



Affordable Housing Bond Draft Policy Framework

Created by the Affordable Housing Bond
Stakeholder Advisory Group
for the Portland Housing Bureau

August 18, 2017



PHB Portland Housing
Bureau

Mayor Ted Wheeler • Director Kurt Creager

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1. Introduction

In November 2016, Portland voters approved a historic general obligation affordable housing bond of \$258.4 Million to fund the development and preservation of affordable housing, with a goal of producing or acquiring 1,300 housing units.

Thousands of community partners were involved in the successful passage of the bond, led by the Welcome Home Coalition, which included affordable housing developers, nonprofit service partners, culturally specific agencies, neighborhood associations, advocacy groups, faith congregations and many other partners.

To ensure the bond creates housing opportunities for families and individuals most in need, and that funds are invested in a manner consistent with our community values of advancing racial equity and promoting greater community benefits, the Portland Housing Bureau (PHB) convened the Stakeholder Advisory Group (SAG) in April 2017 ~~to advise the guide the bureau in drafting the~~ on a policy framework for use of bond funds.

The SAG met eight times from April 17 to August 14, 2017 to develop the following “Draft Policy Framework” to guide PHB in its decisions and processes with bond investments, in the key areas of:

- Guiding Principles
- Production Goals
- Priority Communities
- Location Priorities and Selection Criteria for Acquisitions
- Guidelines for Development, Operations and Services
- Reporting Metrics and Process
- Community Engagement

This document summarizes the diverse perspectives and expertise of members of the SAG. Participants had numerous discussions and deliberations highlighting the opportunities and challenges of the bond. The group wrestled with the complexities of identifying priorities among multiple important and often competing needs; and prioritizing use of bond funds within the broader context of the city’s other resources for affordable housing development. Furthermore, SAG members expressed concerns about the legal restrictions of bond funding, and have consistently encouraged flexibility and creativity to produce housing for those most in need.

~~It is important to note that this document is a **draft document**, and will be subject to further revision following a four-week period of broader community outreach and feedback from community member groups and stakeholders. Once finalized, the plan will be a “living” and evolving document, subject to potential updates by City Council, with input from the five-member Bond Oversight Committee (BOC). Additionally, current and future housing development resource projections, and potential legislative changes on the horizon impacting general obligation bonds, may also result in the need to revisit and update the Bond Policy Framework in the years ahead.~~

A draft of this document was submitted to the community during a four-week outreach and engagement period. During the engagement process, the draft Policy Framework was presented at XXX community meetings, an community survey was created in XXX languages, available in online and print versions. Furthermore, focused engagement with nine language specific immigrant and refugee groups was conducted, reaching XXX individuals. The Policy Framework was adapted and revised to reflect the feedback received from the community, which is described in more detail in Appendix .

2. Stakeholder Advisory Group (SAG) Participants

Many thanks to our Bond SAG Participants who dedicated their time, experience, and energy to the development of this Draft Framework Plan. Participants include:

Arana, Oscar – *Native American Youth and Family Center (NAYA)*

Bax, Margaret – *Independent Government Relations Professional*

Berg, Lynnae – *Portland Business Alliance*

Brooks, Jerome – *Oregon ON*

Brown, Bob – *Metropolitan Alliance for Common Good (MACG)*

Christopher, Frieda – *East Portland Action Plan (EPAP)*

Dame, Dike – *Portland Housing Advisory Commission (PHAC), Williams and Dame*

Fitzpatrick, Maxine – *Portland Housing Advisory Commission (PHAC), Portland Community Reinvestment Initiatives (PCRI)*

Hwang, Duncan – *Asian Pacific American Network of Oregon (APANO)*

Larson, Jes – *Community Member, Bond Oversight Committee*

Lazo, Allan – *Fair Housing Council of Oregon (FHCO), Bond Oversight Committee*

Lieb, Emily – *Metro*

Logan, Bev – *Metropolitan Alliance for Common Good (MACG)*

Lyons-Eubanks, Kari – *Welcome Home Coalition*

McNamara, Ed – *Turtle Island Development (Alternate for Dike Dame)*

Miller, Andy – *Human Solutions*

Rojas, Patricia – *El Programa Hispano Catolico, Age Friendly Coalition, A Home for Everyone (AHFE)*

Satterfield, Vivian – *OPAL Environmental Justice*

Singleton, Shannon – *Portland Housing Advisory Commission (PHAC), JOIN, A Home for Everyone (AHFE)*

Tripp, Felicia – *N/NE Oversight Committee, Portland Housing Center*

Trutt, Jonathan – *Home Forward*

Williams, Jon – *Metro (Alternate for Emily Lieb)*

3. Guiding Principles

The following Guiding Principles describe the shared values and aspirations guiding the investment of bond resources. We strive to exceed expectations through our commitment to:

Collaboration. Align with other public and private resources, policies, programs, and systems to maximize efficiency, effectiveness, and investment potential.

Community Benefits. Promote economic and other benefits to the local community by providing prevailing wage jobs, hiring Disadvantaged/Minority/ Women/Emerging Small Business (DMWESB) partners, and producing energy-efficient buildings through Bond investments.

Equity. Advance racial equity for communities most disproportionately impacted by the shortage of affordable housing options, housing discrimination, gentrification and involuntary displacement.

Opportunity. Support economic diversity through city-wide investments that offer broad access to public amenities (transportation, schools, food, green space,) economic opportunity, and mixed-income housing.

Resourcefulness. Make responsible investments in housing solutions with innovation and creativity.

Stewardship. Demonstrate exemplary stewardship of public resources, funds, and assets with oversight from an independent community-based public body (the Bond Oversight Committee.)

