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190718

Ordinance

Authorize Bureau of Environmental Services Director to offer market-rate and Safety Net loans to property owners for sanitary sewer dump installation when required by City Code and for repairs on private property to continue sanitary sewer service

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. On October 17, 2015 the City Council declared a Housing Emergency to help address the city's growing houseless and affordable housing crisis. Though the declaration supported an increase in the availability of affordable housing units, thousands of people continue to live without housing.
2. In 2019, the Bureau of Planning and Sustainability initiated the Shelter to Housing Continuum project to address the urgent need to provide more options for people living without permanent, safe and secure housing, or those who were at risk of becoming unhoused. The purpose of the project was to facilitate housing-vulnerable Portlanders in transitioning to permanent housing.
3. The Shelter to Housing Continuum was adopted by City Council in April 2021 to increase access to housing options for people experiencing or at risk of being houseless.
4. To implement the Shelter to Housing Continuum project the City of Portland adopted changes to Portland City Code (PCC) Section 29.50.050 (Illegal Residential Occupancy), authorizing permanent occupancy of recreational vehicles on residential properties as an option for increasing the supply of affordable housing.
5. To protect the public's health from diseases, bacteria, and pathogens, the City of Portland requires that all housing is connected to approved sanitary service. The primary method of service is connection to the public sanitary sewer network.
6. PCC Section 29.50.050 requires a sanitary utility hook-up (sanitary sewer dump) for permanently occupied recreational vehicles on

Introduced by

[Commissioner Mingus Mapps](#)

Bureau

[Environmental Services](#)

Prepared by

Ivy Dunlap

Date Prepared

January 13, 2022

Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

February 23, 2022

- private property because dignified access to sanitation is a basic need of all people and a requirement of safe and healthy housing.
7. In some cases, the costs of installing a sanitary sewer dump could inhibit residential property owners from allowing an occupied recreational vehicle on the property.
 8. To facilitate meeting City and Shelter to Housing goals, City Council instructed the Bureau of Environmental Services to reduce the cost impacts of installing a required sanitary utility hook-up (sanitary sewer dump).
 9. The public has an interest in increasing the supply of affordable places for Portlanders to live and in assuring public health and safety by having all homes serviced by approved connections to sanitary service.
 10. BES currently offers financial assistance for system development charges and sewer work on private property to support property owners in covering the costs of making needed connections to the public sewer system.
 11. BES is proposing to offer market-rate and Safety Net loans for the installation of sanitary sewer dumps on private property to support a continuum of housing opportunities.
 12. Additionally, emergency repairs on private property to sanitary sewer service can be cost-prohibitive for low-income property owners, putting them at risk of being houseless.
 13. BES is proposing to offer Safety Net loans for property owners to support them with emergency plumbing repairs on private property, and construction activities directly associated with the sewer work to continue sanitary sewer service and prevent displacement.
 14. Safety Net loans are income-qualified and offer a low-interest rate and deferred payment.
 15. Funds are budgeted and available in the Sewer System Operating Fund, Bureau of Environmental Services, ESBS000007.

NOW, THEREFORE, the Council directs:

- A. The Director of the Bureau of Environmental Services is authorized to offer market-rate and Safety Net loans for sanitary sewer dump installation on private property.
- B. The Director of the Bureau of Environmental Services is authorized to offer Safety Net loans to income-qualified property owners for emergency sewer repair on private property and construction activities directly associated with the sewer work.

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
February 23, 2022

Impact Statement

 [Impact Statement](#) (47.93 Kb)

Budget Office Financial Impact Analysis

This legislation will expand the loan options available to BES customers and supports the safe disposal of sanitary sewage and ensures that the cost of making a sanitary sewer connection does not become a barrier to providing a new affordable housing opportunity or put people at risk of experiencing houselessness.

