

The Portland Tribune

First-ever city bond eyed for affordable homes

By Jim Redden

June 9, 2016

Affordable housing advocates are counting on the Portland City Council to place the city's first-ever bond measure to fund affordable housing projects on the November general election ballot.

"We expect it will be a unanimous vote," says Jes Larson, director of the Welcome Home coalition, which includes over 140 anti-poverty, cultural, environmental justice, faith, social service and other organizations.

Although Larson says the dollar amount of the measure has yet to be determined, one informed source predicted it will be in the \$250 million to \$300 million range.

Larson says the city, not Multnomah County, is the preferred jurisdiction to sponsor the measure, because it has agencies that provide affordable housing services, including the Portland Housing Bureau, which helps fund such projects.

"Portland already has the infrastructure in place," Larson says.

She says the details of the measure are still being discussed.

Portland Housing Bureau Director Kurt Creager says the City Council will take it up after considering a proposal by Commissioner Dan Saltzman to enact a 1 percent construction excise tax to fund affordable housing projects on June 16.

"It will come forward after the construction excise tax is settled by the City Council. We're trying to do these in sequence," Creager says.

Affordable housing advocates have been discussing the idea of a bond measure for affordable housing for more than a year. Such a measure has never been put on a local ballot before, although Seattle voters have approved one bond and four levies for affordable housing projects since 1981. The \$388 million raised there has funded more than 12,500 affordable apartments, helped more than 900 first-time homebuyers, and provided emergency rental assistance to more than 6,500 households. A new \$290 million levy has been placed on the Aug. 2 ballot in Seattle.

The Portland bond measure could compete against several other money measures being discussed for the general election. They include: a statewide corporate sales tax expected to raise \$3 billion a year; a \$450 million to \$650 million Portland Public Schools construction bond; and early renewal of Metro's \$12 million-a-year levy to maintain and improve the 17,000 acres of natural areas it owns in the region.

Addressing a crisis

Larson says a city affordable housing measure would help meet the needs of lower-income residents who are being increasingly priced out of the housing market. According to research

conducted by Welcome Home, the region is short more than 63,000 affordable rental options for families with incomes below 50 percent of the federally determined median family income (about \$35,000 for a family of four). Affordability is widely defined as rent or a mortgage costing no more than 30 percent of a household's income.

"Affordability is the root cause of the homeless crisis," Larson says.

For many years, the federal government was the only significant source of affordable housing funds. But the City Council has chipped in for decades. For example, it pledged 30 percent of all urban renewal dollars to such projects many years ago, and even transferred the funds for them from the Portland Development Commission to the Portland Housing Bureau.

The council began increasing its commitment to affordable housing more than 18 months ago. In response to community protests over a city-funded North Portland redevelopment project with no affordable housing, Mayor Charlie Hales persuaded the council to approve an additional \$20 million in January 2015.

Then, in October, the council declared a housing emergency and increased the share of urban renewal dollars for affordable housing projects to 45 percent, generating a projected \$67 million more over 10 years. More recently, the council approved another \$20 million for affordable housing and homeless services in next year's budget. It is being matched by \$10 million from Multnomah County and will be administered by A Home for Everyone, a consortium of the city, county, Gresham and Home Forward, formerly the Housing Authority of Portland.

The council also joined with affordable housing advocates and developers to lobby the 2016 Oregon Legislature for more options. Lawmakers agreed to allow cities to require developers to include incentivized affordable units in their market-rate housing projects. They also authorized cities to enact a 1 percent construction excise tax on new residential and commercial projects to fund the incentives and traditional affordable housing projects.

Commissioner Saltzman has taken the lead on the construction excise tax because he is in charge of the Portland Housing Bureau. He estimates the residential portion will raise \$5.4 million a year and the commercial portion will raise \$2.6 million a year. Although the Legislature said half the commercial portion can be spent on other programs, Saltzman will ask the council to dedicate all of it to affordable housing.

Willamette Week

The City of Portland Wins 3 Legal Challenges

By Beth Slovic

June 8, 2016

The city of Portland won three court battles in recent weeks, including two on Wednesday, on issues ranging from the constitutionality of the arts tax to the distribution of stormwater fees.