Transparency. Conduct open decision-making processes, provide clear and consistent communication to the public about bond-financed project implementation, and foster opportunities for public involvement.

4. Production Goals

Create or acquire a total of 1,300 units of affordable housing:

- All units affordable for households at or below 60% Area Median Income (AMI)
- 600 units deeply affordable for households earning 0%-30% AMI¹
- 50% family-sized units (two to three bedroom), at both 30% & 60% income

¹ Achievement of goal is dependent on the commitment of Home Forward to pair 400 Housing Choice Vouchers (HCVs) to bond-financed housing.

5. Priority Communities

The Bond is a valuable new resource for increasing affordable housing in our community—yet we know the need for affordable housing we face far exceeds the 1,300 homes the Bond is anticipated to produce over the next five to seven years. While we can't meet the total known need for housing with these resources and we acknowledge there will be significant financial constraints, we commit to focusing efforts where we will have the greatest impact for our most vulnerable communities:

- Create housing for our most vulnerable families and individuals who are not served, or insufficiently served, by current housing resources;
- Invest in displacement prevention strategies, prioritizing buildings in high risk census tracts, and/or buildings at risk of being redeveloped for private market conversion;
- Prevent and mitigate the impacts of systemic racism and discrimination on Communities of Color through alignment with culturally specific organizations and other organizations for outreach, referrals, and services (target of 850 units);
- Make a visible impact on homelessness through alignment with homeless service system resources and [A Home for Everyone](#) partnerships (minimum target of 400 units at 0-30% AMI, 300 of which will be permanent supportive housing (PSH) or supportive housing, contingent upon committed services funding);
- Leverage to the maximum extent possible other development, operating and service resources from public, culturally specific and other community partners.

Priority Communities:²

1. Communities of Color:

- African American/Black
- Asian American
- Hawaiian/Pacific Islander
- Immigrants and Refugees (including Somali, Slavic, Middle Eastern)
- Latino
- Native American/Alaskan Native

2. Families, including intergenerational households

3. Households experiencing homelessness or at imminent risk of becoming homeless, with a specific focus on populations facing high barriers to housing stability:

- Seniors
- Persons with disabilities
- Households who have been homeless for long periods of time,
- Persons with criminal backgrounds
- Survivors of sexual assault or domestic violence

4. Households facing imminent displacement

- Seniors
- Persons with disabilities
- Households on fixed incomes

² The communities are not meant to be exclusive, as people possess multiple identities and are part of multiple groups.

More definitions and data on priority communities is found in “Appendix A: Priority Communities: Definitions and Data.”

6. Location Priorities & Selection Criteria for Acquisition

The Portland Housing Bureau's primary current resource for the development of affordable housing comes from Tax Increment Financing (TIF) set-aside funds, which are restricted by law for use within the boundaries of the city's [Urban Renewal Areas](#). Consequently, investments in affordable housing using TIF funds are limited to less than 15% of the geographic area of the city.

Furthermore, as major URAs approach their expiration dates, the Bureau is facing an increasing scarcity of TIF funds. The bond provides a new resource for preserving housing and creating new long-term affordable housing throughout the city.

To have the greatest impact with bond resources, we therefore put forward the following locational priorities:

- Increase affordable housing opportunities in locations that otherwise may not be served by URA investments, unless there are no TIF funds otherwise available;
- Build and support economically and racially diverse neighborhoods in areas of high opportunity (areas with existing concentrations of poverty and very low income housing should be of lower priority);
- Recognize public school capacity issues in identified catchment areas;
- Balance investments throughout the geographic area of the city;
- Focus on preventing displacement.

For building and land acquisition, prioritize investments in:

1. **Areas with high risk of gentrification and/or displacement, especially neighborhoods that have a high concentration of Communities of Color.** Using a combination of data and community voices to identify neighborhoods and census tracts where rents are rising, gentrifying redevelopment is likely to occur, and in which existing communities are seeking stability through affordable housing. A strategy that combines acquisition with new construction will anchor families, individuals, and communities at risk of displacement in neighborhoods likely to redevelop. A majority of the units should be developed to meet this priority.
2. **School catchment areas with the highest mobility rates.** Acquire affordable units in the school catchment areas with the highest mobility rates to help stabilize families with school age children.

In addition, for land acquisition, prioritize investments in:

3. **High opportunity areas³,** with access to education, food, transportation, health services, economic opportunities, and greenspaces. This includes areas that have planned transit development occurring in the next 10 years, and are at risk of gentrification and displacement.

³ A high opportunity area is defined as an area that attains a score of 3 or higher (out of 5), based on the **Opportunity Map**: www.portlandoregon.gov/phb/article/622880

Selection Criteria for Acquisition

This section describes how the Portland Housing Bureau, and the Commissioner in-charge of Housing, will evaluate multiple building or land acquisition opportunities against each other that otherwise meet the identified Priority Communities and Location Priorities identified.

Step 1: Threshold Criteria

To be considered, the acquisition opportunity must:

- Be available for purchase, and located in a City of Portland Planning District.
- Allow for a minimum of 20 housing units.
- Be appropriately zoned to allow for affordable housing development.

Step 2: Bond Standards

If all Threshold Criteria are met, the Portland Housing Bureau will pursue opportunities which respond to the standards below. Each property, or portfolio of multiple properties, selected for acquisition will not necessarily meet all of the standards below; this list is illustrative of the selection process the bureau should strive to meet to align to the location priorities in the previous section. Furthermore, the standards provide guidance for the types of data and variables, which may also include local and qualitative data, that PHB will use to assess the extent to which a particular property meets the location priorities.

