PDC

PORTLAND DEVELOPMENT COMMISSION

PDC

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December 5, 2008

Dear Interested Parties:

Thank you for your interest in the second annual report on the outcomes of the City and Portland Development Commission (PDC) policy to set aside/invest tax increment resources for affordable housing priorities for the community. This policy was enacted in October 2006 and the report covers outcomes for the 2006-07 and 2007-08 fiscal years.

This report is organized into three primary sections:

- Overall highlights and achievements under the policy
- A summary of housing expenditures by urban renewal area
- A background on the history and details of the set aside policy

Updated revenue forecasts and budget proposals for the 2009-10 fiscal year and beyond will be produced in December/January and will serve as a tool for citywide budget process throughout the winter. We anticipate a series of open conversations about the available resources, project opportunities and how to move forward on achieving Portland's housing goals.

The release of this report also provides the opportunity for us to unveil a new era of an improved, more efficient and reorganized agency. In 2009, PDC will become an agency defined by multi-disciplinary talent, as opposed to individual and narrowly-focused departments. Affordable housing remains core to our mission and housing customers and clients will be pleased with our responsiveness and workflow. Ms. Erin Flynn, who is leading the new Urban Development Department (UDD), will have a senior staff person who reports directly to her on all housing issues. This will assure the transition to the new structure effects the full integration of housing into all divisions of the UDD and will serve as a single, reliable point-of-contact to external stakeholders for all housing-related matters.

The need to provide a reliable flow of resources for low-income and affordable housing is ever more important during our present economic environment. You have our commitment that PDC will do its part to rise to the challenge by injecting financing and tax increment dollars into the system, while also continuing to balance the multiple other goals and priorities for resources within each of the Urban Renewal Areas. You will also see the agency explore opportunities to help our partners increase development capacity where needed and see a more innovative PDC, which strives to more expediently move housing dollars to development partners in ways which encourage project development and shared creativity.

We eagerly look ahead to participating in the forward-looking conversations about how this community can collaboratively meet shared housing objectives, under the City Council leadership of Commissioner Nick Fish and the PDC Board.

Very truly yours,

Bruce A. Warner
Executive Director

Erin K. Flynn
Urban Development Department Director

PORTLAND DEVELOPMENT COMMISSION

TAX INCREMENT FINANCING
AFFORDABLE HOUSING SET ASIDE

ANNUAL REPORT FY 2007-2008

December 5, 2008

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Please contact Sara Culp, PDC Housing Project/Program Coordinator, with any questions about this report (503) 823-3239.

INTRODUCTION

The City of Portland and Portland Development Commission (PDC) have very broad and diverse urban development and revitalization goals, and Tax Increment Financing (TIF) is a key resource for meeting those goals. Ensuring that affordable housing options remain in Portland's neighborhoods as revitalization occurs and property value increase is an important part of the City's urban renewal strategy.

The City Council and PDC adopted the "TIF Set Aside" to ensure that affordable housing goals are met in urban renewal areas, and to ensure there is a consistent and predictable level of funding for housing development. The policy requires a certain percentage of TIF resources in each of nine urban renewal areas (URAs) to be spent on affordable housing (see table below). The policy applies to a cumulative five year period and is not expected to be met annually due to the timing of redevelopment projects and availability of funding. More explanation of the policy is in the "Policy Background and Methodology" section.

This report covers the second year of the first five years of the policy, and tables provide information about the first year (2006/07) and second year (2007/08) expenditures as well as cumulative totals and progress towards the five year requirements.

This report complements the PDC Annual Unit Production Report, which has been produced since FY 2001/02. That report contains more comprehensive information on PDC housing activities, including projects and programs that utilize non-TIF resources, such as Federal funds, indirect subsidies, and other rental and homeownership programs. PDC intends to merge these two reports in future years. What appear to be discrepancies between the two reports are due to the fact that the reports focus on two different time frames for the data: the Set Aside policy requires reporting on expenditures, which for some projects may span multiple years. The Unit Production Report includes total project funding and units as of the loan closing dates for the projects, regardless of what fiscal year the actual expenditures occur.

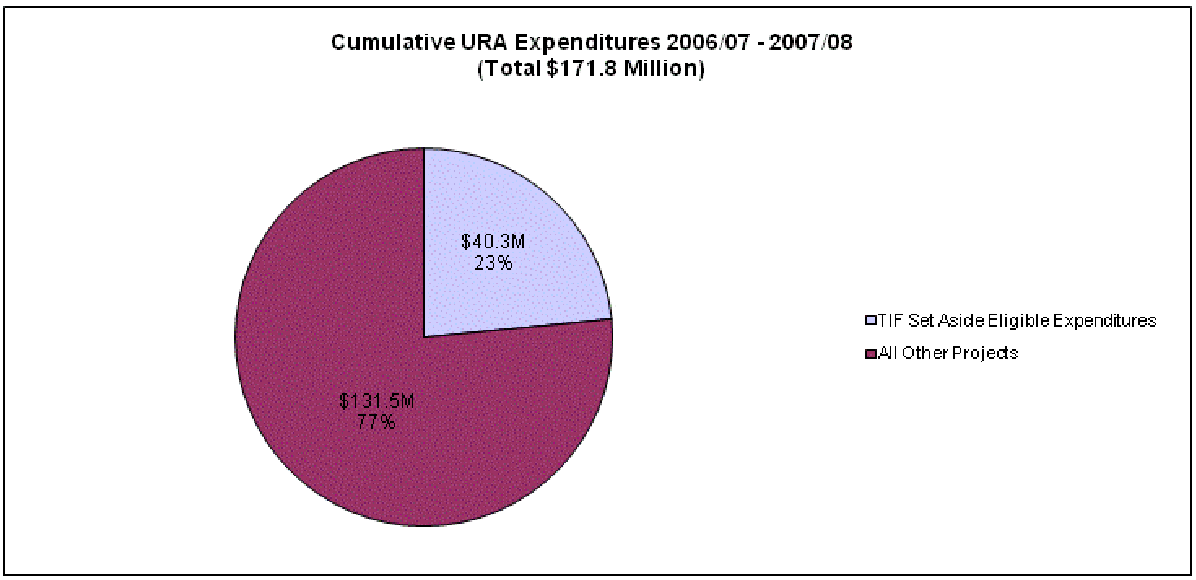
Adopted TIF Set Aside Policy

Urban Renewal Area* **	**Set Aside for Affordable Housing** (% of Total URA Expenditures)	**Income Guidelines** (Percent of Total Set Aside by Income/Use Category)			
		0-30% MFI Rentals	**31-60% MFI Rentals/ 0-60% MFI Ownership**	**61-100% MFI Ownership**	**Community Facilities**
Central Eastside	**30%****	35-50%	20-50%	10-30%	0-25%
Downtown Waterfront	**22%**	50-70%	20-40%	0-20%	0-25%
Gateway	**30%**	35-50%	20-45%	20-40%	0-10%
Interstate	**30%**	35-50%	20-45%	20-40%	0-10%
Lents	**30%**	35-50%	20-45%	20-40%	0-10%
North Macadam	**39%***	50-70%	20-40%	0-20%	0-10%
Oregon Convention Center	**26%**	35-50%	20-45%	20-40%	0-10%
River District	**30%**	50-70%	20-40%	0-20%	0-10%
South Park Blocks	**30%**	75-90%	10-25%	0-10%	0-10%

EXECUTIVE SUMMARY

Overall highlights of affordable housing investments under the TIF Set Aside for the second year of the policy include:

- Over $20 Million of TIF was spent on affordable housing under the TIF Set Aside in FY 2007/08, bringing two-year cumulative spending to $40.5 Million. In 2007/08:
  - $6.2 Million was invested in new projects with known unit mixes or facilities that are Set Aside eligible (projects that did not have expenditures in 2006/07).
  - $12.3 Million of funding was disbursed to projects continuing from 2006/07 that are Set Aside eligible, with several projects reaching completion, including the Estate Hotel.
  - $2.4 Million was spent for acquisition of property or other pre-development activities expected to result in future affordable housing.
- Housing spending in 2007/08 was a greater proportion of overall PDC expenditures[1] than it was in the first year of the policy (28% in 2007/08 versus 20% in 2006/07).



- While the Set Aside report focuses on expenditures, and does not account directly for project *commitments* made in each fiscal year, $23.2 Million of TIF was formally committed to new projects in 2007-08. The disbursements/expenditures for these projects may occur over several years. These projects will bring 1036 new or rehabilitated units into the affordable housing inventory[2]:
  - 411 are 0-30% MFI rental units.
  - 435 are 31-60% MFI rental and ownership units.
  - 49 are homeownership units at 61-80% MFI.

