

INTEGRATED AND EXPANDED REGIONAL SHS/AFFORDABLE HOUSING PROGRAM:
PROPOSED POLICY PACKAGE

Date: Jan. 2, 2025
Department: Metro Council President
Work Session Date: Jan. 16, 2025

Presenters: Metro Council President Lynn Peterson (she/her); Shane Abma, Senior Attorney (he/him)

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Length: 90 minutes

ISSUE STATEMENT

Through the adoption of Resolution No. 24-5436 and in subsequent work sessions since that time, the Metro Council provided formal direction to prepare a series of policy options to advance its goals for integrated and expanded regional funding for supportive housing services and affordable housing. In this work session, the Council will discuss language for proposed legislative action to advance its direction.

ACTION REQUESTED

Provide direction on proposed legislative package for public hearing and Council consideration in January, including content for potential referral of a measure to the region's voters.

IDENTIFIED POLICY OUTCOMES

In line with Council direction and stakeholder/community input throughout the last year, the proposed ordinance recognizes three primary facts:

- The region needs to continue funding in services and affordable housing to address homelessness for decades to come. However, regional funding for both will end within a few years, as the supportive housing services (SHS) taxes expire and Metro's affordable housing bond is fully spent out.
- There is no viable path to extending regional funding for services and affordable housing without making changes to how SHS taxes are used and overseen, so that they can invest in a full range of solutions to homelessness and so that demonstrate greater accountability and improved oversight.
- There is an extraordinary opportunity to bring together a wide coalition of providers, business leaders and community leaders to advocate for an extension and expansion of SHS for twenty additional years, safeguarding the progress that has been made and ensuring that thousands more families can be helped to find and keep stable housing.

The proposed legislative package will include several primary elements:

- Expanding SHS taxes' allowable uses to include affordable housing, which is critical when paired with services and rent assistance to helping people and families escape or avoid the traumas of homelessness.
- Extending SHS taxes for 20 additional years to fund both affordable housing and services, with potential changes to the personal income tax rate and threshold to reduce tax burdens over the proposed longer life of the tax
- Improving oversight and governance structures, including the formation of a single Housing and Homelessness Policy Advisory Committee, staffed by Metro, that will develop a regional action plan and key performance indicators, review local implementation plans, and coordinate regional spending within the broader context of housing needs, policies and solutions, and funding in the region.
- Considering a timeline and next steps for transitioning to the expanded and updated program structure over several years

The ordinance advances Metro Council's principles for an integrated and expanded regional supportive housing and affordable housing program, which were established in Council's adoption of Resolution No. 24-5436 on October 17, 2024.

These principles include:

- a. That the program be founded on a truly regional plan that builds toward regional outcomes – including ensuring homelessness is rare, brief and nonrecurring, and that affordable housing need continues to be met, with a focus on families and individuals experiencing chronic homelessness or who are at greatest risk of experiencing homelessness.
- b. That the program include flexibility and predictability to address a full range of supportive housing services and affordable housing needs, for the long term.
- c. That the program connect to and leverage the full regional context of systems, funding, partnerships and solutions working to address homelessness and affordable housing need.
- d. That the program consider homelessness and affordable housing need in broader regional context, including but not limited to regional livability, racial equity, economic development, the environment and climate resilient communities.
- e. That the program ensure accountability in oversight, transparency in investments, and effective communication with the public.
- f. That the program support a culture of learning from what works as well as where there are challenges that need to be addressed.
- g. That the program be responsive and explicit about how the people of the region can expect to be served, wherever and however they experience the homelessness and affordable housing crisis – for example, a person experiencing homelessness or housing instability, a concerned community member, a housing or service provider, a business owner, or a visitor to the region.

- h. That the program solicits and incorporates technical and practical input from a broad variety of stakeholders that manage and/or are impacted by homelessness and affordable housing needs, to include but not be limited to service providers, financial and business interests, people with relevant lived experience, and community and neighborhood leaders throughout the region.

POLICY QUESTIONS

- Does the proposed legislative package, including the potential measure ordinance for referral to voters, reflect Council's direction and reflect input from partners, providers and community leaders on advancing stable, accountable funding for services and affordable housing?
- Does Council wish to provide additional direction to guide future work planning and transitioning to a new structure over time?

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

Through efforts with a wide array of jurisdictions, providers and community partners, the voter-approved 2018 Metro Affordable Housing Bond and 2020 Supportive Housing Services measure have helped thousands of struggling families and individuals across the greater Portland region find stable, affordable housing and get the supports they need to prevent or escape homelessness.

Yet there is more to do, with housing costs continuing to outpace what people earn and the impacts of homelessness felt in every corner of greater Portland. The crisis persists just as Metro's successful affordable housing bond is winding down its investments, leaving the region with a looming cliff for affordable housing funding. Meanwhile, Supportive Housing Services funding is nearing its halfway point to expiration, with no long-term funding source identified for these critical services and rent assistance. And there is no path to extending either of these funding sources without addressing public and partner concerns about governance and oversight.

On Oct. 17, following extensive stakeholder and partner engagement dating back to January, the Metro Council provided direction on a policy package to secure impactful, stable regional supportive housing services and affordable housing funding into the future. The Council unanimously adopted Resolution No. 24-5436, directing staff to prepare a series of policy proposals for direction by the end of 2024.

The Metro Council has been clear that the immediate focus remains on addressing homelessness – through stable funding, applying a full range of tools and investments, and working with an array of partners to demonstrate impact and accountability.