For Building Acquisition/Rehabilitation:

- **Lead with Racial Equity**

Collect and review all available demographics (race/ethnicity, income, gender, age) of existing tenants through surveys, rent roles, and other methods; collect and review census tract data.

Target: Tenancy is: a) greater than 2x's the % people of color in comparison to surrounding geographic area; OR b) proportion of Communities of Color is greater than the citywide average.

- **Prevent Involuntary Displacement**

Data will be collected and assessed may be based on sources such as:

- a. A displacement and gentrification vulnerability rating⁴, which factors in vulnerable populations, demographic changes and housing market conditions.

Risk factors are:

- Proportion of renters in census tract greater than the citywide average
- Proportion of Communities of Color in tract greater than the citywide average
- Proportion of population age 25+ without bachelor's degree greater than the citywide average
- Proportion of households at or below 80% AMI is greater than citywide average

Target: Every census tract gets evaluated based on the above listed criteria and the total scores on the four risk factors are added to get the overall "vulnerability scores". Census tracts that score at least 3 out of maximum 4 are defined as "vulnerable census tracts."

⁴ Gentrification and Displacement Vulnerability methodology: <https://www.portlandoregon.gov/bps/article/454027>

- b. Additional factor: Prioritize acquisition of affordable units in school catchment areas with high mobility rates to stem the tide of displacement.

Target: Based on school mobility rates, school mobility rate by catchment area is higher than the comparable average.

- **Support Economically Diverse Neighborhoods**

Building or land location does not further concentrate affordable housing in an area with a high percentage of existing publicly-subsidized affordable housing.

Target: Prioritize opportunities in areas where the percentage of subsidized rental housing is at or below 10% of the total rental stock in the area (excluding housing for the elderly and disabled).

- **Maintain Geographic Diversity⁵**

Building or land acquisition is distributed throughout the six City planning districts (Southeast, West, North, Northeast, East, Central City⁶.) Exceptions may be made to provide housing opportunities with access to services and amenities for prioritized communities.

Target: Prioritize investment in districts where Bond resources are **not** previously invested.

For Land Acquisition/New Construction:

- **Lead with Racial Equity**

To emphasize racial equity in land acquisition/new construction, emphasizing locations, projects and partnerships likely to create housing that will be accessible to and preferred by marginalized Communities of Color.

- **Provide Access to Opportunity**

Generate an opportunity map score, which factors in indicators in five areas: childhood education, employment opportunity, transportation, access to family wage jobs, and healthy eating/active living⁷. Opportunity can also be viewed from a lens of future high opportunity areas, including those with planned transit and likely economic development occurring in the next 10 years.

Target: Opportunity map score is 3 or higher.

- **Support Economically Diverse Neighborhoods**

Building or land location does not further concentrate affordable housing in an area with a high percentage of existing publicly-subsidized affordable housing.

Target: Prioritize opportunities in areas where the percentage of subsidized rental housing is at or below 10% of the total rental stock in the area (excluding housing for the elderly and disabled).

- **Maintain Geographic Diversity**

Building or land acquisition is distributed throughout the six City planning districts (Southeast, West, North, Northeast, East, and Central City⁸.) Exceptions may be

⁵ *Note: The City anticipates Bond funds will support more than six projects. Certain districts will likely have more than one Bond-financed development. As development is an iterative and non-linear process, the City will also be exploring multiple prospects in the same district, or across multiple districts.*

⁶ Portland Housing Bureau: <https://www.portlandoregon.gov/phb/72706>

⁷ Portland Opportunity Mapping Methodology: www.portlandoregon.gov/phb/article/648357; Opportunity Map: www.portlandoregon.gov/phb/article/622880

⁸ Portland Housing Bureau: <https://www.portlandoregon.gov/phb/72706>

made to provide housing opportunities with access to services and amenities for prioritized communities.

Target: Prioritize investment in districts where Bond resources are **not** previously invested.

Note: The City anticipates Bond investments will support more than six projects. Certain districts will have more than one Bond-financed development. As development is an iterative and non-linear process, the City will at times be exploring multiple prospects in the same district, or across multiple districts.

Step 3: Due Diligence Process

The Portland Housing Bureau will conduct its due diligence process, which ~~involves~~ includes conducting a project survey, title report, environmental assessment, and appraisal. PHB will proceed with acquisition opportunities ~~which pose no major issues as deemed prudent identified~~ through the due diligence process.

Process for Exemptions from the Location Priorities

~~City Council has authority to grant exemptions to meeting the Location Priorities for acquisitions on a case by case basis. The Bond Oversight Committee (BOC) expects City Council to uphold the criteria listed above and will approve exemptions sparingly. One example of an instance where City Council may approve an exemption is when a prospective seller is offering a sale of multiple properties in a portfolio, by which some properties meet Bond criteria and others may not.~~

~~If an exemption is requested, a written request will be submitted by the Portland Housing Bureau and to members of the BOC and City Council. Members of the BOC will have the opportunity to submit comments on the exemption request prior to final review and decision by the City Council.~~

Deviation from Location Priorities

If PHB and the Housing Commissioner recommend an acquisition that deviates from the Local Priorities, PHB should describe and explain the reason for deviating. This explanation should be clearly articulated in the documentation submitted to City Council for its consideration of the acquisition of a building or land. This documentation should be publicly available and submitted in advance to the Bond Oversight Committee.

