

Metro GO Bond Multi-Family Rental Housing Project Financing

Program Description & Goals

In November 2018, Metro area voters in Washington, Clackamas and Multnomah Counties approved Measure 26-199, the first ever regional bond for affordable housing. The measure authorizes Metro to issue up to \$652,800,000 in general obligation bonds for the development or acquisition of affordable housing. Using a formula based on assessed (real property) value, the City of Portland (City)'s share of the Metro Housing Bond is approximately 38 percent, or \$211 million, to create a least 1,475 units of affordable housing within the City. Of this total, 605 units will be for households with incomes at 30% AMI and 737 will be family-sized units. Additionally, Portland set a goal of creating 300 Supportive Housing units with Metro Housing Bond funds to help advance the City of Portland and Multnomah County goal of 2,000 new Supportive Housing units by 2028.

Explanation of Services

The implementation of the Metro Housing Bond is guided by the City of Portland's Local Implementation Strategy, which was approved by Metro in February 2020, and an Intergovernmental Agreement, executed in October, 2020. Metro is providing the bond proceeds to PHB in the form of grants, which will be used as gap loans in the bureau's typical public-private partnership model for the creation of affordable housing, similar to the Portland Housing Bond.

The implementation of the City of Portland's allocation of Metro Housing Bond will occur in three phases: 1) Metro direct award prior to Local Jurisdictions signing an IGA; 2) PHB's pre-development pipeline with an emphasis on increasing 30% AMI units; and 3) a series of competitive solicitations aligned with other public funders.

Phase 1: In July 2019, Metro Council approved \$22.9 million to redevelop Dekum Court, a public housing complex in northeast Portland owned and managed by Home Forward. This project will convert 40 units of public housing into a mixed-income community, and 147 new homes supported by Metro Bond funds.

Phase 2: Two of four projects in PHB's pipeline that have been identified with existing funding gaps have been approved by Metro for Metro Housing Bond awards. These two projects, Findley Commons and RiverPlace Phase II, will add 211 new affordable housing units, of which 55 are supportive housing for homeless veterans. They are currently under construction. The remaining two Phase 2 projects are under Metro review for approval.

Phase 3 – Metro Bond Solicitations: PHB launched its third phase with the release of a \$15M Request for Qualifications (RFQ) for Supportive Housing in October, 2020, and \$75M in a Metro Bond Opportunity Solicitation, in April 2021. The remaining funds will be allocated through future Metro Bond Opportunity Solicitations.

Equity Impacts

The Metro GO Bond Housing program supports PHB's mission of addressing the housing needs of the people of Portland through: 1) building and preserving quality, affordable housing; 2) supporting programs that help low income Portlanders find, rent, and retain their homes; and 3) reaching out to communities of color to ensure their participation in economic opportunities that quality housing investments create.

Portland Housing Bureau

The Metro GO Bond Housing program seeks to advance equity by evaluating each proposer for Metro funds on their commitment to advance racial equity and serve communities of color as priority populations. As part of the Bond Solicitation process, each developer will be asked to submit an equity plan that demonstrates their ability to meet PHB's disadvantaged minority, women, and emerging small business-service disabled veterans (DMWESB-SDV) contracting goals and workforce training goals; effective outreach and marketing strategies to reach priority population; experience with low barrier screening criteria; and provision of culturally responsive resident and supportive services. Success in this program would be realized when the housing produced by Metro GO Bonds a) increases the number of affordable housing units available and accessible to BIPOC households; b) achieves an aggregate 30 percent utilization of DMWESB-SDV construction contracts; and c) supports the creation of 300 Supportive Housing units for chronically homeless households.

Changes to Program

In May 2020, Metro passed the Supportive Housing and Services measure, generating \$250 million for the region to end homelessness for thousands of chronically homeless households. The Joint Office for Homeless Services is the lead agency for the planning and implementation of the Metro Supportive Housing and Services measure for Multnomah County. PHB and the JOHS are working to align these resources with the Metro Housing Bond for the creation of Supportive Housing. The Supportive Housing and Services measure will generate resources for two of the three prongs needed to create Supportive Housing: rental assistance and supportive services. The Metro Housing Bond provides the third prong: capital funding to build or acquire the affordable housing for those experiencing homelessness to move into.

Aligned with these resources for rental assistance and supportive services, PHB issued a Metro Bond Opportunity Solicitation (M-BOS) in April, 2021. As of October, 2021, PHB had recommended nine affordable housing projects for approval to receive funding from Metro's Regional Affordable Housing Bond. When awarded, these projects will join four others already in development, representing more than 1,200 units of affordable housing—or 83% of Portland's housing goal under the Metro Bond. These projects will receive an award letter from PHB in FY 21-22 once they receive concept approval by Metro.

Program Budget

	Actuals FY 2019-20	Actuals FY 2020-21	Revised FY 2021-22	Requested Base FY 2022-23	Requested with DP FY 2022-23
Bureau Expenditures					
Personnel Services	153,758	340,410	467,240	496,104	496,104
External Materials and Services	3	12,951,747	52,832,115	33,539,269	33,539,269
Bureau Expenditures Total	153,761	13,292,158	53,299,355	34,035,373	34,035,373
Fund Expenditures					
Debt Service	0	0	413,278	0	0

Program Budget

	Actuals FY 2019-20	Actuals FY 2020-21	Revised FY 2021-22	Requested Base FY 2022-23	Requested with DP FY 2022-23
Fund Expenditures Total	0	0	413,278	0	0
Requirements Total	153,761	13,292,158	53,712,633	34,035,373	34,035,373
FTE	0.82	3.42	3.32	3.32	3.32

Budget Narrative

Resources	Primary resources for this program are grant proceeds from the Metro GO Bond.
Expenses	The primary cost is staffing costs for the team related directly and indirectly to the packaging and oversight of the bureau contribution to projects.
Staffing	Staffing for this program is 3.44 FTE for the initial planning and projects under the Metro program. PHB will utilize its existing executive, community engagement, finance, and implementation staff during the early implementation of the bond. These staff collaborate with other bureau staff and the City Attorney's Office.
Assets and Liabilities	At this time, this program will finance capital assets owned by other non-governmental entities through loans. These assets are represented on financial statements by loan receivables (for which a property lien would be held). The value received by this figure is the units developed using these loans. The capital assets, while not owned by the City, represent a significant and critical component in the affordable housing resources available to the residents of Portland. However, the financial relationship between the City and Metro has not been fully defined, especially in terms of assets and liabilities.

Program Information

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