

# Portland's Housing Bond

Date: April 13, 2020

To: Bond Oversight Committee (BOC) Members

From: Jill Chen, Portland Housing Bureau

CC: Shannon Callahan, Molly Rogers, Jennifer Chang, Mike Johnson, Elizabeth Hilt, Tanya Wolfersperger, Portland Housing Bureau

Re: Proposed Criteria for Approved Bond Development's Requests to Increase Funding Awards

---

This memo outlines Portland Housing Bureau's (PHB) proposed process and evaluation criteria for requests to increase and/or amend the funding award amount of Portland Housing Bond-funded projects, including requests to increase the number of units. The memo also provides the rationale behind the proposed criteria.

We are asking the Bond Oversight Committee's advice and recommendations on the proposed process and criteria.

## **BACKGROUND**

In 2016, Portland voters approved Portland's Housing Bond, dedicating \$258.4 million in general obligation bonds to the development of 1,300 units of affordable housing for low-income households.

PHB issued the Bond Opportunity Solicitation (BOS) in April 2019 and invited proposals from private and non-profit development partners to help meet and exceed the affordable housing goals established under the Bond Policy Framework. Nine new projects were awarded Bond funding. Three projects were previously selected as bond projects, two of which are already operational. Ten total projects are in pre-development. Each project is aligned to PHB's commitment to furthering the community goals contained in the Bond Policy Framework, which include preventing displacement, advancing racial equity and making a tangible impact on ending homelessness. A requirement of the Bond Opportunity Solicitation was a maximum Bond subsidy per unit for new construction of \$150,000 and \$100,000 for acquisition/rehab projects. No bond project award has exceeded the required per unit maximum for new construction and acquisition/rehab.

## **CRITERIA TO INCREASE FUNDING AMOUNT**

As projects proceed through the pre-development process, several factors may impact the design and/or financial feasibility of the project requiring sponsors to request additional Bond

subsidy and/or propose changes to the number of units, unit mix or configuration (i.e. bedroom size). Once the process and criteria are approved, PHB would inform all Bond awardees.

Awarded projects that initially requested less than the maximum subsidy per unit can request an increased funding award if one or more of the following criteria are met, so long as funding requests do not exceed the maximum per unit subsidy.

Awardees would be expected to request an increase in funding or a change in unit count by submitting a written request to PHB that addresses each of the following relevant criteria, with supplementary materials, and revised financials.

1. Project Feasibility/Urgency including:
  - a. Extraordinary Site Costs rendering the project infeasible or cost-prohibitive (for example unforeseen environmental remediation costs)
  - b. Opportunities Lost such as:
    - i. Expiring land purchase options for adjacent parcels
    - ii. Increased density potential due to zoning changes
    - iii. Leveraging increased density in highest opportunity score areas or locations
2. Increasing Bond Targets at a lower cost per unit or lower operational cost than utilizing that same funding amount in another project. Specifically, furthering the following goals:
  - a. Increased total number of affordable units in a project
  - b. Increased percentage of unsubsidized 30% AMI units (higher than 33% minimum)
  - c. Increased total number of family-sized units and/or larger sized units
  - d. Increased number of Permanent Supportive Housing units
3. Improved Site Amenities for residents including:
  - a. Increased opportunity for land use; design efficiencies
  - b. Improved site activation
4. Increased Efficiencies in Construction and/or Long-Term Operating Costs
  - a. Reduced total development costs per unit
  - b. Reduced amount of PHB subsidy per unit
  - c. Reduced annual operating expenses per unit

### **Approval Process**

A project must verifiably meet at least one of the above criteria for consideration. Requests for resources must be balanced against other funding requests and weigh the various goals being met. There is no guarantee a project will be approved for additional funding, even if it meets one or more criteria.

Any request for additional Bond investment will be assessed by PHB development team staff, who will present the PHB Director with a recommendation on whether or not to approve the changes in funding and/or unit numbers and configuration.

The Director may then recommend approval to the Commissioner-in-Charge and consult with the Bond Oversight Committee.