

The Oregonian

Portland Building renovation, at up to \$195 million, moves forward

By Andrew Theen

October 21, 2015

The Portland City Council on Wednesday approved a full-scale renovation and seismic retrofit of the city's 33-year-old administrative headquarters downtown, a project that could cost as much as \$195 million.

The Portland Building, home to some 1,300 city workers and recognized on the National Register of Historic Places for its design, will be dramatically overhauled – gutted, and rebuilt from the inside -- during the next five years.

The nearly \$200 million price tag, making it the most expensive office project in the government's history, includes the cost of renting space in other buildings and moving staff and supplies to and from the building. It's also nearly double the initial estimate provided in 2013 to address water infiltration issues and other long-identified defects.

"I wish that we didn't have to do this," Mayor Charlie Hales said before voting, "but we do."

Commissioner Nick Fish said the City Council has to act. "I'm done fussing," Fish said. "Either we're going to fix it or we're going to do something else."

The City Council's unanimous vote puts the final touches on a plan nearly two years in the making. The city can now solicit construction bids in hopes of finishing work by 2020.

Fred Miller, Portland's chief administrative officer, said he thinks the city can shave millions of dollars off the \$195 million figure by keeping some employees in the building during construction. He also described the plan as the lowest-cost alternative – cheaper than options such as building a replacement elsewhere downtown or demolishing the Portland Building and starting fresh.

But Miller and the City Council repeatedly promised that the project would not cost more than \$195 million. "Let's put a stake in the ground," Miller said.

Portland will issue 20-year bonds to pay for the project. Based on a previous \$175 million estimate, the city would owe \$12.9 million in annual debt payments, with the money coming from the general fund and rent checks from city bureaus.

In a separate decision, the City Council approved a plan to spread the cost of the building across most city bureaus in the downtown area – not just the ones with offices in the building. The new rates would go into effect no later than 2021.

The biggest controversy centered on a proposal to dedicate 1 percent of the construction costs to providing opportunities for minority and women contractors.

Members of the Equitable Contractors & Purchasing Commission, formed in February, asked the City Council to delay a vote.

"We need more time," said Maurice Rahming, president of O'Neill Electric, saying the commission didn't know how the council settled on a 1 percent or how the money would be spent.

But the council narrowly approved the proposal, promising to work with the commission to discuss how the money, estimated at \$1 million, would be spent.

Financial officials recommended in late 2013 that the iconic Portland Building be overhauled rather than replaced.

The City Council approved spending \$3.75 million during the current budget year to start design and engineering work, as well as \$2.3 million for project costs.

The 15-story Portland Building was designed by architect Michael Graves, who died in March, and built for \$25 million starting in 1982. The Portlandia statue sits atop the building's entrance at 1120 S.W. Fifth Ave.

Jen Clodius, Office of Management & Finance spokeswoman, said the city doesn't plan to move Portlandia.

Here's a preliminary cost breakdown:

Remaking the Portland Building	
Item	Cost
Construction	\$80 million
Construction contingency	\$20 million
Moves, renting other space	\$29.8 million
Project contingency	\$19.9 million
Professional services	\$12.5 million
Facilities staff	\$6.3 million
Green energy, artwork, misc.	\$4 million
Permits and fees	\$2.5 million
Total*	\$175 million

* Inflation and current costs expected to increase estimate to \$195 million

Portland sues HomeAway.com for \$2.5 million over short-term rental violations

*By Luke Hammill
October 21, 2015*

Portland officials filed a \$2.5 million lawsuit on Wednesday in U.S. District Court against HomeAway.com Inc. for violations of the city's short-term rental code, according to a news release issued by the Office of Management and Finance.

The city on Tuesday also ordered HomeAway.com and affiliate VRBO.com to cease and desist listing short-term rental properties in Portland, officials said.

The city accused HomeAway.com of failing to collect Portland and Multnomah County hotel taxes; failing to provide the Revenue Division with names and addresses of local hosts upon request; failing to display the permit numbers for short-term rentals to demonstrate completion of health and safety inspections; and failing to register with the Revenue Division within 15 days of commencing business.

"We will not stand by while short-term rental websites flout basic consumer protection and tax laws," said Revenue Division Director Thomas Lannom in the release. "We offered to work with, and later repeatedly warned HomeAway.com about its obligations under Portland city code. We now find ourselves in the position of needing to take more forceful action."

The city has also assessed fines of more than \$1 million against eight other short-term rental websites, officials said in the release. The city anticipates taking additional action against some of those sites, as well.

