

WORKING DRAFT
NOT AN OFFICIAL ORDINANCE SUBMISSION

BEFORE THE METRO COUNCIL

WORKING TITLE:)	ORDINANCE NO. 25-1525
FOR THE PURPOSE OF REAUTHORIZING THE)	
PERSONAL INCOME TAX AND BUSINESS)	Introduced by the Metro Council
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)	

[Recitals are in a separate document for Council review but will be added to this ordinance upon Council approval of those recitals.]

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The Metro Council adopts and incorporates the factual and legal findings as described above.
2. The Metro Council adopts the following Sections for its “Supportive Housing Services and Affordable Housing Reform Measure”:

Section 1: Short Title.

This ordinance will be known as the “Supportive Housing Services and Affordable Housing Reform Measure” (the Reform Measure).

Section 2: Purpose and Findings.

1. On May 19, 2020, Metro-area voters approved the Metro Supportive Housing Services Measure (Metro Measure 26-210), later codified by Metro Council in Ordinance No. 20-1452. Measure 26-210 authorized a 1% income tax on specified income to fund supportive housing services in the Metro region (the “Metro SHS Income Tax”). The Metro Council finds that it should reform several aspects of Metro Measure 26-210. The purpose of this Reform Measure is to increase the effectiveness and accountability of Metro’s SHS program by authorizing affordable housing as an approved use of funds, increasing program oversight, simplifying governance, and extending the Supportive Housing Services income tax term.
2. The Metro Council finds that reforming Measure 26-210 (as later codified by 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. Consequently, it is appropriate and necessary for the Metro Council to act legislatively to: (1) reform certain aspects of Measure 26-210 and Metro’s Supportive Housing Services Program, (2) seek voter approval, and (3) further act legislatively with respect to any Measure 26-210 related work plan, charter, or other document that conflicts with this Measure’s intent and its legitimate public purpose.

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Section 3: Allowable Uses of Metro Income Tax Revenue.

1. Upon voter approval of this Reform Measure, income derived from the Metro SHS Income Taxes is authorized to fund affordable housing as an allowable use, in addition to use for Supportive Housing Services as defined in Metro Code Chapter 11.01. Metro may use this tax income to fund affordable housing regardless of which specific tax year Metro collected the tax income.
2. For purposes of this Reform Measure, what constitutes funding “affordable housing” should be considered in its broadest sense and includes: constructing or developing housing units, purchasing developed real property to be used for affordable housing units, purchasing or rehabilitating existing housing to preserve its affordability and prevent displacement, acquiring land for the immediate or future construction of new affordable housing, and any other activity that helps provide affordable housing as the Metro Council may authorize.
3. When determining whether a particular expenditure is an allowable use of Metro SHS Income Tax revenue, the provisions of this Reform Measure and Metro Measure 26-210 will be liberally construed to authorize any use that is reasonably related to providing supportive housing services and affordable housing (which includes permanent supportive housing). The Metro Council may by ordinance, administrative rule, or binding policy limit or otherwise regulate any authorized use.

Section 4: Income Taxes Extended Through Tax Year 2050; Voter Reauthorization Required; Tax Rate Adjustments.

Upon voter approval of this Measure:

1. The Metro Income Taxes (collectively, the Metro Personal Income Tax and the Metro Business Income Tax) as set forth in Metro Code Chapters 7.05, 7.06, and 7.07 are reauthorized through the tax year ending December 31, 2050. After December 31, 2050, the income taxes will expire unless reauthorized by the voters on or before that date.
2. Beginning in 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** and may not be increased without voter approval.
3. The income tax rates established by this Reform Measure and Metro Measure 26-210 represent the maximum rate allowed for an applicable tax year. The Metro Council may by ordinance reduce the income tax rate for any tax year below the maximum rate authorized by voters. If the Metro Council reduces the income rate below the maximum rate authorized for any given tax year, the Metro Council retains authority to later increase the rate up to the maximum rate authorized for any future tax year.

Section 5: Governance Reform; Housing and Homelessness Policy Advisory Committee (HHPAC).

1. A Housing and Homelessness Policy Advisory Committee (HHPAC) is established. The HHPAC will provide oversight and advice to Metro’s Supportive Housing Services and Affordable Housing Program and advise the Metro Council.
2. Metro Measure 26-210 established a Tri-County Planning Body and Supportive Housing Services Regional Oversight Committee. The Metro Council may by ordinance terminate either or both of those committees. The Metro Council may establish the appropriate timing for termination to ensure a smooth transition between the work performed by these committees and the newly established HHPAC.
3. HHPAC membership will include (but is not limited to) elected officials, community leaders, and experts from housing, services, business, and finance. As part of the HHPAC appointment process, the Metro Council will seek geographic and demographic diversity in the HHPAC’s representation.

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4. The Metro Council will appoint the HHPAC committee members no later than September 2025.
5. The Metro Council may review the HHPAC's role, purpose, and effectiveness as the Council deems appropriate. The Metro Council may conduct this review at any time, but no less than every three years following this Measure's effective date. The Metro Council may modify any aspect of the HHPAC as the Council deems appropriate to ensure appropriate oversight and regional planning. This includes, among other things, modifying the HHPAC's membership, responsibilities, authority, or role.

