

Affordable Housing Construction Excise Tax Recommendation



PORTLAND HOUSING BUREAU

Dan Saltzman, Commissioner
Kurt Creager, Director

Senate Bill 1533 Overview

- 2016 Legislative Session Bill Allowing:
 - **Mandatory** Inclusionary Zoning **above 80% MFI**
 - **Voluntary** Inclusionary Zoning **below 80% MFI**
 - Local **Construction Excise Taxes** for Affordable Housing

Construction Excise Tax Recommendation

- **Residential tax of 1%** of permit valuation on new residential development
- **Commercial tax of 1%** of permit valuation on new commercial development

Construction Excise Tax Recommendation

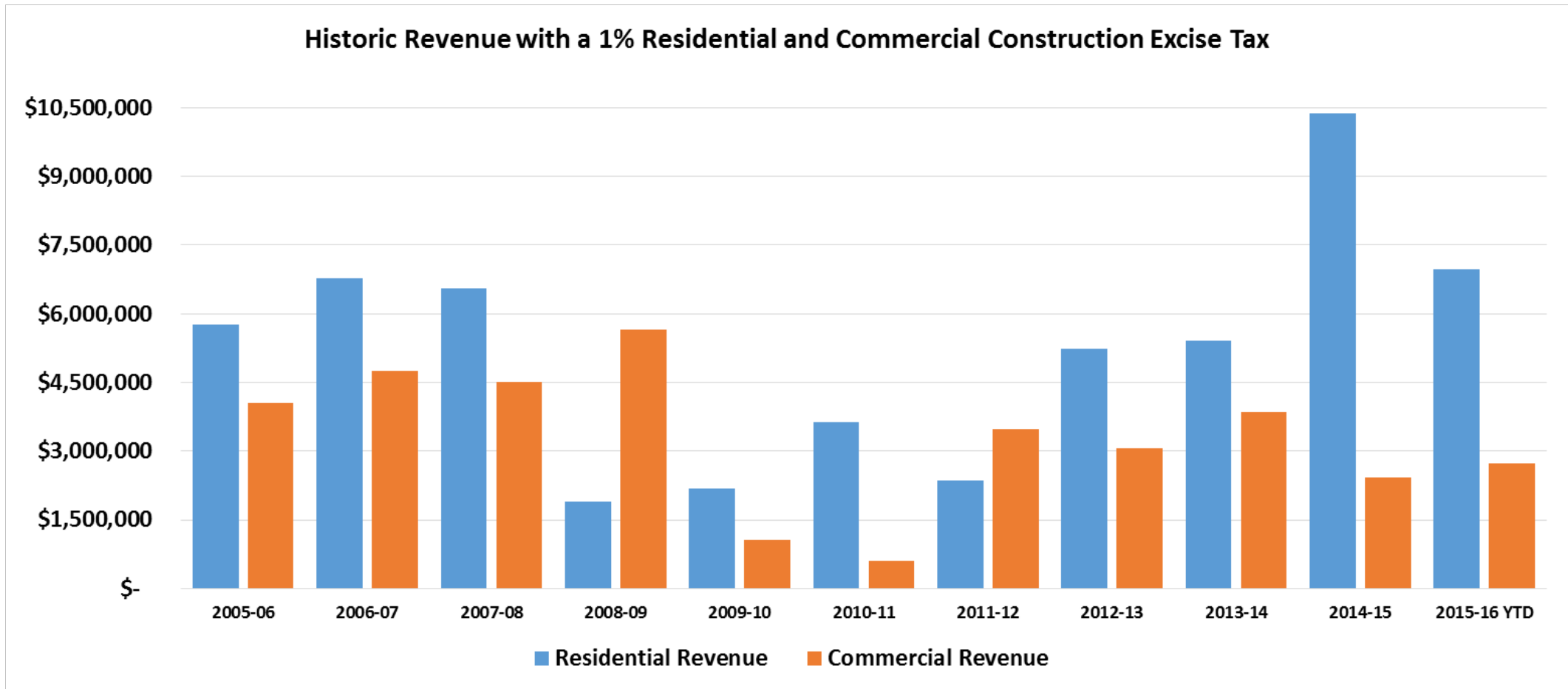
- **Residential Tax Revenue*:**
 - 15% to State for homeownership
 - 50% for inclusionary zoning incentives
 - 35% for affordable housing at or below 60% MFI
- **Commercial Tax Revenue*:**
 - 100% for affordable housing at or below 60% MFI

**4% of revenue for administration*

Construction Excise Tax Exemptions

- **Required State Exemptions:**
 - Affordable Housing at or Below 80% MFI
 - Public Improvements Under Public Contracting Code
 - Schools, Hospitals, Worship, Agriculture, Non-Profit Care
- **Additional Portland Exemptions:**
 - Affordable For-sale Housing
 - Accessory Dwelling Units for 2 years
 - Improvements when value is less than \$100,000

