

COUNCIL ORDINANCE No. 2190

AN ORDINANCE OF THE CITY OF MILWAUKIE, OREGON, AMENDING MUNICIPAL CODE CHAPTER 3.60.050.

WHEREAS, Milwaukie Municipal Code (MMC) Chapter 3.60 governs the city's construction excise tax (CET); and

WHEREAS, the 2016 Oregon Legislative Assembly enacted Senate Bill 1533 (2016 Oregon Laws Chapter 59) authorizing cities to impose a CET for the purpose of promoting affordable housing; and

WHEREAS, the City Council has declared a housing emergency due to low vacancy rates, high rents, and lack of affordable housing opportunities; and

WHEREAS, providing an exemption from the CET for multi-family housing projects that include deed restricted housing units that meet certain income and duration criteria established by the city will promote the development of affordable housing.

Now, Therefore, the City of Milwaukie does ordain as follows:

Section 1. Chapter 3.60.050 is amended to read as shown in Exhibit A.

Read the first time on **April 21, 2020** and moved to second reading by **5:0** vote of the City Council.

Read the second time and adopted by the City Council on **April 21, 2020**.

Signed by the Mayor on **April 21, 2020**.



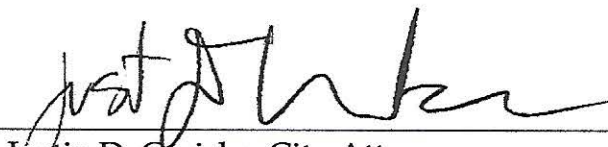
Mark F. Gamba, Mayor

ATTEST:

APPROVED AS TO FORM:



Scott S. Stauffer, City Recorder



Justin D. Gericke, City Attorney

Exhibit A

3.60.050 EXEMPTIONS

A. Notwithstanding Section 3.60.040, the construction excise tax (CET) shall not be imposed on the following:

1. Residential housing units, including detached housing and market rate multi-family housing projects, that are subject to a deed restriction or other mechanism acceptable to the City ensuring that the unit(s), or a portion of the units in the case of a multi-family housing project, are affordable under guidelines established by the United States Department of Housing and Urban Development, to households that earn no more than eighty percent (80%) of the median household income for a period of at least thirty (30) years following the date of issuance of the building permit on which the improvement value is based and that remain affordable. For purposes of the initial determination of eligibility for this exemption, the City shall use the median family income for the year prior to the date of issuance of the permit on which the improvement value is based. Continuing affordability shall be determined based on the median family income for the prior calendar year. Multi-family housing project must demonstrate to the satisfaction of the City Manager or designee the financial impact to the developer of the deed restricted units exceeds the CET that would have been otherwise imposed on the project by at least twice the amount being exempted.
2. Accessory dwelling units. This exemption expires automatically on the date that is the fifth anniversary of the effective date of the ordinance codified in this chapter. The construction excise tax (CET) shall apply to all building permits for accessory dwelling units issued after that date.
3. Improvements having a total improvement value of less than one hundred thousand dollars (\$100,000.00).
4. Public school improvements.
5. Public improvements as defined in ORS 279A.010.
6. Public or private hospital improvements.
7. Improvements to religious facilities primarily used for worship or education associated with worship.
8. Long-term care facilities, as defined in ORS 442.015, operated by a not-for-profit corporation.
9. Residential care facilities, as defined in ORS 443.400, operated by a not-for-profit corporation.
10. Continuing care retirement communities, as defined in ORS 101.020, operated by a not-for-profit corporation.
11. Any improvements required to be exempted from this construction excise tax (CET) by state law.

B. The City may require any person seeking an exemption to demonstrate that the improvement is eligible for an exemption and to establish all necessary facts to support the exemption. (Ord. 2154 § 1, 2017)