



Portland Housing Bureau

Mayor Ted Wheeler • Director Shannon Callahan

Portland's Housing Bond

Investing Together in Affordable Homes

Bond Oversight Committee Meeting

Portland's Housing Bond

Thursday, July 18, 2019

Agenda

TOPIC

LEAD

TIME

Welcome	Dr. Steven Holt	9:00-9:10
Portland's Housing Bond Updates: <ul style="list-style-type: none">• Proposed BOC Charter Amendment• Audits• Bond Opportunity Solicitation and PHB Bond Delivery Fee• 30th & Powell property	PHB Staff	9:10-10:10
Introduction to Metro Housing Bond	Molly Rogers, Tanya Wolfersperger	10:10-10:50
Public Testimony (2 minutes per person)	Dr. Steven Holt	10:50-11:00



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Portland's Housing Bond Updates

Proposed Audit and Annual Report Schedule

Year Conducted	Financial Audit	Program Audit	Audit Review Period (fiscal year)	BOC Annual Report	Annual Report Review Period (calendar year)
2019	🔄	★	Nov 2016 to June 2018	★	Nov 2016 to Dec 2018
2020	✗		July 2018 to June 2019	✗	2019
2021	✗		July 2019 to June 2020	✗	2020
2022	✗	✗	July 2020 to June 2021	✗	2021
2023	✗		July 2021 to June 2022	✗	2022
2024	✗		July 2022 to June 2023	✗	2023
2025	✗	✗	July 2023 to June 2024	✗	2024

★ = completed
 🔄 = in process
 ✗ = scheduled

23 Proposals Received

City-Owned Sites:



Westwind

~70 units

2 proposals



Joyce

69 units

4 proposals
2 teams



NE Prescott

~50 units

2 proposals

15 Sponsor-Controlled Projects:

East of 205: 8

North: 2

SW: 0

NE: 3

SE: 1

NW: 1

Evaluation Process



Threshold Review



Evaluation Review Committees and Ranking:

1. Technical and Financial Feasibility Committee
2. Community Review Committee
3. Interviews/Presentations



Commissioner in Charge Makes Decision

Timeline

- June 28: Submission deadline for proposals
- Week of July 1: Threshold Review
- July 11-25: Technical and Financial Feasibility Committee
- July 26-Aug. 22: Community Review Committee
- Late August: Recommended ranking sent to Commissioner in Charge
- September 13: Announcements of Awards



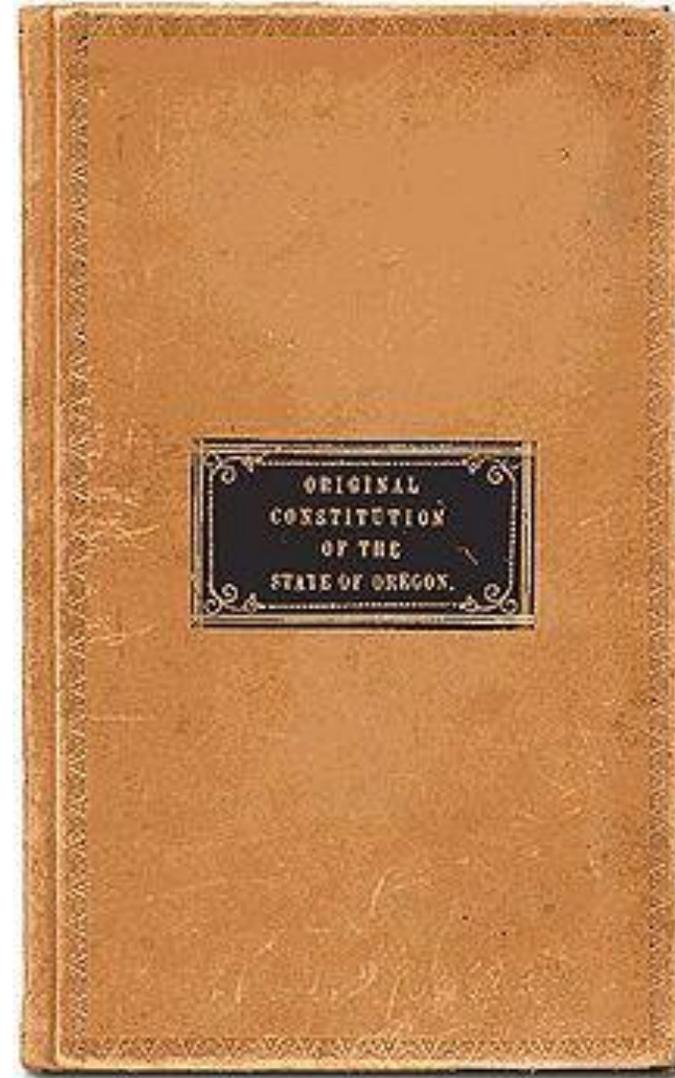
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Bond Program Delivery Fee

State Constitution

- Article XI, section 11L requires that general obligation bond proceeds are to be used to finance “capital costs.”
- “Capital costs” are defined by Article XI, Section 11L(5) as “costs of land and of other assets having a useful life of more than one year...”



