

IN CONSIDERATION OF ORDINANCE NO. 20-1442, FOR THE PURPOSE OF SEEKING
VOTER APPROVAL OF A PERSONAL INCOME TAX AND BUSINESS PROFITS TAX FOR
SUPPORTIVE HOUSING SERVICES

Date: February 24, 2020
Department: Planning and Development
Meeting Date: February 25, 2020

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ISSUE STATEMENT

The greater Portland region is facing a severe housing affordability and homelessness crisis, which endangers the health and safety of thousands of our unhoused neighbors. Homelessness is a deeply traumatic and dehumanizing experience that no person should have to endure, regardless of their circumstances.

Tens of thousands of households in our region need supportive housing services, and thousands more need housing assistance, according to the February 2020 ECONorthwest report entitled “Potential Sources and Uses of Revenue to Address the Region’s Homeless Crisis.” This crisis impacts us all and requires collective and individual action from every person, business, elected official, and resident that calls the region home.

Unfortunately, the resources and services do not yet match the scope of the crisis, and only will if additional revenue and resources are made available. Metro staff are presenting to council a measure to help bridge this funding gap.

BACKGROUND

Acknowledging that we cannot wait any longer to address this crisis, HereTogether, a 501(c)(3) non-profit corporation, has conducted outreach and conversations to develop a regional homeless and housing services measure over the past two years.

HereTogether has brought the Portland region together, uniting service providers, business leaders, government officials, advocates and members of the community. This effort has resulted in a region-wide effort to address homelessness that targets the roots of the problem and matches solutions with the scale and scope of the crisis.

HereTogether’s work culminated in an October 2019 Regional Policy Framework. Metro was one of many governments in our region to sign on to this framework.

In addition to HereTogether's Policy and Governance Frameworks, resources that inform the understanding of the region's need for a response to homelessness and programmatic strategies that can scale to meet this need include:

- CSH: Tri-County Permanent Supportive Housing report, 2018
- Portland State University: Homelessness Research and Action Collaborative report, 2019
- EcoNorthwest: Homelessness Costs and Revenues report, 2020
- EcoNorthwest: Revenue Estimates Memo to Metro, 2020

Furthermore, as the Metro Council considers the referral of a regional ballot measure to provide funding for Supportive Housing Services, the Planning and Development Department presented a memo on supportive housing programs at the February 13, 2020 Council Work Session. This memo included current capacity for supportive housing in the region, demonstration of a regional need for further investment, and potential outcomes of additional investments through the measure. This memo also outlined potential action steps towards implementation in partnership with jurisdictional and community partners, should Metro Council decide to refer the measure, and voters subsequently approve the measure.

Revenue estimates from EcoNorthwest show the revenue-raising potential of two tax structures that in combination could raise approximately \$250 million if imposed in 2020:

1. A marginal personal income tax of 1.0 percent on all Oregon taxable income above \$125,000 (single, separate, head-of-household filers) or above \$200,000 (joint filers). The tax would apply to residents of the Metro region and to taxable income derived from sources in the region.
2. A business profits tax of 1.0 percent on the net income in the Metro region of businesses with at least \$5 million in gross income anywhere.

EcoNorthwest estimates that the personal income tax could raise approximately \$169 million from 2020 income. They estimate that the business profits tax could raise approximately \$79 million from 2020 net income.

For the personal income tax, it is Metro's policy to follow the state of Oregon laws and regulations adopted by the Department of Revenue relating to personal income tax. For the Business Profits tax, it is Metro's policy, to utilize, as guidance, the Multnomah County Business Income Tax rules and procedures.

PUBLIC INPUT

Metro Council conducted community conversations in Washington, Clackamas and Multnomah counties February 10, 11, 12 respectively. These conversations were collectively attended by approximately 400 members of the public, local elected officials, and people involved in provision of housing and homeless services. Metro Council also conducted a public hearing in Council Chambers on February 13 with over 50 individuals

providing testimony. Council also received written testimony addressing this topic; this testimony has been added to the record as part of the February 13 public hearing packet. Additional testimony received prior to consideration will be added to the record as part of the February 25 council meeting packet.

Metro Council heard a variety of input at these public forums. Community members want to see a program that can help permanently address homelessness in the region. Community members also want to know details about the revenue sources for provision of such services. There were strong comments about the need for accountability and ensuring that the public understands the return for its investment. And overall, Metro Council heard widespread support for solutions with an ongoing desire for more details.

KNOWN OPPOSITION

Metro received feedback from the Cascade Policy Institute that this measure is beyond the scope of Metro's original mission. Others argued that the high earner income tax would prompt people to move to Clark County, Washington. However, Census data indicates that after the 2008 passage of Measures 66 and 67 in Oregon, which raised income taxes on high earners, Clark County experienced the slowest growth of high-income earners in the 4-county area.

LEGAL ANTECEDENT

Generally, adoption of an ordinance requires consideration at two meetings prior to adoption, as well as other requirements. However, with unanimous consent, the Metro Charter and Metro Code allow the Council to immediately adopt an ordinance (without two meetings). In such cases, the Council must make findings on the need for immediate action.

Staff recommends immediate adoption for Ordinance No. 20-1442. As described in the ordinance, and in testimony and reports received by staff and Council, the region is facing a housing and homeless crisis. If Metro desires to seek voter approval of a personal income tax and business profits tax to fund supportive housing services, the filing deadline for the May 2020 ballot is February 28, 2020, and thus requires immediate action.