



# Portland Housing Bureau

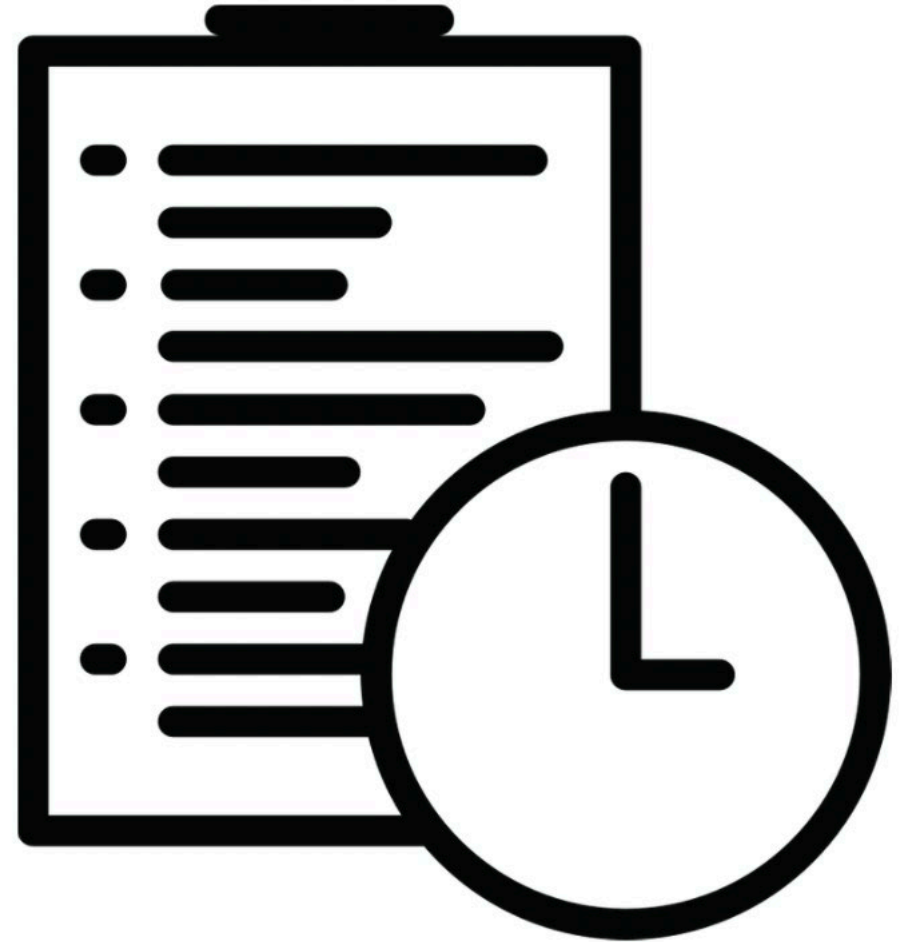
# Vacancy Tax Presentation

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# Agenda

- Overview of Vacancy Tax
- Comparative Analysis
- Portland Context
- Structural Considerations



# What is a Vacancy Tax?

## Definition

- A vacancy tax is a tax levied on property owners who have vacant properties.
- The purpose of a vacancy tax is to disincentivize keeping properties empty, thus increasing the housing supply for renters.
- With homelessness and houselessness on the rise and a limited housing stock, a vacancy tax is a strategy to begin to address housing affordability.



# Comparative Analysis

# Vacancy Tax: Key Components

	Vancouver, B.C.	San Francisco	Oakland	Seattle	Washington, D.C.
Reference Period	✓	✓	✓		✓
Applicable to Residential Properties	✓		✓	✓	✓
Applicable to Commercial Properties		✓	✓		✓
Registration Required	✓	✓	✓		✓
Flat-Rate Tax		✓	✓	✓	
% Tax Rate	✓				✓

# Vacancy Tax: Common Exemptions

- Limited-Use Properties
- Very Low Income
- Financial Hardship
- Demonstrable Hardship Unrelated to Personal Finances
- Active Construction, Renovations, or Rehabilitation
- Building Permit Application
- Low Income Senior
- Disabled Owner
- Deceased Owner
- Hospitalized Owner
- Non-profit Organizations



# Portland Context

# Portland Context

## State of Housing Report

- Portland City Council declared a housing emergency in 2015
- Changes in average rent varied by unit type, with increases mostly seen among larger units.

