

IN CONSIDERATION OF RESOLUTION NO. 25-5540, FOR THE PURPOSE OF
ACCELERATING HOUSING PRODUCTION ACROSS THE REGION

Date: December 19, 2025
Department: Planning, Development, and
Research
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ISSUE STATEMENT

In 2024, the Governor of the State of Oregon declared a housing and homelessness crisis and set a goal of 36,000 homes per year within the State by 2033. Metro's current estimates show that greater Portland still needs 27,000 more homes to support its existing population and an additional 151,000 homes to keep up with forecasted population growth over the next 20 years. This calls for Metro to deploy all available tools to accelerate housing production to help address the housing crisis. In Metro's recently adopted Regional Housing Coordination Strategy (RHCS), Metro identified priority actions to promote housing production in the region including actions that could be assisted with funding from Metro's Construction Excise Tax (CET). These specific actions would make up a proposed Housing Production Accelerator Fund (HPAF).

A one-time investment of \$5 million of CET reserves to accelerate housing production in the region would make funding available for regional partners to speed up housing development. This fund would provide a clear benefit to jurisdictions seeking to remove barriers to housing development, to housing developers, and to people in our region seeking housing.

ACTION REQUESTED

Staff requests that Council approve Resolution No. 25-4450 to establish the Housing Production Accelerator Fund, a program designed to speed housing production across the region by providing technical assistance, local staffing capacity, and pre-development support to help address the housing crisis.

IDENTIFIED POLICY OUTCOMES

2040 Grant Program

The purpose of the 2040 Planning & Development Grant program is to fund planning work in the region that supports our regional vision for growth. The grants are funded through the CET, which was established in 2006 for the purpose of funding local planning to support development readiness. The grants are intended to facilitate planning that makes

land ready for development, supports economic prosperity, and implements Metro's long-term plan for livable communities, as outlined in the 2040 Growth Concept.

Regional Housing Coordination Strategy

Directed by the new requirements under the Oregon Housing Needs Analysis (OHNA) program, Metro is required to adopt a Regional Housing Coordination Strategy (RHCS) every six years. The RHCS identifies the actions Metro will take over the next six years to advance housing production, access to opportunity, affordability, and choice in greater Portland. This strategy emphasizes Metro's critical role in advancing regional solutions and supporting the efforts of cities and counties in accelerating housing production. Though Metro does not zone land or build homes, Metro plays an important part in helping to create the conditions for success, addressing the gaps in capacity and resources, and supporting coordination. The Metro Council recently adopted Metro's first RHCS in December via Resolution No. 05-5535.

Impact of the requested action

Creation of the HPAF would help implement actions identified in the Regional Housing Coordination Strategy, supporting local jurisdictions in achieving their housing production targets, and removing barriers to housing development. The fund would support the following five groups of activities to accelerate housing production in the region:

- 1. Housing pre-development and technical assistance.** Fund pre-development activities necessary to unlock public properties and other properties where an owner is interested in developing affordable housing, but lacks the knowledge and expertise required. This type of technical assistance can offset costs for land use studies and other pre-development activities including site surveys, feasibility studies, area plans and other activities that prepare sites for development. In addition, this action can provide grants to local jurisdiction staff to support activities that accelerate permit reviews, provide contracted services for cities and counties to expedite permit reviews, site suitability studies to identify sites ready for housing development, and update development standards and procedural requirements to remove barriers and delays in permitting.
- 2. Expand Metro's brownfield grant program.** Expand resources available for brownfield assessment and explore grant opportunities for small scale remediation that leads to middle housing and multi-family housing development. Funding for Brownfield site assessment complements existing federal grants to support additional sites that otherwise would not be able to access Metro's current site assessment program.
- 3. Support local Housing Production Strategy implementation.** Assist cities and counties with approved Housing Production Strategies to meet their housing production targets with grants to help implement actions that are consistent with allowable uses for CET funds identified within the Metro Code.

- 4. Technical assistance to support planning and implementation of housing production, affordability and choice.** Provide technical assistance through a pool of on-call experts to support local jurisdictions with non-site-specific planning and implementation activities. This could also include funding for staff that enables jurisdictions to speed up the process for issuing housing permits.
- 5. Explore regional land bank strategies.** This effort will explore land banking activities in the region and develop a plan for a regional land bank that identifies the necessary legal framework, governance structures, and operational guidelines to support cross-sector collaboration and investment.

STAFF RECOMMENDATIONS

Staff recommends that Council direct the Chief Operating Officer to create a Housing Production Accelerator Fund with a one-time investment of \$5 million from the construction excise tax reserves to speed up housing production and help address the housing crisis. Eligible uses may include housing pre-development and technical assistance, support for implementation of local Housing Production Strategies, a centralized and regionally accessible pool of housing professionals to supplement local staff, and on-call development services planners and building inspectors to speed up the housing production process. The COO will need to amend the CET Administrative Rules to implement the HPAF.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

The HPAF will be created using \$5 million of the CET fund balance. The purpose of the HPAF is to remove some of the barriers to housing development. The anticipated effects include:

- Reducing and offsetting predevelopment costs to help prepare land for housing development.
- Increasing the number of housing sites cleaned or remediated.
- Expediting permit reviews and increasing the number of permits approved through funding for local permitting staff or contractors.
- Local housing production strategies supported or advanced at the local level .

Financial Implications

Creating the HPAF would require staff time for implementation. Managing an effective grant program that achieves goals defined by the Council requires dedicated staff. PD&R staff would work with the COO to design and implement the grant and technical assistance programs through amending the CET Administrative Rules and determining whether any Metro Code changes might be necessary.

BACKGROUND

In 2006, the Council enacted the Construction Excise Tax (CET) to generate revenue for planning work by local governments in areas where the UGB has been expanded. The CET was opposed by the Homebuilders Association, and in 2007 the HBA helped get a bill passed in Salem that prohibited local governments from adopting new CETs. Because

Metro's tax was enacted prior to the 2007 legislation, it was exempted from the statewide prohibition on new CETs.

The scope of Metro's allowable uses for CET funds has expanded over the last 20 years as regional planning needs have evolved. Today this relatively low tax provides critical program funding for Metro's 2040 Planning and Development and Community Placemaking grants. Grants and technical support go to local jurisdictions and non-profit organizations to support economic development and community stabilization.

CET rate

The CET rate is 0.12% (0.12 cents per dollar) and applies to new housing construction or major renovations above \$100K. It is collected by local jurisdictions and turned over to Metro. Affordable housing projects and non-profit organizations are exempt. The program generates approximately \$3.6M annually; we do not know exactly how much of this comes from the development of housing, but we estimate about 50%. Of all jurisdictions in the region, the City of Portland produces the largest amount of CET revenue - over \$1M each year. Due to the low tax rate and \$12K maximum cap, CET collections are a very small portion of the total fees imposed on new housing development throughout the region. For example, a new single-unit home with an improvement value of \$500,000, the CET would amount to \$600.

Table 1: CET Rates and Exemptions

Tax Rate 0.12% (.0012)	Exemptions
<ul style="list-style-type: none">• Applied to New construction or major renovations (\$100K or more)• Maximum tax liability \$12,000• Any project over \$10,000,000 would have a tax liability of \$12K	<ul style="list-style-type: none">• Construction valued at less than \$100K• Affordable housing (60% AMI)• Any tax-exempt organization

ATTACHMENTS

None