

# Portland's Housing Bond

Bond Oversight Committee

April 13, 2020

9:30 – 11:00am

Via Zoom teleconference

**April 13, 2020**

*\*Meeting held via Zoom Teleconference*

**DRAFT** Meeting Summary

**Members attending via Zoom:** Susan Emmons, Anneliese Koehler, Allan Lazo, Dr. Steven Holt (facilitator)

**Staff attending via Zoom:** Shannon Callahan, Jennifer Chang, Jill Chen, Elizabeth Hilt, Mike Johnson, Molly Rogers, Tanya Wolfersperger, Stacy Jeffries and Michelle Helm (recording, meeting support)

Agenda Topic	Speakers / Key Topics Covered	Clock Time
<p><b>Call to Order / Welcome</b></p>	<ul style="list-style-type: none"> <li>Roll call was taken and recorded.</li> </ul>	<p>09:35:56 – 09:43:48</p>
<p><b>Portland's Housing Bond Updates:</b></p> <ul style="list-style-type: none"> <li>Financial Audit Findings and Response</li> <li>BOC Annual Report</li> <li>Bond Project Dashboard Report</li> <li>Expenditure Report</li> </ul>	<p><b>Mike Johnson, Finance and Accounting Manager</b>, gave an overview of the financial audit findings and the Bureau's response. He reminded everyone that audits are backward-looking, so many of the things we're talking about occurred over the last couple of years and don't necessarily reflect what the Bureau is doing right now. Topics covered included:</p> <ul style="list-style-type: none"> <li>Documenting bond-eligible expenses</li> <li>Use of new gap-finance model: Making sure the program delivery fee and our financing disbursements tie in with the Bond measure definition, the state constitution, generally accepted accounting principles, and the certification process from the Bureau and its development partners.</li> <li>Accounting procedures: Structure used in the first phase was overly-complicated and has been simplified</li> <li>Financial reporting could be improved</li> </ul> <p><b>Tanya Wolfersperger</b> gave an update on the BOC Annual Report. The 2019 progress report was published and distributed in early 2020 and is <a href="#">available on PHB's website</a>. Highlights include:</p> <ul style="list-style-type: none"> <li>Bond opportunity solicitation: awarded funding to nine new projects</li> <li>Meeting or exceeding many of the goals established under the Bond policy framework</li> <li>Plans to bring the report to City Council (memo has been sent to Committee members for review); original April council date has been postponed. PHB will hold off on an in-person report until further notice.</li> </ul>	<p>09:43:51 – 10:10:49</p>

	<p><b>Jill Chen, Housing Investments and Portfolio Preservation Manager,</b> presented the Bond Project Dashboard Report, which gives an overview of the 12 bond-funded projects:</p> <ul style="list-style-type: none"> <li>• The Ellington (already acquired) - <i>complete</i></li> <li>• East Burnside (new construction) - <i>complete</i></li> <li>• 10 remaining projects are still in the predevelopment stage, with pretty firm loans on 6 of those</li> <li>• 4 projects still being evaluated for predevelopment loans: <ul style="list-style-type: none"> <li>○ Cathedral Village, Anna Mann, Westwind, Prescott</li> </ul> </li> <li>• First project targeted for financial close in the 3<sup>rd</sup> quarter of 2020: 115<sup>th</sup>/Division</li> <li>• 4 more projects targeted to close by the end of 2020, with the balance closing in the 1<sup>st</sup> quarter of 2021</li> <li>• Projects usually take between 12-18 months for predevelopment, and then another 12-18 months for construction</li> <li>• Still a lot of unknowns regarding construction at this time, given the COVID-19 pandemic</li> </ul>	
<p><b>Proposed Criteria for New Bond Investments</b></p>	<p><b>Molly Rogers</b> presented the proposed criteria for evaluating requests for new Bond investment.</p> <p>She provided the following background information:</p> <ul style="list-style-type: none"> <li>• When projects are initially awarded funding, they're generally in a very early stage of design schematics and financing assumptions. Projects go through a process of refinement over the course of 12-18 months, and this process can change the total developable space.</li> <li>• Projects sometimes need to invest more in things like parking, active use of commercial ground floor, roads, and right-of-way improvements.</li> <li>• There are also potential opportunities that come from applying recent code changes; for example, Better Housing by Design may present an opportunity to increase the total number of units.</li> </ul> <p>PHB wants to be proactive and clarify for its development partners which criteria will apply to any requests for either additional resources of bond funds, or a change in the number of units.</p> <p>Molly clarified that PHB will only entertain requests for additional investments for projects that are currently below the maximum subsidy caps: \$150,000/unit for new construction, and \$100,000/unit for acquisition/rehab</p> <p>The proposed criteria include:</p> <ul style="list-style-type: none"> <li>• Project feasibility and/or urgency</li> <li>• Furthering Bond Policy Framework Goals</li> </ul>	<p>10:10:52 - 10:29:47</p>

	<ul style="list-style-type: none"> <li>• Improved Site Amenities</li> <li>• Increased Efficiencies in Construction and/or Operating Costs</li> </ul> <p>Molly explained that PHB plans to review any new requests for investment/changes and update the Bond Oversight Committee at the next quarterly meeting. Any approved changes will also be reflected on the project dashboard and the expenditure report.</p>	
<b>Project Update: 30<sup>th</sup> and Powell</b>	<p><b>Amanda Saul, Julie Livingston, and Ben Lot from Home Forward</b> gave an update on the 30<sup>th</sup> and Powell project.</p> <p>The overall project has increased in size, with the unit count increasing from 180 units to 210 units.</p> <ul style="list-style-type: none"> <li>• The expanded site allows for on-site surface parking that is accessed off 31st Avenue and is much more cost effective, as it eliminates the need for an expensive road on a steep slope.</li> <li>• The other major change is removing parking from within the building, which reduces the need for a concrete podium. That allows the building to be all wood frame construction, with 4 stories instead of 5, which substantially reduces cost.</li> </ul> <p>The project continues to meet all of the Bond goals. Service partners are yet to be determined, but the hope is to serve homeless families of color in the 30 units.</p> <p>There are no gaps in funding, and anticipated closing and start of construction is June 2021.</p> <p>Updates on DMWESB:</p> <ul style="list-style-type: none"> <li>• Home Forward has had an equity goal of 20% for hard and soft costs since 2002, and regularly exceeds those goals by working closely with contractors and the procurement department.</li> <li>• Amanda noted that the DMWESB goal is different from the other projects, at 26%. This is because work started on the Powell project in 2018, and Home Forward used the DMWESB goal that the Housing Bureau had in place at that time. They hope to exceed that goal.</li> </ul>	10:29:50 - 10:47:37
<b>Public Testimony</b>	<b>There was no public testimony.</b>	10:47:40 - 10:52:56