

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO	)	ORDINANCE NO. 24-1509
CODE CHAPTER 7.04 TO EXPAND ELIGIBLE	)	
RECIPIENTS OF 2040 PLANNING AND	)	Introduced by Chief Operating Officer
DEVELOPMENT GRANTS AND ALLOW	)	Marissa Madrigal in concurrence with
ALLOCATION OF CET FUNDS TO	)	Council President Lynn Peterson
COMMUNITY PLACEMAKING GRANT	)	
PROGRAM	)	

WHEREAS, in 2006, Metro adopted Ordinance No. 06-1115, establishing a construction excise tax (CET) to generate revenue for providing grants to local governments for regional and local planning; and

WHEREAS, in 2017, the Metro Council adopted Resolution No. 17-4782, which approved revisions to the administrative rules governing the CET grant program, changed the name of the program to 2040 Planning and Development Grant Program, and changed the program to annual grant cycles; and

WHEREAS, following two extensions of the CET in 2009 and 2014, and recognizing the ongoing need for funding regional and local planning, in 2018 the Metro Council adopted Ordinance No. 18-1425, making the CET a permanent source of revenue; and

WHEREAS, since 2006, the CET has funded more than \$28 million in grants to local governments through the 2040 Planning and Development Grant Program for planning and development work across the region; and

WHEREAS, in 2020, the Metro Council adopted Ordinance No. 20-1447 to expand the purpose of the 2040 Planning and Development Grant Program to facilitate economic development and community stabilization as well as continuing to fund planning and development activities; and

WHEREAS, as the 2040 Planning and Development Grant Program continues to evolve, it has become apparent that expanding CET fund availability to include federally recognized Tribes, community groups inside unincorporated urban areas wanting to explore incorporation or annexation, and Metro’s Community Placemaking Grant Program will further the grant program purposes of making land ready for development and redevelopment, and facilitating economic development and community stabilization; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. Metro Code Chapter 7.04 (Construction Excise Tax) is amended as shown on Exhibit A, with inserted text underlined and deleted text in strikethrough, to expand the availability of 2040 Planning and Development Grants to include federally recognized Tribes and certain community groups inside unincorporated urban areas, and to allow CET funds to be allocated to the Community Placemaking Grant Program.

ADOPTED by the Metro Council this 11th day of April 2024.



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Lynn Peterson, Council President

Attest:

Approved as to Form:



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Connor Ayers, Recording Secretary

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Carrie MacLaren, Metro Attorney

## Exhibit A to Ordinance No. 24-1509

The Metro Code Sections below are amended as shown with underlined text representing inserted text and ~~strikethrough~~ text representing deleted text.

### CHAPTER 7.04

#### CONSTRUCTION EXCISE TAX

##### 7.04.020 Policy and Purpose

This chapter establishes a Construction Excise Tax to provide funding for regional and local planning that is required to make land ready for development or redevelopment and to provide funding for plans and projects that will facilitate economic development and/or promote community stabilization in the Metro region.

*[No changes to Sections 7.04.030 through 7.04.200]*

##### 7.04.210 Dedication of Revenue

Revenue derived from the imposition of this tax after deduction of necessary costs of collection ~~shall be~~ is dedicated to funding regional and local planning that is required to make land ready for development or redevelopment, and to provide funding for plans and projects that will facilitate economic development and /or promote community stabilization in the Metro region.

##### 7.04.220 Procedures for Distribution

The Chief Operating Officer ~~shall~~ will distribute the revenues from the Construction Excise Tax through grants to local governments, ~~or~~ private entities partnering with local governments, federally recognized Tribes, or community groups inside unincorporated urban areas wanting to explore incorporation or annexation, for planning and projects that help implement the region's long range plan consistent with Section 7.04.210. The Chief Operating Officer may also allocate a portion of Construction Excise Tax revenue to be distributed through grants awarded by Metro's Community Placemaking grant program.

## STAFF REPORT FOR COUNCIL MEETING

### CONSIDERATION OF ORDINANCE 24-1509, FOR THE PURPOSE OF AUTHORIZING CHANGES TO THE RULES REGARDING HOW CONSTRUCTION EXCISE TAX FUNDS MAY BE DISTRIBUTED

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Date: February 28, 2024

Department: Planning, Development & Research

Meeting Date: March 21, 2024

Prepared by: Serah Breakstone, 2040 Grants Program Manager

Presenters:

Eryn Kehe, Urban Policy & Development Manager

Serah Breakstone, 2040 Grants Program Manager

Length: 15 minutes

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### ISSUE STATEMENT

The 2040 Planning & Development Grants program has been funding important planning work in the region for nearly 20 years. Since its establishment in 2006, the program has undergone multiple updates to enhance effectiveness and respond to shifting regional priorities, including a growing housing crisis and a need for more equity focused planning.

Staff is currently preparing a new round of updates for the program that is intended to respond to the needs of grant users and Metro staff that help administer the program. Staff discussed those updates with Council at an October 24, 2023 work session, and again at a February 13, 2024 work session to review related updates to the administrative rules that govern the 2040 grant program.

In order to complete the proposed updates to the 2040 grant program and fully implement Council's direction, amendments to the Metro Code are required. Specifically, amendments to Metro Code Section 7.04 Construction Excise Tax (CET) are proposed to update the rules regarding how CET funds can be distributed. The proposed amendments will achieve the following objectives:

- Allow federally recognized Tribes of Oregon to receive 2040 grants directly
- Allow unincorporated community groups interested in exploring incorporation or annexation to receive 2040 grants directly
- Allow CET funds to be allocated to the Community Placemaking Grants program

These outcomes will be achieved by amending language in the Metro Code that describes how CET funds may be distributed. Details regarding what entities are eligible for 2040 and Placemaking grants will be further clarified in the programs' administrative rules.

### **ACTION REQUESTED**

Staff is requesting Council consider Ordinance 24-1509 for the purpose of amending Metro Code Section 7.04 to update the rules regarding how CET funds can be distributed.

### **IDENTIFIED POLICY OUTCOMES**

These amendments to the Metro Code will facilitate changes to both grant programs that will enable Metro to respond to our local jurisdictional and community partners' needs. The amendments will provide flexibility for CET funds to be used in support of Metro's goals for equitable and livable communities.

### **STAFF RECOMMENDATIONS**

Staff recommends Council approve Ordinance 24-1509 to amend Metro Code Section 7.04 to achieve the outcomes identified above.

### **STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION**

Updates to the 2040 grants program are centered around addressing the following goals:

- Flexibility and responsiveness. Removing current barriers to participation in the grant program and providing better alignment with the needs of applicants in terms of timing, funding parameters, and program requirements.
- Streamlining. Leveraging opportunities for better efficiency, both in program administration and grant project management.
- Effectiveness. Shifting to a more simplified approach that is directly in support of the programs' stated purpose.

The proposed amendments to the Metro Code will facilitate program goals related to flexibility, responsiveness, and effectiveness.

### **ATTACHMENTS**

- A. Ordinance 24-1509
- B. Proposed Metro Code amendment