
Tax Increment Financing for Affordable Housing Income Guidelines

Investing in Portland's Future

PDC

PORTLAND DEVELOPMENT COMMISSION

Summary of Changes from the
Preliminary Staff Recommendation 1-8-07
for Public Input

to

Final PDC Staff Recommendation 2-14-08
for Commission Consideration at 2-28-07 Board Meeting

1. Neighborhood Urban Renewal Areas: The following income guidelines will apply to the urban renewal areas with boundaries that are outside the Central City:

- Interstate Corridor
- Lents Town Center
- Gateway Regional Center
- Oregon Convention Center

Preliminary Staff Recommendation 1/8/07 (for public input):	
0-30% MFI Rental Housing:	<u>Minimum 35%</u> of all Set Aside resources (guidelines allow 35-80% of all Set Aside resources)
31-60% MFI Rental & Homeownership:	<u>Maximum 45%</u> of all Set Aside Resources (guidelines allow 0-45% of all Set Aside resources)
61-100% Homeownership*:	<u>Minimum 20% and Maximum 30%</u> of all Set Aside resources (guidelines allow 20-30% of all Set Aside resources)
Low Income Community Facilities:	<u>Maximum 10%</u> of all Set Aside resources (0-10%) (guidelines allow 0-10% of all Set Aside resources)

* Homeownership investments will be restricted to 80% median family income (MFI) and below for units with fewer than three bedrooms and 100% MFI and below for units with three bedrooms or more.

Final PDC Staff Recommendation 2/14/07 (for PDC Board consideration on 2/28/07):

- 0-30% MFI Rental Housing: **35% - 50%** of all Set Aside resources
- 31-60% MFI Rental & Homeownership: **20% - 45%** of all Set Aside Resources
- 61-100% Homeownership*:
20% - 40% of all Set Aside resources
- Low Income Community Facilities: **0% - 10%** of all Set Aside resources

* Homeownership investments will be restricted to 80% median family income (MFI) and below for units with fewer than three bedrooms and 100% MFI and below for units with three bedrooms or more.

<i>Responds to Community Input:</i>	<i>Does not respond to Community Input:</i>
<ul style="list-style-type: none"> • Concerns that almost all of the resources will be targeted to 0-30% MFI housing; Set a cap on 0-30% MFI housing (Lents URAC input 20-40%) • Set minimum spending targets in 31-60% MFI Housing since for some this is a priority area (especially in homeownership and home repair) • Families making \$30-50,000 are having trouble getting by too (broader community resident) • Increases allowable homeownership spending in neighborhoods where minority homeownership will be a major focus (Affordable housing community; PDC Board; Lents URAC; African American Alliance for Homeownership; HOAC) • Allows population targets to be specified to individual URA goals (i.e. senior housing, workforce housing, anti-displacement, etc.) (Gateway URAC, Lents URAC and residents, Interstate URAC, etc.) 	<ul style="list-style-type: none"> • Too much 0-30% MFI and concentration of low income housing (Lents neighborhood residents, North Portland resident input) • Not enough focus on 0-30% MFI housing where there is the greatest need for housing and risk of displacement from gentrification (Interstate and affordable housing community input) • Community Facilities should be limited to 5% (Affordable Housing Now input) • Does not address “workforce” rental housing up to 80% MFI in neighborhoods (Gateway input) • PDC should not use Set Aside for housing above 80% MFI (Affordable Housing Now; HCDC) • Concern that affordable housing does not generate increment and impact district revenue (Lents and Gateway URAC input)

2. River District and North Macadam Urban Renewal Areas: The following income guidelines will apply to the newer Central City Urban Renewal Areas which are focused on new development:

Preliminary Staff Recommendation 1/8/07 (for public input):

0-30% MFI Rental Housing:	<u>Minimum 50%</u> of all Set Aside resources (guidelines allow 50-100% of all Set Aside resources)
31-60% MFI Rental & Homeownership:	<u>Maximum 50%</u> of all Set Aside Resources (guidelines allow 0-50% of all Set Aside resources)
61-100% Homeownership*:	<u>Maximum 10%</u> of all Set Aside resources (guidelines allow 0-10% of all Set Aside resources)
Low Income Community Facilities:	<u>Maximum 10%</u> of all Set Aside resources (guidelines allow 0-10% of all Set Aside resources)

* Homeownership investments will be restricted to 80% median family income (MFI) and below for units with fewer than three bedrooms and 100% MFI and below for units with three bedrooms or more.

