

STAFF REPORT FOR COUNCIL MEETING

IN CONSIDERATION OF ORDINANCE NO. 26-1544 FOR THE PURPOSE OF AUTHORIZING CHANGES TO METRO CODE CHAPTER 7.04 REGARDING HOW CONSTRUCTION EXCISE TAX FUNDS MAY BE DISTRIBUTED

Date: April 22, 2026

Department: Community Investments

Meeting Date: May 14, 2026

Presenters:

Hau Hagedorn, Community Investment Manager, PD&R

Malu Wilkinson, Deputy Director, PD&R

Prepared by: Serah Breakstone, 2040

Grants Program Manager

Length: 20 minutes

ISSUE STATEMENT

Construction excise tax (CET) revenue has been funding important planning work in the region for 20 years. Since its establishment in 2006, the CET program has been updated multiple times to enhance effectiveness and respond to shifting regional priorities. At this time, staff is preparing a new round of updates to the CET program intended to implement strategies identified in the *Regional Housing Coordination Strategy*, adopted by Metro Council in December 2025 (Resolution 25-5535).

Several strategies in the *Regional Housing Coordination Strategy* called for exploring the use of CET dollars to fund action items that will accelerate housing production in the region. On January 8, 2026, Metro Council approved resolution No. 25-5540 to establish the Housing Production Accelerator using CET funds, which will provide support for housing production activities through grants and technical assistance.

In order to implement this direction from Council, amendments to the Metro Code are needed. Specifically, amendments to Metro Code Chapter 7.04 are proposed to achieve the following:

- Update the CET exemption for affordable housing developments from 60 percent of area median income (AMI) to 80 percent of AMI. This will make the Metro Code consistent with state rules.
- Allow distribution of CET funds through technical assistance. Currently, the Code allows distribution of funds only through grants. Adding technical assistance will allow flexibility for how dollars can be spent through the Housing Production Accelerator, increasing efficiency and effectiveness of the program.

These amendments to the Code will be supported and further clarified by amendments to the associated Administrative Rules Chapter 7.04.

ACTION REQUESTED

Staff requests that Council consider approving Ordinance No. 26-1544 for the purpose of amending Metro Code Chapter 7.04 as identified in Attachment A.

IDENTIFIED POLICY OUTCOMES

The proposed amendments to the Metro Code will implement the Housing Production Accelerator, which will provide funding for activities that remove barriers for housing development. This program aligns directly with priorities and strategies identified in the *Regional Housing Coordination Strategy* and is designed to respond to the needs of Metro's partner jurisdictions and housing stakeholders.

STAFF RECOMMENDATIONS

Staff recommends that Council approve Ordinance No. 26-1544 to amend the Metro Code as identified in Attachment A.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

The proposed Metro Code amendments will facilitate the Housing Production Accelerator, which is intended to implement the following action items from the *Regional Housing Coordination Strategy*:

- Action #1 - Housing pre-development and technical assistance
- Action #2 - Expand funding for the brownfields grant program
- Action #3 - Local housing production strategy (HPS) implementation funding and support
- Action #4 - Develop a regional pool of housing professionals for technical assistance and staffing support
- Action #12 - Explore regional land bank strategies

These action items are intended to help make land ready for housing development and are therefore eligible uses of CET funding per the existing Metro Code.

ATTACHMENTS

None