

Meeting minutes

Meeting: Metro Housing Oversight Committee Meeting 4
Date/time: Wednesday, May 1, 2019
Place: Metro, Council chamber, 600 NE Grand Ave, Portland, OR 97232
Purpose: Outline Metro Council's outcomes approach, discuss time of the implementation strategy, and review and discuss the possible committee tools

Attendees

Manuel Castaneda, Serena Cruz, Melissa Erlbaum, Dr. Steven Holt, Mitch Hornicker, Ed McNamara, Steve Rudman, , Shannon Singleton, Andrew Tull, Tia Vonil

Absent

Mesha Jones, Jenny Lee, Bandana Shrestha

Metro Housing Staff

Emily Lieb, Eryn Kehe, Jes Larson, Laura Dawson-Bodner, Ashley McCarron, Patrick Mc Laughlin, Megan Gibb, Valeria Vidal

Facilitators

Allison Brown, Hannah Mills

Next meeting

Wednesday, June 5, 9:00 a.m. – 12:00 p.m.
Metro, 600 NE Grand Avenue, Portland, Council chamber

Welcome and Agenda

Co-Chair Steve Rudman welcomed the group and reviewed the agenda, explaining that the Committee would be meeting with the jurisdictional partners this month and at the following meeting. Allison Brown, facilitator with JLA Public Involvement, introduced Valeria Vidal, the new Metro staff member that will be working with the Committee. The group was given the following updates:

- The second Phase 1 project is a project in Gladstone and will be reviewed by Metro Council on May 2, 2019. Clackamas County requests \$2.5 million for acquisition of an existing building. The project will have 45 SRO units that provide 45 permanently supportive housing vouchers. It will be the first SRO housing structure in Clackamas County.
- Metro is tracking the Bond's progress using a "dashboard" graphic that will be brought to the Committee at each meeting to track progress toward production goals.
- Emily Lieb, Metro, encouraged the group to visit Metro's Instagram to find a new series of audio housing stories that will be posted over the next several weeks.
- There is a survey on Metro's website that will be up until May 15, and the feedback will be used to help Metro search the region for locations for new affordable housing and learn how new housing can be accessible and supportive of people.

Metro Councilor Sam Chase introduced himself and explained that he and Councilor Christine Lewis are the Metro Council housing liaisons to the Housing Bond. He thanked the group for their work and noted the value of this bond in addressing homelessness and housing in the region. A Committee member expressed concern about Metro Council's decision not to set region-wide

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MWESB requirements. Council Chase explained that Metro Council understands that MWESB is important and needs to be addressed, but added that the Council is looking for a comprehensive approach that includes getting people into housing, as well as providing job opportunities. He added that the Council recognizes the need to push as far as possible, and that they are seeking guidance from the Committee to determine how to do that.

Committee Business

Co-Chair Rudman reviewed the discussion from the last meeting about the outcomes-based approach. Below is a summary of his comments:

The Committee will be meeting with the local jurisdictions at the next two meetings. It's important that the Committee considers that each jurisdiction is starting from a different place. We're hoping to finish the discussion once we've met with all the local jurisdictions.

The Committee began a discussion, summarized below:

- When will the Committee be discussing the Clackamas County Phase 1 project?
 - Co-Chair Rudman responded: *The Committee as a whole is not charged with recommending projects. A small group reviewed the proposal in April.*
- What is the charge of the Committee from a fiscal responsibility perspective?
 - Emily responded: *The Committee will be monitoring the trends and tracking outcomes. The Committee can discuss how best to achieve this and Metro staff will continue to help.*
- The gentrification and displacement of people of color has been significant and we need to be strategic in how we address those concerns in this process. The language as it stands says we're "leading with racial equity," but the Committee has expressed concern that it is not strong enough to achieve the desired outcomes, specifically in regards to MWESB and contracting. If we don't establish measurements and metrics, we risk spending energy and failing to produce what's responsible and reasonable.
- In order to get more participation from MWESB contractors, we need to understand why currently we don't have that participation. One issue stems from payment. Small contractors don't have the capital to carry out government jobs because of the overwhelming bureaucracy that delays payments and processing. If Metro is really serious about increasing MWESB contracts through this bond, that issue must also be addressed.