1. The legislation allows for BES to offer market-rate loans and low-interest deferred-payment loans through the existing Safety Net program for private property owners to install a sanitary sewer dump only for the purpose of accommodating a permanently occupied RV. This is an addition to the current loan offer for sewer work on private property to make a mandatory sewer connection.

2. Additionally, this legislation allows for BES to offer low-interest deferred-payment loans through the existing Safety Net program to income-qualified homeowners for emergency repair and utility work related to the emergency repair. Currently, the Safety Net program offers loans for line/branch/SDC fees and work on private property for mandatory sewer connection. Adding the ability to offer Safety Net loans for emergency repairs to sewer laterals on private property is intended to prevent housing displacement.

In parallel with this legislation, changes are currently proposed to City Code. The BES director will approve changes to ENB-4.28 after public comment from February 7th to March 7th. The proposed changes will make financing more accessible, particularly to low-income property owners. Changes include:

- Increasing the private plumbing loan borrowing limit from \$10,000 to \$20,000 for market-rate loans on private property to align the program with current costs for work. The borrowing limit has remained the same since the start of the program in the 1980s.
- Increasing the Safety Net eligibility criteria from gross household income of 80% Median Family Income (MFI) or less to 100% MFI or less to make the low-interest deferred-payment loan available to more households.
- Increasing the Safety Net asset limit from \$50,000 to \$100,000, at the time of application. This removes an implicit penalty for savings.

BES has historically used its discretion, as authorized, to offer Safety Net loans to income-qualified property owners for repairs on private property to continue sanitary sewer service. Therefore, BES does not anticipate that it will receive loan applications for funds beyond current or future planned budget allocations.

The sanitary dump station installation program has only been in place since August 2021, so it is difficult for BES to precisely quantify the budget impacts of additional loans for this program expansion. An analysis of nuisance complaints from October 2020 to October 2021 (one year) showed that about 18 RVs and tiny homes may have been required to install a sanitary sewer dump to meet the requirements of PCC Chapter 29. Estimates for a plumber to install a sewer dump vary from \$2,800 to \$4,200. BES conservatively estimates that dump station loans will be about \$35,000 next fiscal year and would likely not exceed \$75,000 per year as the program gets fully up and running.

A total of \$300,000 per year is currently budgeted for the sewer connection loan programs. In FY 2018-19, BES financed 14 private plumbing loans totaling \$152,800; In FY 2019-20, BES financed 19 loans totaling \$215,700; and in FY 2020-21, BES financed 23 loans for total of \$268,900. Although the trend is increasing, BES will keep the current year budget at \$300,000 and cap the amount of loans to stay within that budget allocation. For FY 2022-23 and beyond, BES is expecting to keep the budget at \$300,000, but will monitor the demand and value of the program and seek to adjust the budget as necessary. Regardless, BES will continue to recover the costs of this program through borrowers' loan repayments.

BES believes funding the loans and the existing two FTE needed to administer the program is the most cost-effective way to foster compliance with public health and safety regulations around proper sewage disposal while also supporting houselessness issues. In the absence of public financing to alleviate the financial burden of connecting private property to public sewer, private property may delay compliance, which increases the risk of improper sewage disposal and the cost associated with BES abatement of such nuisances. Improving people's access to sanitation will also reduce the incidents of unintended or illicit discharge of sewage from RVs, tiny houses, or inadequate private plumbing. This will benefit BES by reducing BES staff time and resources needed to clean up discharges and to take enforcement actions (with associated costs for property owners).

The legislation will result in additional BES sewer connection loan agreements and contracts. The OMF Revenue Division services the loans under an existing agreement.

Agenda Items

95 Time Certain in [February 16-17, 2022 Council Agenda](#)

Passed to second reading

Passed to second reading February 23, 2022 at 9:30 a.m.

137 Regular Agenda in [February 23-24, 2022 Council Agenda](#)

Passed

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Commissioner Jo Ann Hardesty Yea

Commissioner Mingus Mapps Yea

Mayor Ted Wheeler Yea