

DRAFT RECITALS FOR SHS REFORM MEASURE ORDINANCE No. 25-1525

***Note: Below are draft recitals for Ordinance No. 25-1525 (SHS Reform Measure). Upon any editing and amendment by the Metro Council, these recitals will be added to the Reform Measure Ordinance.*

***Note: Numbering of the recitals is for reference purposes only during Council discussion. Once approved, the numbers will be removed from the final draft Ordinance.*

1. 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

2. WHEREAS, the housing affordability and homelessness crisis in the greater Portland region impacts us all and requires collective and individual action from every person, business, elected official, and resident that calls the region home; and

3. WHEREAS, a safe, affordable home is the cornerstone on which all other success is built, and the stable foundation all members of our community need to thrive; and

4. WHEREAS, on November 6, 2018, Metro Area voters approved Measure 26-199, approving \$652.8 million in general obligation bonds for the creation of affordable housing in across the Portland region (the “Metro Affordable Housing Bond”); and

5. WHEREAS, through the hard work of multiple jurisdictional partners, community organizations and housing providers, the Metro Affordable Housing bond is on track to create more than 5,000 affordable housing units providing homes for between 9,000 and 15,000 people and exceeding its production goals by approximately 20 percent; and

6. WHEREAS, despite this notable progress, the State of Oregon, Metro and an array of community members and stakeholders have recognized that the greater Portland region is still well short of needed affordable housing and permanent supportive housing units to meet current and future need; and

7. WHEREAS, funding for the Metro Affordable Housing Bond will soon be fully committed, leaving the region facing a looming cliff in funding to create affordable housing to continue meeting this need; and

8. WHEREAS, on February 25, 2020, the Metro Council referred to the Metro area voters a personal and business income tax for the purposes of funding Supportive Housing Services in the Metro region (the “Supportive Housing Services Measure”), which was identified as Metro Measure 26-210; and

9. WHEREAS, on May 19, 2020, the Metro Area voters approved Measure 26-210, thus 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

10. WHEREAS, Measure 26-210 authorized funding for Supportive Housing Services and

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established a sunset date of December 31, 2030, for imposition of the Metro Income Taxes; and

11. WHEREAS, through the hard work of Metro’s county implementation partners and service providers around the region, the regional SHS program has in its first three years of implementation helped thousands of households avoid or escape homelessness, including funding more than 6,200 housing placements, more than 15,000 eviction preventions through regional rent assistance, and the creation or sustaining of more than 1,800 temporary shelter units; and

12. WHEREAS, despite these initial successes, the launch of the regional SHS program occurred during a time of profound trials and upheaval in the region and nation, including the impacts of the global COVID-19 pandemic on economic opportunity, public health, and public safety, which together exacerbated longstanding racial and economic inequality and lack of opportunity in the region; and

13. WHEREAS, these factors contributed to a tripling of unsheltered homelessness in the Portland region between 2020 and 2023 according to the annual Point-in-Time count, deepening public concern and further complicating and compounding challenges in investments to address this need; and

14. WHEREAS, owing to a variety of factors, the high-earner personal and business income taxes that fund the regional SHS program have collected revenue in their initial years of collection beyond what was anticipated when Measure 26-210 was approved by voters, creating the potential to apply some of these funds to address urgent affordable housing needs as the Metro Affordable Housing bond funds are spent down; and

15. WHEREAS, without near-term action to secure regional funding for affordable housing, the region will experience an immediate gap in funding for affordable housing creation; and

16. WHEREAS, voter approval is required to authorize affordable housing as an allowable use of the income tax revenue and to reauthorize the Metro Income Taxes beyond December 31, 2030; and

17. WHEREAS, without near-term action to extend the SHS sunset beyond 2030, supportive services and rent assistance funded by the SHS program will need to begin ramping down within a few years; and

18. WHEREAS, if SHS funding is not extended by 2031, approximately XXXXXX individuals and households will lose access to rental assistance funding and supportive services as available funding in the region reverts to unacceptably low levels, particularly in Washington and Clackamas counties; and

19. WHEREAS, addressing homelessness is a long-term, inherently regional effort that requires funding for dedicated supportive services, rental assistance, and ample affordable housing for people experiencing or at risk of homelessness; and

20. WHEREAS, the Metro Council, implementation partners, stakeholders and the public have identified several challenges, limitations and needed improvements for oversight, implementation and accountability during the implementation of the regional SHS program and Metro Affordable Housing Bond; and

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21. WHEREAS, particularly with regard to the regional SHS program these concerns are discussed in a Metro Auditor report in 2024 that identified multiple, conflicting layers of oversight, implementation and accountability, as well as “uneven preparedness to use funding among the three counties,” and “definitions, reports, and calculations that made it difficult to understand how the program has progressed”; and the Auditor recommended “stronger oversight... to ensure counties are making progress”; and

