

Ordinance No. 185394

Amend the Business License Law to eliminate the exemption for residential rentals (Ordinance; amend Code Section 7.02.400)

The City of Portland ordains:

Section 1. The Council finds:

1. City Council created the Quality Rental Housing Workgroup (QRHW) in July 2007 to explore issues of substandard housing, habitability concerns and environmental health hazards in Portland's rental housing.
2. The QRHW members included landlords, tenants, public health advocates and community organizations and built consensus around a package of recommendations, including the elimination of the business license tax exemption for individuals who rent or lease nine or fewer residential units (residential rental exemption). Final recommendations of the QRHW were approved unanimously in September 2008.
3. In November 2008, City Council heard and accepted the recommendations from the QRHW and asked the Bureau of Housing and Community Development (BHCD) for an implementation plan for the recommendations.
4. On December 1, 2011, the Neighborhood Inspections Stakeholder Advisory Committee, whose members include landlords, tenants, public health advocates, community organizations, Bureau of Development Services (BDS), Portland Housing Bureau (PHB) and Commissioner Offices staff, recommended that the City move forward to eliminate the business license tax exemption for residential rentals. Eliminating the residential rental exemption would increase General Fund revenues that could potentially be utilized to increase the health and safety of Portland renters and help fund and support the QRHW's recommendations. Many of the rental units inspected by BDS housing inspectors are properties owned by individuals who qualify for the business license tax residential rental exemption.
5. The County Healthy Homes Coalition, on November 23, 2011, voted to support this recommendation to eliminate the residential rental exemption.

NOW, THEREFORE, the Council directs:

a. Amend Portland City Code by removing Subsection 7.02.400 F. :

~~F. Any individual whose only business transactions are exclusively limited to the renting or leasing of residential real property dwelling units provided that the beneficial owner rents or leases less than ten total units, regardless of whether they are located inside or outside of the Portland City limits. For purposes of this subsection, payments to foster care and other service providers are considered payments for "services" and not for "rent." If a building contains more than one residential living quarter, the term "dwelling unit" refers to each separate living quarter.~~

This exemption does not apply if any income is recognized from the sale of residential rental property.

b. Portland City Code Subsections 7.02.400 G. – I. are renumbered to 7.02.400 F. – H.

Section 2. This ordinance is effective for tax years beginning on or after January 1, 2012.

Passed by the Council: JUN 06 2012

Commissioners Dan Saltzman and Nick Fish

Prepared by: Ed Marihart/lr

Date: May 30, 2012

LaVonne Griffin-Valade
Auditor of the City of Portland

By: 
Deputy

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| <p align="center">INTRODUCED BY Commissioner/Auditor: Commissioner Saltzman Commissioner Fish</p> | <p>CLERK USE: DATE FILED <u>MAY 24 2012</u></p> |
| <p align="center">COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Adams</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Leonard</p> | <p align="center">LaVonne Griffin-Valade Auditor of the City of Portland</p> <p>By: <u><i>Susan Larsson</i></u> Deputy</p> |
| <p align="center">BUREAU APPROVAL</p> <p>Bureau: Paul L. Scarlett Bureau Head: Director, Bureau of Development Services</p> <p><i>P. Scarlett</i></p> | |
| <p>Prepared by: Leanne Torgerson Date Prepared: 5/18/12</p> | <p>ACTION TAKEN:</p> <p>MAY 30 2012 PASSED TO SECOND READING JUN 06 2012 9:30 A.M.</p> |
| <p>Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p> | |
| <p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input type="checkbox"/></p> | |
| <p>Council Meeting Date 5/30/12</p> | |
| <p>City Attorney Approval <i>W 5/21/2012</i></p> | |

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| AGENDA | |
| <p>TIME CERTAIN <input type="checkbox"/></p> <p>Start time: _____</p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p> | |
| <p>CONSENT <input type="checkbox"/></p> | |
| <p>REGULAR <input checked="" type="checkbox"/></p> <p>Total amount of time needed: 20 minutes (for presentation, testimony and discussion)</p> | |

| FOUR-FIFTHS AGENDA | COMMISSIONERS VOTED AS FOLLOWS: | | |
|--------------------|---------------------------------|------|------|
| | | YEAS | NAYS |
| 1. Fritz | 1. Fritz | ✓ | |
| 2. Fish | 2. Fish | ✓ | |
| 3. Saltzman | 3. Saltzman | ✓ | |
| 4. Leonard | 4. Leonard | ✓ | |
| Adams | Adams | ✓ | |