7. Guidelines for Development, Operations and Services

A. Outreach to Procure Services

Bond-financed construction projects will be owned by the City. These projects will be “public improvement projects”, and therefore are subject to Public Contracting Code (state law) and the City of Portland’s Procurement Rules. The City’s Procurement Rules ensure that public improvement projects are constructed in accordance with the Public Contracting Code as well as implementing other city policies. *Please see Appendix B for responses to Frequently Asked Questions on the City’s ownership restrictions and procurement policies.*

When the City procures for construction of a new building, or rehabilitation of an existing building, such methods may be unfamiliar to PHB’s traditional partners. To allow for the participation of these partners who already possess deep expertise in affordable housing development and/or rehabilitation to gain an understanding of bond processes, PHB should conduct direct outreach and work with the City Procurement Office to provide information sessions to facilitate access to opportunities under the bond.

B. Recommendations for Development Strategies

PHB should be as creative as possible to achieve:

- greater equity in access to development opportunities between with culturally specific partners, including housing developers and direct service providers, to create housing opportunities that are culturally appropriate in design and form;
- potential ownership opportunities by and for the target communities the housing is intended to serve following the 20-year requirement of ownership by the city;
- community benefits, including access to opportunities, DMWESB Goals, Workforce Training and Hiring Policies and other community benefits;
- land and resource leveraging with careful analysis and planning to prevent and/or mitigate potential unintended consequences of access for Priority Communities;
- partnerships that utilize and build upon existing development, ownership, and operating expertise and capacity to replicate existing local best practices the community; and
- streamlined processes to achieve greater speed of development.

Creative strategies identified include:

- Exploring using bond funds to acquire the land only and utilize other financing for the construction of the buildings.
- Exploring all other leverage options. While there is recognition that general obligation bond funds have limitations that may foreclose some traditionally available potential leverage options (e.g. low income housing tax credits, or LIHTCs,) PHB should consider all options available for both debt and equity. These include lending programs from the federal government, non-profit lenders like the Network for Oregon Affordable Housing (NOAH) and less common lenders such as insurance companies and pension funds. Non-general obligation

bond revenue which will have similar ownership restrictions should be considered. However, less restrictive resources like future fee-in-lieu revenue from inclusionary zoning, tax increment financing, CDBG and HOME should be limited as they may be deployed in other non-bond affordable housing projects. However, it may be appropriate for PHB to pair bond resources with land previously purchased with these type of resources.

- Explore partnerships with places of worship, schools, other public entities, to leverage underutilized properties they own for housing compatible with the mutual mission. This may involve long term leases or outright sale of real property and vertical development using bond revenue as appropriate.
- Explore and/or advocate for Oregon constitutional changes. Oregon’s constitution Article XI, Section 9, currently prohibits municipalities from loaning their credit to a “company, corporation or association.” This, in effect, means general obligation bond funds can’t be used for projects that utilize the provisions of Section 42 of the internal revenue code (i.e. LIHTC partnerships.) If there is a change to the Oregon Constitution related to Article XI, Section 9 the door will potentially be opened to allow bond funds to be leveraged with LIHTCs, and a broader range of development and ownership partnerships could be explored and adjustments to the Policy Framework enabling such partnerships will be addressed by the Portland City Council with input from the BOC.

When the bureau selects a method of contracting for development, design, or rehabilitation services, PHB should select procurement methods that will best achieve community benefits like access to opportunities, DMWESB Goals, Workforce Training and Hiring Policies and other community benefits.

The contracting methods selected should also consider utilizing the deep expertise of the affordable housing development community. An identified method would be to secure the services of an “owners’ representative” to help assure buildings which are best able to serve the needs of those who will be calling those building home, and to lower overall costs of construction and operation of the buildings once constructed.

New construction of substantial rehabilitation using bond funds, should also use best design practices including accessible and visitability standards, such as the Universal Federal Accessibility Standards, which exceed Oregon State's minimum standards for accessibility (which are a 5% minimum of units being built as accessible.)

PHB should be transparent and explain its decision-making to the community when selecting a particular contracting method or development strategy. PHB should also use external evaluators when possible within the procurement process to ensure that the expertise in the affordable housing community is harnessed, and decisions are not just seen as “City” decisions, but involve the community in the decision-making process.

C. Recommendations for Operations:

Asset management refers to oversight of the long-term health of portfolio assets, while property management refers to day-to-day management of properties. Effective structures and processes for both property and asset management are vitally important to

preserving the quality and financial viability of affordable housing. Property management activities should support the mission and goals of the housing and foster tenants' housing stability and independence. Asset management strategies should sustain the physical and financial viability of the housing asset.

I. Asset management:

PHB should maintain sufficient capital reserves to maintain buildings with revenues from the buildings without the need for additional operating funds. Asset management plans should consider the long-term financial health of the buildings with sufficient funds to maintain the buildings for the benefit and the community. Asset management plans should ensure buildings are seen as attractive, well-maintained, infrastructure of our city.

PHB should utilize partners, when possible, with expertise, experience and capacity in asset management of affordable housing. PHB should also use resources of the bond resources projects to maintain its bond portfolio to ensure that other PHB funds that can be used to preserve its existing portfolio are available for that purpose.

II. Property management:

Property management should be tailored to ensure the goals for tenancy and access as contained within this framework plan are met. Property managers should have a shared commitment to the success of the community and each of the tenants that resides in the building. Careful selection, training, support and supervision of property management staff will ensure staff knowledge of tenants' needs and issues. The property management staff develop solutions that are effective for each tenant.

PHB should also seek to periodically re-evaluate property management relationship(s) with input from those residing in the buildings and asset management properties. There should be a clear and communicated ability of tenants to complain about property management or other issues. PHB should seek property managers who have qualifications and experience with communities of color and other communities that PHB is seeking to serve. Site staff should be diverse and represent the communities that they will be serving. PHB should require that property managers conduct trainings on diversity and other topics that will allow them to best serve the residents of the properties they manage.

Property managers should operate the buildings consistent with the asset management principles as articulated in this plan.

III. Tenant screening policies:

Tenant screening policies will be an essential component of ensuring access to the priorities populations as identified in this framework. PHB should develop screening criteria that:

- affirmatively further fair housing;
- advance racial equity;

- are as low barrier as possible;
- provide a supportive path for credit/debt issues;
- are transparent, understandable and linguistically appropriate; and
- utilize best practices.

To develop this screening criteria PHB should work with partners from:

- Home Forward;
- A Home for Everyone (AHFE) Coordinating Board;
- Fair Housing Council of Oregon;
- Legal Aid Services of Oregon and/or Oregon Law Center;
- Current Low Income Renters or renter's Associations; and
- Portland Based Affordable Housing Providers.

D. Recommendations for Resident Services, Supportive Housing and Service Partnerships

Access to high quality, community based, individually tailored, and culturally specific resident services, supportive housing, and service partnerships will be a cornerstone of bond funded affordable housing units. To achieve the long-term goals of stabilizing individuals and families, addressing racial disparities in opportunity and prosperity, and breaking intergenerational cycles of poverty, services and service partnerships are essential aspects of a successful housing bond implementation framework. To that end, outlined below are the key elements of resident services, supportive housing, and funding partnerships needed to move toward success in achieve these goals.

I. Resident Services

Community-based, culturally responsive and specific resident services are designed to help low-income individuals and families connect to and access social services to foster positive outcomes, long-term housing stability and greater well-being. This includes hiring bi-lingual, bi-cultural staff and offering culturally specific services, activities and events appropriate for the residents of the building.

Resident services help to build personal and community asset building, and typically are provided with at least one part-time staff person who coordinates and delivers services onsite and/or through referrals. Bond-financed housing will offer a range of resident services appropriate for serving the needs of tenants, and will vary from building to building. Costs for resident services are incorporated into the ongoing operating costs of the building which are derived from net operating income after repair and resources are capitalized.

Services will be customized on a building by building basis for the needs of specific communities, families, and individuals, and may include, but are not be limited to:

- Eviction prevention
- Workforce skill development/employment resources
- Parenting resources, youth engagement and academic assistance
- Arts programs and other recreational programs
- Instruction in healthy living/healthy eating; food security

- Financial literacy, credit repair, etc.
- Affordable child care
- Legal advocacy services
- Immigration services
- English language learning resources

II. Supportive Housing

Permanent Supportive Housing (PSH) and other supportive housing is dedicated for individuals and families who have the experience of homelessness, are living with a disability and often have been homeless for long periods of time. Tenants require a much deeper level of on-site and off-site specialized services beyond what is typically provided through resident services. PSH services will be delivered in a culturally responsive manner, and in partnership with culturally specific agencies and other community partners, using a Housing First framework. As appropriate for the tenants in the building, case management and other more intensive support services will be delivered including:

- Mental health counseling and services
- Alcohol and drug recovery services
- Health care
- HIV/AIDS services and advocacy
- Domestic violence services
- Peer-delivered services

Participation or engagement in services is voluntary but must be made available and accessible to the tenant for the duration of the tenant's residency. Costs for providing services range from \$5,000 to \$15,000 per household per year, depending on the service supports needed and utilized by the tenant. These service costs are above and beyond the ongoing operating costs of the building. Given the costs associated with supportive housing, strong partnerships are needed with Multnomah County and the City/County Joint Office of Homeless Services for a sustained and increased allocation of resources.

III. Funding and Service Partnerships

PHB will take into consideration several factors when determining the type and range of community-based, culturally responsive resident and supportive housing services, is appropriate, to be provided onsite, including:

- Location of the property,
- Service needs of individual tenants intended to reside in the property,
- Availability and configuration of the building/property to availability of community space,
- Availability of non-bond resources to pay for services,
- (for resident services) Services the City can provide with its own staff, and;
- Availability of services located within close proximity of the building.

For each property purchased, and in alignment with bond production goals and priority communities (detailed in Parts 3 and 4), PHB will develop a proposed plan for services, which will describe:

- the intended Priority Communities to be served at the property;
- the intended unit size and mix of 0-30%, 30-60%
- the intended number units supported by Project Based Vouchers
- the intended number of PSH/other supportive housing units, and desired service partnerships for funding and provision of the services;
- types of resident services which will be provided onsite.

Bond funds cannot directly be used to pay for resident services or services for PSH/other supportive housing.

Therefore, PHB will actively collaborate and coordinate with local, state and federal jurisdictional partners to determine and secure potential funding and leverage for services and ongoing rent subsidies for tenants from Priority Communities. Sources may include:

- City/County Joint Office of Homeless Services
- Multnomah County Department of Human Services
- Multnomah County Department of Mental Health and Addiction Services
- Multnomah County Public Health
- Oregon Health Authority
- U.S. Department of Housing and Urban Development Continuum of Care
- Home Forward – Project Based Section 8 vouchers; (VASH) vouchers
- Prosper Portland
- Worksystems Inc. – Department of Labor WIOA funds
- Veterans Administration, Veterans Affairs Supportive Housing (VASH)

PHB will solicit both formal and informal partnerships with culturally-specific agencies, homeless services organizations, and other community partners to support access into bond-financed housing and appropriate service supports for residents. PHB proposes to use the following methods for identifying service partnerships:

- Direct outreach to organizations and formation of MOU agreements
- Release of Request for Interested Parties
- Alignment with existing system services (e.g. homeless service system)

8. Reporting Metrics and Process

The PHB should collect and report on the below measures for the bond. This will allow for the analysis of performance of bond-financed housing in comparison to, and within the broader context of, other housing development resources of the bureau.