The Committee discussed whether or not to vote to send a recommendation to Metro Council regarding MWESB goals, and decided to wait until after they met with all the local jurisdictions. Committee members noted several thoughts regarding MWESB including:

- Federal language in Section 3
- Actual demographics of MWESB contractors and employees
- How MWESB goals would achieve the racial equity value
- Cost of contracting

Public Comment

Allison opened the floor for public comment. No members of the public submitted comment.

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Jurisdictional Partners Presentations

Allison introduced the four jurisdictional partners making presentations, explaining that the Committee would sit with each individual jurisdiction during a small group activity and asked members to hold their questions.

Clackamas County

Jill Smith and Stephen McMurtrey with Clackamas County began their presentation, summarized below:

The Urban Growth Boundary (UGB) defines Clackamas County with a mix of urban and rural areas.

The County's early goals include creating permanent supportive housing, promoting opportunity areas, prioritizing Community Development Block Grant (CDBG) funds for developers working outside the UGB, promoting projects that are ready for construction and encouraging development that can provide relief in rent-burdened communities. Gladstone has been identified as one of the most rent-burdened cities in Oregon.

In regards to racial equity, the County has set the following goals:

- *10% MWESB for all developments with an aspirational goal of 15%*
- *reduced screening criteria to lessen disparities related to background checks and other application requirements*
- *marketing strategies that target people of color*

Additionally, the County has commissioned a study to understand the history of racial inequity in housing development, for release this summer. Clackamas County would like to be more diverse and welcoming, and we hope there isn't so much focus on MWESB what we fail to focus on providing benefit to the people with the highest need.

The County has put together a Frequent User System Engagement (FUSE) analysis to help determine the barriers to becoming housed. Additional local resource commitments include a Housing Affordability and Homelessness Task Force, an Affordable Housing and Services Fund, a Housing Needs Assessment and a point-in-time count.

The County has contracted Unite Oregon to help build a housing strategy and perform a variety of engagement activities throughout May and June. The Committee is invited to attend these events.

The County is aiming to ensure that projects are spread throughout the UGB area and is working with County Commissioners to develop values related to housing. Additional opportunities and challenges include:

- *increasing opportunity for first time homebuyers*
- *a growing need for mixed-income communities*
- *capacity building for culturally-specific organizations in the county*
- *a majority of people of color in Clackamas County reside outside the UGB*



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City of Hillsboro

Chris Hartye with the City of Hillsboro gave his presentation, summarized below:

The City of Hillsboro is the fifth largest city in Oregon with approximately 40% of the residents being non-white or communities of color. Of the total population, 25% are of Latinx descent and 10% are Asian. There are over 2,500 existing regulated affordable housing units in the city, which makes it second highest in the region, excluding Vancouver, Washington. Approximately 45% of Hillsboro renters are cost-burdened, and 21% are severely cost-burdened. There are several block groups in the downtown area that are the most impoverished in Oregon. People living in these areas are disproportionately people of color.

The regulated affordable housing stock is primarily made up of studio or one-bedroom units, which makes the bond's goal of producing larger units with deeper affordability something that will benefit the County's residents. Affordable units are largely located along the MAX line, with an area of opportunity along Tualatin Valley Highway due to the current lack of affordable housing and high frequency buses.

Currently the City does not build, own, or operate affordable housing, with their role being to create partnerships to encourage and support the development of more market rate and affordable housing. This is a top priority for the City and there have been several recent successes including approving gap financing for Willow Creek Crossing, adopting a minimum parking reduction, approving a nonprofit affordable housing tax exemption, and exploring partnerships with Habitat for Humanity for 20 affordable homeownership units.

Hillsboro's funding and production targets are \$40 million (5-7 years), 284 total affordable units, 117 deeply affordable units (30% AMI), 142 family-sized units through an estimated two to four projects.

