



City of Portland
State Legislative Issue Identification
2023 State Legislative Session

Issues submitted by the Housing Bureau for City Council consideration and inclusion in the 2023 State Legislative Agenda. City Council will deliberate on issues in November and approve the agenda in January.

Issue Title: Private Activity Bond Reform

Problem or Issue of Concern:

Currently, to access the 4% Low Income Housing Tax Credit (LIHTC) resources, 50% of the project must be funded with Private Activity Bonds (PABs). However, in 2022 Oregon reached its cap on the allocated amount of PABs. The practical impacts of reaching our PAB cap means, that without congressional and legislative action, the state, local governments, and private developers will be limited in their ability to finance affordable housing developments which will ultimately reduce the overall affordable homes developed in Oregon. The ability of affordable housing developers to access the 4% LIHTCs will be severely limited, increasing the cost of building affordable housing in Oregon by as much as 30%. Of the \$462M allocation to Oregon, Business Oregon receives a carve out for \$41M annually.

Proposed Solution:

All of Oregon's PABs should go towards affordable housing until the affordable housing pipeline is not oversubscribed.

Issue Title: Homeownership Tax Exemption Sunset Extension

Problem or Issue of Concern:

The Single-Unit Housing Tax Exemption (ORS 307.651) sunsets after January 1, 2025. The City has administered this tax exemption since the 1970s with continued extension of the program by the state.

Proposed Solution:

To continue operating the program, currently referred to as the Homebuyer Opportunity Limited Tax Exemption (HOLTE) Program, PHB seeks to extend the sunset for at least another ten years.

Issue Title: Ensuring Tenants Can Access the Court System

Problem or Issue of Concern:

A new standard lease template in use in the Portland metro area includes mandatory arbitration clauses for any landlord/tenant dispute, waive the right to a jury trial in event of an eviction case, and bar tenants from filing class action lawsuits. These provisions limit tenants' access to the court system and limits their ability to access legal representation in landlord/tenant disputes. Mandatory arbitration clauses will prevent tenants from being able to sue their landlord for housing discrimination claims and injury claims. Limiting the use of class action lawsuits may allow egregious abuses in the rental market, such as mass withholding of security deposits or widespread discriminatory practices against protected classes, to go unchecked. The lease template also bars tenants and landlords from sharing the reasons for and the outcomes of the arbitration without written permission from the opposing party. This clause may have a chilling effect on housing advocacy and may limit policy makers' understanding of issues in the housing market and leave them unaware of gaps in local and state landlord/tenant laws. Unlike the court system, which produces public records regarding reasons why cases were filed and outcomes of cases, arbitration is also a private process. Policy makers will be unable to understand how many arbitrations are occurring, the reasons for the arbitration, and any trends in outcomes.

Proposed Solution:

Ban clauses in leases that limit tenant's full access to the judicial system for landlord/tenant disputes, including clauses barring tenants from class action lawsuits, waiving rights to a jury trial, and requiring mandatory arbitration.

Issue Title: Preserving Existing Affordable Housing

Problem or Issue of Concern:

Expiration of existing affordable housing regulatory agreements. If the regulatory agreements are not extended, then all these affordable units will convert to market rate units. OHCS's draft legislative agenda states that across Oregon, the state is poised to lose more than 8,000 affordable homes over the next 8 years. In Portland, xxx units over the next xxx years.

Proposed Solution:

The City should advocate for and support solutions that will extend or otherwise preserve these critical affordable units. Including but not necessarily limited to supporting OHCS biennium funding ask for preservation (\$175M) through acquisition.

Issue Title: Closing the homeownership gap

Problem or Issue of Concern:

- Black, Indigenous, Latinx, and other Communities of Color (BIPOC) continue to experience disproportionately low homeownership rates compared to white households and the population as a whole in Portland.