2019 Average Rent	2020 Average Rent
\$1,491/month (▲ \$61)	\$1,461 per month (▼ \$14)



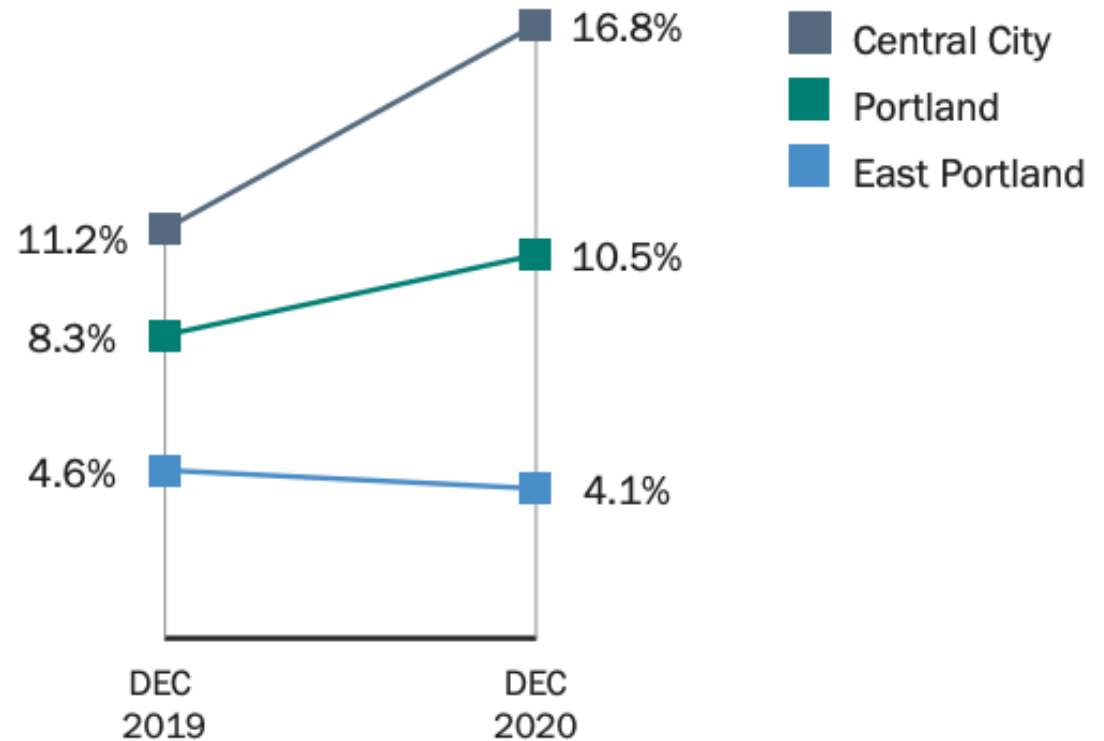
# Portland Context

## State of Housing Report

### COVID-19 Impact:

- CoStar data from multifamily properties show a continued trend of declining rents and increasing vacancies
- Overall vacancies increased by 2.2 percent, from 8.3 percent in December 2019 to 10.5 percent in December 2020, over the same time the previous year

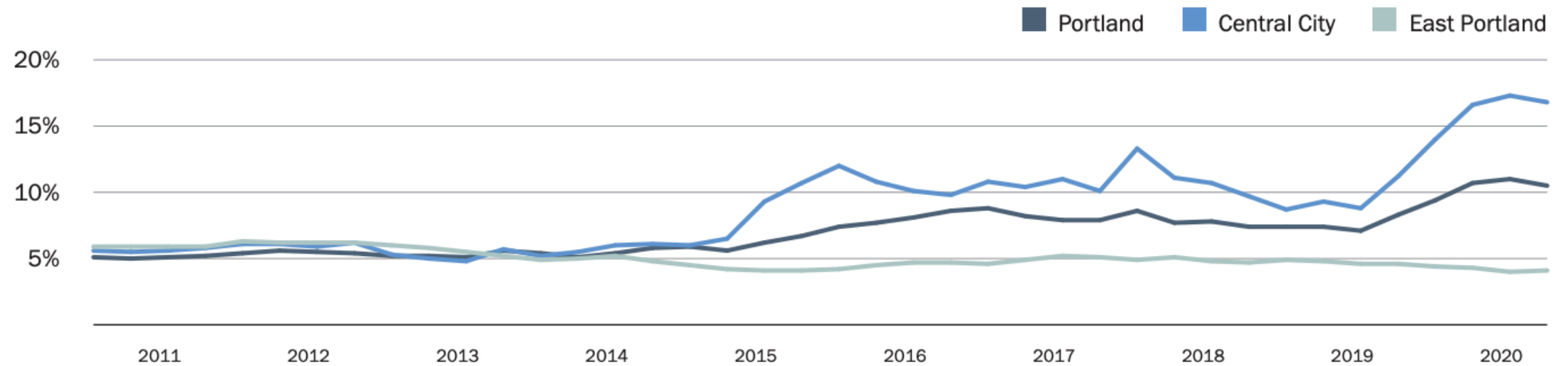
**Fig. 0.06 Vacancy Rate in Portland**



# Portland Context

## State of Housing Report

**Fig. 0.02 Vacancy Rates, 2011-2020** (Quarterly Data)



# USPS Vacancy Data (Q1 2020)

City of Portland (Total)

<b>Total Residential</b>	<b>Vacant Residential</b>	<b>% Vacant Residential</b>
326,533	7,501	2.30%

# Structural Considerations

# Order of Implementation

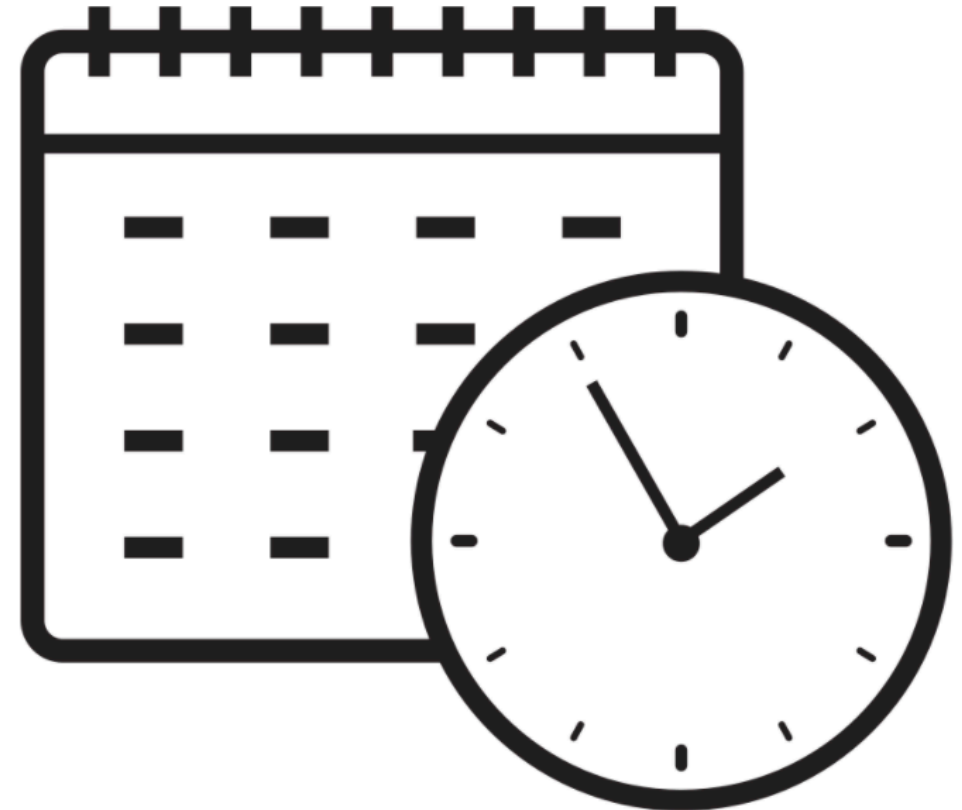
**Establish a  
Vacancy Fee  
Reference  
Period**

**Develop Vacant  
Property  
Registration  
Process**

**Establish a  
Vacancy Fee**

# Establish a Vacancy Fee Reference Period

While each city that has established a vacancy tax has provided different exemptions and code language, each policy has set a vacancy reference period to determine whether a property is truly vacant.



# Develop Vacant Property Registration Process

To establish a record of vacant building a registration process would need to be established



# Establish a Vacancy Fee

## ***Vacant Residential Property Annual Fee***

Consider: A flat-rate fee based on property type modeled after Oakland

- standard fee for empty residential housing
- higher fee for empty lots zoned for residential use



# Questions?

# USPS Data – Q1 2020

Neighborhood	Total Residential	Vacant Residential	% Vacant Residential
122 <sup>nd</sup> -Division	8,981	223	2.5%
Belmont-Hawthorne-Division	16,409	257	1.6%
Centennial-Glenfair-Wilkes	10,993	184	1.7%
Central City	38,918	1,060	2.7%
Forest Park-NW Hills	4,433	73	1.6%
Gateway	22,201	372	1.7%
Hayden Island	4,577	193	4.2%
Hillsdale-Multnomah-Barbur	10,874	217	2.0%
Hollywood	17,838	430	2.4%
Interstate Corridor	23,817	390	1.6%
Lents-Foster	22,533	605	2.7%
MLK-Alberta	16,485	456	2.8%

# USPS Data – Q1 2020 (continued)

Neighborhood	Total Residential	Vacant Residential	% Vacant Residential
Montavilla	17,218	514	3.0%
Northwest	18,144	461	2.5%
Parkrose-Argay	7,123	149	2.1%
Pleasant Valley	5,953	103	1.7%
Raleigh Hills	6,344	170	2.7%
Roseway-Cully	16,877	424	2.5%
Sellwood-Moreland-Brooklyn	11,081	261	2.4%
South Portland-Marquam Hill	9,662	279	2.9%
St. John's	13,097	190	1.5%
Tryon Creek-Riverdale	4,226	85	2.0%
West Portland	6,852	186	2.7%
Woodstock	11,897	219	1.8%

# USPS Data – Q1 2020 (continued)

Neighborhood	Total Residential	Vacant Residential	% Vacant Residential
City of Portland - Total	326,533	7,501	2.30%