The community engagement joint work with the City of Beaverton and Washington County has been focusing on racial equity and identified the following themes:

- *overcrowding is an issue in Hillsboro with a significant need for family-sized affordable units*
- *there is a need for new housing with access to public transit, health services, childcare, shopping, schools, and parks*
- *the current challenges to access include long wait lists, rent affordability, credit, immigration status, and application requirements*
- *there is an interest in affordable homeownership opportunities*

In order to meet the racial equity components, Hillsboro will be leveraging strong relationships and partnerships with key community-based organizations. In terms of MWESB, Hillsboro does not have an existing purchasing program and this bond provides a place to start. The City has not set an MWESB goal yet, but is committed to being innovative and is considering a business mentorship program as well.

Washington County

Ruth Osuna and Shannon Wilson of Washington County gave the following summarized presentation:



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Washington County's bond framework focuses on leading with racial equity and community engagement, and includes:

- 334 units serving households at or below 30% MFI
- 407 family-sized units
- up to 81 units created to serve workforce households

Preliminary local targets include a goal of 10% MWESB, but they will go back to the County Board of Supervisors to develop a more aspirational goal. Additional goals include permanent supportive housing, ongoing community engagement, and meeting the affordable housing needs throughout the County.

This bond offers many opportunities for Washington County, including:

- serving the most diverse county in Oregon
- increasing/preserving affordable housing
- encouraging jurisdictions to consider SDC waivers for affordable housing

The challenges include:

- developing affordable housing in a broad geographic area
- aligning and funding services for individuals and families at 30% or lower income levels
- securing available appropriately zoned land
- securing sufficient resources to meet the rising costs of development

The County will aim to leverage resources to maximize use of non-competitive resources and private funds, as well as to maximize local resources through:

- project-based rental assistance
- property tax exemption and/or pilot agreement
- conduit bonds
- housing production opportunity fund and Washington County general fund
- other resources from partner jurisdictions

The County has performed a very robust community engagement effort which resulted in the preliminary key themes regarding barriers to housing, service needs, location, and marketing.

Metro

Pat McLaughlin with Metro gave the following summarized presentation:

Metro's site acquisition program will be aligned with the agency's regional growth management and equity goals. Metro's experience with housing development comes from the Transit Oriented Development Program, which has purchased over 21 acres of property around the region with over 1,100 completed or planned units. The main purpose of the Housing Bond Site Acquisition Program is seeking and acquiring sites and partnering with jurisdictions to develop through RFQs. The strategy will allow Metro to invest funds in gap financing and land acquisition.



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Site acquisition will be guided by the feedback received from the community including prioritizing housing projects that:

- *Address priorities from the outreach process*
- *Support Metro's regional policies*
- *Advance racial equity*
- *Support regional production targets*

Metro is coordinating housing outreach with transportation and parks and nature bond planning. They have co-created an engagement process with four community-based organizations. The community has responded that affordable housing is needed near their community, jobs, stores, nature/parks, good transportation options, and in safe areas. Metro has developed site criteria to support the regional policies including prioritizing opportunities in urban cores and near transit, coordinating with other metro investments and advancing racial equity.

In order to meet the goal of advancing racial equity, Metro is seeking locations that stabilize communities, provide access, and expand housing options. Additionally, Metro will be using best practices that reduce barriers to access and support partnerships. In regards to MWESB, Metro will advance outcomes for equitable contracting and workforce development.

Small Group Breakouts

The Committee was divided into four small groups and given 10-15 minutes to meet with each jurisdictional partner. At each table, Metro staff facilitated discussions and took notes while jurisdictional staff talked with committee members. Below is a summary of these discussions.

