

10/08/2018

MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY OF PORTLAND, CITY OF TIGARD, METRO, WASHINGTON
COUNTY AND THE TRI-COUNTY METROPOLITAN TRANSPORTATION
DISTRICT OF OREGON REGARDING SOUTHWEST CORRIDOR AND
AFFORDABLE HOUSING

This Memorandum of Understanding (“MOU”) is entered into this 10 day of October, 2018 by and between the City of Portland, City of Tigard, Washington County, Metro and the Tri-County Metropolitan Transportation District of Oregon (“TriMet”) (collectively the “Parties”).

1. Recitals

1. The Metro Council and the Joint Policy Advisory Committee on Transportation (“JPACT”) identified the Southwest Corridor, connecting downtown Portland to the region’s southwest suburbs, as the region’s top priority for consideration for a high capacity transit investment based on the 2009 Regional High Capacity Transit System Plan and the 2014 Regional Transportation Plan (“Southwest Corridor Project” or “Project”). The Project, which will create a new light rail alignment in the Southwest Corridor, has been under development since 2012 and includes partners from the Cities of Portland, Tigard, Tualatin, Durham, Beaverton, Sherwood and King City along with Washington County, the Oregon Department of Transportation, Metro, and TriMet.
2. The Project will create fast, reliable and affordable transit service that links housing to jobs and educational opportunities, as well as new station areas. The Project schedule anticipates a Full Funding Grant Agreement from the Federal Transit Administration (“FTA”) in 2023, with revenue service beginning in 2027.
3. The Parties have been collaborating on the planning and design of the Project, including the transportation needs of the corridor and the associated land use, development, economic opportunities, and housing opportunities that will be afforded by improved transportation in the corridor.

4. Portland has adopted the Barbur Concept Plan, which established a spatial framework for considering Project alternatives, and established preliminary land use visions for potential station areas. Tigard's adopted comprehensive plan identifies Downtown Tigard and the Tigard Triangle as districts in which to focus residential and employment growth, supported by transit.
5. The Parties agree that station areas that are active and have a mix of land uses, housing types, business types, and income levels make better station areas. It is also understood that increased housing, employment opportunities, retail and activity at station areas improve safety and increase ridership.
6. The Parties agree that more housing and businesses near transit service is a benefit to the community, in part because it lowers the cost of transportation. Affordable housing is a further benefit to the community, because it provides quality transit access to lower income households that often rely on the service the most. Stable local businesses are a further benefit to the community, because they provide quality transit access to employment and the local community's demand for goods and services. The Parties agree that the Project should minimize displacement of existing housing stock and businesses in the corridor, while also expanding transit access to current and future households and jobs.
7. To that end, Metro is leading the Southwest Equitable Development Strategy process to promote equitable economic development and an affordable housing strategy for the corridor, and the Cities of Portland and Tigard have jointly developed an Equitable Housing Strategy, which establishes housing targets for the cities, identifies specific actions and funding opportunities, and includes possible mechanisms for ongoing coordination and collaboration.
8. The Parties desire to work together to promote affordable housing, business stabilization and other development in the corridor in conjunction with the Project. This MOU sets out a general framework and statement of intent toward those ends, and the responsibilities herein are contingent upon the continued advancement of the Project, and the ultimate receipt of a Full Funding Grant Agreement for Project construction.

2. Responsibilities

1. Metro

- a. If regional voters approve an affordable housing bond, Metro will encourage and support Portland and Washington County in allocating an appropriate portion of the bond funds to the Southwest Corridor to preserve and fund construction of affordable housing.
- b. Metro will participate in the Station Optimization Study being led by TriMet, which is defined in Section 2(e), below.
- c. Metro will seek land acquisition opportunities for Transit Oriented Development (TOD) along the corridor to support affordable housing and other development, as available and appropriate.

2. TriMet

- a. TriMet will design, finance, construct, and operate the Southwest Corridor Project.
- b. TriMet will acquire the real property necessary to construct the Project. Property will be acquired in accordance with applicable state and federal law, including the Uniform Relocation Act. At the conclusion of construction of the Project, TriMet may have remnant parcels that are not needed for future transit purposes that become excess properties and may be developed or disposed of in accordance with applicable state and federal law.
- c. TriMet agrees to take the steps necessary to obtain FTA approval to sell, lease, or otherwise convey the excess properties at or near station areas for development in a manner permitted by law and FTA regulations. This may include disposition, joint development or long-term lease of excess property. Under current FTA regulations, TriMet must require compensation from the entity acquiring the property in at least the amount calculated as the federal share of the fair market value of excess property, but can discount the local share. In the case of disposition of property purchased through a public-private partnership, TriMet will be required to obtain both the amount of the federal share and the amount of the private share through any property disposition.

