

 **Metro** | *Agenda*

Meeting: Metro Council Work Session
Date: Tuesday, April 5, 2016
Time: 2:00 p.m.
Place: Metro Regional Center, Council Chamber

CALL TO ORDER AND ROLL CALL

2:00 PM 1. CHIEF OPERATING OFFICER COMMUNICATION

2:10 PM 2. LEGISLATIVE UPDATE **Randy Tucker, Metro**

3:10 PM 3. COUNCILOR LIASON UPDATES AND COUNCIL COMMUNICATION

ADJOURN

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Ogeysiiska takooris la'aanta ee Metro

Metro waxay ixtiraamtaa xuquuqda madaniga. Si aad u heshid macluumaad ku saabsan barnaamijka xuquuqda madaniga ee Metro, ama aad u heshid warqadda ka cabashada takoorista, booqo www.oregonmetro.gov/civilrights. Haddii aad u baahan tahay turjubaan si aad uga qaybqaadatid kullaan dadweyne, wac 503-797-1890 (8 gallinka hore illaa 5 gallinka dambe maalmaha shaqada) shan maalmo shaqa ka hor kullanka si loo tixgaliyo codsashadaada.

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សេចក្តីជូនដំណឹងអំពីការមិនរើសអើងរបស់ Metro

ការគោរពសិទ្ធិពលរដ្ឋរបស់ ។ សំរាប់ព័ត៌មានអំពីកម្មវិធីសិទ្ធិពលរដ្ឋរបស់ Metro ឬដើម្បីទទួលបានក្បួនលក្ខណ៍រើសអើងសូមចូលទស្សនាការប្រកាស www.oregonmetro.gov/civilrights។
បើលោកអ្នកត្រូវការអ្នកបកប្រែភាសានៅពេលអង្គប្រជុំសាធារណៈ សូមទូរស័ព្ទមកលេខ 503-797-1890 (ម៉ោង 8 ព្រឹកដល់ម៉ោង 5 ល្ងាច ថ្ងៃធ្វើការ) ប្រាំពីរថ្ងៃ ថ្ងៃធ្វើការ មុនថ្ងៃប្រជុំដើម្បីអាចឲ្យគេសម្រួលតាមសំណើរបស់លោកអ្នក ។

إشعار بعدم التمييز من Metro

تحتزم Metro الحقوق المدنية. للمزيد من المعلومات حول برنامج Metro للحقوق المدنية أو لإبداء شكوى ضد التمييز، يرجى زيارة الموقع الإلكتروني www.oregonmetro.gov/civilrights. إن كنت بحاجة إلى مساعدة في اللغة، يجب عليك الاتصال مقدماً برقم الهاتف 503-797-1890 (من الساعة 8 صباحاً حتى الساعة 5 مساءً، أيام الاثنين إلى الجمعة) قبل خمسة (5) أيام عمل من موعد الاجتماع.

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Metro txoj kev ntxub ntxaug daim ntawv ceeb toom

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Agenda Item No. 2.0

LEGISLATIVE UPDATE

Metro Council Work Session
Tuesday, April 5, 2016
Metro Regional Center, Council Chamber

DATE: April 1, 2016
TO: Metro Council
FROM: Randy Tucker, Legislative Affairs Manager
RE: Report on 2016 Legislative Session



Background

As you will recall, in January you adopted Resolution 16-4681, which established the Metro Council's overall legislative agenda and incorporated the Council's previously adopted legislative principles. An annotated version of Exhibit A to Resolution 16-4681, which lists the Council's specific legislative priorities, is attached.

Outcomes

Before the 2016 session, you identified a short list of five issues as your top priority items. All of these priorities were achieved to some extent during the session:

- Defeat of multiple bills that would have interfered with local growth management decisions or processes
- An increase in the state's transient lodging tax that, if implemented fully in the out years, should be compatible with the continued success of tourism and convention business in the Portland region
- Creation of an important new tool for local governments seeking to support brownfield cleanup
- An accelerated phase-out of coal in electricity generation in the Metro region
- Passage of a suite of bills aimed at addressing the current affordable housing crisis.

Attached to this memo is an annotated version of the Metro Council's legislative agenda that includes outcomes and bill numbers associated with each item. From Metro's perspective, here were a few other selected outcomes of the session on issues that were not specifically addressed in the legislative agenda you adopted before the 2016 session :

- Passage of SB 1517, which makes it possible for Metro to apply for a permit to fill Smith or Bybee Lake for the purpose of improving public access and recreational use (Metro opposed this bill in its original form, which would have created new barriers to wetlands restoration statewide, but the bill was amended to apply only to Tillamook County; once the bill had been amended, we sought this further amendment, which will make it possible to complete a key trail connection)
- Passage of SB 5701, which provides \$500,000 for Willamette Falls Locks and Canal repairs and \$300,000 for Cully Park
- Failure of SB 1510, which would have authorized TriMet to spend certain funds on regional transportation facilities beyond those on which it operates

- Failure of HB 4130, which after significant amendments would have made modest changes to Oregon public records law

Comments and next steps

- **Land use under fire:** While no legislation passed in 2016 that would undermine thoughtful land use planning in the Portland region, several bills were introduced that would have been quite damaging, and elements of these bills were proposed as amendments to other bills. (One bill did pass that does not apply to our region but that, if it did apply here, we might have opposed as a violation of your legislative principles.) Many legislators are generally supportive of good planning, but with a few notable exceptions, commitment to – and understanding of – Oregon’s land use program is not especially deep among members of the Legislature. This lack of commitment and understanding makes some legislators susceptible to the superficially attractive but factually unsupportable arguments that are made in support of legislation that would weaken Oregon’s land use laws.

For example, this year certain interests used the current affordable housing crisis to advance an argument asserting that because urban growth boundaries limit the supply of land, they are to blame for rapid recent increases in the price of both rental and owner-occupied housing. As you know, this argument is fallacious for a number of reasons.

Staff believes Metro needs to be more proactive in response to this state of affairs than we have been in the past. Of course, the Council’s current process of exploring possible improvements to the regional growth management process is one response that, if successful, can potentially provide a positive and broadly supported vision to advance in 2017. Beyond that, staff is also developing a communications strategy to counter the negative messages being distributed by others.

- **Setback on regional funding for affordable housing:** Passage of a package of housing-related bills was a major priority for legislative leadership, especially in the House. The resulting suite of bills represented a negotiated compromise that many advocates found unsatisfactory, especially the tight sideboards that will limit the ability of many communities to use inclusionary zoning, but most housing advocates ended up supporting the overall package as a modest step forward that can be built upon in the future.

Among the elements of this package was a provision lifting the sunset on the existing pre-emption against construction excise taxes (CETs), thereby making that pre-emption permanent, but specifically authorizing the use of CETs by cities and counties for affordable housing. However, that provision was drafted so as to exclude Metro, so Metro is permanently prohibited from expanding or changing its current CET or adopting a new one. The result is that a potential regional revenue source to address affordable housing is off the table unless the law is changed in the future.

One lesson from this experience is that unlike, e.g., brownfields, where Metro’s leading role in convening and coordinating interested parties is broadly recognized, legislators were not sufficiently aware of the work Metro is doing on affordable housing or the implications of the policy change that they negotiated. Legislative leadership has agreed to discuss ways to resolve the problem created by this legislation; staff will develop a strategy for initiating this conversation.

- **Success on brownfields:** In contrast, Metro received a great deal of credit for our role in developing and advocating for HB 4084, which authorizes local governments to provide

property tax incentives to support brownfield cleanup and redevelopment. Passage of this bill means that the Brownfields Coalition has achieved three of the four objectives it set for itself before the 2015 session. The fourth objective, creation of a state tax credit to support brownfield cleanup, was also advanced, as legislative allies added a study of brownfields tax credits to the interim workplan of the Legislative Revenue Office.

The success of the Brownfields Coalition demonstrates not only the power of coalitions (as I described to you in my 2015 legislative report), but the strategic potential to Metro of the convening role we play. Not only does it allow us to advance broadly supported policy, but it positions Metro as a key player on the issue and ensures that we will have a seat at the table when decisions are being made.

- **Need for vigilance and proactive local response on lodging tax:** As noted below, HB 4146 passed. After Metro and other Portland-area tourism partners strongly opposed a permanent doubling of the state's transient lodging tax, a compromise proposal was adopted that increases the tax from 1% to 1.8% for four years, then drops it back to 1.5%. Metro originally advocated for an increase of no more than 0.5% so enough headroom would remain to increase lodging taxes at the local level to support needed investments in regional tourism facilities without damaging the region's competitiveness in the national convention market. However, we offered conditional support for this compromise based on the assumption that the state tax will indeed decrease in 2020 as scheduled.

