



Portland Housing Bureau

Mayor Ted Wheeler • Director Shannon Callahan

189650

421 SW 6th Avenue, Suite 500
Portland, OR 97204
503-823-2375 PHONE
503-823-2387 FAX
portlandoregon.gov/phb

Exhibit A

To: Mayor Wheeler
Commissioner Eudaly
Commissioner Fish
Commissioner Fritz
Commissioner Hardesty

From: Portland Housing Bureau
Bureau of Revenue and Financial Services, Revenue Division

Date: July 15, 2019

Re: Fee Schedule for Residential Rental Unit Registration Program

Per Council's directive in the Fiscal Year 2019/2020 Budget:

Council directs the Portland Housing Bureau and the Office of Management's Revenue Division to develop a fee schedule for the Rental Registration Program. This fee schedule shall be based upon recovering sufficient resources to fully fund the program. The program scope and goals, and accompanying fee schedule shall be presented to City Council no later than July 15th, 2019.

The Portland Housing Bureau and the Revenue Division recommend an initial annual residential rental unit registration fee rate of \$60.

- Thereafter, the fee would be adjusted annually for inflation or deflation using the Consumer Price Index West.
- Regulated affordable housing at 60% of the area median income and below would be exempt from the fee but would still be required to register residential rental units.
- With the average market rate rent in Portland at \$1,425 per month, the fee equates to approximately $\frac{1}{3}$ of one percent of the average Portland rent collected annually.

Program Scope and Goals

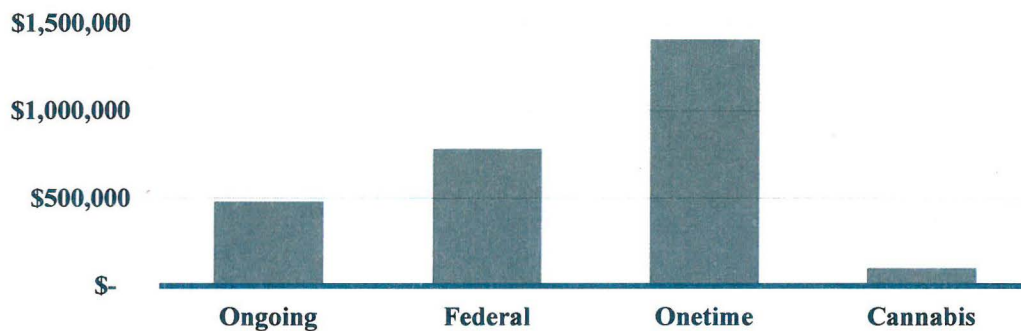
The Rental Registration fee will cover Rental Services Office programming currently supported by onetime funding, as well as funding current pilot programs, expanded programming for landlords and tenants including new education programming, implementation of the FAIR screening criteria and security deposit ordinances, and maintenance of an expanded rental registration data platform.

The Rental Services Office is responsible for fair housing and landlord-tenant services, developing code and administrative rules associated with local landlord-tenant law, processing

exemptions to local mandatory relocation assistance, and providing technical assistance and information (in person, via email, and over the phone) to renters and landlords on general landlord-tenant law. To implement these responsibilities in fiscal year 2019-2020 the Rental Services Office has appropriated \$2.8 million, including \$1.3 million of ongoing general and federal funds to cover direct staff and service costs and \$1.5 million of onetime general and cannabis funds to fund new programs, services, and pilots.

With 54% of funding in the current fiscal year onetime general or cannabis fund, the Rental Services Office is heavily dependent on onetime funding at this time (*see Figure 1*).

Figure 1. Rental Services Office Funding
(2019-2020 Fiscal Year)



Description of Rental Office Services: Programs, Services, and Pilot Programs

Tenant Protections Team Program: The Community Alliance of Tenants (CAT) offers education and advocacy support to renters identified through their Renter's Rights Hotline or referred by social service agencies, and facilitates fast-tracking to appropriate legal or health and human services. Partner agencies include Portland Defender, Self-Enhancement Inc., Asian Pacific American Network of Oregon, and Immigrant & Refugee Community Organization.

Fair Housing Enforcement Program: The Urban League facilitates a partnership with El Programa Hispano Católico, the Fair Housing Council of Oregon, and Legal Aid Services of Oregon to serve as cultural mediators between renters who believe they have been victims of housing discrimination and their assigned attorney to assist them in navigating a smooth and supportive journey through the legal process.