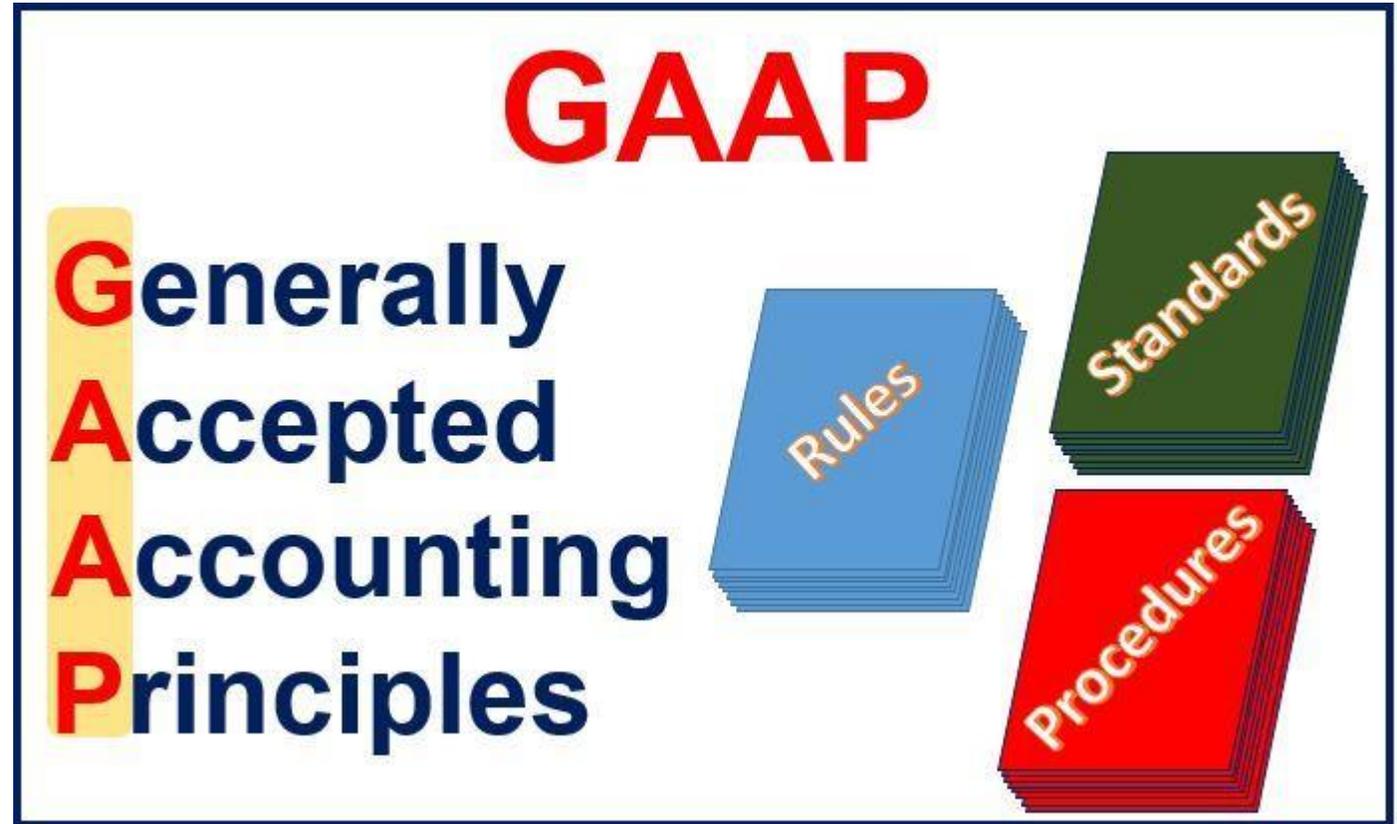
Measure 102

- Measure 102 indicates that “lending of credit” limitations are not applicable in the case of financing “capital costs of affordable housing...”
- Third party projects can receive PHB “gap loan funding” as a legally viable option.
- However, Measure 102 did not alter the definitions of capital costs in Article XI, Section 11L.