More than 130 short-term rental hosts have been warned by the city about complying with the law. At least 50 hosts face penalties of \$500 or more, according to the release.

Matt Curtis, HomeAway.com's director of government relations, said in a written statement that the company does not comment on pending litigation.

"However, our goal in Portland, and all other municipalities for that matter, has always been to work collaboratively with lawmakers to introduce fair regulation that balances the needs of the community with the rights of property owners, residents and travelers," Curtis said.

"HomeAway has repeatedly offered to assist the city of Portland, and other cities, in collecting taxes that have been properly assessed and is disappointed that the city has chosen not to engage us to find a solution."

The Portland Tribune

Council approves \$195 million Portland Building renovation

*By Jim Redden
October 21, 2015*

The City Council unanimously approved renovating the Portland Building for no more than \$195 million on Wednesday.

Many questions remain to be answered about the renovation project, including whether all of the city's 1,300 or so employees who work in the building will be moved out at the same time or in stages -- and where they will go until the project is completed in 2020.

The 15-story primary city office building is not up to current earthquake standards and has been plagued by construction-related problems for years, including persistent water leaks. An analysis conducted by the Office of Management and Finance concluded that renovating the building was the least expensive alternative. Tearing it down for a replacement building or building a new building elsewhere would cost more, the analysis concluded.

"Building a new building would be more expensive than repairing this one," said Mayor Charlie Hales, who introduced the resolution authorizing OMF to move forward with the project.

The decision avoid a debate over whether to demolish a building that many consider an eyesore. Designed as the first major post-modern building in American by architect Michael Graves and completed in 1982 for \$25 million, it is on the National Registry of Historic Places.

The project will be financed by a 5 percent General Fund appropriation and 20 year city bonds repaid by rents paid by the bureaus that reoccupy the building. The rents over current levels to support the bonds.

The council also approved two related measures Wednesday. One would equalize rents paid by city agencies in city-owned buildings and the other would dedicate 1 percent of the project costs to benefit community organizations. Those allocations will be determined later by the council.

An earlier Portland Tribune story on the project can be read at portlandtribune.com/pt/9-news/276791-152117-new-plan-emerges-for-future-of-aging-portland-building.

City cracking down on short-term rental companies and hosts for failing to pay taxes, get inspections

*By Steve Law
October 21, 2015*

The city of Portland is cracking down on a leading short-term rental company, HomeAway.com and its affiliated VRBO.com, for failing to comply with city taxation, permitting and inspection requirements.

The city filed a \$2.5 million lawsuit today in U.S. District Court against the Austin, Texas-based company, a day after ordering the company to cease and desist listing its short-term rental properties within the city.

The city charges HomeAway.com with failing to collect and pay lodging taxes to the city and Multnomah County, as required under the city's short-term rental ordinance. Nor, the city alleges, is HomeAway providing the names and addresses of local hosts as required, or assuring they display permit numbers in their ads. Posting permit numbers demonstrates that owners of short-term rental properties have had their homes or apartments inspected for basic health and safety measures.

“We offered to work with, and later repeatedly warned HomeAway.com about its obligations under Portland City Code,” stated Thomas Lannom, city Revenue Division director, in a press release. “We now find ourselves in the position of needing to take more forceful action.”

HomeAway’s legal staff is evaluating its options in response to the lawsuit, Jordan Hoefar, corporate communications manager, said in an email.

“HomeAway has repeatedly offered to assist the city of Portland, and other cities, in collecting taxes that have been properly assessed and is disappointed that the city has chosen not to engage us to find a solution,” stated

Matt Curtis, HomeAway’s director of government relations, in a follow-up email.

In addition to the actions against HomeAway/VRBO, the city has sent warning letters and assessed fines totaling more than \$1 million to eight other short-term rental websites, Lannom said.

The city also has warned more than 130 individual hosts that they need to get their properties inspected and obtain permits, or both. More than 50 of those hosts face penalties of \$500.

“One hundred and thirty is just the start,” Lannom said in an interview Wednesday.

There are an estimated 3,500 Portland properties listed for short-term rentals on various sites, Lannom said.

So far, only 448 of those local hosts have applied for permits to offer their dwellings up for short-term rentals, according to Mike Liefeld, enforcement manager for the city Bureau of Development Services.

received permit

Airbnb, the largest company offering short-term rentals in Portland, has been collecting lodging taxes since July 1, 2014. But that company still isn’t requiring all its hosts to obtain permits before advertising them on its website. “In terms of their compliance, it’s still much less than we’d like to see,” Lannom said. But Airbnb, which operates an administrative office in Portland, did submit a written enforcement plan to the city and hired a dedicated staffer to do outreach to its local hosts to encourage them to comply with the ordinance, he said.