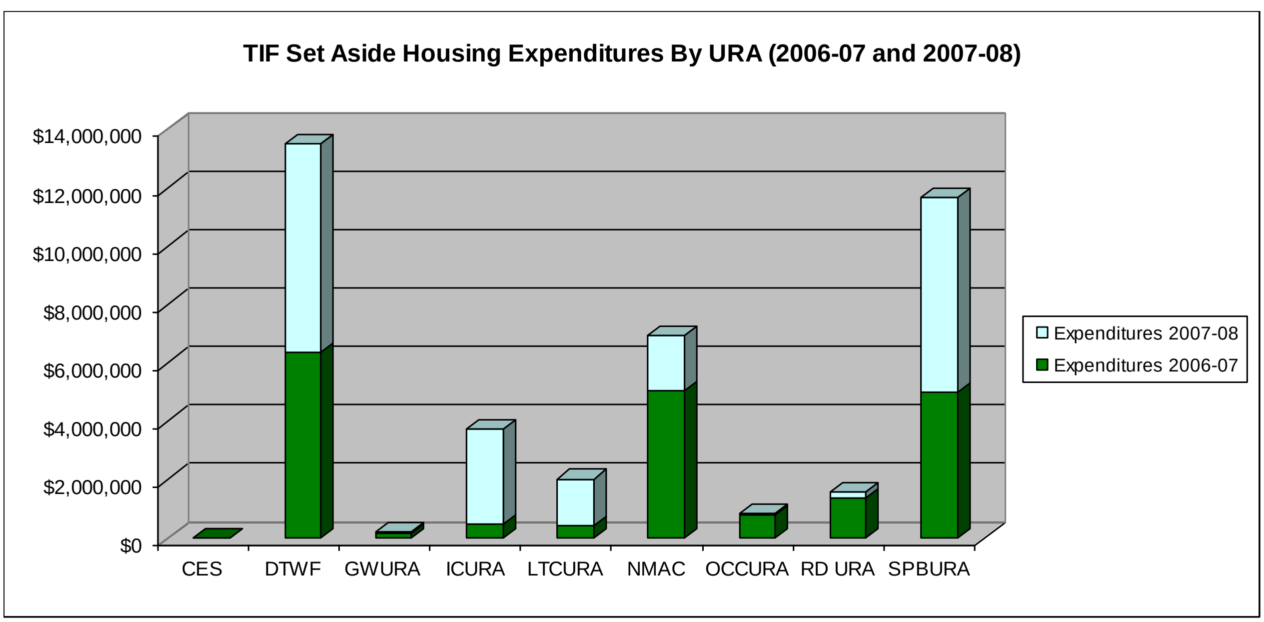
[1] Excluding Airport Way and Willamette Industrial URA expenditures.

[2] More information on these project commitments and funding sources other than TIF is contained in PDC's annual Unit Production Report. Please note that reporting on commitments versus reporting on expenditures results in different data.

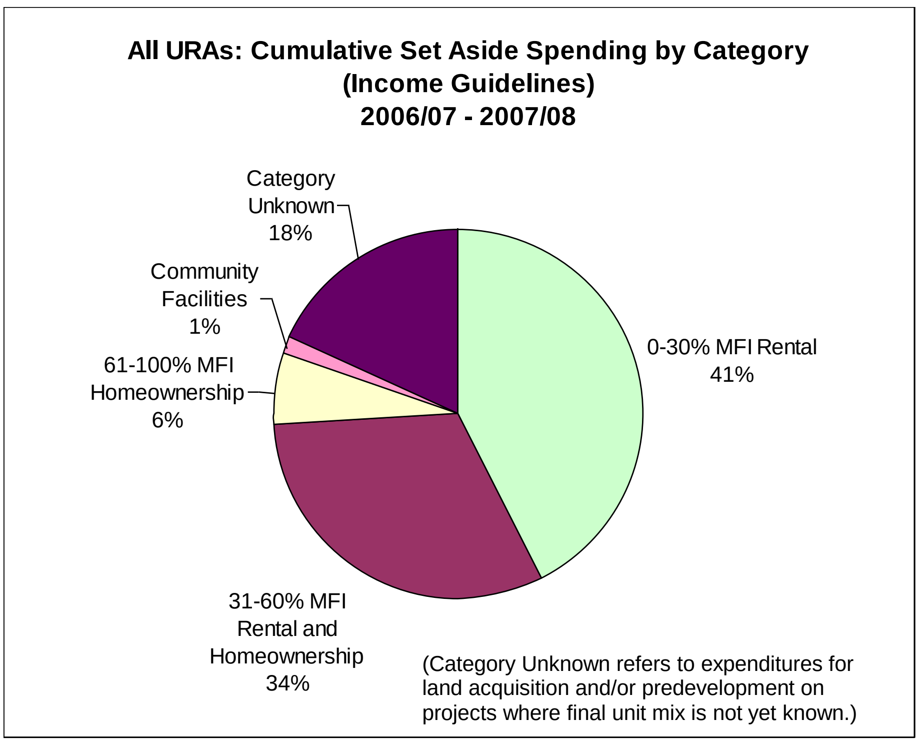
➢ The percentage of investments in affordable housing varied by URA due to the pipeline of projects in each district and varying resource availability:

Urban Renewal Area	2 Year Cumulative Expenditures		TIF Set Aside Adopted Policy (5 Year Target)
	TIF Set Aside Eligible Expenditures	% of Total URA Expenditures	
Central Eastside	$ -	**0%**	$5,100,000*
Downtown Waterfront	$ 13,501,384	**26%**	22%
Gateway Regional Center	$ 207,376	**6%**	30%
Interstate Corridor	$ 3,519,713	**37%**	30%
Lents Town Center	$ 2,030,995	**12%**	30%
North Macadam	$ 6,930,451	**27%**	39%**
Oregon Convention Center	$ 849,936	**6%**	26%
River District	$ 1,574,215	**10%**	30%
South Park Blocks	$ 11,638,757	**50%**	30%
Total Expenditures	**$ 40,252,827**	**23%**	

*North Macadam URA requirements are to spend according to the Council and Commission adopted funding plan for the district for the first 5 years, which is 39% ($22.7M). After that, 30% of expenditures must be for affordable housing.
** A minimum of $5,100,000 of all tax increment resources of the first $35 million of debt issued and a minimum of 30% of all tax increment resources for any additional debt beyond $35 million.
*** Airport Way & Willamette Industrial URAs have no requirement for budgeting or spending on Affordable Housing.



- Investment in 0-30% Median Family Income (MFI) rental housing increased by 57% from 2006-07 expenditures, to over $10 Million in 2007-08.
- PDC invested significant resources in projects that were part of the 2007 Permanent Supportive Housing NOFA with the City, County, and Housing Authority (HAP). $5.6 Million in TIF was committed to three new projects (Shaver Green, the Clifford and Cambridge Court), in addition to two other PSH projects that already had commitments of TIF and received additional resources and services through the NOFA process.
- Investment in homeownership programs and projects increased nearly 168% from 2006-07 and supported construction of 75 new units, as well as homebuyer assistance and repairs for 145 homebuyers/owners. This includes increased homeownership assistance for 31-60% MFI households.



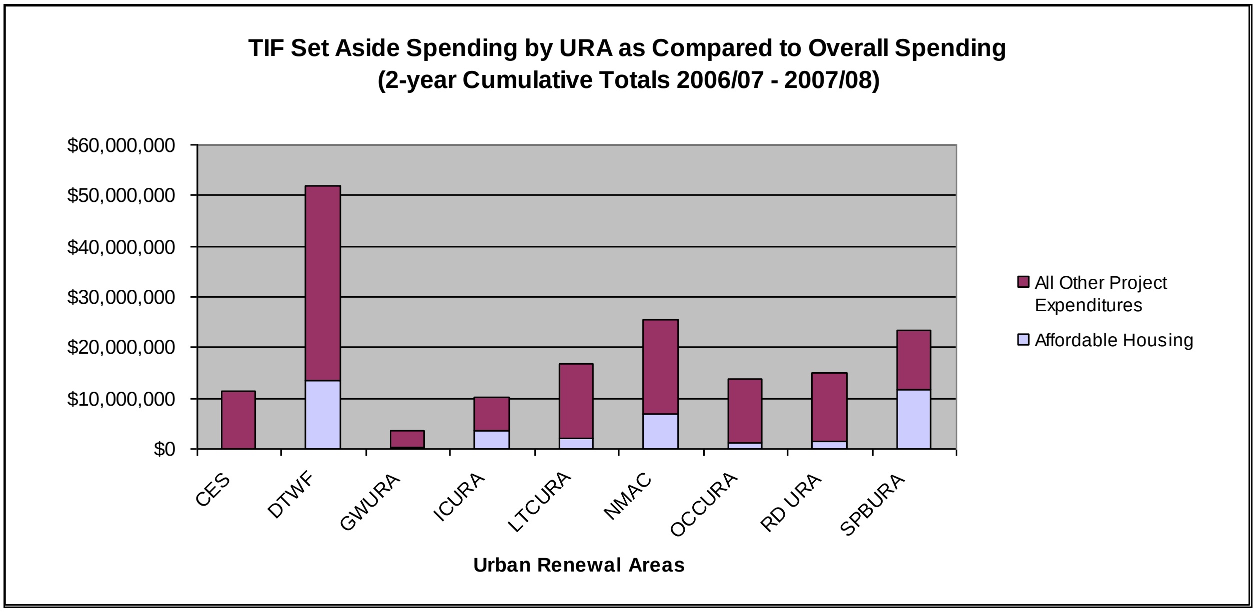
- Urban Renewal Area amendments were crafted in FY 2007/08 that secured funding for preservation of rental housing in South Park Blocks URA and key projects in the Downtown Waterfront URA (many were moved to the expanded River District URA), and significantly increased potential funding for housing in the Lents Town Center URA.
- Significant predevelopment work occurred on both rental and ownership projects in North Macadam URA, Lents Town Center URA, Interstate Corridor URA, and Oregon Convention Center URA.