Reporting should be quantitative and well as qualitative. It should consider the outcomes beyond the “number” and capture the human element as to how the bond housing is making a difference in residents’ lives.

Production Metrics

- Number of units opened that are newly affordable (0-30% AMI, 30-60% AMI)
- Number of units acquired (0-30% AMI, 30-60% AMI)
- Cumulative total of bond funded housing units built and acquired compared to bond production goals and targets:
 - 1,300 total units
 - 600 units at 0-30% AMI
 - 50% (650 units) family-sized units
 - 300 units Permanent Supportive Housing (PSH)/other supportive housing
- Average and range of bond investment per affordable housing unit opened
- Average and range of bond investment per affordable housing unit acquired
- Total costs of the development, as well as the contribution of bond funds to a project and any leveraged amounts

Racial Equity in Housing Development Metrics

- Percentage utilization of Minority, Women, and Emerging Small Business contracts in bond funded affordable housing construction (Contract \$ awarded)
- Percentage utilization of Minority (Contract \$ awarded) in bond funded affordable housing construction
- Utilization of minority contractors on projects.

Location Metrics

- Percentage of bond funded housing units opened or acquired in opportunity areas
- Percentage of bond funded housing units opened or acquired in areas vulnerable to displacement
- Geographic location of properties (depicted on interactive map)

Racial Equity in Access Metrics

- Demographic data on tenants, including race, ethnicity, gender, age, and income
- Demographics of households residing in bond funded housing units as compared to the demographics of households applying for bond funded housing units.
- Demographics of households residing in bond funded housing units as compared to the demographics of households eligible for bond funded housing units.

The bureau should provide quarterly and annual reporting on the above measures for the Bond Oversight Committee, City Council and the public. The Bond Oversight Committee may request and propose to have PHB collect and report on additional measures related to the bond, to account for variations that may occur over time related to the overall bond goals and progress towards achieving the goals.

If changes in the goals or the framework are to be made at a later date, the changes should be explicit, acknowledged, and explained. If goals are not met, PHB should explain what it is going to do in response to not meeting the goals.

9. Community Engagement Strategy

A Community Engagement Plan should ensure that stakeholders including Portland voters, neighborhoods, community-based organizations, nonprofit housing developers, housing advocates and other key housing stakeholders are informed annually about the progress of the Affordable Housing Bond. The reporting should contain progress towards achievement of overall bond goals, and include, when applicable, remedial planning and actions to stay on track with bond goals. The plan should serve the public by keeping Portland residents and stakeholders informed of bond project milestones, activities; and on-going opportunities to provide comment, voice concerns and provide feedback. The plan should ensure that continual opportunities for meaningful engagement are made available to community partners and the public throughout bond implementation.

The following principles should guide PHB's Community Engagement efforts:

- conduct meaningful and strategic outreach and engagement with communities, to prevent placing further "engagement fatigue" and undue burden on communities most impacted by the affordable housing crisis; focus on connecting outreach efforts to community events, such as resource fairs, and other existing meeting venues of community members;
- ensure equitable access to information and opportunities for involvement for residents from communities of color, including immigrants, refugees and persons with limited English proficiency. These communities have historically been marginalized and excluded in city processes and decisions. The city will create and build upon intentional partnerships with community based organizations, through both informal and formal (contracted) partnerships, to use the expertise of community partners to achieve more meaningful and effective outreach and engagement.
- apply a racial equity lens to all strategies and plans for community engagement; and use PHB's Racial Equity Plan Strategies to conduct long-term outreach and engagement goals, and measure success.
- include outreach to affordable housing stakeholders including nonprofit housing developers and organizations representing low-to-moderate income residents, immigrant, refugee, and communities of color, renters, seniors, people with disabilities, people with lived experience who are homeless, or are at risk of becoming homeless.
- include outreach and collaboration with its jurisdictional partners, including Multnomah County, Home Forward, A Home for Everyone collaborative and other funders, on scheduled outreach activities, including regular member, neighborhood and/or association meetings, and other scheduled opportunities and events.
- communicate the bond in context of the larger housing strategy and make sure to contextualize the bond investment with the rest of PHB's investment.

~~* During the outreach process for the Stakeholder Advisory Group's (SAG) draft plan, community members should be consulted and asked to provide feedback to inform the long-term Community Engagement Plan for the Affordable Housing Bond. The SAG will then make further adjustments and refinements to these recommendations.~~

