

# What Could a 1% Construction Excise Tax Do for Estacada?

A LOT!

# Creating a Monopoly

- \* 685 Single Family Units currently approved for Construction in Estacada
- \* Zero Apartment Complexes approved for Construction
- \* Developers say Multifamily does not “Pencil-Out”

# Effect of the Monopoly

- \* Teachers hired by ESD often leave after a short time due to a lack of housing, and they get jobs closer to their home
- \* Industry Leaders who consider our industrial park often complain of a lack of housing for their workforce
- \* After children leave for college, they often do not come back, due to a lack of housing options
- \* Limiting the Demographic of the population moving into our city

# Statement from ESD

"In looking at the demographics of the students served in the Estacada School District, it is clear that there is a need for increased affordable housing. Approximately half of our students are receiving free and reduced meals, and 24 of our students are currently identified as living without stable housing."

**~Ryan Carpenter**

Superintendent Estacada School District

# Statement from EDM

“Ongoing studies of the City’s housing inventory and economic opportunities are demonstrating a strong need for additional workforce housing—that is, housing options that are affordable for wage-earners employed within the City of Estacada and surrounding areas. In concrete terms, this means high-density housing—more apartments. The City’s comprehensive plan/zoning map and development code requirements need to be revised in order to allow for more of this type of development, and we are working on that. Additionally, incentives and subsidies can be offered to developers/builders in order to make multi-family development in Estacada more attractive and profitable, but the City has neither the funding nor the programming to offer such incentives at this time. A construction excise tax is one way that jurisdictions can raise funds in order to incentivize the construction of affordable, workforce housing.”

**~Matt Lorenzen**

Economic Development Manager

# SB1533B

- \* Passed in State of Oregon in 2016
- \* ~~Allows cities to require a certain portion of new housing units rented or sold as affordable (Inclusionary Zoning)~~
- \* Allows Cities and Counties to enact a Construction Excise Tax
- \* Does not require them to adopt BOTH

