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NOT AN OFFICIAL ORDINANCE SUBMISSION

BEFORE THE METRO COUNCIL

<i>WORKING TITLE:</i>)	ORDINANCE NO. 25-1526
FOR THE PURPOSE OF ESTABLISHING A)	
TRANSITION PLAN AND GUIDING THE)	Introduced by the Metro Council
IMPLEMENTATION OF THE SUPPORTIVE)	
HOUSING SERVICES AND AFFORDABLE)	
HOUSING REFORM MEASURE; REDUCING)	
PERSONAL INCOME TAX RATE)	

WHEREAS, the greater Portland region is facing a severe and persistent housing affordability and homelessness crisis, which endangers the health and safety of thousands of our unhoused neighbors. Homelessness is a traumatic and dehumanizing experience that no person should have to endure, regardless of their circumstances; and

WHEREAS, on May 19, 2020, Metro area voters approved Measure 26-210 (“the Supportive Housing Services Measure”) thus funding Supportive Housing Services in the Metro region by establishing a one percent personal income tax on high income earners and a one percent business profits income tax on businesses that gross \$5 million annually; and

WHEREAS, on February X, 2025, the Metro Council adopted Ordinance No. 25-1525, “For The Purpose Of Reauthorizing The Personal Income Tax And Business Profits Tax For Supportive Housing Services, Adding Affordable Housing As An Allowed Use Of Income Tax Revenue, Making Related Reforms To Oversight And Accountability; And Directing Referral To Voters For Approval,” and

WHEREAS, the Metro Council made certain findings in Ordinance No. 25-1525, including that “reforming Measure 26-210 (as later codified by Metro Ordinance No. 20-1452) is a legitimate public purpose and necessary to protect the vital interests of those that are experiencing homelessness or likely to become homeless, as well as those experiencing housing instability or needing affordable housing”; and

WHEREAS, the Metro Council also intends to seek the approval of Metro area voters in the May 2025 Special Election for the findings and actions described in Ordinance No. 25-1525, including but not limited to the extension of the regional Supportive Housing Services program to 2050, addition of affordable housing as an allowable expense, reform of regional oversight and accountability, and reduction of the personal income tax rate beyond 2030; and

WHEREAS, upon Metro voter approval of the proposed reforms in Ordinance 25-1525, the Metro Council seeks an expedient yet intentional transition to the reformed and expanded Regional Supportive Housing Services and Affordable Housing Program described in Ordinance No. 25-1525; and

WHEREAS, the Metro Council intends that this transition ensure as much predictability and stability as possible for ongoing programs, partners and providers funded by the Supportive Housing Services measure, while also establishing necessary reforms that create greater role clarity, efficiency and accountability and improve outcomes in an integrated Regional Supportive Housing Services and Affordable Housing Program; and

WHEREAS, to understand needed reforms and their potential effects, Metro Council and staff

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have sought input over the course of more than a year from jurisdictional partners, providers, community and business leaders, the Supportive Housing Services Regional Oversight Committee, the Metro Affordable Housing Bond Oversight Committee, the Tri-County Planning Body, the Metro Committee on Racial Equity, the Metro Policy Advisory Committee, housing and finance experts, Metro staff and the general public; and

WHEREAS, based on implementation of past voter-approved funding measures, the Metro Council believes it necessary to establish key expectations about priorities, outcomes and processes for governance and implementation of a reformed Program, while also creating sufficient time and opportunity to plan a full transition; and

WHEREAS, the Metro Council seeks to convene and foster ongoing cross-jurisdictional and cross-sector collaboration to address homelessness in a way that is responsive, accountable, adaptable to changing conditions, and successful in securing and coordinating funding and policies from a multitude of sources; and

WHEREAS, the Metro Council reiterates and acknowledges here the full recitals and findings of Ordinance No. 25-1525, in particular its goal that homelessness should be rare, brief and nonrecurring in the Portland region, and that the region's response to homelessness and housing instability should be guided by a firm intention that every person in the region will experience stability, safety and hope, for their own future and that of their community; and

WHEREAS, as outlined in Ordinance No. 25-1525, the Metro Council intends to refer to the voters a SHS Reform Measure that would authorize using Metro Income Tax funds for affordable housing and permanent supportive housing, reduce the personal income tax rate, reauthorize the Metro Income Taxes through December 31, 2050, and establish a Housing and Homelessness Policy Advisory Committee for enhanced oversight and accountability of public tax dollars; and

WHEREAS, Metro area voter approval is required to extend the SHS tax beyond 2030 and to authorize affordable housing as an allowable use of SHS Metro Income Tax revenue in addition to supportive housing services. However, the Metro Council retains broad and independent legislative authority to establish oversight and regulation of SHS Metro Income Tax Revenue use (including the oversight of how implementing partners use SHS tax funding), and thus the Metro Council may enact any provision in this Ordinance at a future date without voter approval as the Council deems necessary and appropriate; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

Section 1. Ordinance Effective Date.