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- Black, Hawaiian-Pacific Islander, Latinx, and Native American rentership in Portland ranges from 60% - 80%, compared to white households at about 45%.
- Rate of African American homeownership is 44.1 percent, whereas the rate of White homeownership is 74.5 percent. (According to the U.S. Census Bureau reported that, as of December 31, 2020)
- Effects of the segregation laws, restrictive covenants, racial steering, and redlining of the past reverberate and shape the financial infrastructure aiding or impeding homeownership
- Knowledge gap manifests as misconceptions about the requirements of homeownership
- There is a trust gap as the result of historic exploitation of African Americans and other BIPOC households, which has prevented many from obtaining affordable and sustainable mortgages
- The housing and financial services space should prioritize eliminating technology bias

Proposed Solution:

- Increase funding for homeowner education and counseling
- Intentionally direct down payment assistance funds to culturally specific lending institutions and/or housing counseling centers that have a history of serving BIPOC communities, especially those that have established culturally specific buyer education courses.
- Support funding to housing counseling centers to create culturally specific home buyer programs.

Issue Title: 10 Day Notice

Problem or Issue of Concern:

When the state's pandemic-related eviction protections expire, a tenant who receives a termination notice for non-payment of rent will have 72 hours to cure the violation before a forcible entry and detainer (FED) can be filed and the formal eviction process begins. During the COVID-19 pandemic, the state expanded that time period to 10 days, acknowledging that three days is too short of a timeline for many at-risk tenants to cure the violation.

Proposed Solution:

Permanently expand the length of time for a termination notice from 72 hours to 10 days.

Issue Title: Right of Redemption for Rental Housing

Problem or Issue of Concern:

When the state's pandemic-related eviction protections expire, a tenant who receives a forcible entry and detainer (FED) over unpaid rent is unable to automatically resolve the eviction by paying the overdue amount to the landlord. The landlord can refuse rent and proceed with the eviction.

Proposed Solution:

Create a right of redemption for tenants mandating that landlords accept rent in full up to and including at first appearance to prevent eviction. The right of redemption would include payments of any kind.

Issue Title: Tenant Rental Assistance

Problem or Issue of Concern:

State rental assistance is closed to new applications, and local rental assistance funds are nearly fully committed, but the continuing economic fallout from the pandemic and high inflation means vulnerable households are still at risk of eviction and displacement.

Proposed Solution:

New rental assistance to address ongoing and widespread community need.

Issue Title: Culturally specific provider technical assistance

Problem or Issue of Concern:

To increase housing access and improve the long-term stability of BIPOC households in affordable housing, culturally specific partners must be involved in all aspects of housing development, ownership, and services. However, culturally specific partners may not have the resources to expand into real estate development or ownership, or to be able to effectively fund the necessary pre-development and pre-solicitation activities.

Proposed Solution:

Funding grants to provide technical assistance for culturally specific providers to improve the effectiveness and efficiency in affordable housing ownership, development, predevelopment, and services.

Issue Title: Mortgage Interest Deduction Reform

Problem or Issue of Concern:

The mortgage interest deduction costs the state over \$1 billion per biennium and is one of the most inequitable provisions in the tax code. It is the largest housing-related tax expenditure in Oregon and the seventh-largest tax expenditure overall.



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- Due to historic and current conditions of racial oppression, people of color in Oregon own homes at lower rates than white Oregonians. Across the state, 64% of white people own their homes, compared to 31% of Black people, 31% of Native Hawaiian and other Pacific Islander people, 41% of Latinx people, and 45% of American Indian and Alaska Native people.
- Wealthy people disproportionately benefit from the MID because they: 1) own more expensive homes, 2) are more likely to itemize their deductions rather than take the standard deduction, and 3) have higher marginal tax rates.
- Average benefit for the top 1% of taxpayers (\$1,688) is more than triple the average benefit for middle-income taxpayers (\$564).
- Given both lower homeownership rates and lower income, Oregonians of color receive disproportionately less MID benefit than white people.

Proposed Solution:

Revenue should be redirected to racially equitable housing solutions and focused on closing the minority homeownership gap. Current homeowners would continue to benefit from the federal MID. 20 states do not have state-level MIDs. The MID should be discontinued use for second homes and limited to households earning below a certain income. Any legislation should match the parameters of SB 852 (2021)