- i. TriMet will offer residentially developable excess property parcels at station areas that were purchased, but ultimately not needed, for the Project or other transit needs, to the City of Portland for purchase in order to accommodate 600-700 affordable housing units before offering such parcels to any other party. TriMet and the City of Portland will evaluate such excess properties for affordable housing, but also for transit-supportive density, market rate housing, business stabilization, and mixed use-development, which are all desired at station areas. For each excess property identified as appropriate for housing use, as mutually agreed to by the TriMet and the City of Portland, TriMet will seek FTA approval to sell, lease, or otherwise convey the development rights of the site, as permitted under federal and state laws and regulations.
- ii. TriMet will offer residentially developable excess property parcels at station areas that were purchased, but ultimately not needed, for the Project or other transit needs, to the City of Tigard for purchase in order to accommodate 150-250 affordable housing units before offering such parcels to any other party. TriMet and the City of Tigard will evaluate such excess properties for affordable housing, but also for transit-supportive density, market rate housing, business stabilization, and mixed use-development, which are all desired at station areas. For each excess property identified as appropriate for housing use, as mutually agreed to by the TriMet and the City of Tigard, TriMet will seek FTA approval to sell, lease, or otherwise convey the development rights of the site, as permitted under federal and state laws and regulations.
- iii. TriMet commits to reduce land value on remnant sites identified for affordable housing by the amount of the local share to facilitate affordable housing development, to the extent allowed under state and federal rules and laws.
- iv. The parties agree to expedite development to the extent possible.

- d. TriMet will encourage and support Portland and Washington County in allocating an appropriate portion of the Metro housing bond funds, if passed by the voters, to the Southwest Corridor to preserve and fund construction of affordable housing.
- e. TriMet will lead a Station Optimization Study when finalizing station locations after selection of the Locally Preferred Alternative. The study will balance various needs, including travel time, reliability, existing land uses, development opportunities and pedestrian and bicycle facilities that connect to stations. The optimization review will also identify potential development sites, including sites that may be appropriate for affordable housing along the corridor.

3. City of Portland

- a. The City of Portland will participate and support the Station Optimization Study defined in Section 2(e), above.
- b. If regional voters approve a Metro affordable housing bond, the City of Portland will work to allocate an appropriate portion of the funds to the Southwest Corridor to preserve and fund construction of affordable housing.
- c. The City of Portland understands that it may be asked to provide funds to address the financing gaps for affordable housing projects along the corridor.
- d. In order to promote the addition of jobs and community resources at or near station areas, the City of Portland will explore the feasibility of creating or utilizing additional revenue sources or methods to promote business stabilization, employment opportunities, and preservation of community-serving organizations.
- e. The City of Portland will work to implement the Equitable Housing Strategy jointly developed with Tigard. This includes:
 - i. Exploring the feasibility of an Urban Renewal Area along SW Barbur;
 - ii. Considering sources of money and financial tools to convert some of the corridor's 372 unregulated apartment buildings into regulated rent/income-restricted buildings;

- iii. Identifying sites for new affordable housing development along the corridor, including at sites that are currently publicly owned, and in locations that may not be impacted by the Project;
 - iv. Continuing to conduct pre-development studies of potential sites and development prototypes;
 - v. Considering early acquisition of suitable property if identified;
 - vi. Continuing to support nongovernmental stakeholders in the corridor as they explore forming a collaborative structure to facilitate equitable TOD;
 - vii. Considering new ways to lower the cost of developing affordable housing, including by continuing to implement System Development Charge waivers for housing projects providing units at 60 percent of Median Family Income (“MFI”) or less.
 - viii. Coordinating across bureaus (Housing, Planning, etc.) to promote affordable housing and to assist developers with getting access to resources (including financial resources) for affordable housing development, including predevelopment and gap financing.
 - ix. Reviewing zoning patterns along the corridor, particularly as station locations become more certain, and increase densities as appropriate along the corridor and at station areas, including consideration of converting some single-family zoning near station areas to multifamily zoning, and increasing height and floor area ratios in mixed use and multifamily areas.
 - x. Continuing to expand anti-displacement services to homeowners and renters citywide, and exploring additional tenant protections;
- f. To the extent possible, the City of Portland will facilitate construction of land development projects on excess property in a timely manner in order to minimize the time such property sits vacant along the alignment. Doing so will support active station areas and transit ridership by reducing vacant property along the

alignment and expediting housing, active station areas, density, activity, and transit ridership.