The provisions of this Ordinance No. 25-1526 only become effective and valid upon the effective date of voter approval of Metro's Supportive Housing Services and Affordable Housing Reform Measure (the Reform Measure; Ordinance No. 25-1525), which Metro will place on the ballot for the May 20, 2025, election. However, if the Reform Measure does not obtain voter approval, nothing in this ordinance prohibits the Metro Council from reconsidering any provision in this ordinance that does not otherwise require voter approval as set forth under the Metro Charter.

Section 2. Metro SHS Income Taxes Indexed; Tax Rate Reduced for Personal Income Tax.

1. Beginning in Tax Year 2026 (starting January 1, 2026) the Metro Personal Income Tax exemption amount set forth in Metro Code Chapter 7.06 will be indexed to maintain the personal income tax on

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high income earners. Metro will use as its index the U.S. Average City Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of Labor Statistics of the United States Department of Labor. The Metro Council will establish this index by ordinance with an ordinance effective date no later than January 1, 2026.

2. Beginning in Tax Year **X** and continuing through Tax Year **X**, the Metro Personal Income Tax Rate as set forth in Metro Code Chapter 7.06 is reduced from 1.0% to **X**. The tax rate of 1.0% remains in effect for Tax Years 2021, 2022, 2023, 2024, and 2025. The Metro Business Income Tax Rate remains unchanged at one percent.

Section 3. Transition of Current SHS Program to Integrated Supportive Housing Services and Affordable Housing Program; Transition Plan.

1. Upon voter approval of the Reform Measure, Metro will transition the current SHS Program to an integrated Supportive Housing Services and Affordable Housing Program. To implement the transition, Metro will adopt a Transition Plan no later than September 30, 2025.
2. As part of the transition from the current SHS Program established by Measure 26-210 to one that incorporates voter-approved reforms from this Reform Measure, Metro will adopt interim performance metrics and a program North Star no later than July 31, 2025. These interim metrics will be informed by regional outcome metrics in the current SHS Program and build upon the previously adopted SHS Regional Outcome Metrics framework.
3. As part of the Transition Plan, Metro will plan for the development of a systems mapping process with stakeholders including but not limited to elected officials, community leaders, state agency representatives, experts from housing, homelessness, behavioral health, business, finance, legal, and those with lived experience of homelessness or housing instability to identify opportunities for improvement and areas of best practices to replicate while implementing the transition.
4. The Housing and Homelessness Policy Advisory Committee established in Ordinance 25-1525 will recommend an interim allocation plan effective for fiscal year 2026-2027 for Metro Council adoption no later than December 31, 2025, to continue services and fund affordable housing investments until a final allocation plan is adopted as part of the Regional Housing and Homelessness Action Plan.
5. As part of this interim allocation plan, Metro will adopt a plan for creating and administering a dedicated, ongoing regional fund for investments in regional planning/strategies, including but not limited to the goal areas previously approved by the Tri-County Planning Body.
6. Beginning in fiscal year 2026-2027, local governments will use SHS Income Tax revenue to fund services and affordable housing consistent with any allocation plan adopted by Metro Council.
7. As part of the Transition Plan, Metro will plan for the development and adoption of an interim compliance policy, including interim definitions and standards for implementation partner compliance and non-compliance with Metro requirements, and escalating corrective measures for use in instances of implementation partner non-compliance.

The allocation model as set forth in this section will be periodically reconsidered in conjunction with updates to the Regional Housing and Homelessness Action Plan as that Plan is further described in Section 5.

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Section 4. Housing and Homelessness Policy Advisory Committee Responsibilities; Membership; Voting Rights.

1. The Housing and Homelessness Policy Advisory Committee (HHPAC) established by the Reform Measure (Ordinance No. 25-1525) has the following responsibilities:
 - a. Oversee program and fiscal performance, lead regionalization efforts, and advise Metro and implementing partners in context of the evolving regional housing, affordable housing, and homelessness systems;
 - b. Develop and recommend criteria for disbursement of funds for approval by Metro Council;
 - c. Periodically recommend Regional Housing and Homelessness Action Plan for approval by the Metro Council;
 - d. Review and recommend Local Implementation Plans for approval by Metro Council;
 - e. Evaluate and review program activity implementation and progress towards established regional outcomes; and
 - f. Provide annual reports to Metro Council and the public.
2. To inform and support its work and recommendations, the HHPAC will:
 - a. Be advised by a technical advisory committee of people with knowledge and experience in the many facets of regional homelessness and housing need;
 - b. Incorporate meaningful processes and/or structures for input from housing service providers and people with lived experience of homelessness;
 - c. Be advised, through its technical advisory committee, by a transitional subcommittee of current non-elected members of the Supportive Housing Services Tri-County Planning Body, for up to two years, to aid in the transition of existing regionalization efforts to the new structure;
 - d. Be supported in committee work, technical analysis and policy development by Metro staff; and
 - e. Be supplemented by regular independent financial reviews and program evaluation.
3. The HHPAC will consist of the following 21 members appointed by the Metro Council President and subject to confirmation by the Metro Council.
 - a. Three Metro Councilors, one of whom will chair the committee.
 - b. One County Commissioner each from Clackamas, Multnomah, and Washington Counties.
 - c. One elected representative from the largest city by population in each of the three counties.
 - d. One elected representative from a city within the Metro boundary in each county that is not otherwise the largest city in that county by population.
 - e. Six community representatives with expertise to include (but not limited to) housing, homelessness, behavioral health, business, finance, legal, and community leadership.
 - f. One representative each from three of the four following state agencies: Oregon Department of Human Services, Oregon Housing and Community Services, Oregon Health Authority, and Department of Land Conservation and Development.