Roughly 15 companies or websites are offering short-term rentals in the city, Lannom said.

Only one of those companies, Vacasa, appears “fully compliant” with the city’s rules, he said.

Vacasa, a fast-growing company based in Portland, has only one listing inside the city, said Cliff Johnson, the company’s cofounder and chief development officer.

Vacasa specializes in marketing and managing full-house vacation rentals, such as those up and down the Oregon Coast. It has declined to operate in Portland, because most vacation rentals are not legal under the city ordinances. In contrast, Airbnb, VRBO (which stands for Vacation Rental By Owner) and other companies have openly advertised vacation rentals inside the city.

“The difference between us and other companies is that the other companies are just doing it and asking for forgiveness later,” Johnson said.

The City Council has promised to revisit the idea of legalizing full-house vacation rentals, and Vacasa has offered to work with city staff to help shape a revised ordinance.

Some affordable housing advocates have raised concerns that many Portland hosts are taking long-term rental properties off the market, or rooms in homes available for rent, and shifting them to nightly rentals under Airbnb and other services, because it's often much more lucrative. That has taken an undetermined number of rooms for rent and other affordable lodgings off the market, exacerbating Portland's housing crisis.

If Portland were to legalize vacation rentals, Johnson suggested, that wouldn't affect the housing affordability shortage, because they would mostly be in neighborhoods like Laurelhurst that aren't known for offering affordable rentals. The city's lodging taxes would then increase, Johnson said, and those could be dedicated to affordable housing, as city commissioners Nick Fish and Dan Saltzman have urged.

In the fiscal year ending June 30, the city collected \$1,232,920 in lodging taxes from short-term rentals, Lannom said.

That is mostly from Airbnb, the dominant player in the short-term rental market here, and the first in Portland — and the nation — agreeing to collect lodging taxes on behalf of the city.

Total lodging tax collections from short-term rentals are likely to rise this year, as more companies come into compliance with the law.

Willamette Week

City of Portland Sues Short-Term Rental Company HomeAway for \$2.5 Million in Taxes and Fines

The lawsuit, filed this morning in U.S. District Court, says HomeAway and its subsidiary VRBO owe \$1.5 million in lodging taxes and \$1 million in fines for not requiring its clients to post their city permits.

*By Aaron Mesh
October 21, 2015*

The city of Portland has sued short-term rental broker HomeAway for \$2.5 million in federal court, saying the Delaware-based company has refused to collect lodging taxes or make its host homes get safety inspections.

The lawsuit, filed this morning in U.S. District Court, says HomeAway and its subsidiary VRBO owe \$1.5 million in lodging taxes and \$1 million in fines for not requiring its clients to post their city permits, which show the homes have been inspected for safety.

The suit was first reported by KGW-TV.

As WW has previously reported, Portland City Hall says it's trying to crack down on short-term rental scofflaws by increasing safety inspections. It has yet to go after Airbnb, the online broker that allows people to offer short-term rentals in their homes—although many of Airbnb's clients remain outside the rules.

Last summer, Airbnb got the city to put new rules in place that legitimize its ongoing operations and bring many rentals into compliance with city code.

But the city has targeted HomeAway, which hasn't collected city and Multnomah County lodging taxes like Airbnb. The city began fining HomeAway in June.

UPDATE, 1:16 pm: HomeAway director of government relations Matt Curtis has issued a statement saying the company cannot comment on pending litigation.

"However," Curtis adds, "our goal in Portland, and all other municipalities for that matter, has always been to work collaboratively with lawmakers to introduce fair regulation that balances the needs of the community with the rights of property owners, residents and travelers. HomeAway has repeatedly offered to assist the city of Portland, and other cities, in collecting taxes that have been properly assessed and is disappointed that the city has chosen not to engage us to find a solution."

Mayor Charlie Hales Says He'll Support \$15 an Hour for City's Seasonal Employees

But the \$15-an-hour pledge last night drew blowback from City Commissioner Steve Novick—who's also running for reelection next May.

*By Lisa Dunn
October 22, 2015*

With the 2016 Portland mayor's race already kicking into high gear, the union for city workers just extracted a major promise from incumbent Mayor Charlie Hales: He'll support \$15-an-hour wages for the part-time employees who staff the city's parks.