Appendix A: Priority Communities: Definitions and Data

Definition	Data
<p>Communities of Color⁹: A term used primarily in the United States to describe communities of people who are not identified as White, emphasizing common experiences of racism. The following six (6) communities of color are disproportionately over-represented among the population experiencing poverty:</p> <ul style="list-style-type: none"> • African American/Black • Asian American • Hawaiian/Pacific Islander • Immigrant and Refugees (including Somali, Slavic, Middle Eastern) • Latino • Native American/Alaska Native 	<p>Poverty Rates by Race/Ethnicity:</p> <ul style="list-style-type: none"> • African American/Black 39.1% • American Indian/Alaska Native 39.1% • Hawaiian/Pacific Islander 40.9% • Latino 30.3% • Asian 19.1% • White 14.0%
<p>Family: Households who have incomes at or below 60% of Area Median Income (AMI), and whose composition is a group of persons residing together. There are a variety of family household compositions, including, but not limited to, parent(s) living with or without children and intergenerational households.</p>	<p>Poverty Rates by Family Type:</p> <ul style="list-style-type: none"> • Family households 14.4% • Married couple family households 9.1% • Female head, no spouse present 30.9% • Other living arrangements 26.0%
<p>Households experiencing homelessness or at imminent risk of becoming homeless¹⁰: An individual or family who lacks a fixed, regular and adequate nighttime residence, including any of the following situations:</p> <ul style="list-style-type: none"> • living in a place not meant for human habitation (e.g. car, park, abandoned building) • living in a shelter, transitional housing or hotel or motel paid for with a voucher • exiting an institution (like hospital or jail) where he/she resided for less than 90 days and resided in a place not meant for human habitation or an emergency shelter before entering the institution 	<p>Snapshot of Homelessness, from the 2017 Point in Time Count:</p> <ul style="list-style-type: none"> • 4,177 total individuals homeless, a 9.9% increase from 2015 (3,801 individuals) • Of the total: <ul style="list-style-type: none"> ○ 40.5% (1,693) persons of color: <ul style="list-style-type: none"> ▪ 10.2% American Indian/Alaskan Native ▪ 1.5% Asian ▪ 16.2% Black/African American ▪ 2.6% Native Hawaiian/Pacific Islander ▪ 10.2% Hispanic/Latino

⁹ City of Portland Office of Equity, <https://www.portlandoregon.gov/oehr/article/581458>

¹⁰ Multnomah County, A Home for Everyone, definition of homelessness: <http://ahomeforeveryone.net/>

Definition	Data
<ul style="list-style-type: none"> • losing their primary nighttime residence within 14 days with no subsequent residence identified • some youth or families who meet other federal definitions of homelessness • fleeing domestic violence, dating violence, sexual assault, stalking or other dangerous conditions and has no other residence or resources or support networks to obtain other permanent housing • imminently at risk of losing access to, or is unsafely sharing, the housing of other persons due to loss of housing, economic hardship, or a similar reason 	<ul style="list-style-type: none"> ○ 8% increase in number of American Indian/ Alaskan Natives from 2015 (82) to 2017 (424) ○ 15.7% families, steady rate from 2015 ○ 60.5% reporting living with one or more disabilities, an 16% increase from 2015 ○ 19.6% ages 55+, slight 1.1% increase from 2015
<p>Households facing imminent displacement: An individual or family who is about to experience involuntary displacement. “Displacement occurs when any household is forced to move from its residence by conditions which affect the dwelling or its immediate surroundings, and which: 1. are beyond the household's reasonable ability to control or prevent; 2. occur despite the household's having met all previously imposed conditions of occupancy; and 3. make continued occupancy by that household impossible, hazardous or unaffordable.¹¹”</p>	<p>Households considered to be vulnerable to housing displacement include low-income renters, people of color, and immigrants (particularly those with Limited English Proficiency). In Portland, the median renter income is \$34,289 while the overall median income is \$55,003. People with disabilities make up 12.5% of the Portland population. Elderly households make up 17.4% of the population and single female headed households 9.5%. Households with Limited English Proficiency comprise 4.4% of the population.</p> <p>Housing is considered precarious when it is older, rental, multifamily structures, and overcrowded. In Portland, 47.1% of housing is renter occupied. 18.1% of the total housing stock is made up of multi-family buildings larger than 20 units. 61.7% of total housing stock was built before 1970. Three percent of the total stock is overcrowded with more than 1 person per room. (ACS 2011-2015)</p>

¹¹ V Marcuse, Peter. (1985). Gentrification, Abandonment, and Displacement: Connections, Causes, and Policy Responses in New York City. *Journal of Urban and Contemporary Law*, 28, 195-240.

Additional Definitions

Area Median Income (AMI): The Department of Housing and Urban Development (HUD) sets income limits that determine eligibility for assisted housing programs. HUD develops income limits based on Median Family Income estimates and Fair Market Rent area definitions for each metropolitan area, parts of some metropolitan areas, and each non-metropolitan county. The most recent AMI rent limits are found at: <https://www.portlandoregon.gov/phb/50010>

Culturally-specific organization¹²: A culturally-specific organization includes the following:

- The majority of members and/or clients are from a particular community of color
- The organizational environment is culturally-focused and identified as such by members
- The staff, board and leadership reflects the community that is served
- The organization has a track record of successful community engagement and involvement with the community being served,

Additionally, the community itself has validated the range of services provided by the organization and confirmed their usefulness to the community.

Culturally Specific services/programs¹³: Services/programs are those that are informed by specific communities, where the majority of members or clients are reflective of that community, and use language, structures and settings familiar to the culture of the target population to create an environment of belonging and safety in which services are delivered. These services and programs reflect the following characteristics:

- Programs are designed and continually shaped by community input to exist without structural, cultural, and linguistic barriers encountered by the community in dominant culture services or organizations AND designed to include structural, cultural and linguistic elements specific to the community's culture which create an environment of accessibility, belonging and safety in which individuals can thrive.
- Organizational leaders, decision-makers and staff have the knowledge, skills, and abilities to work with the community, including but not limited to expertise in language, core cultural constructs and institutions; impact of structural racism, individual racism and intergenerational trauma on the community and individuals; formal and informal relationships with community leaders; expertise in the culture's explicit and implicit social mores. Organizational leaders and decision-makers are engaged in improving overall community well-being, and addressing root causes.

Equity Lens¹⁴: A tool used for a critical thinking approach to undoing institutional and structural racism, which evaluates burdens, benefits, and outcomes to underserved communities.