Renter's Rights Hotline and Tenant Education: The Community Alliance of Tenants (CAT) provides a Renter's Rights Hotline, workshops, and other means of educating renters about their rights. CAT also assists protected classes in Portland with fair housing issues, and offers intensive one-on-one renter counseling, assistance with letter writing on tenancy matters, and referral/consulting with Legal Aid Services of Oregon and/or Fair Housing Council of Oregon.

Landlord-Tenant Legal Services: Legal Aid Services of Oregon provides intake, investigation, representation and referrals for fair housing and landlord-tenant issues. This work is done in

partnership with Native American Youth and Family Association, Self-Enhancement Inc., Urban League, Immigrant and Refugee Community Organization, and El Programa Hispano Católico.

Habitability Relocation Services: Impact NW provides emergency relocation assistance for tenants of substandard housing. Work includes establishing and maintaining relationships with the relocation referral partners and seeking ways to identify and prioritize renters with health hazard issues such as mold or lead-based paint.

OneAppOregon Affordable Housing Listing Service: A hosted web-based system for housing units located within Portland. The system provides a simplified process for applicants to apply for regulated affordable housing.

Fair Housing and Landlord-Tenant Legal Services: Through a comprehensive one-year Portland Education and Outreach and Analysis Project, the Fair Housing Council of Oregon works to enhance outreach to underserved communities and incorporate more culturally competent methods of outreach and education into long-term goals.

Affordable Housing Provider Education Services: The Housing Bureau is beginning a redesign of these services to determine the most significant training and education needs for staff given recent changes to landlord-tenant law in Oregon and Portland.

Safe Housing Program: The Community Alliance of Tenants identifies buildings with low-income renters at high risk of displacement or who are suffering unsafe and/or uninhabitable living conditions, and offers them organizing, education, advocacy, and leadership development.

Fair Housing Testing: The Fair Housing Council of Oregon conducts audit testing for potential violations of the Fair Housing Act. Testing identifies differential treatment or practices occurring in the marketplace, laying the foundation for further action in the form of services, regulation, or enforcement to affirmatively further fair housing law.

Pilot Programs

Expungement Services Pilot: Metropolitan Public Defender administers a pilot program to test and evaluate whether increasing access to expungement resources creates housing and employment opportunities for individuals with past involvement with the criminal justice system.

Mediation Services Pilot: The Housing Bureau is in process of establishing a partnership with Portland State University to design a pilot program for mediation services between renters and landlords. Program design is anticipated in the first 3-4 months of the 2019-2020 fiscal year.

New Programming

FAIR Implementation Training and Education Services: Trainings and education to renters and landlords throughout Portland on new local and state landlord-tenant law.

Expanded Rental Registration Platform: The procurement and configuration of a registration platform that can collect supplemental rental unit data beyond the current registration system (accessibility, bedroom count, etc.).

Rental Services Office Programming and Costs

	Ongoing Cost	Onetime Costs
Rental Services Office Staff		
Existing (funded with ongoing/federal)		
Contract Management, Policy and Planning, Code and Rulemaking, and Data Analysis	\$ 377,000	
New (new or funded with onetime)		
Landlord-Tenant Law Technical Assistance, Mandatory Relocation Assistance Exemption Administration, Residential Rental Unit Registration Compliance, and Management and Administration	\$ 766,000	
City Indirect Overhead	\$ 134,000	
Programs, Services, and Pilots		
Existing (funded with ongoing/federal)		
Renter's Rights Hotline and Tenant Education	\$ 208,000	
Landlord-Tenant Legal Services	\$ 204,650	
Fair Housing Legal Services	\$ 56,500	
Fair Housing Testing	\$ 39,000	
Safe Housing Program	\$ 40,000	
Habitability Relocation Services	\$ 180,000	
Affordable Housing Listing Service	\$ 128,000	
Affordable Housing Education Services	\$ 42,000	
New (new or funded with onetime)		
Tenant Protections Team Program	\$ 250,000	
Fair Housing Enforcement Program	\$ 214,000	
Expungement Services Pilot	\$ 100,000	
Mediation Services Pilot	\$ 150,000	
Education, Training, and Materials and Services	\$ 172,000	
Funded FAIR Implementation	\$ 264,000	
Unfunded FAIR Implementation	\$ 300,000	
Residential Rental Unit Registration		
Expanded System Procurement	\$ -	\$ 900,000
Expanded System Maintenance	\$ 650,000	
Fee Administration and Compliance	\$ 570,000	