On May 30, a U.S. District Court judge in Portland sided with the city on a matter brought by major airlines alleging they shouldn't have to pay city utility fees passed on to them by the Port of Portland. In a 14-page decision, the court dismissed the case brought by A4A, an industry group representing airlines, saying that whether the airlines paid the sewer and stormwater fees was between them and the port—not the city.

"The airlines argue that the fees violate a federal statute that limits how airport revenues are spent," the court wrote. "The City argues that A4A lacks standing to bring this case because the economic injuries they allege as a result of the fees are not caused by the City, but rather the independent decision of the Port of Portland to pass those fees to airlines as an operating cost of the airport. The Court agrees."

The decision spares Portland a battle over about \$4 million in utility fees per year.

Wednesday, the Oregon Court of Appeals rejected a challenge to the Portland arts tax, writing that the \$35 per person tax is not a poll tax or a head tax, two forms of taxation that the Oregon Constitution prohibits.

Next week, city officials will consider a resolution that will send the names of Portlanders who haven't paid the arts tax to a collection agency.

Also Wednesday, the Oregon Court of Appeals struck down an appeal of a land use decision by the City Council ordering the demolition of the drinking water reservoir at Washington Park.

The city is rebuilding the water system at Washington Park to meet state and federal requirements, including the water quality rule known as LT2, or the Long Term 2 Enhanced Surface Water Treatment Rule.

The Portland Mercury

Among the City's First Gas Tax Buys: 13 New Employees

By Dirk VanderHart

June 9, 2016

When Portlanders approved an historic 10-cent local gas tax May 17, the Portland Bureau of Transportation snatched victory in a long-fought battle for stepped up funding to fix and improve city roads.

One of the first items on the bureau's wish list? Thirteen new employees.

Tucked into a roster of last-minute budget tweaks [PDF] City Council will vote on tomorrow is a fairly eye-popping shift: \$13.25 million for PBOT—money the bureau believes it'll reap from the gas tax next year. (The tax doesn't start until this fall, and the fiscal year extends July to June, so the city's pro-rated its estimate down from the \$16 million per year officials have touted.)

Of that new money, PBOT says it will create 13 new positions within the bureau, costing \$1.4 million each year of the four year tax.

The hires aren't completely out of the blue, but they also were largely lost in campaign-season debates that played out over the gas tax. Those discussions tended to center on whether it was proper to dedicate 44 percent of gas tax revenues to safety enhancements (as opposed to strictly spending the money on streets maintenance) or whether semi trucks would have to chip in.

There's no mention of the new employees that the tax would pay for in PBOT's FAQ on the recent ballot measure, nor on the bureau's landing page for the effort. And the \$5.2 million the new hires will cost over the course of the four-year tax isn't accounted for in this pie chart created by the "yes" campaign.

But PBOT has brought up the hires in the past. Spokesman John Brady pointed the Mercury to an impact statement [PDF] sent to Portland City Council prior to the tax being referred to voters.

That document said the measure would "create approximately 7-8 full-time equivalent (FTE) positions for supporting maintenance work and approximately 3-4 FTE for project management." But it noted: "These estimates are medium confidence."

In fact, PBOT now says it needs to create one position more than the maximum 12 it communicated in the impact statement. Brady says the bureau has rejiggered its hiring priorities, replacing two "pavement staff" with engineering positions that will design paving projects, and adding a "contract administration position."

He says PBOT can't say for sure it won't hire more people with the tax money.

"Any decision to add future staff would be driven by the need to deliver the projects that are part of the Fixing our Streets program and to do so on time and within budget," Brady wrote in an email. "Also any decision to add staff would go through the City Council budget process and would also be put before the Citizen Oversight Committee."

Brady also took pains to point out that PBOT's late \$13.25 million budget item came about just because of the very recent passage of the gas tax—not as an attempt to sneak something in at the last moment.

"Given the timing of the election and the budget process, it would be fairer to say that these are necessary changes submitted to meet the budget deadline," he wrote.

What's PBOT doing with the remainder of the new money? The bureau says \$3.6 million will go toward materials, services, and construction costs, and \$8.25 million will go into the PBOT contingency fund.

City Council is scheduled to formally approve the budget this afternoon.