Permanent Supportive Housing¹⁵: Permanent supportive housing (PSH) offers supportive services to assist persons experiencing homelessness who have a disability to live independently. Supportive services are designed to meet the needs of the residents and must be offered for the entire duration of program participation, and could include: mental health, health care, culturally-specific services, employment, addictions recovery. PSH may be single site, scattered site or clustered, and can be integrated with affordable or market-rate units. PSH is a highly successful evidence based practice for chronically homeless people with disabilities or other substantial barriers to housing stability.

¹² Coalition of Communities of Color, 2012

¹³ Multnomah County, <http://ahomeforeveryone.net/partner-resources>

¹⁴ City of Portland Office of Equity, <https://www.portlandoregon.gov/oehr/article/581458>

¹⁵ A Home for Everyone, Community Guidelines: <http://ahomeforeveryone.net/guidelines/>

Appendix B: Frequently Asked Questions on City's Ownership Restrictions and Procurement Process

Affordable Housing Bond Frequently Asked Questions on City Ownership Restrictions (July 3, 2017)

1. How does the “Lending of Credit Restriction” limit the City’s actions regarding bond-financed buildings or land?

Lending of Credit Restrictions is a Constitutional provision which substantially limits the ability of the City to use general obligation bonds for housing projects that involve artificial entities. For example, many rental housing projects that serve low income tenants are eligible for federal low income housing tax credits, which can significantly reduce the cost of providing housing. However, low income housing tax credits usually require participation by an artificial entity to permit the low-income housing tax credits to be sold. This participation by an artificial entity may preclude financing the housing project with general obligation bonds.

The City of Portland’s Bond counsel has concluded that Article XI, Section 9 of the Oregon Constitution largely limits City general obligation bonds to financing the portion of housing projects that are owned by the City, by another local government, or by a “natural person.” Article XI, Section 9 also precludes the City from raising money for, or loaning the City’s credit to, or in aid of, any “joint company, corporation or association, whatever” (“artificial entities”).

2. What is the City’s current policy relative to “Financial Net Position” as it applies to bond-financed buildings or land?

Financial Net Position. The City has had a persistent, negative trend in Net Position (Assets minus Liabilities) for its Governmental Activities (General Fund services, Transportation, etc.). For the most recent fiscal year (FY 2015-16), Net Position as reported in the City’s Comprehensive Annual Financial Report totaled in excess of *negative* \$1.4 billion. The concern is that this trend could impair the City’s long-term fiscal health and overall credit ratings. Although there are several factors that have contributed to this trend, underinvestment in City-owned infrastructure and financial activities that result in the creation of long-term liabilities without a corresponding increase in assets are factors that have exacerbated this trend. For these reasons the Chief Financial Officer has advised the City Council to avoid entering into financial transactions that result in a mismatch between liabilities incurred and assets created.

For more information, go to [Bond Basics Presentation \(April 17, 2017\)](#) and find more information and updates on the bond at: <https://www.portlandoregon.gov/phb/71130>.

Affordable Housing Bond
Frequently Asked Questions on City Procurement Process
(August 8, 2017)

1. Why are bond-financed construction projects subject to the Public Contracting Code (state law) and the City's Procurement Rules?

Because bond projects constructed and owned by the City will be public improvements, the City is required to follow Oregon's Public Contracting Code. The City's Procurement Rules ensure that public improvements are constructed in accordance with the Public Contracting Code as well as implementing other city policies.

2. What are the implications of going through the City's procurement process in terms:

a. Timeline for Development

There are different contracting methods the City may use for the developing and contracting for the construction of new affordable housing under the bond. A broad overview of those options will be presented at the SAG meeting on August 8th, 2017. Generally speaking, the timeline from the time of posting an RFP to the contractor selection and contract execution ranges from 6 to 24 months. It is at that point that the normal process would begin for pre-development work including permitting, demolition if necessary etc. The time period from the awarding of a contract to the start of construction will likely be less than the duration of a typical PHB funded development, which varies from an average range of one to two years due to the developer needing to compile financing.

b. Costs of Development

There are a variety of public benefits included in the City's procurement rules as well as other policies that pertain to construction including: fair contracting policies (e.g., DMWESB, the Subcontractor Equity Policy and the Workforce Training and Hiring Policy). Most privately owned PHB funded affordable housing developments will likewise be subject to the City's fair contracting policies.

In addition, because the City must own the bond funded projects, Oregon's Prevailing Wage Law (the "PWL") is expected to apply to all such bond-funded project work. The bond funded projects will be considered "public works" within the meaning of the PWL because the projects will be either "carried on or contracted for" by the City to serve the public interest. ORS 279C.800(6)(a)(A). Prevailing wage typically increases the labor costs in a project by approximately 12% to 18%.

The PWL provides a narrow exemption for certain privately-owned affordable housing projects that is not expected to be applicable to the bond funded projects. ORS 279C.810(2)(d). Most privately owned PHB funded affordable housing developments are subject to the PWL either because: (i) an otherwise exempt mixed-use project is found to have a commercial space that triggers the PWL on the entire project; or (ii) the project uses funds of a private entity and \$750,000 or more of funds of a public agency (in the aggregate) for constructing, reconstructing, painting or performing a major renovation on a privately owned road, highway, building, structure or improvement of any type. Note that just because a privately owned PHB funded development is found to be a "public work" within the meaning of the PWL, the application of PWL does not subject such projects to the other requirements of the Public Contracting Code or City Procurement Rules. For example, if PHB contracts with a private developer for a mixed-use project and contributes \$750,000 or more in public funds, although the project will be subject to the PWL, the private developer is free to contract with whatever (subject to certain limitations, debarment, etc.) general contractor it chooses without competitive solicitation.

Appendix C: Comments Collected from Community Feedback Period (Aug. 18 to September 23, 2017)

(section forthcoming)