Section 6: Regional Housing and Homelessness Action Plan.

A Regional Housing and Homelessness Action Plan (Plan) will be adopted and updated periodically. The Plan will guide the work necessary to move the region out of its housing and homelessness crisis. It will include and identify key performance metrics, regional programs, priority populations, principles for highest use of funding, available resources, and strategies for success.

Section 7: Program Requirements; Compliance; Tax Funding Contingencies.

1. A SHS Local Implementation Plan (LIP) must incorporate affordable housing consistent with the Regional Housing and Homelessness Action Plan.
2. HHPAC must annually recommend and Metro must approve a local implementation partner's work plan before the partner may receive Metro Income Tax funding (program funding).
3. Continued program funding for implementation partners is contingent upon compliance with Metro-adopted requirements. These requirements include (but are not limited to) outcome metrics, reporting, data collection, data sharing, regional policies, standards, and definitions.
4. To understand how funding is being used to address the housing and homelessness crisis in the region, it is imperative that Metro have the full context of regionwide supportive housing services and housing system data forecasted budgets and actual spending. Consequently, continued program funding is contingent upon an implementation partner providing to Metro the partner's programmatic data as well as the partner's budgeted and actual financials from federal, state, regional, and local funding sources.
 - a. For each funding source listed above, implementation partner must submit to Metro and HHPAC annual programmatic reporting and final financial statements or best data available by September 30 of each year.
 - b. Implementation partner must also submit final statements or amended data no later than October 31 of each year.

The requirements of this subsection become effective for fiscal year 2024-2025 annual reporting. The first reporting is due to Metro by September 30, 2025.

5. The Metro Council may by ordinance or in a transition plan establish any applicable deadline to comply with the requirements of this section and any other requirement of this Reform Measure.

Section 8: Funding Allocations.

HHPAC will develop and recommend and Metro will adopt a tax funding allocation structure that:

- a. Builds integrated, regional supportive housing services and affordable housing programs;
- b. Prioritizes people experiencing chronic homelessness;
- c. Affirms the program's commitment to addressing racial inequities and disparities among

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marginalized communities; and

- d. Increases predictability for partners, providers, and recipients of services.

Section 9: Monitoring of Program Funds.

1. Metro may monitor any funded activities, including an implementation partner’s associated records and the records of its services providers to assess whether those activities comply with requirements. An implementation partner’s failure to provide all applicable records upon reasonable notice by Metro may result in a loss of funding or other corrective measures.
2. For purposes of this section, “monitoring” means the process of collecting and analyzing information about how funded activities are operating to understand their implementation practices and procedures and to assess whether activities comply with any applicable Intergovernmental Agreement (IGA), Local Implementation Plan (LIP), or Metro policy.

Section 10: Accountability of Program Funds; Audits.

1. Each implementation partner receiving program funds must report annually to the Metro Council and the HHPAC on how the partner has spent funds from the income taxes and how those expenditures have affected established homelessness metrics.
2. Every year a public accounting firm must conduct a financial audit of the revenue generated by the taxes and the distribution of that revenue. Metro will make public the audit and any report to the Metro Council regarding the audit results. Metro may use the revenue generated by the income taxes to pay for the audit costs required under this subsection.
3. The revenue and expenditures from the taxes are subject to performance audits conducted by the Office of the Metro Auditor and the elected or appointed auditors of any implementation partner.

Section 11: Codification of Measure Language; Conflicts with Metro Code; Periodic Review and Amendment.

1. Upon passage of this Reform Measure, the Metro Council may further act to codify, as applicable, Measure language that conflicts with any Metro Code language in effect at the time of the Reform Measure’s passage. The provisions of this Reform Measure prevail over conflicting language in the Metro Code at the time of this Reform Measure’s passage.
2. Nothing in this Reform Measure 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 Reform Measure. However, without voter approval, the Metro Council may not act legislatively to extend the Metro Income Taxes beyond 2050, lower the tax income threshold below \$125,000 for single filers or \$200,000 for joint filers, or increase the maximum voter authorized tax rate as that rate exists for a particular tax year.
3. The Metro Council may conduct a periodic review of Metro’s Supportive Housing Services and Affordable Housing Program to evaluate any or all aspects of the Program and its funding. The Council may conduct this review at any time, but no less than every three years following the Reform Measure’s effective date. Following a review, the Metro Council may further act legislatively or otherwise in any manner it deems appropriate to ensure the Program’s effectiveness and support the goal of making homelessness rare, brief, and non-recurring

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Section 12: Administrative Rule Authority.

The Chief Operating Officer or designee may adopt administrative rules, forms, guides, and policies to further implement any provision of this Reform Measure. Any adopted rule has the same force and effect as any Metro Code section.

Section 13: Severability.

1. When determining this Reform Measure’s constitutionality or its adherence to the Metro Charter, a court of competent jurisdiction must evaluate every section, subsection, and subdivision of this Reform Measure 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 Reform Measure, 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 Reform Measure 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:

Georgia Langer, Interim Recording Secretary

Carrie MacLaren, Metro Attorney