GAAP

- City of Portland reports its financial information in accordance with GAAP
- City Capital projects may include capitalization of both direct and indirect development costs.
- Those costs must be attributable to a City capital asset.
- The gap loan funding model does not create a capital asset on the City's balance sheet under GAAP.



Funding direct and indirect delivery costs

- Absence of a capital asset eliminates PHB's ability to capitalize and fund bond program delivery costs
- Proposed alternative: charge a "program delivery fee" to projects funded by the bond.
- City's Bond Counsel reviewed the fee concept; in their opinion, the structure and imposition of the fee falls within State of Oregon statutes.



Planning, policy and strategy, financial management, communications and outreach, staff support services



Proposal solicitation, review and acceptance, project underwriting, closing, bond issuance



Construction coordination, overall program management, reporting

Program Delivery Fee characteristics

How it would work

- The administrative costs (limited to 7% per the language in Bond Measure 26-179), including program delivery costs (bureau and City) and bond issuance costs, would be pooled.
- Fee (not to exceed 7%) would be charged to each financed project and capitalized into the affordable housing asset being constructed by the partner.
- The project partner would pay the fee to PHB after the closing of the bond financing transaction.
- Income from the fee would offset administrative costs in the pool - maximum reimbursement to City of 7% of total bonds issued.
- If it is determined that “construction monitoring” costs can be applied as tax credit eligible, then that portion of the fee could be paid separately.



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30th and Powell Property



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Metro

Metro Housing Bond

Bond Implementation Team

- Shannon Callahan, Director
- Molly Rogers, Deputy Director
- Tanya Wolfersperger, Bond Program Coordinator
- Jill Chen, Housing Investments and Portfolio Preservation Manager
- Jennifer Chang, Senior Policy Coordinator
- Bobby Daniels, Capital Project Manager
- Stacy Jeffries, Senior Administrative Specialist
- Mike Johnson, Finance Director
- Elizabeth Hilt, Senior Financial Analyst

Overview

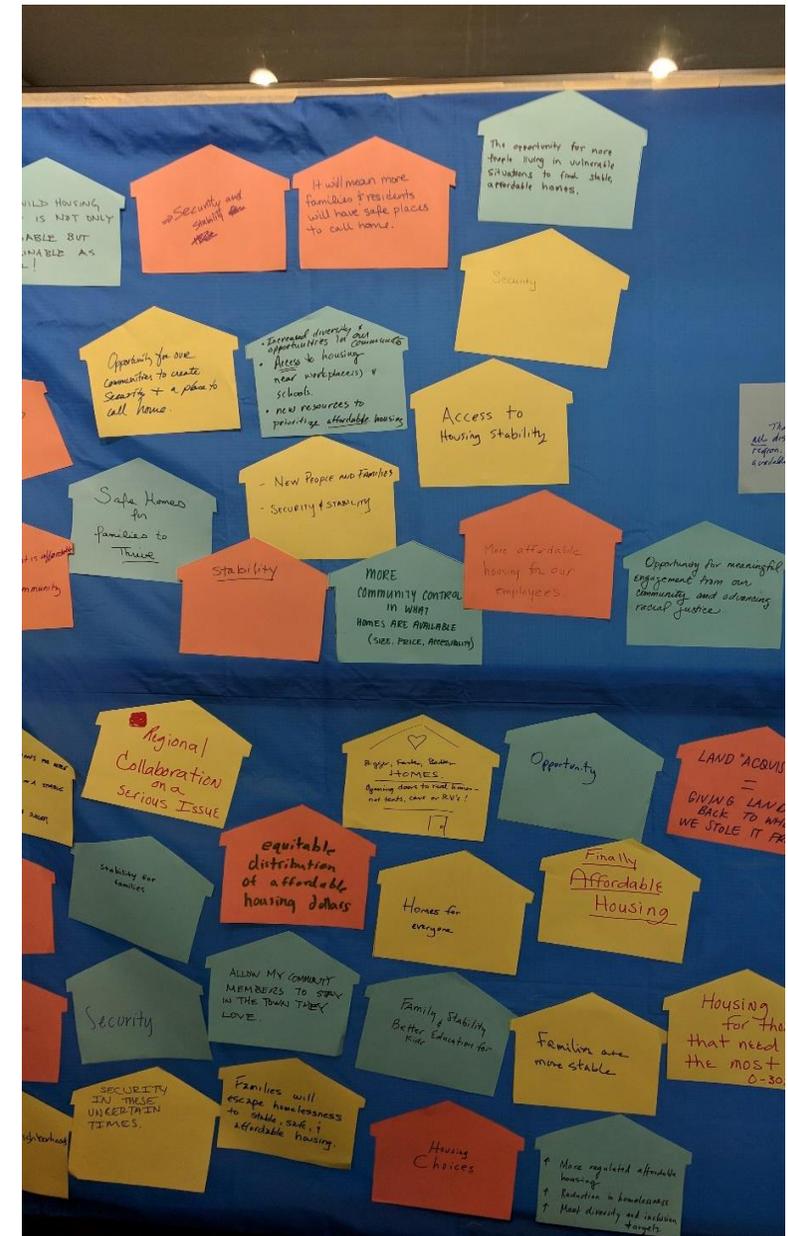
- Passed in November 2018
- \$652.8 million
- 12,000 people served
- New homes created in Washington, Multnomah and Clackamas counties