Summary of each Urban Renewal Area (URA):

- **Central Eastside URA (CES):** This district faces revenue challenges and many competing demands on TIF resources, including the district's priorities for job creation. The adopted FY 2008/09 budget reflected an overall budget deficit, so future funding projections for housing and other projects will be reduced. The funding priority for affordable housing in the next one to two years is the preservation of the Clifford Apartments, and unless revenue projections increase, it is unlikely that this district can support an additional affordable housing project within the first five years of the Set Aside.
- **Downtown Waterfront URA (DTWF):** This district is projected to meet requirements for all housing categories (income guidelines), including 0-30% MFI rentals, due to significant investments in rental housing projects. This district is closing out, and as such, no additional resources are available. The close-out projections put the overall Set Aside budget just below the 22% requirement. Several projects originally in the district have been moved into the amended River District, where housing funding projections exceed the Set Aside requirement of 30%.
- **Gateway Regional Center URA (GWURA):** Efforts are underway to boost TIF generation in this district with infrastructure investments intended to spur new development. PDC is investing in predevelopment for a significant mixed use, mixed income housing project ("Gateway Glisan") that will meet 31-60% MFI rental and potentially homeownership policy goals. Subsidy for the project will likely require more than currently forecast in the URA budget, and meeting 0-30% MFI goals is unlikely unless other funding sources are leveraged.
- **Interstate Corridor URA (ICURA):** This district is meeting or exceeding 31-60% MFI rental and 31-100% MFI homeownership goals. The overall Set Aside is currently projected to exceed 30% for the 5-year period. Despite a solicitation for Permanent Supportive Housing projects and commitments to several mixed income rental projects providing 0-30% MFI housing, meeting 0-30% MFI policy goals remains a challenge. New strategies and leveraging other funding sources will be key in future years.
- **Lents Town Center URA (LTCURA):** Housing investments in this district have ramped up considerably with the Set Aside policy. All investment to-date has been for homeownership, although planning efforts are underway for future mixed use, mixed income rental projects. The URA amendment adopted in 2007 plans for significant new funds for the Set Aside, but meeting 0-30% MFI goals will depend on new strategies, project opportunities, and ability to leverage other funding sources.
- **North Macadam URA (NMAC):** Investments have been made in predevelopment work and property acquisition, securing opportunities for affordable housing development. Market realities and funding availability in the URA continue to make project feasibility a challenge. New strategies may need to be employed to achieve affordable housing production in this district. Work is underway on plans for veterans' housing, and the projected budget forecast currently exceeds the overall Set Aside requirement of 39%.
- **Oregon Convention Center URA (OCCURA):** This URA is projected to meet 31-60% MFI rental goals and to exceed homeownership goals with the current pipeline of projects and funding. The district is slated to expire in 2013 and not reach its maximum indebtedness, so a planning effort is beginning to re-configure the North/Northeast URAs (Interstate and OCCURA) to provide future funding for strategic projects. A look at affordable housing goals, strategies, and opportunities will be included in that effort.
- **River District URA (RD):** The district amendment approved in 2007 included over $56 Million for affordable housing projects under the first five-year period of the Set Aside

policy, exceeding the 30% requirement. The bulk of funding projected for the next two to three years is focused on the Homeless Resource Access Center, a new family rental development project, and rehabilitation of the Fairfield apartments. Given market conditions and the URA appeals, new strategies may be needed to ensure delivery of the current slate of projects.

- **South Park Blocks URA (SPB):** This URA is slated to reach its maximum indebtedness and all housing funds are budgeted to meet low income housing preservation goals. The district is projected to meet all income guideline requirements due to significant investments in rehabilitation/preservation to-date, and the new Jeffrey Apartments development. However, the exact unit mix of future preservation projects may leave the district slightly short on 0-30% MFI goals.



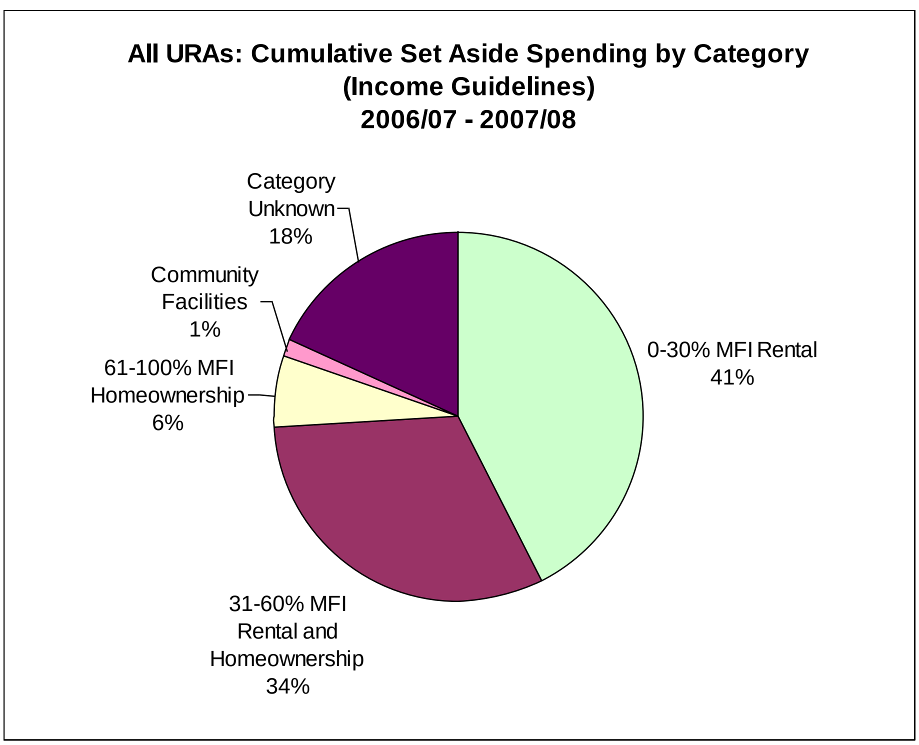
(End Executive Summary)

