

## IMPACT STATEMENT

### Legislation title:

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 (Ordinance)

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### Purpose of proposed legislation and background information:

This legislation will expand the loan options available to BES customers.

1. It gives BES authority to offer market-rate and low-interest deferred-payment loans to property owners to install a sanitary sewer dump (dump station) to accommodate permanently occupied recreational vehicles.
2. It gives BES authority to offer low-interest deferred-payment loans for emergency repairs to prevent displacement.

Existing City and BES loans are covered in *ENB-4.28 BES Financial Assistance* rule.

This work supports implementation of the provisions of the Shelter to Housing Continuum Project (S2HC), adopted by City Council in April 2021; some of its provisions went into effect immediately. Provisions related to this work went into effect August 1, 2021.

The S2HC project included changes to Title 33 and six other City codes (Titles 8, 15, 17, 21, 29 and 30) to provide more housing options for people experiencing or at risk of experiencing homelessness. The S2HC project was initiated as part of the City's response to the City Council's Housing Emergency Declaration in 2015. The code changes of S2HC includes code changes that expand housing choice and facilitate the production of affordable housing projects. To expand housing choice, changes to PCC Chapter 29 allow for "one occupied recreational vehicle provided... a sanitary sewer dump is provided on the site." Tiny homes on wheels often fall under the occupied recreational vehicle definition.

This legislation supports the safe disposal of sanitary sewage and ensures that the cost of making a sanitary sewer connection doesn't become a barrier to providing a new affordable housing opportunity or put people at risk of experiencing homelessness. To explain the two new options more fully:

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.

The described loan options will use the eligibility criteria, application process, allowable expenses, and terms for repayment described in ENB-4.28, BES Financial Assistance and will be administered through the established process.

In parallel with this legislation, changes are currently proposed to ENB-4.28. The BES director will approve changes to ENB-4.28 after public comment from February 7<sup>th</sup> to March 7<sup>th</sup>. 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 50K to 100K, at the time of application. This removes an implicit penalty for savings.

### **Financial and budgetary impacts:**

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 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 calendar 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 firmly 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).

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

### **Community impacts and community involvement:**

**Community Involvement.** The provisions of the S2HC were developed with extensive community outreach. In 2020, the Bureau of Planning and Sustainability conducted a dozen virtual community meetings, which included people with experience being houseless or living in homeless shelters. More than 90 community members participated. During the adoption process, the Planning & Sustainability Commission conducted a public hearing for comment and hosted a panel of community members, including people currently or previously experiencing houselessness, to share their perspectives on the proposals based on their lived experiences. City Council also conducted public hearings on the proposals and received comments from neighborhood residents – both housed and unhoused. Based on the input the Council heard, they directed BES to support affordable options for homeowners to host permanently occupied RVs on their properties. This work is being done in response to that direction.

**Health and Safety.** Reviewing data from the last year there have been dozens of nuisance complaints about RVs and tiny homes. Approximately 18 of the complaints include concerns about unsafe sanitary waste disposal on private property. There may be additional RVs or tiny houses that currently lack proper connections to the sanitary sewer. This legislation will ensure that permanently occupied RVs are a healthy and sanitary housing option and that their sanitation needs can be provided in a way that is financially manageable for homeowners.

This legislation reduces the environmental and public health risks related to inadequate sewer connections or unauthorized discharges of sanitary sewage onto private property, public rights-of-way, or into stormwater facilities. Improper discharge can put the community at risk of exposure to disease-causing bacteria and pathogens. It can also cause significant water-quality impacts to streams. Clean up of unauthorized discharges is costly to BES and requires enforcement action against the responsible party, which can be a financial burden to them.

The proposed changes to the BES loan programs improve the ability of property owners to make necessary improvements to their sanitary sewer connections. This ensures residents have access to sanitary service, which is a fundamental need of safe and sanitary housing.

One of the new allowances being sought for BES loan programs will support homeowners in locating an RV on their property to be permanently occupied as an affordable housing alternative, as allowed through the recently adopted provisions of the Shelter to Housing Continuum project. Homeowners could voluntarily locate an RV on their property but may not have the financial resources to pay the up-front costs of providing the required connections to sanitary service.

**Geography.** This legislation, by expanding the scope of work covered with the Safety Net program, provides financial assistance for sewer repairs on private property to low-income property owners citywide. Currently, the Portland Housing Bureau offers home repair loans that can include sewer repair on private property, however these loans are only available to residences in the Interstate Corridor Urban Renewal Area.

### **100% Renewable Goal:**

This action will have no impact on the City's total energy use.

This action will have no impact on the City's renewable energy use.

## **Budgetary Impact Worksheet**

**Does this action change appropriations?**

**YES:** Please complete the information below.

**NO:** Skip this section

<b>Fund</b>	<b>Fund Center</b>	<b>Commitment Item</b>	<b>Functional Area</b>	<b>Funded Program</b>	<b>Grant</b>	<b>Sponsored Program</b>	<b>Amount</b>