- g. To the extent possible while also meeting affordable housing goals, the City will endeavor to create mixed use and mixed income development at station areas, in a manner that supports local businesses and local demand for goods and services, and to develop property in a way that is oriented toward the light rail line and station areas.
- h. City of Portland recognizes that stormwater management will be required along SW Barbur as the street is reconstructed, and as abutting sites redevelop. Facilities will be required in the right-of-way, and on abutting property. The City will actively engage with project partners to promote innovative and effective facility design, and integrate those designs into urban design plans, in order to maximize developable property and promote active mixed-use station areas.
- i. City promotional materials for affordable housing developed pursuant to this MOU shall include a statement that each development is occurring in affiliation with the Project and with the assistance of TriMet.
- j. The City will work with TriMet to ensure high ridership in the Southwest Corridor by working reduce bus and train travel times.
- k. The City will seek funding to develop and consider appropriate proposals for further re-zoning in the station areas of all other existing light rail lines (Blue, Red, Green, Yellow and Orange Lines). Proposals will take into account the transit station area typologies in Figure 3-4 of the 2035 Comprehensive Plan, and related policies. Further, the City will consider appropriate additional zoning prohibitions for mini storage units near all transit stations.

4. City of Tigard

- a. The City of Tigard will participate and support the Station Optimization Study, as defined in Section 2(e), above.

- b. If regional voters approve an affordable housing bond, the City of Tigard will work with Washington County to allocate an appropriate portion of the funds to the Southwest Corridor to preserve and fund construction of affordable housing.
- c. The City of Tigard understands that it and Washington County may be asked to provide funds to address the financing gaps for affordable housing projects along the corridor.
- d. The City of Tigard will work to implement the Equitable Housing Strategy jointly developed with Portland. This includes:
 - i. Considering sources of money and financial tools to convert some of the corridor's unregulated apartment buildings in Tigard into regulated rent/income-restricted buildings;
 - ii. Identifying sites for new affordable housing development along the corridor, including at sites that are currently publicly owned, and in locations that may not be impacted by the Project;
 - iii. Continuing pre-development studies of potential sites;
 - iv. Considering early acquisition of suitable property if identified;
 - v. Continuing to support nongovernmental stakeholders in the corridor as they explore forming a collaborative structure to facilitate equitable TOD;
 - vi. Considering new ways to lower the cost of constructing affordable housing, including by continuing to implement local System Development Charge exemptions for housing projects providing units at 60 percent of Area Median Family Income ("MFI") or less.
 - vii. Working to promote affordable housing and to assist developers with getting access to resources (including financial resources) for affordable housing development;
 - viii. Reviewing zoning patterns along the corridor, particularly as station locations become more certain, and increase densities as appropriate along the corridor and at station areas.
 - ix. Continuing to explore additional tenant protections.

- e. The City of Tigard will work to increase densities as appropriate along the corridor to support transit-oriented development and affordable housing.
- f. To the extent possible, the City of Tigard will facilitate construction of land development projects on excess property in a timely manner in order to minimize the time such property sits vacant along the alignment. Doing so will support active station areas and transit ridership by reducing vacant property along the alignment and expediting housing, active station areas, density, activity, and transit ridership.
- g. City promotional materials for affordable housing developed pursuant to this MOU shall include a statement that each development is occurring in affiliation with the Project and with the assistance of TriMet.
- h. The City will work with TriMet to ensure high ridership in the Southwest Corridor by working reduce bus and train travel times.

5. Washington County

- a. Washington County will participate and support the Station Optimization Study defined in Section 2(e), above.
- b. If regional voters approve an affordable housing bond, Washington County will work with Tigard to allocate an appropriate portion of the funds to the Southwest Corridor to preserve and fund construction of affordable housing.
- c. Washington County will identify potential sites for affordable housing along the corridor.
- d. Washington County and the Housing Authority of Washington County will partner in housing development within the corridor as resources, including but not limited to staff, funding, and land availability, allow.
- e. Washington County will promote affordable housing and assist developers with getting access to resources (including financial resources) for affordable housing development in the corridor.