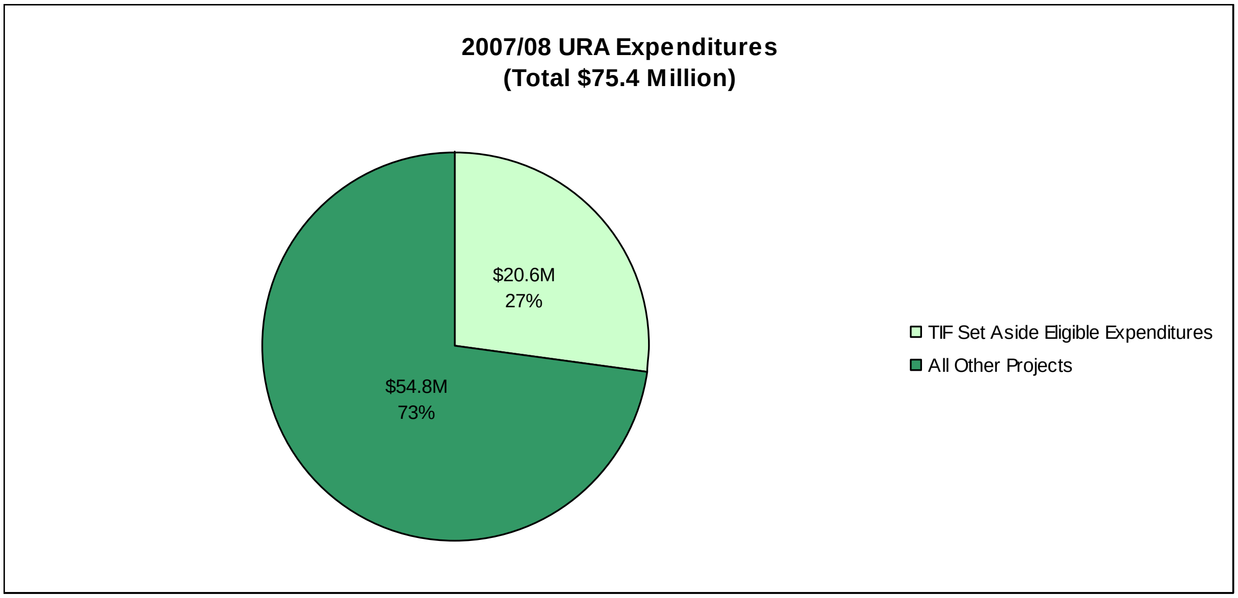
2007-2008 TIF SET ASIDE ANNUAL REPORT

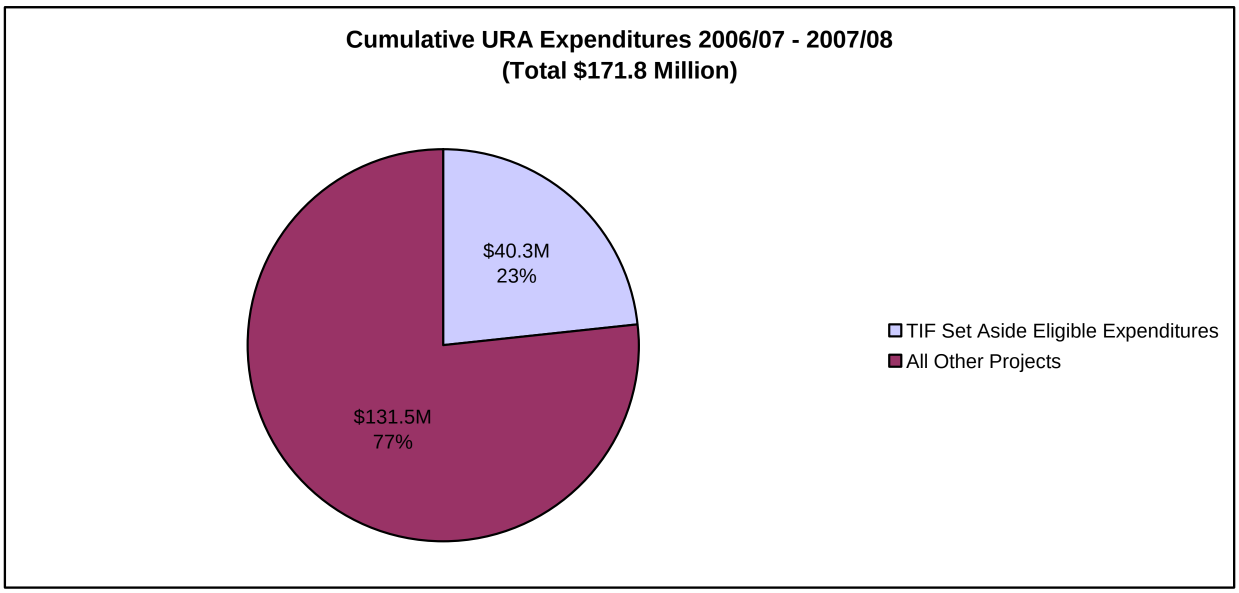
Summary All Urban Renewal Areas (First 2 Years Compliance)

This table shows the summary of actual expenditures in all Urban Renewal Areas (URAs) combined for the first two years of the Set Aside policy, and the breakdown of those expenditures by the adopted income guidelines ("Actual %" column).

				First 2 Year Actuals		
Set-Aside Summary	Policy Min	Policy Max	Actual %	FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental			41%	6,453,199	10,108,544	16,561,744
31-60 MFI Rental			30%	6,878,487	5,178,401	12,056,887
31-60 MFI Ownership			4%	323,115	1,149,101	1,472,215
Total 31-60 MFI Rental & Ownership Housing			34%	7,201,601	6,327,501	13,529,103
61-80/100 MFI Ownership			6%	773,821	1,772,382	2,546,203
Community Facilities			1%	227,954	258,799	486,753
Set-aside eligible, category unknown			18%	5,044,702	2,129,321	7,174,023
Total Set-Aside (% of total project expenditures)			100%	19,701,278	20,596,548	40,297,826
Non Set-Aside Housing			0%	215,324	369,889	585,212
Total Housing Budget			24%	19,916,602	20,966,437	40,883,039
Total Project Expenditures			100%	96,398,392	75,355,746	171,754,138
Cumulative TIF Set-Aside Budget				19,701,278	40,297,826	
Cumulative Total Project Expenditures				96,398,392	171,754,138	
Cumulative TIF Set-Aside % Budget (5 year total)				20%	23%	



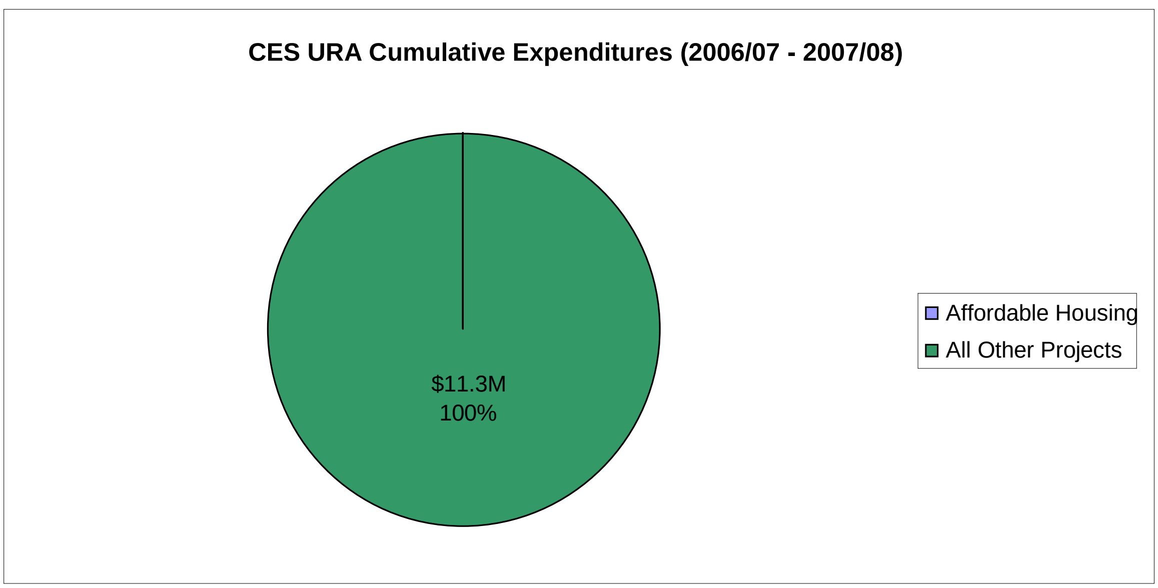

2007/08 URA Expenditures
(Total $75.4 Million)
$20.6M
27%
$54.8M
73%
TIF Set Aside Eligible Expenditures
All Other Projects

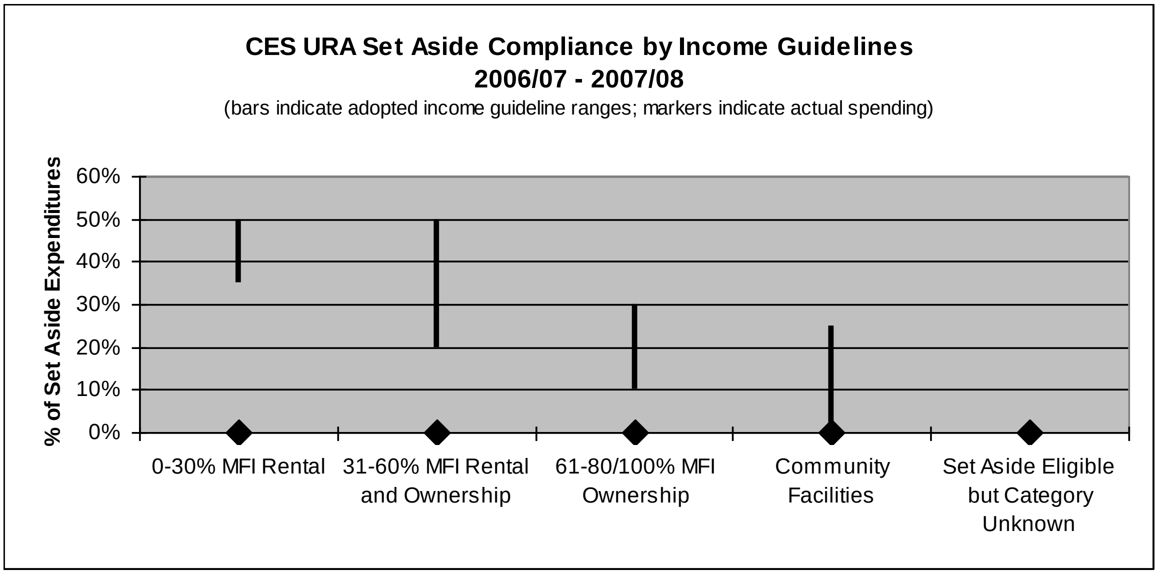

Cumulative URA Expenditures 2006/07 - 2007/08
(Total $171.8 Million)
$40.3M
23%
$131.5M
77%
TIF Set Aside Eligible Expenditures
All Other Projects

Central Eastside Urban Renewal Area

- The five-year Housing Set Aside target for this district was set at $5.1 Million (15%) of the first $35 Million in debt issued (total expenditures), and 30% of all additional total expenditures.
- Total Actual project expenditures for the first two years were $11.3 Million, most of which supported significant job creation, infrastructure investments, and major building renovations to encourage growth in the tax base. During the same period, no investments were made in Set Aside eligible housing projects.
- PDC has committed $2.8 Million to the preservation and rehabilitation of the Clifford Apartments, through the joint Permanent Supportive Housing NOFA process with the City, HAP, and Multnomah County. The project will preserve 88 units of low income housing.
- The current version of the CES URA budget forecast for future years is in deficit. Reductions must occur to all line items, including housing, to bring the budget into balance. PDC expects funding to be available for the rehabilitation of the Hooper Detox Center, but there will likely not be resources for additional projects in the next 2-3 years.