Existing Ongoing General Fund and Federal Funds	\$1.3 million
Unfunded (no ongoing funding)	\$3.6 million
Recommended Annual per Unit Fee	\$60

Rental Unit Registration Fee Recommendation

Flat Fee: A flat fee structure was recommended by the Rental Services Commission and was the recommended structure of most jurisdictions consulted during the research conducted by the Housing Bureau.

Resources Sufficient to Implement the Program: For the 2019-2020 fiscal year, the Rental Services Office was appropriated \$1.3 million of ongoing general and federal funds to cover direct staff and service costs. In addition, \$1.5 million of onetime general and cannabis funds was appropriated to fund new programs, services, and pilots. To determine the full funding deficit, the analysis must examine a fiscal year that incorporates all Rental Services Office functions that have been assigned by City Council. This would include full funding for FAIR implementation, revenue collection and compliance on the annual residential rental unit registration fee, as well as the ongoing maintenance and subscription costs associated with an expanded rental unit registration system. The Office of Management and Finance Bureau of Revenue and Financial Services Revenue Division requires \$570,000 to administer annual fee collection and compliance. The Housing Bureau estimates annual maintenance and subscription for an expanded rental unit registration system at \$650,000.

Using estimates from the 2017 American Community Survey, Portland has an estimated 121,000 renter occupied units in the city. While there is a natural vacancy rate in the market, using the renter occupied unit count to determine the fee per unit is a prudent approach.

Exemption for Affordable Housing: Within the 121,000 renter occupied units in Portland is an estimated 20,000 affordable housing units regulated by the Portland Housing Bureau, Oregon Housing and Community Services, or owned and operated by Home Forward. Similar to other programs (e.g., system development charge exemptions, property tax exemptions, construction excise tax exemptions) the Housing Exemption for Affordable Housing: Bureau would recommend regulated affordable housing and public housing at 60% median household income and below be exempt from the annual rental unit registration fee. Withdrawing these units from the overall count, the balance of units to pay an annual rental unit registration fee is estimated at 101,000.

Fee level: In order for the city to raise \$3.6 million (*not inflation adjusted*) of revenue for the Rental Services Office, a fee of \$60 per unit per year would be necessary. This fee level accounts for less than 100% compliance in early years of the requirement. Please note, the fee level will need to be adjusted to account for inflation using the Consumer Price Index West, as well as adjusted to ensure sufficient program resources.

** Given the uncertainty associated with estimating annual fee compliance rates, onetime funding may still be necessary in fiscal year 2020-2021.*

Rental Unit Registration Fee in Comparison and Other Cities

City	Registration	Method	Agency	Fee	Penalty
Boston	Yes	Online Portal	Inspections	\$25 Initial, \$15 Renewal	\$300 Per Month
Dallas	Yes	Online Portal	Code Enforcement	\$43 Single Family, \$6 Multifamily	-
Gresham	Yes	Form	Business License	\$55, \$45-\$20 Per Unit Scale	\$5 Per Month or 10% Annually
Houston	3+ Units	Online Portal	Permits	-	\$500-\$2,000
Los Angeles	Rent Controlled Units	Online Portal	Housing	\$43.32 Per Unit	\$86.64
Minneapolis	Yes	Form	Development Services	\$70-\$700, +\$5 Per Unit	\$250 +\$20 Per Unit or 25%
New York	Yes	Online Portal	Housing	\$13 Per Unit	\$250-\$500
Philadelphia	Yes	Online Portal	Inspections	\$55 Per Unit	-
Phoenix	Yes	Form	Tax Assessor	\$10 Per Unit	\$1,000 +\$100 Per Month
Sacramento	Yes	Form	Code Enforcement	\$16 Per Unit	-
San Jose	Yes	Business Tax	Finance	\$197.90, +\$10.30-\$20.60 Scale	25%
Seattle	Yes	Online Portal	Construction/Inspections	\$175, +\$2 Per Unit	\$150 Per Day for 10 days, \$500 Per Day After