At a union town hall last night, Hales told the crowd that he would try to recognize seasonal Portland Parks & Recreation employees—who make up the overwhelming majority of the city's part-time employees—as union members of Laborers' Local 483. That's a reversal of Hales' position earlier this year, and a step back from the city's bargaining position.

"I will push the city to recognize employees for what they do," Hales said at the Service Employees International Union Local 49 hall in Southeast Portland.

Hales' promise comes in the early weeks of an aggressive election challenge from Oregon State Treasurer Ted Wheeler, and suggests that Hales will try to cement a position to Wheeler's left.

But the \$15-an-hour pledge last night drew blowback from City Commissioner Steve Novick—who's also running for reelection next May.

Novick, who was also on the town hall panel, said that what Hales promised just wasn't possible. There is no money in the budget to pay all seasonal employees, Novick said.

"There's not enough to pay everyone what they deserve," Novick said. "It's not that easy."

Hales backed away from his initial pledge during a follow-up question about seasonal workers. "What I'm hoping is that the economy grows fast enough," he said, in order to take some of the surplus from the city budget and put it toward paying seasonal workers \$15 an hour.

The public employees union is looking to pull a commitment to recognize seasonal workers as union members—a fight they took up as the city raised its minimum wage for full-time employees to \$15 an hour in February.

It follows a protracted and successful fight last year to unionize the city's park rangers.

Laborers' Local 483 won an arbitration grievance against the city this summer that ultimately led to recognition that 250 seasonal—or casual—employees were doing the same work as full-time employees without receiving the same benefits. Roughly 86 of those 250 people have been brought into the union as a result of the arbitration, says Tom Colett, the government liaison for Laborers' 483.

The Portland Mercury covered the seasonal workers' policy in detail last February.

After the town hall, Hales clarified to WW that the city could raise money to pay seasonal workers more by increasing the business licensing fee and passing a gas tax—another idea he's warmed to in recent weeks.

During the panel, Hales also said that he supported raising the minimum wage for all businesses in the city to \$15 per hour—if the state lifts the ban on Oregon cities setting their own minimum wage rates.

"It probably needs to be higher than \$15," Hales added, "but it's a start."

The Portland Mercury

Portland's Finally Deciding on Whether to Clamp Down on Oil Train Transport

And Guess What! Environmentalists and Businesses Have Very Different Thoughts on That

*By Shelby R. King
October 21, 2015*

RIGHT NOW, a growing number of cities across the US are either strictly limiting or expressly prohibiting fossil fuel trafficking over their borders. Don't look for "America's Greenest City" on that list just yet.

As climate change concerns come to a head in the Rose City, Portland currently has no fossil fuel export policy—a formal city standard dictating Portland's relationship with some of the world's most controversial substances. That could change by the end of the year.

In June, Portland City Council approved the 2015 Climate Action Plan, which directs the city to establish such an export policy. Now, officials are looking at several possibilities, while local

environmental activists are pushing for rules to keep all carbon-spewing fuels from Portland's roads, rails, and waterways.

And in an election year where Mayor Charlie Hales is feeling mounting pressure to take a strong stand on climate action, the environmentalists might be making demands the city can't ignore.

Hales has directed the Portland Bureau of Planning and Sustainability (BPS) to develop options to guide city council toward a tenable fossil fuel policy. He's also tasked the bureau with convening an advisory council of local stakeholders to help. The advisory commission includes representatives from environmental groups, government bureaus, tribes, unions, and business alliances.

The group met twice—on October 1 and 15—to discuss possible policy recommendations. It's looking at two options: (1) opposing coal, oil, and petroleum infrastructure expansion, with limited support of "cleaner" fuels, such as natural gas, that meet certain criteria, or (2) a stronger policy that opposes expanding infrastructure and transport of all types of fossil fuels.

The choices are full of jargon, but have wide-ranging implications. Depending on the city's decision, the export policy could prohibit oil trains—mile-plus-long "bomb trains" carrying crude oil that can derail and catch fire—from rolling into Portland. It could strengthen environmental zoning rules like the ones that kept Pembina Pipeline Corporation from setting up shop at the Port of Portland's Terminal 6 earlier this year, and block new developments that would transport fossil fuels through the city and surrounding waterways. New rules could also require seismic retrofitting, health impact assessments, and new financial assurances for any fossil fuel infrastructure-related project in the city.

In other words, the options BPS is discussing are a very big deal.

The purpose of the two advisory committee meetings wasn't to get a consensus, BPS Senior Sustainability Manager Michael Armstrong said at the October 15 meeting, and there wasn't one. Many want total opposition to fossil fuels, while others think each proposed project should be judged independently based on its projected emissions, safety, and economic advantages.

At the same time, BPS is also looking at other cities' fossil fuel policies as a guide.

"Oakland, for example, adopted a resolution opposing transport of fossil fuels," Armstrong wrote in an email to the Mercury. "South Portland, Maine, adopted an ordinance banning the loading of bulk oil [at] its port."

David Van't Hof, an energy consultant working with BPS on the export policy, pointed out in a September 30 email to Armstrong that 27 Oregon and Washington communities, including Eugene, have passed non-binding resolutions against coal transport, citing concerns such as potential health problems, declining property values along rail routes, and questions of whether "exporting coal to Asia is inconsistent with Eugene's own city goals of carbon neutrality."

One group of activists—including Mia Reback, who's also a member of BPS' advisory committee—sees Portland's current situation as a prime opportunity to get the city to adopt the most stringent policies it can.

"We are in an incredible position right now as a city," she says. "The timing of this policy presents us with a very special opportunity to do the right thing at home to protect the health and safety of Portlanders."

Reback says that while she's pleased BPS is "listening to all parties and taking our input seriously," she worries about the ambiguous wording in the options the advisory group explored.

"With climate policy, it is especially important to use precise language and to define all terms," Reback says. "This is especially true because fossil fuel companies have a history of 'playing dirty' and trying to circumvent policies designed to protect the health and well-being of all people, especially those who live closest to fossil fuel infrastructure, like rail lines and port terminals."

Reback and others representing organizations like the Center for Sustainable Economy and 350PDX last week submitted a memo to Armstrong and mayoral Policy Director Jackie Dingfelder. The memo called for the city to enact land use and zoning requirements to ban, or at least strictly limit, the storage and transport of fossil fuels, expand the city's environmental protections, and require fossil fuel companies to take financial responsibility in case of a catastrophe like an earthquake.

The Audubon Society of Portland's Bob Sallinger, who's also on the advisory committee, says that building pipelines and giant fossil fuel storage tanks here, along the Cascadia subduction zone, is foolish. He says that it doesn't matter whether it's crude oil or natural gas, the outcome will be the same.

"The reality is that even as we're doing all this work to recover our rivers, we have this incredible risk with these tank farms sitting in these liquefaction zones," Sallinger says. "It's finally becoming very real on people's radar screens that we need to focus on reducing the hazards already on hand and not create new ones."

Representatives of the Umatilla, Grand Ronde, and Warm Springs tribes, as well as a member of the Columbia River Inter-Tribal Fish Commission, oppose the transport of all fossil fuels into and through the Columbia River Gorge, but others take a more nuanced stance, saying that limited transport of natural gas and propane could reduce other countries' reliance on dirtier fuels like coal.

"If it's going somewhere else in the world where it's going to help them do better, then that's one thing," says Katherine Schultz from the Portland Planning and Sustainability Commission. "On the other hand, do I want a bunch of propane going through our state that could have a negative effect on our state?"

Some representatives say "yes." Joe Esmonde with IBEW Local 48, a union representing electrical workers, said this month that the union signed on early to the state's low-carbon standards with the understanding that propane was considered a clean fuel, and says the union is "very involved" in proposed liquid natural gas projects out of Coos Bay and Astoria.

Phil Ralston, environmental operations and policy director at the Port of Portland, echoed Esmonde's statements, saying at the October 1 advisory group meeting that the port has taken a "not now" stance on oil export because safety issues haven't been addressed satisfactorily, but is still open to considering propane.

In an October 16 email to Armstrong, Ralston outlined the port's official stance on the issue.

"The port does not think the city has yet made a case for a fossil fuel export policy or offered policy options that would allow a clear pathway for allowing cleaner, safer fossil fuel exports or imports through Portland," Ralston wrote. "More importantly, the city has not demonstrated how such a policy would provide meaningful climate and safety benefits, and therefore a benefit to Portland citizens."

The debate comes as the climate's playing a huge role in Portland politics.

Hales has spent the last several months grandstanding about his commitment to stemming climate change. Over the summer he traveled to the Vatican to discuss solutions. He was also invited to the White House for the celebration of President Barack Obama's Clean Power Plan announcement.

It wasn't so long ago, though, that "Fossil Fuel Charlie" signs started popping up around Portland, as activists called out Hales for endorsing Pembina's plans to build a \$500 million facility on the Columbia River.

He's trying to fight that image. After loud protests, the mayor reversed his position and shut the doors on Pembina's plans, much to the dismay of port officials.

Following the gigantic protest at the St. Johns Bridge where 13 Greenpeace activists and dozens of kayaktivists tried to block one of Shell Oil's exploratory drilling fleet ships from leaving town, Hales officially announced in July that he doesn't support drilling for oil in the Arctic. And in September, city council approved a "do-not-buy" policy for 200 fossil fuel companies the city vows to divest from by 2018.

The proposed export policies are another step in the discussion.

Sallinger, Reback, and many other stakeholders concerned with the environmental impacts of any further investments in fossil fuels say Portland should invest in truly clean energy sources—wind, water, solar—if it wants to keep its reputation as the greenest city in America.

"The statement that we need to wait, to get more information—that's always a ploy of industries when they want to stall things that aren't going their way," Sallinger says. "There's a heck of a lot of data to support creating a fossil fuel export policy."

Now that BPS has the advisory group's input, bureau staff will develop a proposed policy for public comment. The final draft will be presented to city council.

Is Portland About to Stop Fighting Workers Who Want to Unionize? Mayor Charlie Hales Says "Yes."

*By Dirk VanderHart
October 21, 2015*

City Hall's not made much easy for city workers looking to unionize in recent years.

When Portland parks rangers wanted to organize in 2013, the city swore it wanted to help, before throwing up roadblocks that complicated the process.

And when the union Laborers' Local 483 tried, several years back, to argue that Portland Parks and Recreation was assigning work to some of its many, many low-wage workers that rightly belonged to better paid union members, the city dug in its heels. Only after an arbitrator ruled in May that the city had wrongly been giving union work to its "casual" workers did officials relent.

But maybe all that's about to change. Facing a crowd of labor supporters on Wednesday night, Mayor Charlie Hales made an interesting concession: Hales says he's ready to voluntarily recognize those poorly paid parks workers—more than 3,000 of them, by Local 483's count—as union employees if they signal that's what they want. No fighting. No arbitrators.

"I will push the city to voluntarily recognize the recreational classification," Hales said at a "working families town hall" hosted by state Sen. Diane Rosenbaum and Rep. Rob Nosse, and staged at the SE Portland headquarters of SEIU Local 49. "It's the right thing to do, and I think council's gonna support that." Someone on the dais with Hales—either City Commissioner Steve Novick or Nosse—seemed to utter a hushed exclamation at this. It felt like a surprise, perhaps not least because Hales had specifically declined to voluntarily recognize parks rangers in 2013.

In fact it wasn't much of a surprise to Laborers' Local 483, which made sure its members and supporters were in the crowd, ready to press Hales on the voluntary recognition piece, and had called reporters to hint the mayor might support their push. The union's been in private talks with the city for months over folding in new city employees. This is, after all, potentially as big for the union as it is low-paid workers. It'd swell Local 483's ranks.

"It really is a sign that the employer is respecting the ability of employees to be a part of the union," Local 483 Business Manager Erica Askin tells the Mercury. "This is the largest group of low-wage workers in the City of Portland."

Still, the caveats came flying shortly after Hales made the initial vow of support. Following up a point by Novick about limited city finances, the mayor noted that "90 percent of the general fund goes to police, fire and parks. We need to cut from police or fire to add to parks." While Hales is pledging to move on voluntary recognition, he didn't offer a set date on when that might come. Local 483 is pushing for commitments in December, when it plans to wrap up negotiations around bringing some casual parks workers into its contract agreement with the city.

"In the next budget we're going to do more," Hales said after the meeting. "We're going to keep negotiating with Local 483 on how fast we move."

As we've reported, the parks bureau employs the vast, vast majority of the city's poorly paid casual workers. Earlier this year, Portland City Council agreed to pay all of its full-time employees and contractors at least \$15 an hour. That didn't apply to the many temporary and seasonal workers who toil for for parks—some of them forced to supplement their incomes with public assistance.

Commissioner Amanda Fritz, who oversees the parks bureau, has said she worries she's running the "Wal-Mart of city government." She tells the Mercury she's privately proposed recognizing casual employees. "Glad to know the mayor agrees," she said Wednesday evening.

Voluntary recognition won't come cheap. If workers opt to come under the union contract in large numbers, the city will be looking at millions in expenditures—many of them from benefits packages it hasn't had to pay under the current system. Folding just 86 new employees into union protections is expected to cost up to \$2.3 million a year. Hales said Wednesday night he hopes that the city's booming economy can help pay for that, but there's no telling where the city's fortunes are heading.

The City is Finally Suing a Short Term Rental Company, and It's Not Airbnb. Update: But, Wait! Airbnb Has Been Warned to the Tune of Nearly \$1 Million

*By Shelby R. King
October 21, 2015*

The city is finally making good on its threat to sue short-term vacation rental companies that don't follow the rules.

The Portland Revenue Division on Tuesday filed a \$2.5 million lawsuit naming HomeAway.com and VRBO.com as defendants and demanding the companies immediately stop listing short term rentals in the city.

The lawsuit alleges the companies failed to collect Multnomah County hotel/motel taxes from its hosts and pay that money to the city. It also alleges the companies failed to provide the names and addresses of its hosts, failed to comply with an ordinance that requires hosts "prominently display" a short-term rental permit at their residences, and failed to register with the Revenue Division within the required amount of time.

"We will not stand by while short term rental websites flout basic consumer protection and tax laws," says Revenue Division Director Thomas Lannom. "We offered to work with, and later repeatedly warned HomeAway.com about its obligations under Portland City Code. We now find ourselves in the position of needing to take more forceful action,"

According to documents filed in US District Court, the Revenue Division in January began warning HomeAway and VRBO that it needed to come in compliance with a recently-passed city ordinance. Failure to comply with the requirements of the ordinance "could result in the assessment of civil penalties up to \$500 per violation, per Portland Short-Term Rental location."

The city sent the companies letters again in March, May, and June. Here's the revised penalties assessment from the June notice of noncompliance:

Please be advised that HomeAway has failed to comply with the requirements set forth in PCC 6.04. Therefore, the Revenue Division has assessed the following civil penalties and presumptive taxes, penalties and interest:

Civil Penalties per PCC 6.04.170 for failure to meet requirements under PCC sections	Date of Assessment HomeAway (HA) VRBO (V)	Civil Penalty Assessment per violation	Frequency of Violation HomeAway	Civil Penalty/ Presumptive Tax Assessment HomeAway	Frequency of Violation VRBO	Civil Penalty/ Presumptive Tax Assessment VRBO
6.04.060 A	5/19/2015 (HA) 6/3/2015 (V)	\$500	1	\$500	-	\$0
6.04.040 B	5/19/2015 (HA) 6/3/2015 (V)	\$500	330	\$165,000	347	\$173,500
6.04.040 C	10/6/2015 (HA and V)	\$500	330	\$165,000	347	\$173,500
6.04.060 D	5/19/2015 (HA) 6/3/2015 (V)	\$500	322	\$161,000	338	\$169,000
				\$491,500		\$516,000
Civil Penalty Total						\$1,007,500
Presumptive Taxes per PCC 6.04.090 A, Penalties & Interest due 7/1/14- 8/31/15	10/6/2015 (HA and V)			\$766,303		\$766,303
Total Assessment Due						\$2,540,106

Housing advocates have long been accusing the city of neglecting to ding short-term rental companies and their hosts for non-compliance of city ordinances, to which the city has generally replied that it doesn't have the manpower to address each violation. Revenue Department Director Thomas Lannom told the Mercury that his department responds to complaints, but hasn't received many.

Lannom's news release about suing VRBO and HomeAway says the city has assessed fines and sent "warnings totaling over \$1 million to eight other short term rental websites," and has "warned over 130 hosts," and indicates its planning on taking more enforcement action.

The news release didn't say which companies (Airbnb? It does have 1,000s of listings in Portland right now, which could generate a sizable chunk of cash.) are being fined, and a call to Lannom hasn't been returned. I'll update the story as I learn more information.

UPDATE, 1 pm: Lannom just called and said the city has sent Airbnb a warning letter with fines totaling \$930,500. He says that of the short-term rental hosting sites the city is looking at, Airbnb has been "the most cooperative with the city" in terms of coming in to compliance with code. He says Airbnb has:

- Continued to work with the City to increase host compliance
- Submitted a written plan to the City
- Hired a local, dedicated outreach person specifically to educate and encourage hosts to come into compliance with Portland's permit requirements
- Created a specific place in its listing database for Portland hosts to enter their permit numbers
- Began collecting Portland's hotel taxes on July 1, 2014—the first such agreement in the nation
- Provided the City hundreds of local host addresses for tax audit purposes

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Exhibit 7
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Lannom says that if Airbnb "fails to meaningfully increase compliance within a reasonable timeframe" the city may pursue legal action. No word yet on what the words "meaningful" and "reasonable" indicate.

If the companies do pony up the \$2.5 million, the funds would typically be funneled into the city's general fund. Though Lannom said that City Council could choose to earmark that revenue for creating affordable housing, an idea that's been gaining traction with the city since Mayor Charlie Hales last month declared a housing state of emergency.

UPDATE, 1:40 pm

Matt Curtis, director of government relations for HomeAway issued this statement about the pending litigation:

"As a matter of policy we do not comment on pending litigation. However, our goal in Portland, and all other municipalities for that matter, has always been to work collaboratively with lawmakers to introduce fair regulation that balances the needs of the community with the rights of property owners, residents and travelers. HomeAway has repeatedly offered to assist the city of Portland, and other cities, in collecting taxes that have been properly assessed and is disappointed that the city has chosen not to engage us to find a solution."

Lannom wouldn't speculate on whether the city would drop the lawsuit if HomeAway came into compliance with the city ordinance.

Daily Journal of Commerce

Hales' demolition tax idea draws criticism

By Garrett Andrews

October 20, 2015

Portland Mayor Charlie Hales' proposed tax on "one-for-one" residential demolitions was tossed around at last week's City Council meeting and then returned for revisions following criticism from stakeholders – including homebuilding advocates who called the one-of-a-kind plan "silly" and illegal.

The proposed tax is part of a larger push by the mayor to address long-standing issues including homelessness and rising rents.

Hales proposes charging \$25,000 to owners who deconstruct "habitable" homes in residential neighborhoods. He wants to reduce demolitions where one home is replaced with another, particularly in zones R 2.5 to R 20. The policy would help preserve affordable housing and the character of Portland's neighborhoods, Hales told the DJC.

On Wednesday, the plan drew fire from homebuilders, neighborhood groups and housing economist Jerry Johnson. United Neighborhoods for Reform suggested that the tax amount was not high enough. Johnson said the tax could carry the unintended consequence of discouraging middle-income owners from developing their property, while leaving the rich unaffected.

The Home Builders Association of Metro Portland and the Oregon Home Builders Association contend that the city lacks legal authority to establish the tax, citing a state statute banning cities from imposing excise taxes on construction activity (ORS 320.170).

“Cities do not have the ability to invent taxes out of whole cloth; statutory or other authority must exist,” OHBA CEO Jon Chandler wrote in a letter to the Portland City Council. “In this case, neither state law nor the city’s own code provide that authority, so this proposed tax is inherently invalid.”

Chandler told the DJC the mayor’s plan was “grandstanding” and a “cheap political stunt.”

“It’s just wrongheaded, period,” he said. “I hope it goes away. It’s a silly idea.”

A spokeswoman for Hales said the policy is being revised and will next go before City Council next month.

Portland Business Journal

Portland seeks \$2.5M as city clamps down on short-term rentals

By Jon Bell

October 22, 2015

Seeking to tamp down on short-term rentals, the city of Portland yesterday filed a \$2.5 million lawsuit against HomeAway.com and its site VRBO.com.

The suit, filed in U.S. District Court, takes aim at the company for violating several sections of city code that relate to short-term rentals. The city claims that HomeAway has not been collecting and remitting the required city and county hotel/motel taxes, nor has it provided the names and addresses of local hosts and operators of short-term rentals.

In addition, the city claims the company has not displayed proper permit numbers or registered with the Portland Revenue Division.

As a result of the violations, the city has ordered HomeAway and VBRO to cease and desist listing short-term rental properties within the city. Portland has long made it illegal for owners to rent out their homes on a short-term basis.

Last year, the city gave the go-ahead for owners to rent rooms in their homes thanks largely to aggressive lobbying by San Francisco based Airbnb. Homeowners aren’t permitted to rent out their entire home, however, unless they live in it for at least nine months of the year.

“We will not stand by while short term rental websites flout basic consumer protection and tax laws,” said Revenue Division Director Thomas Lannom, in a release. “We offered to work with, and later repeatedly warned HomeAway.com about its obligations under Portland City Code. We now find ourselves in the position of needing to take more forceful action.”

In addition to the suit against HomeAway, the city has assessed fines and sent warnings totaling more than \$1 million to eight other short-term rental websites. The city plans to take even more action against some of those sites.

According to the release, Portland has also warned more 130 hosts — the individual owners and operators of local properties for rent — to come into compliance with the law regarding health and safety inspections and tax collection.

The city has so far focused its enforcement on hosts who list multiple properties in commercial enterprises. More than 50 hosts have been warned and failed to come into compliance face penalties of \$500 or more.

In a written statement provided to the Oregonian about the lawsuit, HomeAway said it always looks to work with cities to craft fair regulations for short-term rentals. The company also said it was "disappointed" with the city's decision to sue.