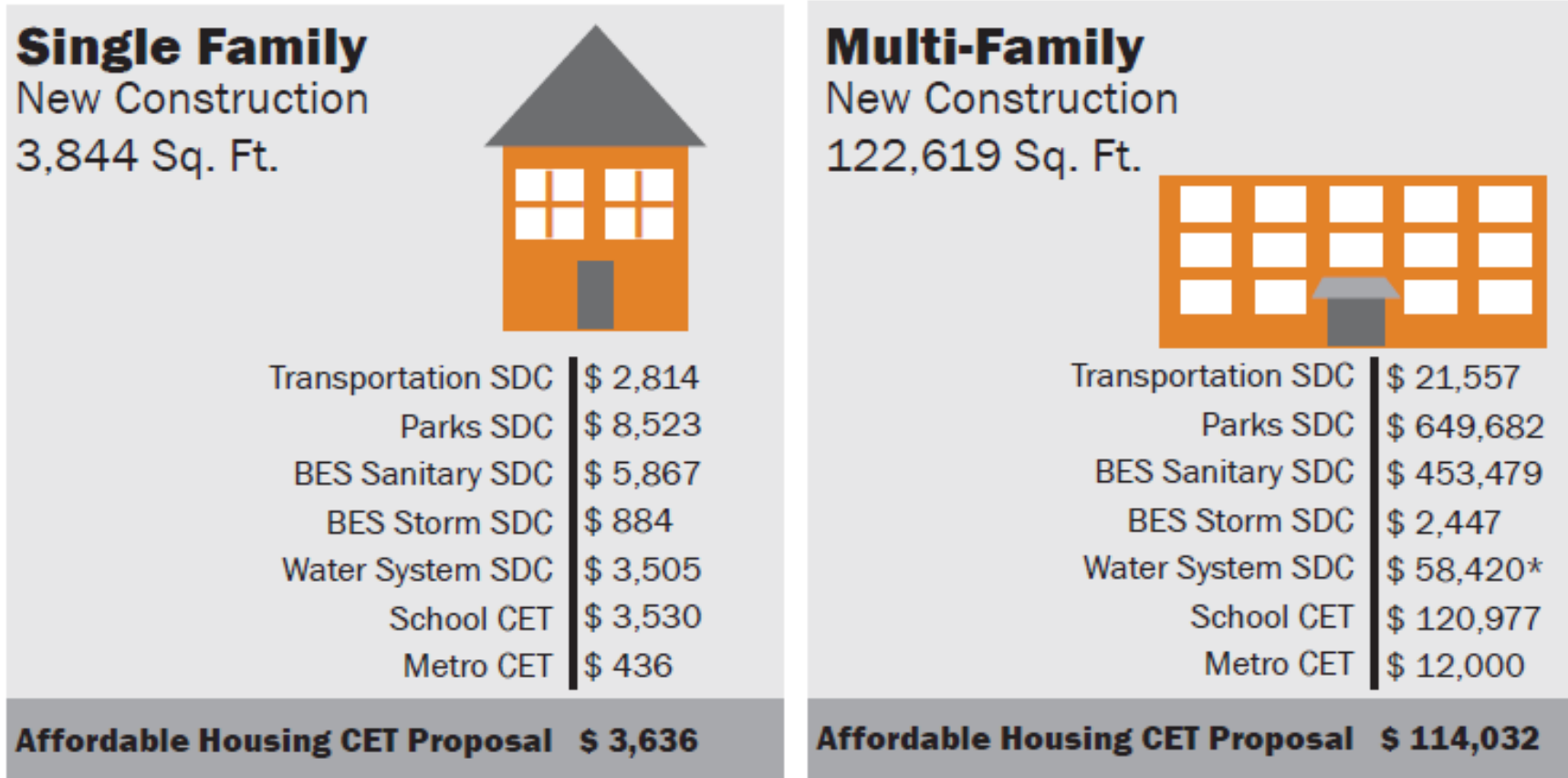
Annual Revenue – Historic Estimates



Annual Revenue – Historic Estimates

	5 Year Average
Residential Revenue	5,404,087
15% for State	778,188
50% for IZ Incentives	2,593,962
35% for Affordable Housing Programs	1,815,773
Commercial Revenue	2,681,298
100% for Affordable Housing Programs	2,574,046
Total Revenue	8,085,385

Impact on Historic Permit Examples



Note: Parks SDC Estimate with New Structure: \$13,185

*Estimated Full SDCs – Actual Permit had Credits/Exemptions
 Note: Parks SDC Estimate with New Structure: \$665,388

Impact on Historic Permit Examples

Big Box Retail

New Construction

115,124 Sq. Ft.



Transportation SDC	\$ 512,638
Parks SDC	\$ 4,978
BES Sanitary SDC	\$ 26,617
BES Storm SDC	\$ 21,067*
Water System SDC	\$ 18,694 *
School CET	\$ 25,000
Metro CET	\$ 11,790

Affordable Housing CET Proposal \$ 110,568

**Estimated Full SDCs – Actual Permit had Credits/Exemptions
Note: Parks SDC Estimate with New Structure: \$165,779*

Commercial

New Construction

42,610 Sq. Ft.



Transportation SDC	\$ 157,862*
Parks SDC	\$ 19,371
BES Sanitary SDC	\$ 46,595
BES Storm SDC	\$ 7,798*
Water System SDC	\$ 18,694*
School CET	\$ 24,288
Metro CET	\$ 7,200

Affordable Housing CET Proposal \$ 60,000

**Estimated Full SDCs – Actual Permit had Credits/Exemptions
Note: Parks SDC Estimate with New Structure: \$77,976*

Affordable Housing Need

- **Affordable Housing Portfolio**
 - ~ 13,500 Affordable Units
 - ~ 1,500 New Affordable Units in Production
- **Affordable Housing Deficit**
 - Shortage of 24,000 Units
 - 10,000 Additional Units Needed by 2035

Existing Revenue Estimates 2016-2035

- **TIF and Federal Funds: 2016-2035 Revenue Estimates**
 - \$155 million
 - *~1,550 units*
- **Short Term Rental Funds: 2016-2035 Revenue Estimates**
 - \$18 million
 - *~180 units*

Construction Excise Tax Revenue Estimates 2016-2035

- **Portion of CET for Inclusionary Zoning Incentives**
 - \$47 to \$57 million
- **Portion of CET for 0 to 60% Affordable Housing**
 - \$76 to \$96 million
 - *~760 to 960 units*

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