- f. To the extent possible, Washington County and the Housing Authority of Washington County will facilitate construction of land development projects on excess property in a timely manner. Doing so will support active station areas and transit ridership by reducing vacant property along the alignment and expediting housing, active station areas, density, activity, and transit ridership.
 - g. Washington County will explore opportunities that can increase available funding for affordable housing in the corridor and will consider ways to lower the cost of constructing affordable housing, including exempting housing projects that provide housing for those making 60 percent or less of Area Median Family Income from System Development Charges.
 - h. Washington County promotional materials for affordable housing developed pursuant to this MOU shall include a statement that each development is occurring in affiliation with the Project and with the assistance of TriMet.
6. **Coordination.** The parties agree to establish an ongoing structure for staff-level coordination of housing, economic development, and community development implementation in the corridor over the course of project planning and implementation. This mechanism should be distinct from, but in tandem with any mechanisms used for the light rail project or the SW Equitable Development Strategy planning processes.
7. **Collaboration with Other Community Partners.** A variety of non-governmental organizations have been involved in shaping the Equitable Housing Strategy for the SW Corridor. This includes affordable housing providers and funders, market rate developers, private philanthropic organizations, and organizations representing renters and communities of color, among others. The parties agree coordinated meaningful engagement with these organizations and businesses within the corridor will occur through the inter-jurisdictional coordination structure described in Section 6 above.
8. **Future Agreements.** The parties agree that as the Project evolves, it may make sense to modify this agreement to adapt to changing circumstances, or to add additional points of agreement. In particular, incorporating shared housing targets into a regional agreement, and (over time) developing a shared policy framework for Equitable development in the region. Toward that end:

- a. The parties agree to discuss and coordinate local housing targets that impact the corridor.
- b. The parties also agree to discuss the potential for adopting a shared policy statement on light rail station area housing.
- c. The parties agree to discuss a new version of this MOU, or a replacement agreement, at about the time TriMet receives the Full Funding Grant Agreement for the Project, which is expected in 2023.

9. **Nature of this agreement.** The Parties agree and understand that the development of housing, employment opportunities, and commercial uses at station areas will be important to the success of the Project and will improve the livability of the region as a whole. This MOU is a statement of cooperation between the Parties, setting out the Parties' intent to act together to achieve the goals set out herein. However, this MOU does not create a binding agreement between the Parties and may not be relied upon as a basis for a contract by estoppel or be the basis for a claim based on detrimental reliance or any other theory.

City of Portland, Housing Bureau

By: 
Shannon Callahan, Interim Director

Date: 10.10.18

Tri-City Metropolitan Transportation District of Oregon

By: 
Steve Witter, Executive Director Capital Projects

Date: 10.9.18

City of Portland, PBOT

By: 
Chris Warner, Interim Director

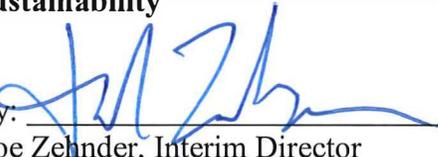
Date: 10/9/18

Metro

By: 
Elissa Gertler, Planning Director

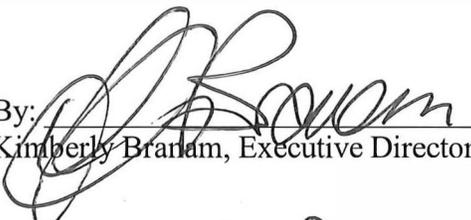
Date: 10-10-18

City of Portland, Planning and Sustainability

By: 
Joe Zehnder, Interim Director

Date: 10/9/18

Prosper Portland

By: 
Kimberly Branham, Executive Director

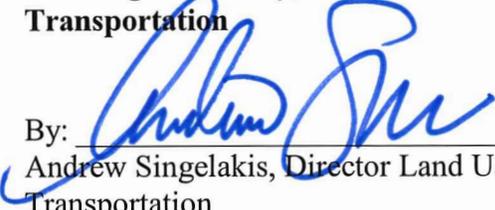
Date: 10.9.18

City of Tigard

By: 
Kenny Asher, Director Community
Development

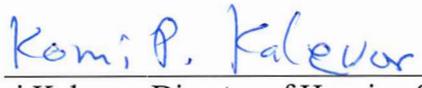
Date: 10/9/18

**Washington County, Land use and
Transportation**

By: 
Andrew Singelakis, Director Land Use and
Transportation

Date: OCT 9, 2018

Washington County, Housing Services

By: 
Komi Kalevor, Director of Housing Services

Date: 10/9/2018