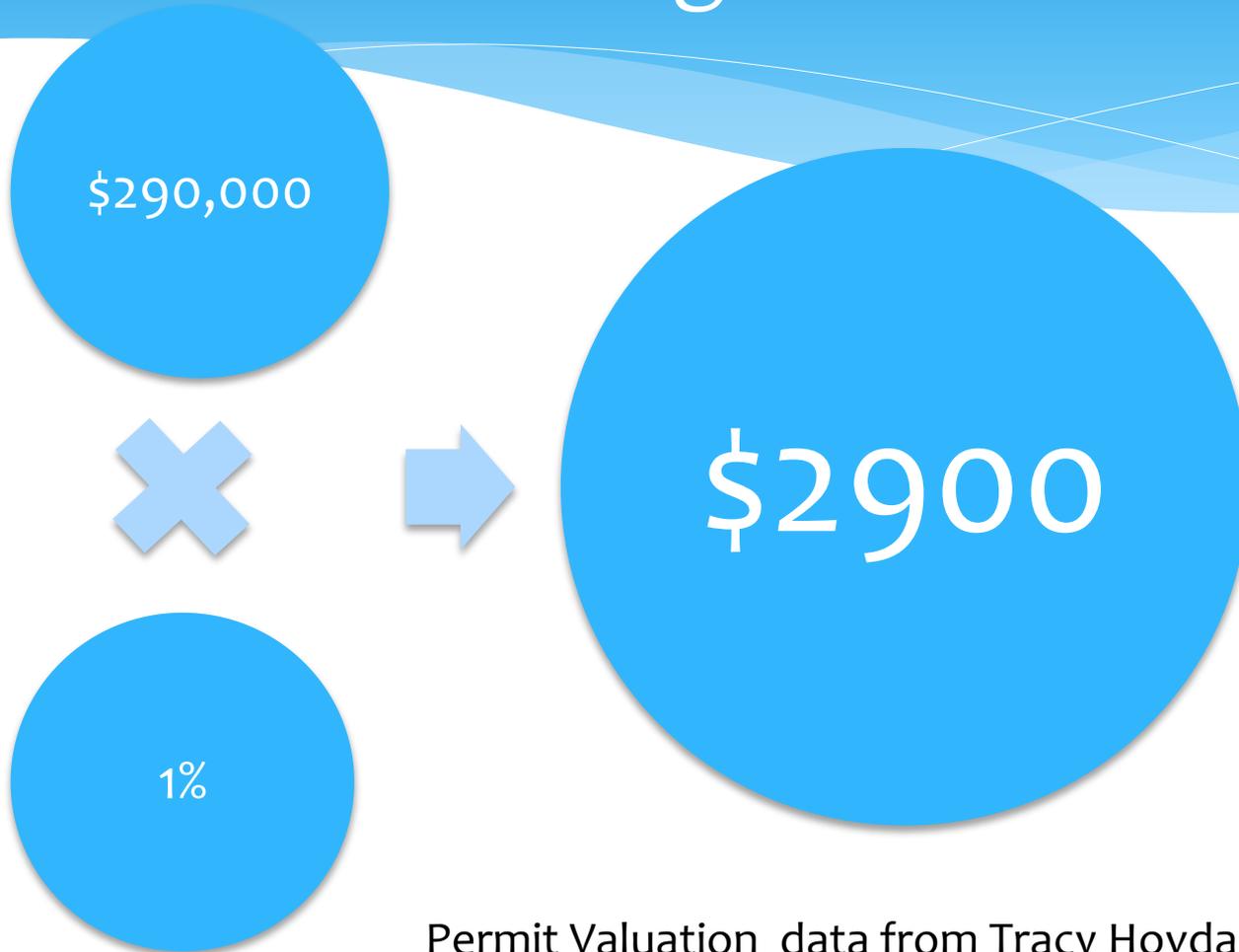
# Construction Excise Tax

*Establishes a new authority for cities and counties to impose a Construction Excise Tax on construction of new structures or construction adding square footage to an existing structure.*

Cities may impose a CET on:

- \* Residential Construction, at a rate of 1% of the value of the Permit Value of the construction
- \* New Commercial and Industrial Construction, with no cap on the rate of the CET

# What Would the Tax Cost a Developer of the Average Home ?



Permit Valuation data from Tracy Hovda  
8/10/2020

# Potential Revenue

\$2900

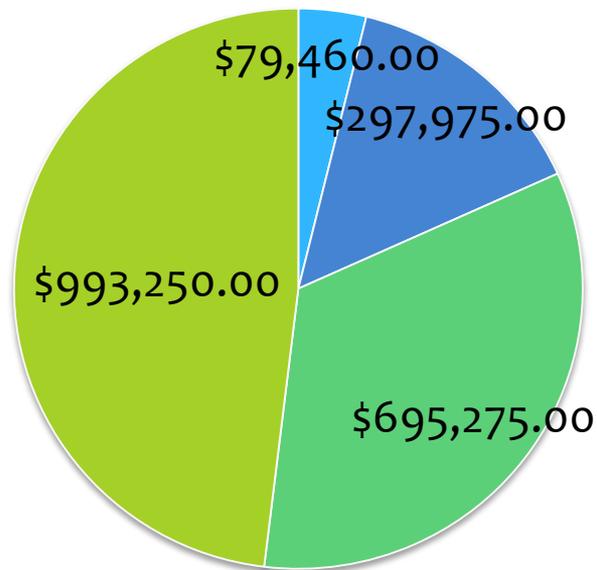


685

\$1,986,5000

# Where Would All That Money Go?

## CET Revenue



- Administrative Costs
- OHCS
- Affordable Housing Program
- Developer Incentives

# Breakdown

- \* 4% Administrative

Remaining

- \* 50% Developer Incentives

- \* 35% Affordable Housing Programs and Incentives as Defined by Local Jurisdictions

- \* 15% Oregon Housing and Community Services

- \* OHCS has pledged that money from a CET collected from a certain area is to be spent IN THAT AREA.

# The Reality

- \* By the time construction is completed on the subdivisions of Single Family Homes (in the next 5 years), our City can raise almost a MILLION DOLLARS to provide incentives to Developers to help pencil-out Multifamily Development
- \* \$695k in Affordable Housing Programs for Estacada, as defined BY ESTACADA
- \* \$297k in Revenue to OHCS that is pledged to be re-invested into Estacada Affordable Housing