Final PDC Staff Recommendation 2/14/07 (for PDC Board consideration on 2/28/07):

0-30% MFI Rental Housing:	<u>50% - 70%</u> of all Set Aside resources
31-60% MFI Rental & Homeownership:	<u>20% - 40%</u> of all Set Aside Resources
61-100% MFI Homeownership*:	<u>0% - 20%</u> of all Set Aside resources
Low Income Community Facilities:	<u>0% - 10%</u> of all Set Aside resources

* Homeownership investments will be restricted to 80% median family income (MFI) and below for units with fewer than three bedrooms and 100% MFI and below for units with three bedrooms or more.

Responds to Community Input:	Does not respond to Community Input:
<ul style="list-style-type: none"> ● Concerns that PDC would actually be able to finance 100% of their housing investments in 0-30% because of limitations on other sources (NMAC input and developer input) ● Moderate income rental housing will be important to making projects feasible so guidelines should acknowledge those investments won't be 0% ● Homeownership should be required in all URAs (homeownership stakeholders); Need affordable homeownership in the Central City (PDC Board) ● We should find a way to achieve 60% MFI homeownership in Central City (affordable housing developer input) ● Community Facilities should be allowed uses so low income housing so residents have access to services (NMAC input) ● Concern that 61-80% MFI Rental housing does not leverage many non-TIF resources (NMAC URAC input) ● PDC should not use Set Aside for rental housing above 60% MFI (Affordable Housing Now; HCDC input) 	<ul style="list-style-type: none"> ● Concern that there are not sufficient operating, rent and service subsidies to support the development of 0-30% MFI housing at the level proposed (PDC input; housing developer input, NMAC input) ● Community Facilities should be limited to 5% (Affordable Housing Now input) ● Concern that affordable housing does not generate increment and impact district revenue (NMAC input) ● Policy allows housing up to 80% MFI and income guidelines should be consistent and allow rental housing up to 80% MFI (Central City stakeholders) ● "Workforce Housing" is a priority and should be allowed investments (NMAC input; PDC Board); Why doesn't the City support "workforce housing" (Central City stakeholder input) ● Concern that 61-80% MFI Rental housing does not leverage many non-TIF resources (affordable housing developer) ● Concern that homeownership at the 80% MFI level will cost too much in TIF subsidy (housing developer input)

3. Central Eastside Urban Renewal Area: The following income guidelines will apply to the Central Eastside Urban Renewal Area:

Preliminary Staff Recommendation 1/8/07 (for public input):	
0-30% MFI Rental Housing:	<u>Minimum 35%</u> of all Set Aside resources (guidelines allow 35-90% of all Set Aside resources)
31-60% MFI Rental & Homeownership:	<u>Maximum 55%</u> of all Set Aside Resources (guidelines allow 0-55% of all Set Aside resources)
61-100% Homeownership*:	<u>Minimum 10% and Maximum 20%</u> of all Set Aside resources (guidelines allow 10-20% of all Set Aside resources)
Low Income Community Facilities:	<u>Maximum 25%</u> of all Set Aside resources (guidelines allow 0-25% of all Set Aside resources)

* Homeownership investments will be restricted to 80% median family income (MFI) and below for units with fewer than three bedrooms and 100% MFI and below for units with three bedrooms or more.

Final PDC Staff Recommendation 2/14/07 (for PDC Board consideration on 2/28/07):

0-30% MFI Rental Housing:	<u>35% - 50%</u> of all Set Aside resources
31-60% MFI Rental & Homeownership:	<u>20% - 50%</u> of all Set Aside Resources
61-100% MFI Homeownership *:	<u>10% - 30%</u> of all Set Aside resources
Low Income Community Facilities:	<u>0% - 25%</u> of all Set Aside resources

* Homeownership investments will be restricted to 80% median family income (MFI) and below for units with fewer than three bedrooms and 100% MFI and below for units with three bedrooms or more.

Responds to Community Input:	Does not respond to Community Input:
<ul style="list-style-type: none"> Concerns that almost all of the resources will be targeted to 0-30% MFI housing; Set a cap on 0-30% MFI housing (Central Eastside URAC input) Central Eastside has high preservation needs since much of the low income housing is unrestricted (Affordable Housing Community); 0-50% MFI rental housing should be focused on preservation versus new development (CES URAC) Set minimum spending targets in 31-60% MFI Housing since this is a priority area (Central Eastside URAC input) Families making \$30-50,000 are having trouble getting by too (broader community resident) PDC should not use Set Aside for rental housing above 60% MFI (Affordable Housing Now; HCDC) Increases allowable homeownership (Affordable housing community; PDC Board; African American Alliance for Homeownership; HOAC) We should find a way to achieve 60% MFI homeownership in Central City (affordable housing developer input) Allows population targets to be specified to individual URA goals (i.e. senior housing, workforce housing, anti-displacement, etc.) New development should focus on 50-100% housing per the adopted CES Housing Strategy (CES URAC) 	<ul style="list-style-type: none"> Too much 0-30% MFI and concentration of low income housing (Central Eastside URAC input) Community Facilities should be limited to 5% (Affordable Housing Now input) Policy allows housing up to 80% MFI and income guidelines should be consistent and allow rental housing up to 80% MFI (Central City stakeholders) “Workforce Housing” is a priority and should be allowed investments (NMAC input; PDC Board); Why doesn’t the City support “workforce housing”? (Central City stakeholder input) PDC should not use Set Aside for housing above 80% MFI (Affordable Housing Now; HCDC) No new facilities should be sited in the Central Eastside (Central Eastside URAC) Concern that 61-80% MFI Rental housing does not leverage many non-TIF resources (affordable housing developer) Concern that affordable housing does not generate increment and impact district revenue (Central Eastside URAC input) Allow homeownership up to 100% MFI regardless of unit size to be consistent with URA Housing Strategy. Concern that homeownership at the 80% MFI level will cost too much in TIF subsidy (housing developer input)

4. Downtown Waterfront Urban Renewal Area: The following income guidelines will apply to the Downtown Waterfront Urban Renewal Area:

Preliminary Staff Recommendation 1/8/07 (for public input):	
0-30% MFI Rental Housing:	<u>Minimum 60%</u> of all Set Aside resources (guidelines allow 60-100% of all Set Aside resources)
31-60% MFI Rental & Homeownership:	<u>Maximum 40%</u> of all Set Aside Resources (guidelines allow 0-40% of all Set Aside resources)
61-100% Homeownership*:	<u>Maximum 10%</u> of all Set Aside resources (guidelines allow 0-10% of all Set Aside resources)
Low Income Community Facilities:	<u>Maximum 25%</u> of all Set Aside resources (guidelines allow 0-25% of all Set Aside resources)

* Homeownership investments will be restricted to 80% median family income (MFI) and below for units with fewer than three bedrooms and 100% MFI and below for units with three bedrooms or more.

Final PDC Staff Recommendation 2/14/07 (for PDC Board consideration on 2/28/07):

0-30% MFI Rental Housing:	<u>50% - 70%</u> of all Set Aside resources
31-60% MFI Rental & Homeownership:	<u>20% - 40%</u> of all Set Aside Resources
61-100% MFI Homeownership*:	<u>0% - 20%</u> of all Set Aside resources
Low Income Community Facilities:	<u>0% - 25%</u> of all Set Aside resources

* Homeownership investments will be restricted to 80% median family income (MFI) and below for units with fewer than three bedrooms and 100% MFI and below for units with three bedrooms or more.

<i>Responds to Community Input:</i>	<i>Does not respond to Community Input:</i>
<ul style="list-style-type: none"> • <i>Downtown Waterfront has high preservation needs (Affordable Housing Community)</i> • <i>Homeownership should be required in all URAs (homeownership stakeholders)</i> • <i>We should find a way to achieve 60% MFI homeownership in Central City (affordable housing developer input)</i> • <i>PDC should not use Set Aside for housing above 80% MFI (Affordable Housing Now; HCDC)</i> • <i>Concern that 61-80% MFI Rental housing does not leverage many non-TIF resources (affordable housing developer)</i> • <i>Increases allowable homeownership (Affordable housing community; PDC Board; African American Alliance for Homeownership; HOAC)</i> • <i>Allows population targets to be specified to individual URA goals (i.e. workforce housing, student housing, etc.)</i> 	<ul style="list-style-type: none"> • <i>Concerns that almost all of the resources will be targeted to 0-30% MFI housing; Set a cap on 0-30% MFI housing (OTCT Visions input)</i> • <i>Policy allows housing up to 80% MFI and income guidelines should be consistent and allow rental housing up to 80% MFI (OTCT Visions input, general resident input)</i> • <i>50% of the housing should be focused on 50% MFI Housing (OTCT Visions input); "Workforce Housing" is a community priority (OTCT Visions input; Central City Stakeholder input; PDC Board); Why doesn't the City support "workforce housing" (Central City stakeholder input)</i> • <i>Too much 0-30% MFI and concentration of low income rental housing (OTCT resident input; OTCT Visions input)</i> • <i>Community Facilities should be limited to 5% (Affordable Housing Now input)</i> • <i>PDC should not use Set Aside for rental housing above 60% MFI (Affordable Housing Now; HCDC)</i> • <i>50% of housing should serve 51-150% MFI range (OTCT Visions input)</i> • <i>Concern that homeownership at the 80% MFI level will cost too much in TIF subsidy (housing developer input)</i>

5. South Park Blocks Urban Renewal Area: The following income guidelines will apply to the South Park Blocks Urban Renewal Area:

Preliminary Staff Recommendation 1/8/07 (for public input):

0-30% MFI Rental Housing:	<u>Minimum 75%</u> of all Set Aside resources (guidelines allow 75-100% of all Set Aside resources)
31-60% MFI Rental & Homeownership:	<u>Maximum 25%</u> of all Set Aside Resources (guidelines allow 0-25% of all Set Aside resources)
61-100% Homeownership*:	<u>Maximum 10%</u> of all Set Aside resources (guidelines allow 0-10% of all Set Aside resources)
Low Income Community Facilities:	<u>Maximum 5%</u> of all Set Aside resources (guidelines allow 0-5% of all Set Aside resources)

* Homeownership investments will be restricted to 80% median family income (MFI) and below for units with fewer than three bedrooms and 100% MFI and below for units with three bedrooms or more.

Final PDC Staff Recommendation 2/14/07 (for PDC Board consideration on 2/28/07):

0-30% MFI Rental Housing:	<u>75% - 90%</u> of all Set Aside resources
31-60% MFI Rental & Homeownership:	<u>10% - 25%</u> of all Set Aside Resources
61-100% MFI Homeownership*:	<u>0% - 10%</u> of all Set Aside resources
Low Income Community Facilities:	<u>0% - 10%</u> of all Set Aside resources

* Homeownership investments will be restricted to 80% median family income (MFI) and below for units with fewer than three bedrooms and 100% MFI and below for units with three bedrooms or more.

<i>Responds to Community Input:</i>	<i>Does not respond to Community Input:</i>
<ul style="list-style-type: none"> Allows population targets to be specified to individual URA goals (i.e. senior housing, etc.) (Downtown Neighborhood Association) 	<ul style="list-style-type: none"> Affordable housing for a range of incomes is important Downtown close to services and transportation (Downtown resident and broader community resident) “Workforce Housing” is a community priority (PBA; Downtown Stakeholder input; PDC Board); Why doesn’t the City support “workforce housing”? (Central City stakeholder input)

**NET IMPACT OF THE FINAL PDC STAFF RECOMMENDATION PER
6 YEAR BUDGET PERIOD FY2006/2007 THROUGH FY 2011/2012**

The following table summarizes the impact of the proposed income guidelines based on preliminary urban renewal revenue and budget forecasts for FY 2007/2008 – FY 2011/2012 and PDC Adopted Budget for FY 2006/2007.

Estimated Total Affordable Housing Set Aside Resources	0-30% MFI Rental	31-60% MFI Rental/ 0-60% MFI Ownership	61-80%(100%) MFI Ownership	Low Income Community Facilities
\$162,600,000	\$77.5M - \$106M	\$30.5M - \$65.5M	\$11M - \$41M	\$0 - \$20.5M
% of Total Dollars	48% - 65%	19% - 40%	7% - 25%	0% - 13%
Potential Units	1,025 – 1,450	500 – 1,000	200 – 625	NA

**SUMMARY OF BUDGET IMPACT CHANGES BETWEEN
PRELIMINARY STAFF RECOMMENDATION AND
FINAL PDC STAFF RECOMMENDATION**

Neighborhoods:

- **Increases Allowable 61-100% MFI Homeownership Investment** in Neighborhoods by \$4,870,000
- **Establishes Minimum Spending for 31-60% MFI Rental/Homeownership** of \$9,740,000 in Neighborhoods.