Clackamas County (HACC)

- How can project readiness be tied to equity?
 - A technical and jurisdictional housing needs analysis will be available online that will explore this issue.
- Clackamas County will provide the housing data needed and cities will be responsible for identifying resources and performing community engagement.
 - There is a need for accurate numbers for population of people of color living in Clackamas County, specifically in regards to African Americans.
 - Unite Oregon has been contracted to support this work.
 - 30% of HACC housing is currently occupied by African Americans.
- It is important to understand the potential of intervention at different stages of housing. How and when should we engage the community? This should also include educating property managers about fair housing.
- HACC is currently working on creating housing values as an organization
- What are some ways to evaluate the housing players in relation to equity work?
 - MWESB data would be helpful to have to better understand this
- Housing is critical to all parts of a functioning community, especially in addressing issues related to human rights. It is very important to monitor and evaluate how housing addresses these issues.
- How will screening criteria and vouchers be implemented? Will they be required or optional (i.e. for sex offenders)?



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- How will the local oversight committee engage people who have experienced housing instability?
- Clackamas County is currently building both internal and external capacity with a portfolio of 50% open solicitations and 50% RFPs.
- There is interest throughout Clackamas County in the housing bond, especially in Milwaukie. Happy Valley wants their share of the funds as well.
- Wilsonville is active in affordable housing.
- With the Gladstone Phase 1 project, regional bond funds will increase the total development, but the cost per unit includes tax credits.
 - Some mission-driven projects will require more investment due to higher needs and Single Room Occupancy (SRO) typology for development.
- How are comments related to MWESB received from both contractors and employees?
- Workforce development and opportunities are essential. Clackamas County hasn't advanced those trades and has focused more on computer STEM trades. It's not clear how the bond can help address this problem, but there's potential for building a system that can support that advancement. This will require insight and analysis.
 - Communities of color often don't participate because of the high amount of paperwork.
- In regards to the potential MWESB standard of 20%, Clackamas County stakeholders have expressed that they are more comfortable with a standard of 10-12%. A 15-20% would mean reaching out to a contractor pool that is already stretched too thin. Setting a 10% standard as a minimum with incentives for reaching a higher percentage would be ideal for Clackamas County. Clackamas County is essentially starting from scratch in regards to MWESB.
 - A committee member noted the importance of having a fair playing field, explaining that setting a 20% MWESB standard would send the message that meeting the standard isn't hard even if the County doesn't have the criteria. The Committee member did not support a standard of 10% because it would discourage people from striving to achieve more.
 - What about the capacity of contractors when all the counties are developing housing?
 - A committee member expressed support for testing out a higher standard.
 - MWESB and paperwork can be alienating from the county perspective. It's important to at least set the standard with the understanding that local jurisdictions are still leaving, and to send the message to the community.
- Federal requirements for affordable housing can sometimes create tradeoffs. Are MWESB and housing production exclusive?
- MWESB is important because it provides more economic opportunities which create a ripple effect throughout a community
- Clackamas County is the only bond recipient in the county due to internal capacity issues of small cities, and to promote efficiency.
- The Hillside site in Milwaukie is currently going through a master planning process, and Clackamas County would like bond funding to be allocated to that project. The project includes 14 acres of single-family homes, and by the second quarter in 2020 there will be 100 replacement units and 400 potential new units. The project may include mixed-income homeownership units. There is a lot of land included, but not all of it is zoned for higher density, but the bond can serve as a catalyst.
- There is a potential that HACC will be adding more development staff. The County is currently trying to get Medicaid to fund more supportive housing.



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- Oregon Housing Authority funds should not be used for family homes or economic development. How is Metro tracking what the Oregon Housing Authority is doing in regards to bond funds?
 - Legislatively we need to align and advocate. It is less expensive for the County to issue bond funds than it is for the State.