Production Goals: Regionwide

3,900 affordable homes:

- 1,600 deeply affordable at 30% Area Median Income (AMI)
- Half of all units family-sized
- No more than 10% affordable at 61% to 80% AMI

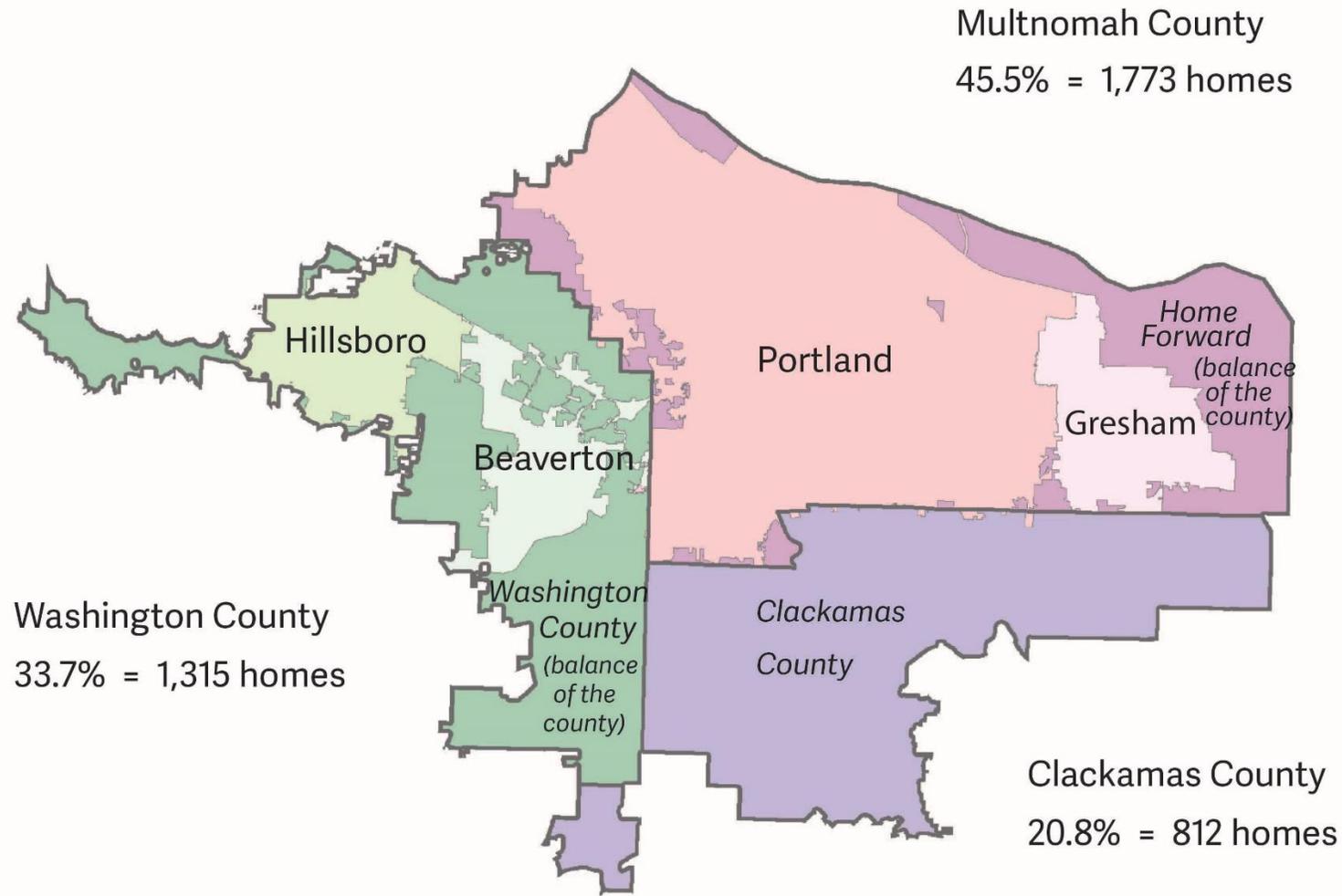


Create Opportunity for Those in Need

- Communities of Color
- Families with children and multiple generations
- People living with disabilities
- Seniors
- Veterans
- Households experiencing homelessness and/or imminent displacement



Implementation Partners



Production Goals: City of Portland

Jurisdiction	Total Units	30% AMI	Family-Sized	Total Project Funds
Portland	1,475	605	737	\$211 million

Engagement Strategies and Forums

In-Person Surveys (March 23 - April 6)

- 88 members from 11 cultural communities

East County Focus Group (May 29)

- 30 attendees from housing agencies

Collecting feedback via email (June 3 - 21)

- 25 stakeholders and advocates for disability rights

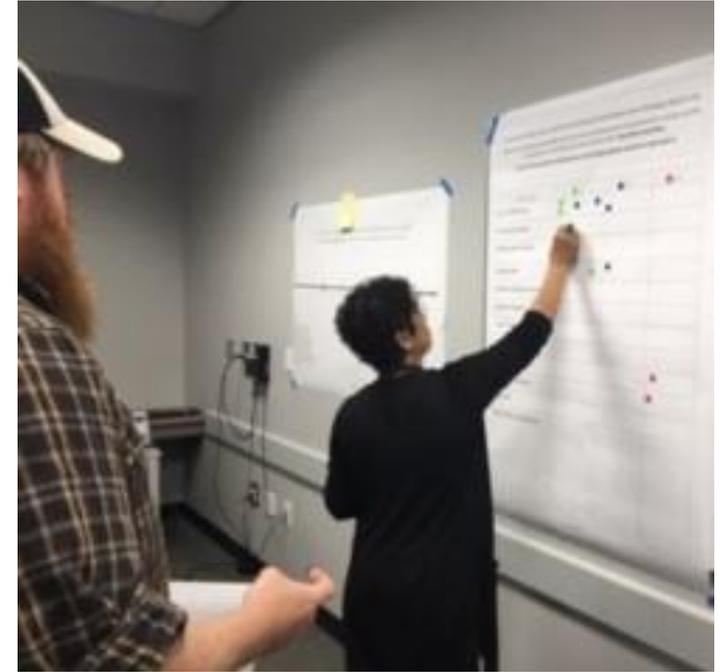


Presentations at Public Meetings

- N/NE Housing Strategy Oversight Committee – May 9
- Joint Fair Housing Advisory Committee / Rental Services Commission – May 14
- West Portland Town Center Plan – Community Advisory Group – June 3
- Portland Housing Advisory Commission – June 4
- Metro Bond Community Oversight Committee – June 5
- Portland's Housing Bond Oversight Committee – July 18

Emerging Themes

- Focused efforts needed to reach immigrant and refugee communities
- Goals and policies for accessible units
- Larger sized family units (3, 4, 5 bedrooms)
- Services and rent support for 30% AMI units
- Coordinate and align Metro investments with existing housing strategies and resources



Issues Under Consideration

- Many similarities between two bonds, including: equity as leading principle, priority communities, affordability targets, bedroom sizes
- Considerations for Metro Bond include:
 - Operating subsidies to support 30% AMI goal
 - Local goal for Supportive Housing
 - Funds to support 80% AMI units
 - Homeownership as allowable fund use



Timeline

- May-July: Community engagement to inform Local Implementation Strategy (LIS)
- August: Finalize LIS
- September: Portland City Council Briefing
- Oct.-Nov.: Present to Metro's Community Oversight Committee
- November: Execute Metro Funding IGA and begin implementation

Public Testimony (2 minutes per person)

Upcoming Bond Oversight Committee Meeting

October 3, 9:00 – Noon

Portland Housing Bureau
421 SW 6th Avenue, 5th Floor
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