Central City:

- **Decreases Minimum 0-30% Investment** in the Central City by \$1,780,000
- **Decreases Allowable Spending for 31-60% MFI Rental/Homeownership** of \$7,110,000
- **Increases Allowable 61-100% MFI Homeownership Investment** in Central City by \$9,390,000

Long-Term Impact Taking Expiring Districts Out of Analysis:

- No Change to Minimum 0-30% MFI Rental Housing Requirement in the Neighborhoods
- No Change to Minimum 61-100% MFI Homeownership in the Neighborhoods
- Increase to Allowable 61-100% MFI Homeownership in the Neighborhoods by \$3,620,000
- Increase to Allowable 61-100% MFI Homeownership in the Central City by \$7,610,000

**Summary of TIF Set Aside Income Guidelines Impact
Based on updated 6-year budget estimates
FY2006/2007 - FY2011/2012**

ALL URBAN RENEWAL AREAS

Income Guidelines Categories	PRELIMINARY STAFF PROPOSAL 1-8-07				FINAL STAFF RECOMMENDATION 2-8-07			
	Neighborhood URAs		Central City		Neighborhood URAs		Central City	
	MIN (\$)	MAX (\$)	MIN (\$)	MAX (\$)	MIN (\$)	MAX (\$)	MIN (\$)	MAX (\$)
0-30% MFI Rental Hsg	\$17,045,000	\$38,960,000	\$62,230,000	\$103,900,000	\$17,045,000	\$24,350,000	\$60,450,000	\$81,730,000
31-60% MFI Rental/Ownership	\$0	\$21,915,000	\$0	\$50,670,000	\$9,740,000	\$21,915,000	\$20,780,000	\$43,560,000
61-100% MFI Ownership	\$9,740,000	\$14,610,000	\$1,000,000	\$12,390,000	\$9,740,000	\$19,480,000	\$1,000,000	\$21,780,000
Community Facilities	\$0	\$4,870,000	\$0	\$14,560,000	\$0	\$4,870,000	\$0	\$15,560,000
Estimated Total Budget	\$162,600,000				\$162,600,000			

ALL URBAN RENEWAL AREAS

Income Guidelines Categories	NET CHANGE OF FINAL STAFF RECOMMENDATION 2-8-07			
	Neighborhood URAs		Central City	
	MIN (\$)	MAX (\$)	MIN (\$)	MAX (\$)
0-30% MFI Rental Hsg	\$0	(\$14,610,000)	(\$1,780,000)	(\$22,170,000)
31-60% MFI Rental/Ownership	\$9,740,000	\$0	\$20,780,000	(\$7,110,000)
61-100% MFI Ownership	\$0	\$4,870,000	\$0	\$9,390,000
Community Facilities	\$0	\$0	\$0	\$1,000,000
Estimated Total Budget	\$0			

MINUS EXPIRING URBAN RENEWAL AREAS

Minus South Park Blocks, Downtown Waterfront, Oregon Convention Center

Income Guidelines Categories	PRELIMINARY STAFF PROPOSAL 1-8-07				FINAL STAFF RECOMMENDATION 2-8-07			
	Neighborhood URAs		Central City		Neighborhood URAs		Central City	
	MIN (\$)	MAX (\$)	MIN (\$)	MAX (\$)	MIN (\$)	MAX (\$)	MIN (\$)	MAX (\$)
0-30% MFI Rental Hsg	\$12,670,000	\$28,960,000	\$36,550,000	\$66,100,000	\$12,670,000	\$18,100,000	\$36,550,000	\$51,270,000
31-60% MFI Rental/Ownership	\$0	\$16,290,000	\$0	\$38,550,000	\$7,240,000	\$16,290,000	\$15,220,000	\$31,440,000
61-100% MFI Ownership	\$7,240,000	\$10,860,000	\$1,000,000	\$8,610,000	\$7,240,000	\$14,480,000	\$1,000,000	\$16,220,000
Community Facilities	\$0	\$3,620,000	\$0	\$9,110,000	\$0	\$3,620,000	\$0	\$9,110,000
Estimated Total Budget	\$112,300,000				\$112,300,000			

MINUS EXPIRING URBAN RENEWAL AREAS

Minus South Park Blocks, Downtown Waterfront, Oregon Convention Center

Income Guidelines Categories	NET CHANGE OF FINAL STAFF RECOMMENDATION 2-8-07			
	Neighborhood URAs		Central City	
	MIN (\$)	MAX (\$)	MIN (\$)	MAX (\$)
0-30% MFI Rental Hsg	\$0	(\$10,860,000)	\$0	(\$14,830,000)
31-60% MFI Rental/Ownership	\$7,240,000	\$0	\$15,220,000	(\$7,110,000)
61-100% MFI Ownership	\$0	\$3,620,000	\$0	\$7,610,000
Community Facilities	\$0	\$0	\$0	\$0
Estimated Total Budget	\$0			