City of Hillsboro

- The Habitat for Humanity project is experiencing a lot of “NIMBY” pushback..
- Will the bond funds work for homeownership?
 - Hillsboro is still determining the mechanics to understand how to fund homeownership with the bond.
- If the homeownership project is already happening, why should the bond fund it?
 - There are still gaps in funding.
- Could Hillsboro rezone commercial land for residential use?
 - The City understands this issue and needs to mitigate all the different development challenges.
- The cost for construction seems too high and will keep us from reaching our production goals.
 - The market is the most expensive it’s ever been, but the City will explore how to address this issue.
- Because of the high number of farm laborers, income is seasonal which can impact access to affordable housing. The demographics are different in Hillsboro than in the rest of the region. The black population is growing, but still only accounts for 1-2% of the total population. There are great existing Latinx community-based organizations, but few of them have relationships with housing developers.
- It’s important to consider the Latinx community because it’s the largest in the area.
 - The Block 67 development has no goal for affordable housing. The developer says the City doesn’t want affordable housing on the land. City of Hillsboro has not communicated that to the developer., Hillsboro does need market rate housing, so it would have to be mixed-income if affordable housing was included.
- Why doesn’t Hillsboro have an MWESB goal? What are the barriers?
 - The Metro bond will help move the needle and encourage creative and innovative ways to meet the goal. Though it is also important to understand the market, gather more data, and make a good plan
- What about prevailing wages?
 - Prevailing wages are applied by state and federal laws guiding the application of wage rates. Sometimes the prevailing wage is the same as market, but sometimes it is a significant cost increase to the project.
- How is Hillsboro’s City Council responding to affordable housing?
 - The Council is on board and sees affordable housing as a top priority. They are interested in the logistics and technical challenges.
- The City believes it will need extra money to meet the goals and provide more services. Is there time to do a levy?
- Can Hillsboro leverage land in South Hillsboro for future affordable housing?
 - Greenfield development is very expensive, but we have had some conversations about affordable housing with one master developer to waive the SDCs.
- Hillsboro is interested in exploring how to address the number of people of color living in sub-standard housing in a culturally competent way. Bienestar is a key partner in this effort and the City is seeking ongoing contracts to help make investments.



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- Hillsboro is working to address inequity in decision-making through diversity, equity, inclusion trainings, etc.

Washington County

- How does the County plan on achieving its goal of 30% units of permanent supportive housing?
 - The County will seek funding from Medicaid, Medicare, and Veteran's Health and Housing. There are also new state funding opportunities for people leaving institutions.
 - The County recently hired a new deputy director with previous experience as the Medicare director in Arizona, a state recognized for being at the forefront of strategies to integrate Medicare and affordable housing funding.
- How is the County monitoring/understanding gentrification and displacement in business practices?
 - This work is relatively new, but the County is working to map the languages as well as percent of population.
- The MWESB is aspirational, but that doesn't mean the County won't receive funding if it's not achieved.
 - County staff would like to support an aggressive MWESB goal, and conversations are planned with the Commission to address this. County staff started with a draft 10% MWESB goal, but 20% is possible.
 - There are some uncertainties regarding local contractor capacity to do work. Some contractors haven't gotten certified as MWESB yet.
 - Staff are also exploring potential for a set-aside for smaller developers.
- Bureaucracy can be intimidating for small companies, and billing can be difficult, especially if they can't rely on timely payment. These companies need around \$560 a month to maintain operations. Consider providing vouchers to cover rent and pre-funded reserves to help mitigate these issues. Consider holding forums to encourage contractors to participate and be prepared for this work.
- It's important that the County recognizes the historic impacts and explores ways to promote education and awareness in this work. An example could be technical assistance to provide racial equity training to property managers.
- Vision Action Network and Thrive can be perceived as "Portland programs" and the County should explore other non-Portland funded organizations.
- The Welcome Home Coalition is working to provide leadership development across the Metro region for community members to engage in implementation of the Metro housing bond and other housing policy issues. It would be helpful to have more clear information about where people should show up to provide input.

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- According to Washington County, one of their challenges will be site acquisition.
 - Metro faces some of the same challenges related to availability of sites for purchase and the high cost of available properties. Metro can help jurisdictions with the cost of the property, and has past experience with acquiring properties that aren't on the market.
 - Additionally, Metro has more experience acquiring property than some other government agencies.
 - Metro has been hearing that there is some softening of the market that could make more properties available.
- What are the criteria Metro is looking for?