We will remain vigilant about potential future efforts to eliminate the step-down of the tax. Meanwhile, regional partners should begin the process of considering whether a potential increase in local lodging taxes is advisable.

- **Transportation conversation deferred until 2017:** Rep. John Davis introduced a fairly comprehensive transportation funding proposal in an effort to maintain momentum toward the adoption of a package, but his bill did not receive a hearing. Now Rep. Davis, one of the leading Republican voices calling for transportation investment, is not running for re-election. Meanwhile, the Clean Fuels controversy that derailed efforts to pass a package in 2015 seems not to be going away; oil industry players have stated that they intend to continue to pressure Republican legislators not to support a package unless the Clean Fuels program is modified or eliminated.

That said, several efforts are under way that continue to lay the groundwork for a package if political conditions improve. The Governor's Transportation Vision Panel is wrapping up its efforts; the Oregon Transportation Forum has established committees to develop a recommendation and a strategy for its adoption; and the region is developing both an update to the Regional Transportation Plan and a three-pronged strategy to advance a multimodal investment program that depends on legislative action. The Council should consider its legislative priorities for both policy and funding in anticipation of another robust transportation conversation in 2017.

METRO COUNCIL LEGISLATIVE PRIORITIES
2016 Legislative Session (updated with session outcomes)



- **Urban growth management:** Ensure that the Legislature establishes the policy framework and process for local land use decisions and supports the authority of local governments, including Metro, to make specific decisions on local land use matters.

(SB 1548 and SB 1575 failed. These bills were motivated, at least in part, by the simplistic and seductive but factually unsupportable notion that urban growth boundaries and land supply shortages are to blame for the current crisis of housing affordability. SB 1548 would have allowed local governments to expand UGBs if vacancy rates were low, without demonstrating a need for land. SB 1575 also allowed local governments to expand UGBs irrespective of need, and included a slew of other provisions related to inclusionary zoning, construction excise taxes, subregional analysis, and more.)

(Other bills related to land use are discussed under affordable housing, below.)

- **Transient lodging tax:** Support increase in state transient lodging tax needed to host 2021 World Track and Field Championships in Eugene if it is structured in a way that supports long-term success of tourism and convention business in Portland metropolitan region.

(HB 4146 passed. As introduced, this bill would have permanently doubled the state's transient lodging tax, from 1% to 2%. Metro, along with several partners from the region, opposed the bill in that form. However, it was amended to increase the tax to 1.8% for four years and then drop back to 1.5%. At that point we offered support, conditioned on the understanding that the tax would indeed step down as scheduled.)

- **Brownfield cleanup and redevelopment:** Support creation of policy and funding tools to facilitate brownfield redevelopment, including (a) local authority to provide property tax incentives and (b) establishment of a state brownfield cleanup tax credit.

(HB 4084 passed, authorizing cities, counties and ports to offer property tax incentives to spur brownfield cleanup and redevelopment. We also agreed with legislators on a plan for a study of a potential brownfields tax credit to be conducted during the legislative interim by the Legislative Revenue Office.)

- **Climate:** Support legislation to achieve statewide greenhouse gas emissions reduction targets established by 2007 legislation.

(SB 1547 passed. This is the "Coal to Clean" legislation that phases out coal-generated electricity in Oregon and accelerates the schedule for conversion to renewable sources. It emerged from an agreement between environmental groups and electric utilities to avoid an initiative battle. Meanwhile, SB 1574 failed. That was the so-called "cap and invest" legislation aimed at implementing and achieving statutory GHG reduction targets.)

- **Affordable housing:** Support funding and policy changes to protect tenants from displacement, enable short-term responses to homelessness, and facilitate affordable housing development and preservation.

A heavily negotiated package of four bills passed.

- *SB 1533 lifts the pre-emption on inclusionary zoning under certain limited conditions and authorizes a city or county to impose a construction excise tax (CET) for affordable housing. However, it also eliminates the sunset on the existing pre-emption against CETs and does not authorize Metro to impose a CET for affordable housing.*
- *HB 4143 creates new protections for renters, prohibiting rent increases in the first year of a month-to-month tenancy and requiring 90-day notice for subsequent rent increases.*
- *SB 1573 overrides, in certain limited circumstances, local charter amendments requiring that annexations be approved by voters.*
- *HB 4079 creates a pilot program whereby LCDC may authorize two communities – one larger than 25,000 population, one smaller – to approve UGB expansions of up to 50 acres for affordable housing irrespective of land need. The bill excludes the Metro region from participation.*