Throughout this process, Metro Council and staff have heard clear agreement among a wide variety of partners, leaders and community members that an extension of the SHS taxes and expansion of uses to include affordable housing must also include meaningful

changes to regional oversight and governance that can be more strategic, accountable and flexible to changing needs over time.

The proposed legislative package to be discussed at this work session contains elements advanced by a coalition of providers, business and community leaders with direct experience of the current SHS oversight structure, as well as community needs and impacts regarding homelessness and affordable housing across the region. Some of these elements would go into a potential measure ordinance, while others may be established by Council via contemporaneous and/or future action contingent upon a measure's passage.

The Council's direction at this work session follows a discussion of allocation on Nov. 26 and governance on Dec. 5, 2024.

Any extension of the SHS sunset or expansion of its uses must be approved by the region's voters. Other elements of proposed changes to governance, accountability and allocation may or may not be included in a ballot measure. However, public opinion research and stakeholder input demonstrates clearly that updates to oversight and accountability are likely necessary to build coalition and voter support for a potential measure.

POLICY OPTIONS TO CONSIDER

The Metro Council has several options for advancing its priorities. These include but are not limited to the following.

At this work session:

- Approve proposed legislation structures and elements of a potential measure for referral.
- Propose potential changes and decide whether they should be included for consideration by Council as part of near-term or later action.
- Provide additional guidance to staff to ensure the legislative package meets Council direction and expectations.

On January 23, 2025 (tentative):

- Hold a public hearing and conduct a first reading of draft ordinances, including a potential measure.
- Discuss and vote on amendments proposed by Metro Councilors.

On January 30, 2025 (tentative)

- Conduct a second reading of proposed ordinances, including any amendments adopted by Council votes on January 23.
- Consider adoption of ordinances and resolution to refer a ballot measure to Metro voters in the May 2025 election.

On February 6, 2025 (tentative)

- Conduct a third reading and vote, if necessary.

BACKGROUND

On July 9, 2024, Metro COO Madrigal released recommendations (“COO Recommendation”) to the Metro Council, to address several significant challenges and needs in how the region addresses housing affordability and homelessness. These included, but were not limited to, a looming gap in regional affordable housing funding, the 2030 sunset of the Supportive Housing Services (SHS) taxes, and widespread input that the region must improve how it strategizes, funds, implements, tracks and oversees housing and SHS investments. The COO Recommendation followed six months of engagement with the stakeholder advisory table, jurisdictional partners, housing and service providers, and community members.

Since the release of the COO Recommendation and subsequent Metro Council work sessions, Council President Peterson has engaged in repeated conversations with county and city leadership, as well as key advocates in regional housing/homelessness, service providers and business leaders. These conversations have explored potential areas of agreement, as well as understanding concerns and needs for the future.

The COO Recommendation included a range of broad and specific actions to continue sustainable funding for affordable housing and supportive housing services, and to improve accountability and impact of these investments to continue addressing the homelessness and housing crisis in the greater Portland region.

The Metro Council discussed the COO Recommendation, ongoing stakeholder engagement and Councilor priorities at work sessions and meetings on July 9, July 25, August 1, September 24 and October 3. The Council unanimously adopted Resolution No. 24-5436 on October 17, beginning a final phase of policy development and engagement before potential action this winter.

The policy directions sought by the Metro Council via adoption of Resolution No. 24-5436 include the following.

- a) Expanding allowable uses of supportive housing services personal and business income taxes to include affordable housing and permanent supportive housing units, with expectations for how these funds will be used by counties and other partners, as well as continuing investments in supportive housing services.
- b) Extending the expiration of supportive housing services taxes beyond 2030, long enough to ensure predictable funding for supportive housing services to meet continued need, and to support ongoing investments to address the region’s affordable housing shortfall.
- c) Creating a program by which the region’s cities will receive funding for investments in supportive housing services and/or affordable housing, expanding allowable uses as necessary with a focus on those experiencing or at most risk of chronic homelessness.

- d) The establishment of a new regional housing and homelessness oversight structure that improves coordination and collaboration in investments to address homelessness and affordable housing needs across the region.
- e) Enacting a SHS personal income tax rate decrease that ensures adequate resources for services and affordable housing, while building support for the broader integration and extension of these investments. This tax rate decrease may be phased.
- f) A conservative funding allocation approach to budgeting revenues generated through SHS personal and business income taxes, with the intent to reduce the impacts of revenue volatility on programs and create predictability for implementing partners, while providing resources to meaningfully address the looming regional funding cliff for affordable housing, and to fund investments by cities described in Action (c) above.
- g) A transparent process for ensuring that regional outcomes are advanced, that successes are acknowledged, and that timely improvements are made when progress is insufficient.

The resolution also established Council's desire to create a broadly-supported ballot measure to advance aspects of the above policy changes, and to continue working with a wide range of partners to address the causes and impacts of homelessness and insufficient housing supply. Public opinion research has gauged public priorities for a potential measure, finding support among likely May 2025 voters for an extension and expansion of SHS funding to include affordable housing, contingent upon improvements to regional governance and accountability.

Council further articulated goals for allocation and governance at work sessions on Nov. 26 and Dec. 5, and since that time has continued conversations with county and city elected officials, and leaders from housing and service providers, community-based organizations and business coalitions.

ATTACHMENTS:

- Resolution No. 24-5436 as adopted
- Draft Ordinance No. 25-1525
- Draft Recitals/Findings for Ordinance No. 25-1525
- Draft Ordinance No. 25-1526