▪ **Total Housing Set Aside expenditures (06/07 - 07/08)**	**$0**
▪ **Total Overall Project expenditures (06/07 - 07/08)**	**$11.3 Million**
▪ **% Set Aside to Overall Budget (06/07 - 07/08)**	**0%**





CES URA 2-Year Summary

Set-Aside Summary	Policy Min	Policy Max	Actual %	First 2 Year Actuals FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental	35%	50%	0%	0	0	0
31-60 MFI Rental	0%	0%	0%	0	0	0
31-60 MFI Ownership	0%	0%	0%	0	0	0
Total 31-60 MFI Rental & Ownership Housing	20%	50%	0%	0	0	0
61-80/100 MFI Ownership	10%	30%	0%	0	0	0
Community Facilities	0%	25%	0%	0	0	0
Set-aside eligible, category unknown	0%	0%	0%	0	0	0
Total Set-Aside (% of total project expenditures)	0%	0%	0%	0	0	0
Non Set-Aside Housing			0%	0	0	0
Total Housing Budget			0%	0	0	0
Total Project Expenditures				4,403,597	6,868,640	11,272,237
Cumulative TIF Set-Aside Budget				0	0	
Cumulative Total Project Expenditures				4,403,597	11,272,237	
Cumulative TIF Set-Aside % Budget (5 year total)				0%	0%	

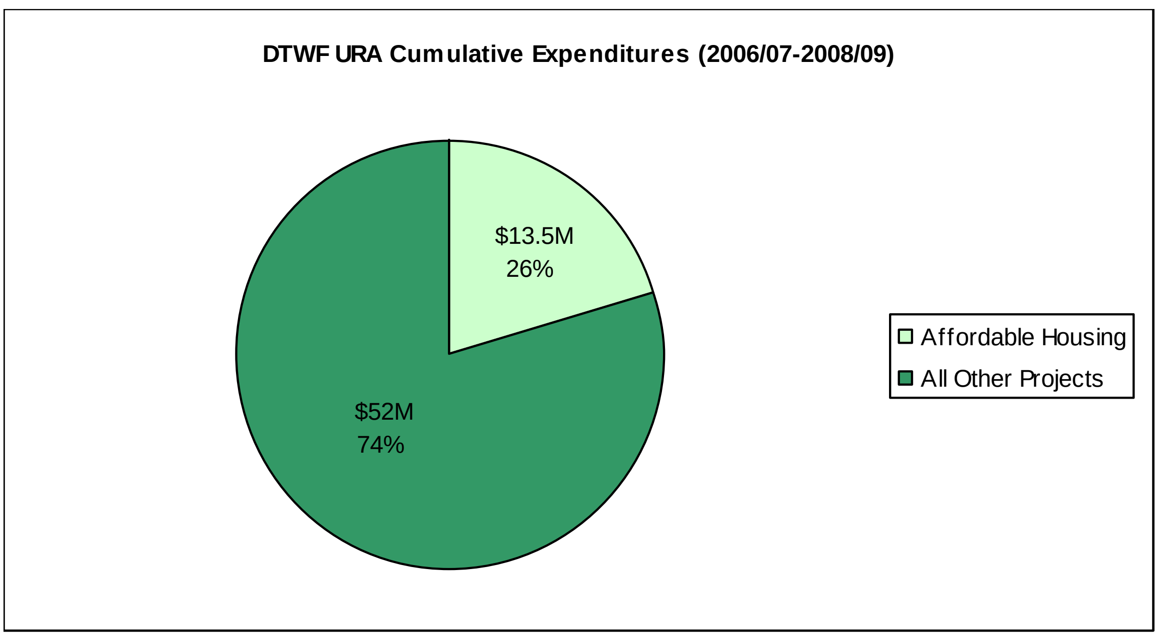
CES URA Project Details

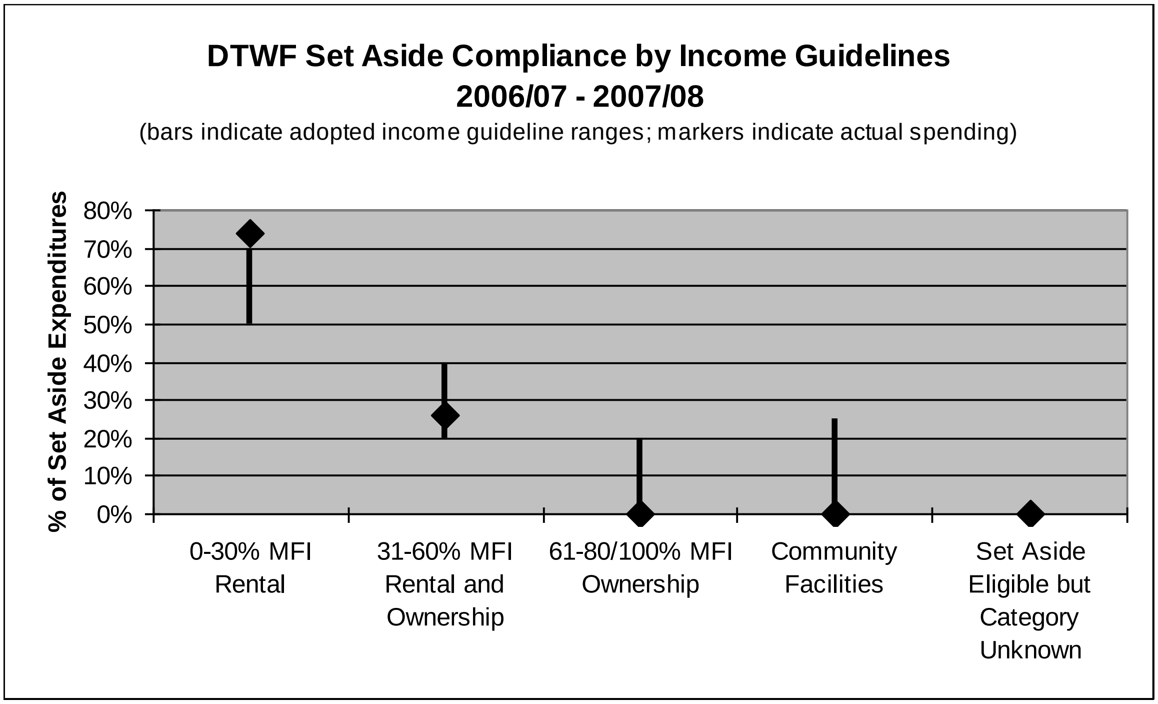
PROJECT	UNITS	UNIT MIX 0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside	TOTAL TIF COMMITMENT OR ESTIMATE	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
(no project expenditures)	0					$0	$0	$0	$0
TOTALS	**0**					**$0**	**$0**	**$0**	**$0**

Downtown Waterfront Urban Renewal Area

- The five-year housing Set Aside target for this URA was set at 22% of the district's total project expenditures. This target was set lower than the 30% Set Aside standard because of the district's significant previous investments in affordable housing and the expectation that this URA would expire.
- This district is slated to meet the income guidelines of the TIF Set Aside policy with the current pipeline of projects. The 0-30% MFI and 31-60% MFI goals were exceeded due to large investments in preserving existing low income housing, consistent with the goals and policies guiding this URA.
- The renovation and preservation of 289 affordable units at the Musolf Manor and Estate Hotel renovation was completed, improving conditions for those residents and ensuring a sustainable stock of low income and Permanent Supportive Housing in this area.
- Major commitments and acquisition funding or predevelopment funding went to Blanchet House, the Yards Phase C, the Grove Hotel and the Resource Access Center. Future funding for these projects was moved into the River District URA amendment, due to the close-out of the Downtown Waterfront URA.

- **Total Housing Set Aside expenditures (06/07 - 07/08)** **$13.5 Million**
- **Total Overall Project expenditures (06/07 - 07/08)** **$52 Million**
- **% Set Aside to Overall Budget (06/07 – 08/09)** **26%**





DTWF URA 2-Year Summary

				First 2 Year Actuals		
Set-Aside Summary	Policy Min	Policy Max	Actual %	FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental	50%	70%	74%	3,731,268	6,201,033	9,932,301
31-60 MFI Rental			26%	2,640,460	892,718	3,533,178
31-60 MFI Ownership			0%	0	0	0
Total 31-60 MFI Rental & Ownership Housing	20%	40%	26%	2,640,460	892,718	3,533,178
61-80/100 MFI Ownership	0%	20%	0%	5,995	0	5,995
Community Facilities	0%	25%	0%	0	29,910	29,910
Set-aside eligible, category unknown			0%	0	0	0
Total Set-Aside (% of total project expenditures)			26%	6,377,723	7,123,661	13,501,384
Non Set-Aside Housing			0%	0	95,686	95,686
Total Housing Budget			26%	6,377,723	7,219,348	13,597,071
Total Project Expenditures				23,451,017	28,501,967	51,952,984
Cumulative TIF Set-Aside Budget				6,377,723	13,501,384	
Cumulative Total Project Expenditures				23,451,017	51,952,984	
Cumulative TIF Set-Aside % Budget (5 year total)				27%	26%	

DTWF URA Project Details

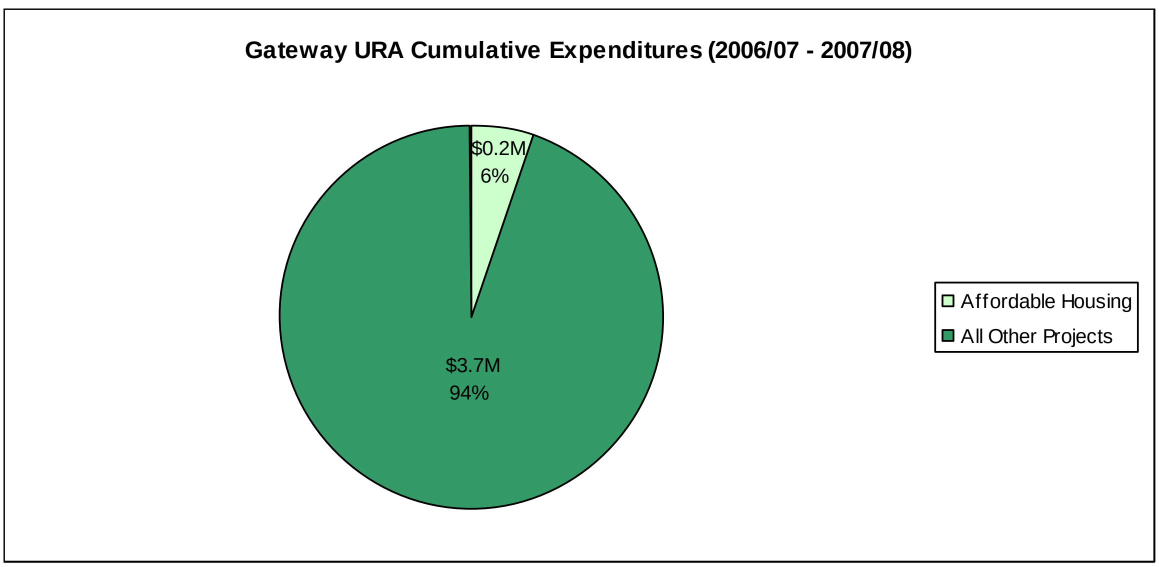
PROJECT	UNITS	UNIT MIX 0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside	TOTAL TIF COMMITMENT OR ESTIMATE	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
Estate Hotel	194	153	41			$5,308,596	$5,234,842	$175,679	$5,410,521
Estate Hotel Storefront Grant	0					$21,850	$0	$21,850	$21,850
Musolf Manor	95	83	11		1	$4,662,576	$966,810	$3,816,921	$4,783,731
Musolf Manor Storefront Grant	0					$9,702	$0	$9,702	$9,702
Access Center (units counted in RD)	0					(in RDURA)	$0	$34,897	$34,897
Hotel Alder	99	99				$3,568,046	$16,296	$0	$16,296
333 Oak Apartments	90		89		1	$2,100,000	$150,000	$150,000	$300,000
Yards at Union Station (Phase C) (units counted in RD)	0					(in RDURA)	$3,780	$0	$3,780
Grove Apts. (units counted in RD)	0					$3,468,752	$0	$2,727,537	$2,727,537
Blanchet House	0					(in RDURA)	$0	$6,560	$6,560
Downtown Chapel Storefront Grant	0					$23,350	$0	$23,350	$23,350
3rd & Oak Parking Obligation	0						$0	$64,112	$64,112
Policy/Planning	0						$0	$22	$22
Old Town Lofts (SAMs)	20			20		$1,448,040	$5,995	$0	$5,995
Westshore	113		112		1	$309,500	$0	$188,717	$188,717
Total	**611**	**335**	**253**	**20**	**3**	**$20,920,412**	**$6,377,723**	**$7,219,348**	**$13,597,071**

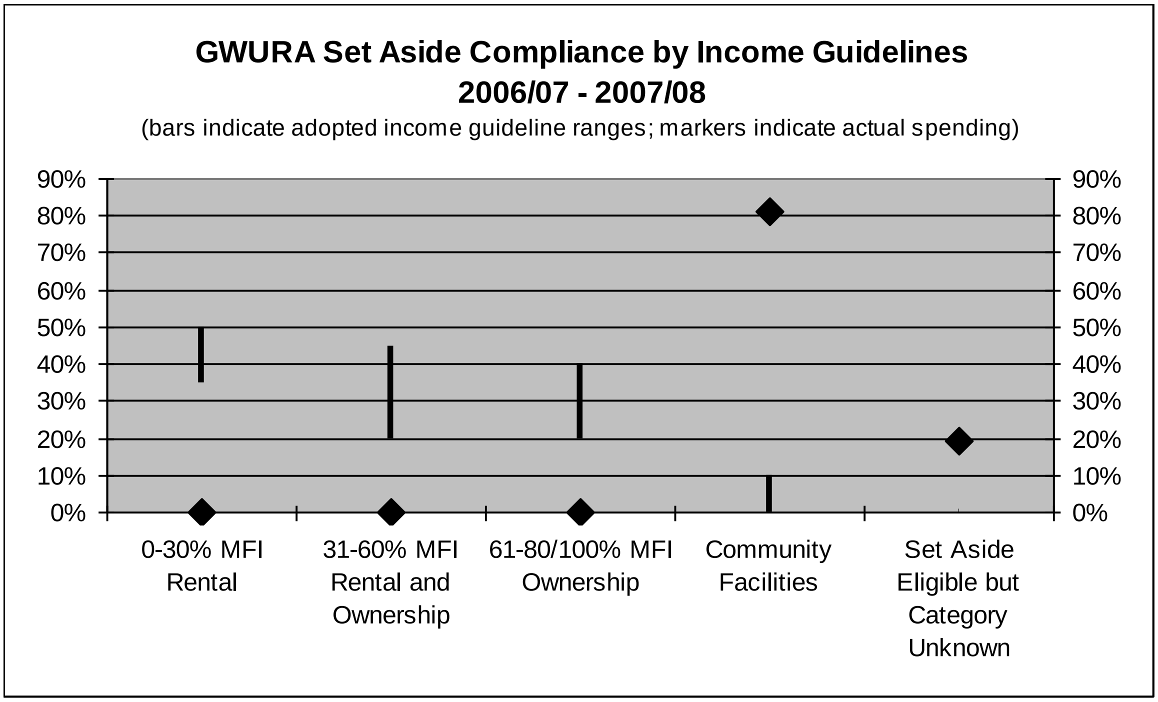
Gateway Regional Center Urban Renewal Area

Highlights

- The five-year Housing Set Aside target for this district is 30% of total project expenditures.
- Total project expenditures in this district were \$3.7 Million in the first two years of the policy. Of that, \$207 Thousand (6%) was spent towards the Set Aside.
- Resource availability has limited housing spending to-date in this URA. In 2007/08, investments were made in planning and predevelopment work to support future mixed-use and affordable housing projects, as well as efforts to spur infrastructure development that will encourage future TIF-generating investments in the URA.
- PDC supported a development feasibility study for Gateway Glisan, a major catalytic, mixed use, mixed income project that competed for funding in the 2007 NOFA for Permanent Supportive Housing funds. This project is expected to meet 31-60% MFI goals and contain a homeownership component. Achieving 0-30% MFI goals will require additional funding sources.
- PDC also partnered with the County on a feasibility study of properties at NE 102nd Ave. and Burnside St. for a future potential mixed use project. Resources have not yet been identified for a project on this site.

Total Housing Set Aside expenditures (06/07 - 07/08)	**\$207 Thousand**
Total Overall Project expenditures (06/07 - 07/08)	**\$3.7 Million**
% Set Aside to Overall Budget (06/07 – 07/08)	**6%**





GWURA 2-Year Summary

Set-Aside Summary	Policy Min	Policy Max	Actual %	FY06-07 Actuals (First 2 Year Actuals)	FY07-08 Actuals	Total
0-30 MFI Rental	35%	50%	0%	0	0	0
31-60 MFI Rental			0%	0	0	0
31-60 MFI Ownership			0%	0	0	0
Total 31-60 MFI Rental & Ownership Housing	20%	45%	0%	0	0	0
61-80/100 MFI Ownership	20%	40%	0%	0	0	0
Community Facilities	0%	10%	81%	167,694	0	167,694
Set-aside eligible, category unknown			19%	0	39,682	39,682
Total Set-Aside (% of total project expenditures)			6%	167,694	39,682	207,376
Non Set-Aside Housing			0%	0	0	0
Total Housing Budget			6%	167,694	39,682	207,376
Total Project Expenditures				3,492,447	211,656	3,704,103
Cumulative TIF Set-Aside Budget				167,694	207,376	
Cumulative Total Project Expenditures				3,492,447	3,704,103	
Cumulative TIF Set-Aside % Budget (5 year total)				5%	6%	

GWURA Project Details

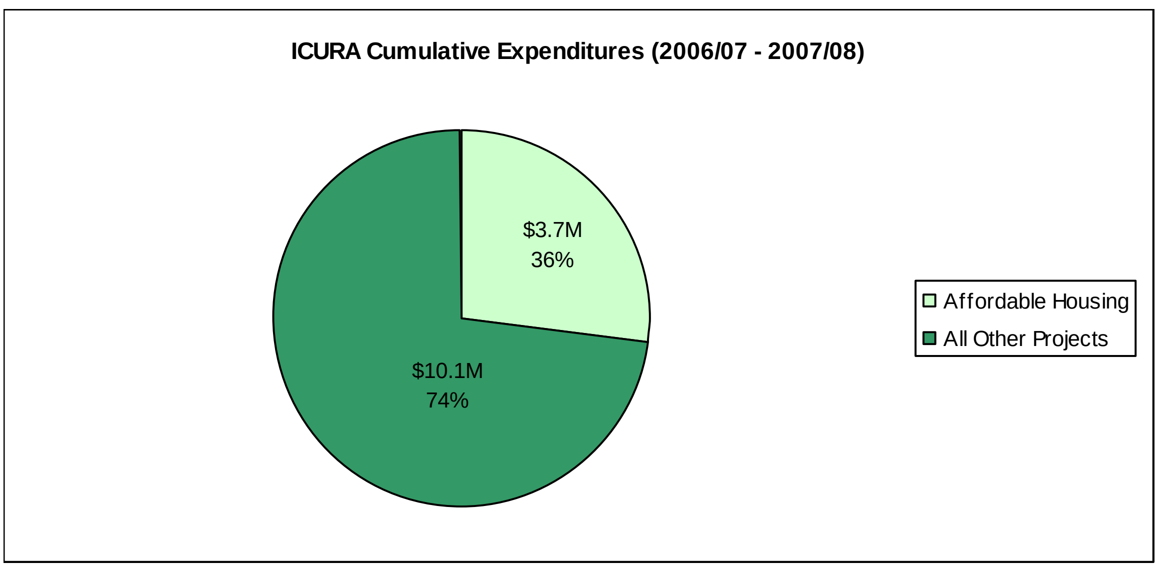
PROJECT	UNITS	UNIT MIX: 0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside	TOTAL TIF COMMITMENT OR ESTIMATE	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
Gateway Glisan (Human Sol) DOS and Predev (units are estimated)	155					$972,000	$0	$9,460	$9,460
102nd and Burnside Study	0					$30,222	$0	$30,222	$30,222
Portland Impact Building Improvements	0					$167,694	$167,694	$0	$167,694
Total	**155**					**$1,169,916**	**$167,694**	**$39,682**	**$207,376**

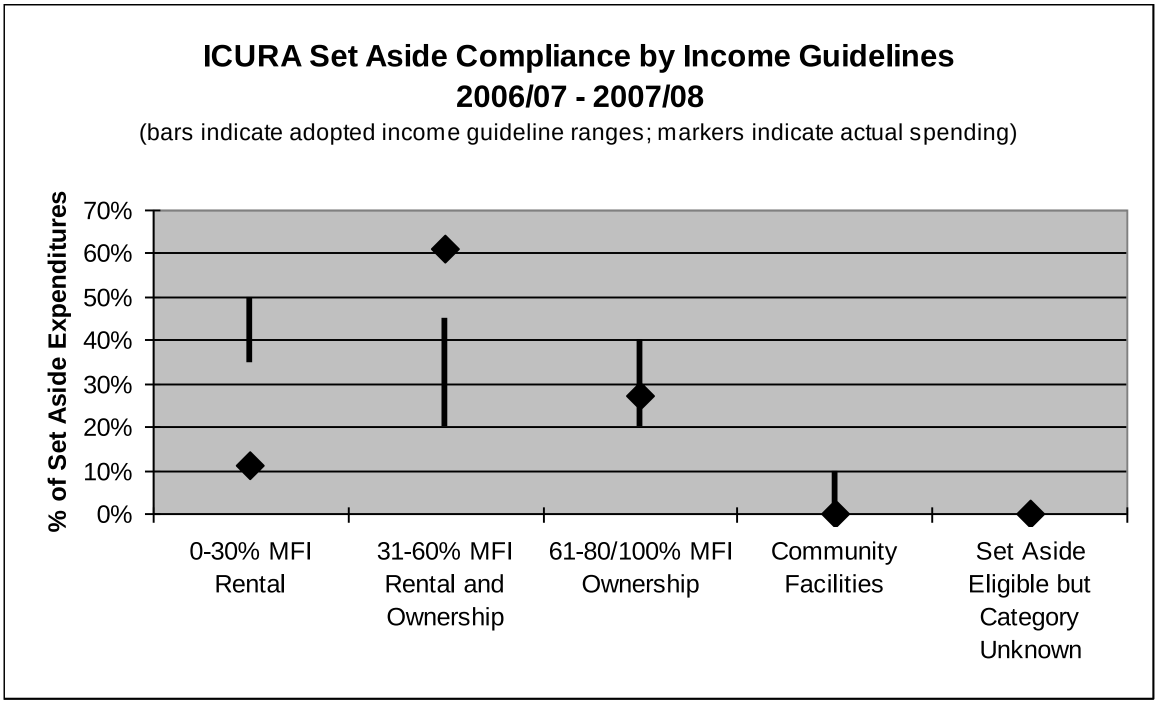
Interstate Corridor Urban Renewal Area

Highlights

- The five-year Housing Set Aside target for this district is 30% of total project expenditures.
- Total project expenditures in this district were $10 Million in the first two years of the policy. Of this, $3.5 Million (35%) was spent towards the Set Aside.
- This URA is exceeding 31-60% MFI housing goals due to rental and homeownership production. PDC supported 34 Permanent Supportive Housing (PSH) units with over $3 Million in TIF commitments to Shaver Green and Cambridge Court affordable rental projects selected through the 2007 PSH NOFA with the City, County and HAP.
- Patton Park (aka Crown Motel), a major project along the MAX light rail line broke ground in 2007/08 and will provide 54 units of affordable rental housing, including 12 at 0-30% MFI.
- PDC is meeting homeownership goals for this URA. $1.85 Million was committed to new homeownership development projects selected through a 2007 RFP. Significant predevelopment work also occurred on the Killingsworth Station homeownership project.
- Program changes and high demand for homebuyer assistance and home repair program resources resulted in more than double expenditures for those programs from 2006/07.
- PDC negotiated acquisition of homes for rehab and sale to first time buyers from the HAP scattered site portfolio, and worked to secure resources for foreclosure prevention.

▪ **Total Housing Set Aside expenditures (06/07 - 07/08)**	**$3.5 million**
▪ **Total Overall Project expenditures (06/07 - 07/08)**	**$10 million**
▪ **% Set Aside to Overall Budget (06/07 – 07/08)**	**35%**





ICURA 2-Year Summary

Set-Aside Summary	Policy Min	Policy Max	Actual %	First 2 Year Actuals: FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental	35%	50%	11%	28,255	360,835	389,090
31-60 MFI Rental			42%	126,140	1,355,536	1,481,676
31-60 MFI Ownership			18%	199,903	433,491	633,394
Total 31-60 MFI Rental & Ownership Housing	20%	45%	60%	326,043	1,789,027	2,115,070
61-80/100 MFI Ownership	20%	40%	29%	135,324	874,255	1,009,578
Community Facilities	0%	10%	0%	550	5,425	5,975
Set-aside eligible, category unknown			0%	0	0	0
Total Set-Aside (% of total project expenditures)			35%	490,171	3,029,542	3,519,713
Non Set-Aside Housing			1%	1,038	90,103	91,141
Total Housing Budget			36%	491,209	3,119,645	3,610,854
Total Project Expenditures				2,935,971	7,152,297	10,088,268
Cumulative TIF Set-Aside Budget				490,171	3,519,713	
Cumulative Total Project Expenditures				2,935,971	10,088,268	
Cumulative TIF Set-Aside % Budget (5 year total)				17%	35%	