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4. The Metro Council President may appoint a co-chair, as needed.
5. The Metro Council will seek geographic and demographic diversity in the HHPAC's representation.
6. All HHPAC members are full voting members except for the representatives of the three state agencies.

Section 5. SHS Program Regionalization; Regional Housing and Homelessness Action Plan.

1. The HHPAC will develop a Regional Housing and Homelessness Action Plan (Plan) that:
 - a. Recommends regional investment priorities and an allocation strategies plan, grounded in an understanding of the evolving conditions impacting homelessness and housing instability, performance-based evaluation of the relative impact of previous investments and a review of the most effective emerging best practices.
 - b. Speaks to systemic challenges in addressing homelessness and housing instability, including regionalization, system alignment, capacity and improvement, establishing regional standards in procurement, performance-based contracting, payment processing, and pay equity, and other opportunities and needs raised through engagement with those most knowledgeable about these challenges, including service and housing providers, and those with expertise across intersecting systems.
 - c. Incorporates regional goals and priorities, including but not limited to the six goals identified by Tri-County Planning Body: coordinated entry, landlord recruitment, healthcare system alignment, training, technical assistance, and employee recruitment and retention.
2. The Plan must reflect the following characteristics:
 - a. Coordination and incorporation of the full regional context, dynamics and drivers impacting homelessness and affordable housing need, as well as available funding and programs already at work in the region;
 - b. Identification of desired regional outcomes and key performance metrics to support Metro and Implementation Partners in achieving a shared vision of desired impact and understanding of funded partners' progress toward these goals;
 - c. Incorporation of regionalization efforts and successes to date in the current regional SHS program and Metro Affordable Housing Bond;
 - d. Identification, prioritization and alignment of supportive housing services and affordable housing investment strategies, within a focused time period, to serve communities with the deepest housing needs including those experiencing and at risk of chronic homelessness and those most impacted by systemic barriers to housing instability;
 - e. Updates every five years or on a cycle to adapt to changing needs and successes over the life of the program as determined by HHPAC; and
 - f. Other characteristics and requirements as directed by the Metro Council or recommended by HHPAC.

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3. Implementation partners are required to develop a Local Implementation Plan (LIP), with periodic reviews and updates to align with the Regional Housing and Homelessness Action Plan.
4. An LIP must be developed using locally convened and comprehensive engagement that prioritizes the voice of Black, Indigenous, and people of color and people with lived experience of homelessness. Plans must be developed in full partnership with advisory bodies that equitably reflect community expertise and experience. Each implementation partner may convene new advisory bodies or use existing bodies that fulfill the representation requirements.
5. An implementation partner's Local Implementation Plan and work plan must comply with the Regional Housing and Homelessness Action Plan. This includes adding housing to the LIP and demonstrating coordination with cities that are within that portion of an implementation partner's Metro jurisdiction. An implementation partner must periodically review and update its LIP on a schedule established by Metro.

Section 6. Codification of Ordinance Language.

1. After this ordinance's effective date, the Metro Council may further act to codify, as applicable, any ordinance language that conflicts with any Metro Code language in effect at the time of this ordinance's effective date.
2. Nothing in this ordinance prohibits the Metro Council from further amending any Metro Code chapter, section, or subsection as the Council deems appropriate to address changing circumstances, incorporate new information, or further implement the intent of this ordinance.

Section 7. Severability.

1. When determining this ordinance's constitutionality or its adherence to the Metro Charter, a court of competent jurisdiction must evaluate every section, subsection, and subdivision of this ordinance separately.
2. If any section, subsection, or subdivision at any level is held invalid, the remaining sections, subsections, and subdivisions will not be considered affected and will remain in full force and effect.
3. Each section, subsection, and subdivision of this ordinance, at any level of subdivision, will be considered severable, individually or in any combination, as necessary. A court of competent jurisdiction may sever only those sections, subsections, and subdivisions necessary to render this ordinance consistent with the United States Constitution, the Oregon Constitution, and the Metro Charter.

ADOPTED by the Metro Council this XX day of February 2025.

Lynn Peterson, Council President

Attest:

Approved as to Form:

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Georgia Langer, Interim Recording Secretary

Carrie MacLaren, Metro Attorney

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