22. WHEREAS, on July 9, 2024, the Metro Chief Operating Officer issued a recommendation to the Metro Council regarding the future of funding address homelessness and housing instability through investments in services, rent assistance and the creation of affordable housing; and

23. WHEREAS, the Chief Operating Officer’s recommendation was created following an extensive process of research and engagement with partners, stakeholders, providers and community members; and

24. WHEREAS, since receiving the Chief Operating Officer’s recommendation the Metro Council has engaged in multiple work sessions and meeting discussions to consider priorities and provide direction in a public setting; and

25. WHEREAS, on October 17, 2024, the Metro Council adopted Resolution No. 24-5436, For The Purpose Of Establishing The Metro Council’s Priorities For An Integrated And Expanded Regional Supportive Housing Services And Affordable Housing Program; and

26. WHEREAS, since the passage of Resolution No. 24-5436, the Metro Council has continued intensive conversation with jurisdictional partners, coalition leaders, providers, SHS and Metro Housing Bond oversight committees and community leaders and stakeholders on key topics of governance, allocation and investment prioritization; and

27. WHEREAS, the Metro Council therefore finds that addressing the disproportionate experience of housing instability and homelessness among people of color, people living with disabilities, and people with other historically marginalized identities must continue to be a priority for regional investments in supportive housings services and affordable housing; and

28. WHEREAS, the Metro Council has heard and agrees with input from an array of stakeholders, partners and providers that investments with SHS tax revenues must continue to prioritize ongoing stability and supportive services for households receiving such services today, and furthermore that investments in affordable housing using SHS revenues should prioritize deepest affordability needs and populations that are currently experiencing or at the greatest risk of homelessness; and

29. WHEREAS, the Metro Council has heard and agrees with input from an array of stakeholders, partners and providers that any allocation of SHS revenue needs to acknowledge and address the inherent volatility of SHS income taxes in extending predictable funding for the long term; and

30. WHEREAS, the Metro Council has heard and agrees with input from many stakeholders, including the current SHS Oversight Committee and the Tri-County Planning Body, that there is a need to ensure continued regional investments to improve and standardize regional programs,

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policies, data collection and accountable governance of SHS spending and impact; and

31. WHEREAS, in seeking long-term funding for an integrated regional supportive housing services and affordable housing program, the Metro Council has heard and agrees about the need to strike an appropriate balance between the longevity and rate of regional taxpayers' contributions to addressing these needs, the region's economic recovery, and the necessity of securing greater contributions from State and Federal partners;

32. 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

33. WHEREAS, the Metro Council's goal is that homelessness should be rare, brief and nonrecurring in the Portland region, and 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

34. WHEREAS, the Metro Council intends to refer to the voters a 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

35. WHEREAS, the Metro Council makes the following factual and legal findings:

- A. The Oregon Constitution Article XI, Section 14(4) gives Metro "jurisdiction over matters of metropolitan concern as set forth in the charter of the district." The Metro Council has previously determined that homelessness and affordable housing are matters of metropolitan concern as that term is used in the Oregon Constitution and the Metro Charter, thus giving Metro jurisdiction to legislate regarding these issues; and
- B. Metro voter approval is needed 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 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
- C. Metro's Affordable Housing Bond will soon be fully allocated, and yet the greater Portland region is still well short of needed affordable housing and permanent supportive housing units to meet current and future need. Without near-term action to secure regional funding for affordable housing, the region will experience an immediate gap in funding for affordable housing creation; and
- D. Reforming Measure 26-210 (later codified in Metro Code) to authorize affordable housing as an allowable use of SHS Metro Income Tax revenue will help serve the vital interests of establishing more affordable housing and reducing incidences of homelessness; and

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- E. Measure 26-210 required the regional SHS program to include regional oversight and coordination. It also stipulated that the program was subject to performance and finance reviews to ensure that local implementation plans and spending by the region’s three counties meaningfully address challenges at a regional scale; and
- F. As discussed above, the Metro Auditor’s report of 2024 identified multiple, conflicting layers of oversight, implementation and accountability, as well as “uneven preparedness to use funding among the three counties,” and “definitions, reports, and calculations that made it difficult to understand how the program has progressed.” The Auditor recommended “stronger oversight... to ensure counties are making progress”; and
- G. The Metro Auditor’s concerns are in addition to those of implementation partners, stakeholders, and the public, each of whom have further identified several challenges, limitations and needed reform improvements for oversight, implementation and accountability of the regional SHS program; and
- H. Reforming Metro Measure 26-210 (and by extension the Metro Code) 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. Therefore, it is appropriate and necessary for the Metro Council to act legislatively to reform Measure 26-210 and Metro’s Supportive Housing Services Program by referring this Reform Measure to seek voter approval.
- I. It is also appropriate and necessary for the Metro Council to act legislatively in the future, as applicable, to remove any conflict between this Reform Measure’s intent and any work plan, charter, Metro Code section, or document related to Metro Measure 26-210; now therefore,

The Metro Council Ordains as follows: