ensure that its goals of equity, attainability and opportunity are achieved.

### Christe White

*Radler White Parks & Alexander  
LLP*

### Brian Wilson

*Mainland Northwest*

Sincerely,

### Kurtis Fusaro

*Gerding Edlen Development*

### Executive Director

Mike Kingsella  
[mkingella@locusdevelopers.org](mailto:mkingella@locusdevelopers.org)

Mike Kingsella  
Executive Director

## Moore-Love, Karla

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**From:** Erin Neff <erinkneff@gmail.com>  
**Sent:** Wednesday, October 11, 2017 6:36 AM  
**To:** Moore-Love, Karla  
**Subject:** Housing bond vote today 10/11/17

I agree with the Welcome Home Coalition's words about this housing bond:

The City of Portland is going in the right direction maintaining longevity and permanent covenants on communities and affordable housing. PHB's framework should seek permanently reserving land, while preserving existing properties to ensure individuals remain in their buildings.

PHB's production goals are lined up with priority communities to create equitable outcomes for families who need deeply affordable units, more specifically setting aside 600 units for families 0 – 30% AMI.

Passing the bond implementation framework in new areas of high opportunity while maintaining geographic diversity throughout the city will decrease the risk of communities being displaced. The City of Portland should focus on East Portland as an enriched region for opportunities in building and preserving affordable housing for diverse communities.

I encourage the City to create an accessible pathway for people with barriers to housing to be able to access bond-funded units.

I recommend the Council considers various housing types when preserving, purchasing, for example mobile homes.

To spread resources further, I encourage the framework acquires land from faith communities who support donating their property for affordable housing development. In addition, I suggest setting aside partial funds for purchasing land for mobile home parks to prevent displacement, and meet the demand for larger family-sized units.

Moving forward, out of the \$258 million, 7% will be toward administration costs; I recommend developing communication tools with PHB to engage community health workers and service providers in the decision-making process for land acquisition to expand transparency across communities.

Thank you,

Erin Neff-Minyard

St Johns neighborhood

**Parsons, Susan**

---

**From:** Anneliese Koehler <AKoehler@oregonfoodbank.org>  
**Sent:** Tuesday, October 10, 2017 2:17 PM  
**To:** Council Clerk – Testimony  
**Subject:** Oregon Food Bank comments on affordable housing bond framework  
**Attachments:** Oregon Food Bank testimony on affordable housing bond framework.pdf

Hello,  
Attached find Oregon Food Bank's written testimony on the affordable housing bond framework being heard tomorrow at 2pm.

Please let me know if you have any questions.

Thank you!  
Anneliese

Anneliese Koehler | Public Policy Advocate | OREGON FOOD BANK | 971.313.8318 | 7900 NE 33rd Dr. Portland, OR 97211 |

*Join us at the table*

**OREGON  
HARVEST  
DINNER**

**Saturday, October 21, 2017**



October 10, 2017

RE: Portland's Housing Bond Policy Framework

Please accept the following comment for your consideration from Oregon Food Bank.

Oregon Food Bank, a steering committee member of the Welcome Home Coalition, was deeply involved in the development and passage of the Affordable Housing Bond this past November. The connection between hunger and housing is strong. Every day, people tell us they need food assistance because housing costs too much or is simply not available. More and more, we hear that the cost of housing drives many of our neighbors to experience hunger. Clients tell us that they have to make tough choices between paying for rent or paying for food. Each story is unique, and each shares the connection between housing and hunger.

The passage of the Affordable Housing bond this past November was a historic step for Portland and will ensure that more Portlanders have a safe, affordable place to call home. We thank the hundreds of volunteers who donated, canvassed and phone-banked, the voters of Portland for their support for the measure, and City of Portland employees that have worked hard on its initial implementation.

In particular, we appreciate the City's commitment to community input and involvement in the initial development of the Bond's uses. We applaud the City's creation and convening of the Stakeholder Advisory Group (SAG) to guide the Bond's policy framework. Strong community input and guidance is key to the Bond's success, and we are pleased to see multiple steps to gather community feedback like the SAG, forums, opportunities for written comments, and surveys.

We also support the City's continued commitment to robust community engagement outlined in the Bond's policy framework. Having on-going opportunities for community members to learn, provide feedback and engage in the uses of the Bond dollars is important, and we look forward to these future opportunities for engagement.

Additionally, we appreciate Portland Housing Bureau's staff hard work on ensuring a racial equity lens be utilized in all land and building acquisitions. We support the alignment of 850 units with culturally specific agencies and the framework's commitment on new areas of high opportunity while maintaining geographic diversity. These will all work hard to help prevent gentrification and displacement for our community members and neighbors.

In addition, we are also pleased to see the framework's prioritization of housing for our most vulnerable communities. We support the prioritization of communities of color, families including intergenerational households, community members experiencing homelessness or at risk of becoming homeless, and households facing immediate displacement. We applaud the City's commitment to creating opportunities for families who need deeply affordable units and setting aside 600 units for families at 30% AMI and

oregonfoodbank.org

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Southeast Oregon Services  
773 S Oregon Street  
Ontario, OR 97914-3914  
541-889-9206





below. And we urge the City to create an accessible pathway for people with barriers to access bond-funded units.

As a member of the Welcome Home Coalition, we would like to thank City Council for their continued support for increasing our supply of affordable housing. We are grateful Portland is setting an example for the region on how to address our regional housing crisis. The Coalition is excited and ready to continue to work together to advance strategies that bring more dollars to the region for affordable housing, especially communities of color.

Thank you for your consideration.

Sincerely,  
Anneliese Koehler, Public Policy Advocate  
Oregon Food Bank  
[Akoehler@oregonfoodbank.org](mailto:Akoehler@oregonfoodbank.org)



## Moore-Love, Karla

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**From:** Linda Jo Devlaeminck <lindajo@communityofhopepdx.org>  
**Sent:** Tuesday, October 10, 2017 9:39 AM  
**To:** Council Clerk – Testimony  
**Subject:** Affordable Housing Bond

Thank you for the opportunity to comment. I support the resolution sponsored by the Welcome Home Coalition. Please continue to work to meet this great need. The families we serve at Community of Hope are having a harder and harder time finding housing, even when they have an income and are working hard to find something they can afford.

Linda Jo

--

Linda Jo Devlaeminck  
Program Director  
Community of Hope  
503-852-1070  
[communityofhopepdx.org](http://communityofhopepdx.org)

# Portland's Housing Bond

## Inside the Policy Framework

Toward stable homes for Portland, by Portland

Portland's Housing Bond is a voter-backed initiative to create more affordable housing in Portland—now and for the future.

### Priorities and Goals

The priorities and goals established by the bond's Policy Framework are guiding how the Portland Housing Bureau identifies, purchases, builds and renovates homes.

#### INCOME OF RESIDENTS

- 100% affordable units for households at or below 60% area median income
- 600+ deeply affordable units for households at or below 30% area median income
- 650+ larger units for families

#### PRIORITY COMMUNITIES

- Communities of Color
- Families, including families with children, immigrant and refugee communities, and intergenerational households
- Households experiencing or at imminent risk of homelessness
- Households facing imminent displacement

#### PRIORITY LOCATIONS

- Little or no existing affordable housing or housing resources
- Neighborhoods citywide
- At high risk of gentrification, especially with large concentrations of Communities of Color
- In consideration of school catchment areas and planned infrastructure projects
- Good access to education, transportation, services, economic opportunities and green spaces

#### Benefits to our community

Newly affordable homes:

1,300+

Homes for families:

650+

Total investment:

\$258.4 million

Supportive housing units:

300\*

#### Leading with Values

The Policy Framework ensures that bond-funded investments in affordable housing reflect our community's values and help Portlanders most in need. It was developed by an advisory committee representing housing advocates, Communities of Color, business, local government and more.

\*Contingent on funding commitment from external sources

# Guiding Principles

## COLLABORATION

Align with other public and private resources, policies, programs, and systems to maximize efficiency, effectiveness and investment potential.

## COMMUNITY BENEFITS

Promote economic and other benefits to the local community by providing prevailing wage jobs, hiring disadvantaged/minority/women/emerging small business (DMWESB) partners, and producing energy-efficient buildings through bond investments.

## EQUITY

Advance racial equity for communities most disproportionately impacted by the shortage of affordable housing options, housing discrimination, gentrification and involuntary displacement.

## OPPORTUNITY

Support economic diversity through citywide investments that offer broad access to public amenities (transportation, schools, food, green space), economic opportunity and mixed-income housing.

## RESOURCEFULNESS

Make responsible investments in housing solutions with innovation and creativity.

## STEWARDSHIP

Demonstrate exemplary stewardship of public resources, funds and assets with oversight from an independent community-based public body (the Bond Oversight Committee).

## TRANSPARENCY

Conduct open decision-making processes, provide clear and consistent communication to the public about bond-financed project implementation, and foster opportunities for public involvement.

# Oversight and Accountability

We're committed to investing bond funds transparently, accountably and with meaningful input and buy-in from the people of Portland. As affordable housing investments advance, we'll report news and ask for ideas and feedback regularly online, at public meetings and in front of public boards and committees.

The Bond Oversight Committee, a five-member independent oversight committee, will monitor progress, review finances, and hold the City accountable to the community-created plans and values we have committed to uphold. In addition to regular public meetings and expenditure reviews, the Bond Oversight Committee provides annual reports to City Council and the public.