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- Metro is considering many criteria, including prioritization of transportation access as well as locations in urban centers. Additionally, Metro is looking at criteria that focus on areas where low-income and communities of color are concentrated, and where affordable housing is needed. They are waiting for community feedback to determine these.
- Is there an approved list of contractors that Metro works with?
- Why would Metro miss the opportunity to set a regional MWESB goal?
 - Metro Council held a work session, but a clear direction wasn't set.
 - There has been a movement over the last month towards the idea of setting a goal.
- How are jurisdictional partners working in sites purchased by Metro?
 - This is being considered in a very general way, and Metro intends to purchase sites around the region.
- How will Metro's program funds be used?
 - Some of the \$65 million will be for gap funding which will allow Metro to provide deep subsidies that can potentially increase the affordability of units.
- How much will Metro seek to target qualified census tracts?
 - There are also technical criteria that will help identify sites.
- Tax credit projects are usually more efficient. Will Metro take advantage of that?
 - Metro wants multi-family projects to be assessable, and to maximize the number of units on a site.
 - Cost per unit for land price will be part of the technical criteria Metro considers.
- Management cost for larger projects (over 150 units) can be challenging.
 - This will depend on location and its impact on the neighborhood where it is located.
 - One of the challenges is finding sites that are large enough because they are expensive and rare.
- Why doesn't Metro make a loan to jurisdictions? A loan structure provides Metro with leverage and enforcement authority.
 - Metro doesn't have the staffing capacity to do a loan program, but has covenants that come with the funds to provide enforcement power.
- Who is Metro's team for reviewing sites and evaluating which sites match the program goals?
- How fast can Metro close a deal?
 - In the past it's been possible to close within 3 months.
- Are there concrete goals around Metro's portion for meeting racial equity? Will we see specific targets?
 - Metro will have to coordinate with the jurisdictions after purchasing properties to ensure the projects move forward with racial equity goals.
- If Metro doesn't provide specific guidance about what needs to occur in the buildings, then the results may not be effective. There is not enough clarity about what it means to lead with racial equity. This needs to be examined from the start. What isn't measured won't move.
- What is Metro doing to provide technical support?
- Metro needs to consider the impact on small companies where they are required to register.
- It's important that Metro seeks creative solutions and ideas.
- It's important that Metro also considers ways to support property ownership opportunities to help people stay and grow wealth in their communities.
- When considering the jurisdictions, Metro should be broad in its thinking to promote strategic use of funds. Metro has the power to push jurisdictions to use Metro funds to do the most benefit.
- Will Metro build affordable housing?



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- Metro will not build affordable housing, it will partner with the implementing jurisdictions.
- What is a regionally significant property?
 - A property that meets Metro's regional priorities and plans.
- The jurisdictions are raising the issue of property costs. Property cost is impacted by growth boundary decisions. Why doesn't Metro expand the UGB?
 - Metro Council recently expanded the UGB in four cities. There is enough available land to support regional growth needs.
- What is Metro hearing in regards to coordinating with transportation and parks and nature?
 - A lot of feedback has been received about all Metro programs, but housing is a very important topic to the people we've been reaching out to.
- Can neighbors oppose an affordable housing project?
 - Neighbors can exert political power, file legal cases, cause delays, etc. However, a city or county cannot deny a project because it is affordable, according to the law.
- How do you plan to coordinate with the jurisdictions?
 - This will be fleshed out, in part, with a recent project in Beaverton. There will be a Memorandum of Understanding with the city and that agreement will establish goals and define the review criteria.
 - Metro will be looking for sites with certain criteria before moving forward to purchase.
 - Metro has past experience working partnership with jurisdictions to develop projects, and is also keeping an eye on regional opportunities to spread the funds widely and equitably around the region.
- Will you be willing to work on brownfield sites?
 - Metro has the EPA grants available that assist in working with brownfields.

Next Steps and Close

Allison encouraged the Committee to contact Metro staff with any recommendations for the next meeting and closed the meeting.