ICURA Project Details

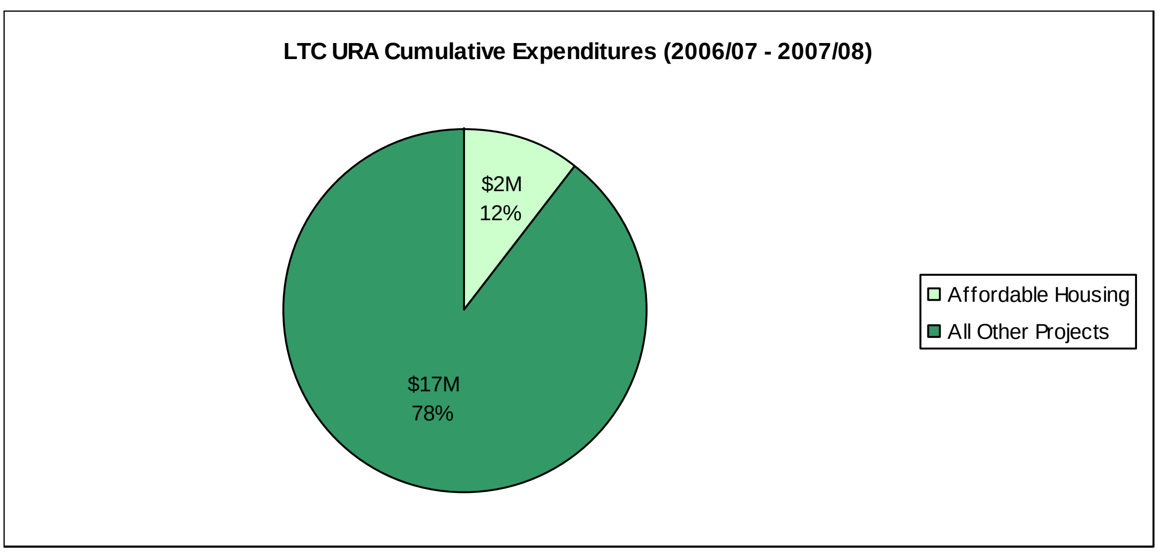
		UNIT MIX								
PROJECT	UNITS	0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside	TOTAL TIF COMMITMENT OR ESTIMATE	Other Funding Sources (note # of Sec. 8 Vouchers if applicable)	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
Killingworth Block (incl. constr. loan)	54			33	21	$5,100,000		$3,459	$215,565	$219,024
06-07 Home Repair						$263,030		$263,030	$0	$263,030
07-08 Home Repair	32		21	11		$473,091		$0	$473,091	$473,091
06-07 Homebuyer Assistance						$69,757		$69,757	$0	$69,757
07-08 Homebuyer Assistance	9		2	7		$317,972		$0	$317,972	$317,972
IC HAP Aff. HO - Acquisition	9			9		$71,645		$0	$71,645	$71,645
Boise Humboldt Repair Program	0					$18		$18	$0	$18
McCuller Crossing Pres	40	3	37			$154,400		$154,395	$0	$154,395
Cambridge Court	20	20				$931,576		$0	$10,157	$10,157
Shaver Green	85	14	71			$2,140,800		$0	$276,040	$276,040
Patton Park Aff Rental	54	12	42			$4,467,500		$0	$1,430,174	$1,430,174
Humboldt Infill Strategy (Schools/Famili	0					$25,332		$0	$25,332	$25,332
Vanport Phase II Housing								$0	$31,750	$31,750
Woolsey Commons	8			8		$672,000		$0	$35,005	$35,005
PCLT Buyer Initiated	3		1	2		$227,387		$0	$227,387	$227,387
N/NE Community Health Ctr	0					$5,975		$550	$5,425	$5,975
IC Housing Policy/Planning	0							$0	$102	$102
Total	**314**	**49**	**174**	**70**	**21**	**$14,920,483**		**$491,209**	**$3,119,645**	**$3,610,854**

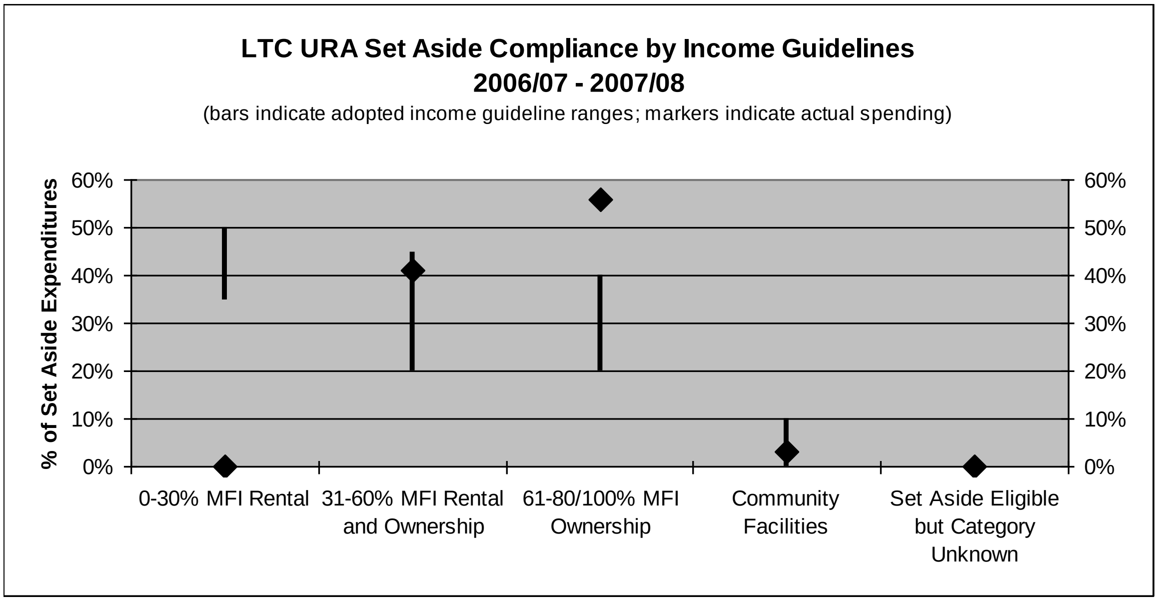
Lents Town Center Urban Renewal Area

Highlights

- The five-year Housing Set Aside target for this district is 30% of total project expenditures.
- Of total project expenditures in this district of $17 Million in the first two years of the policy, $2 Million (12%) was spent towards the Set Aside. Major non-housing investments occurred to support the MAX light rail line construction, other infrastructure development, and small business loans and grants.
- Housing investments in Lents more than tripled from 2006/07 due to funding available through the TIF Set Aside. All housing funding to-date has been for homeownership programs and projects. Homeownership goals are being met or exceeded due to program changes and increased demand for homebuyer assistance, home repair programs, and increased support of REACH home repair program for low income, disabled seniors.
- The Lents URA amendment was adopted in 2008, increasing maximum indebtedness and the boundaries of the URA. The amendment is expected to increase the affordable housing Set Aside resources by up to $42 Million through 2020.
- $1 Million was committed to new homeownership development projects selected through a solicitation in 2007. Development work and funding also occurred on Habitat for Humanity and HOST homeownership projects selected in a 2006 RFP, and pre-development work occurred for the Pardee Commons land trust homeownership project.
- PDC led planning and feasibility work for mixed use and affordable housing projects in Town Center area and greater URA. Rental housing funds were offered through two solicitations in 2007 and efforts continue to identify investment opportunities to meet Set Aside goals.

- **Total Housing Set Aside expenditures (06/07 - 07/08)** **$2 Million**
- **Total Overall Project expenditures (06/07 - 07/08)** **$17 Million**
- **% Set Aside to Overall Budget (06/07 – 07/08)** **12%**





LTC URA 2-Year Summary

Set-Aside Summary	Policy Min	Policy Max	Actual %	First 2 Year Actuals FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental	35%	50%	0%	0	72	72
31-60 MFI Rental			0%	0	60	60
31-60 MFI Ownership			41%	123,212	715,610	838,822
Total 31-60 MFI Rental & Ownership Housing	20%	45%	41%	123,212	715,670	838,882
61-80/100 MFI Ownership	20%	40%	56%	256,260	872,138	1,128,398
Community Facilities	0%	10%	3%	59,710	3,464	63,174
Set-aside eligible, category unknown			0%	0	469	469
Total Set-Aside (% of total project expenditures)			12%	439,182	1,591,813	2,030,995
Non Set-Aside Housing			0%	0	480	480
Total Housing Budget			12%	439,182	1,592,293	2,031,475
Total Project Expenditures				10,912,061	6,010,990	16,923,051
Cumulative TIF Set-Aside Budget				439,182	2,030,995	
Cumulative Total Project Expenditures				10,912,061	16,923,051	
Cumulative TIF Set-Aside % Budget (5 year total)				4%	12%	

LTC URA Project Details

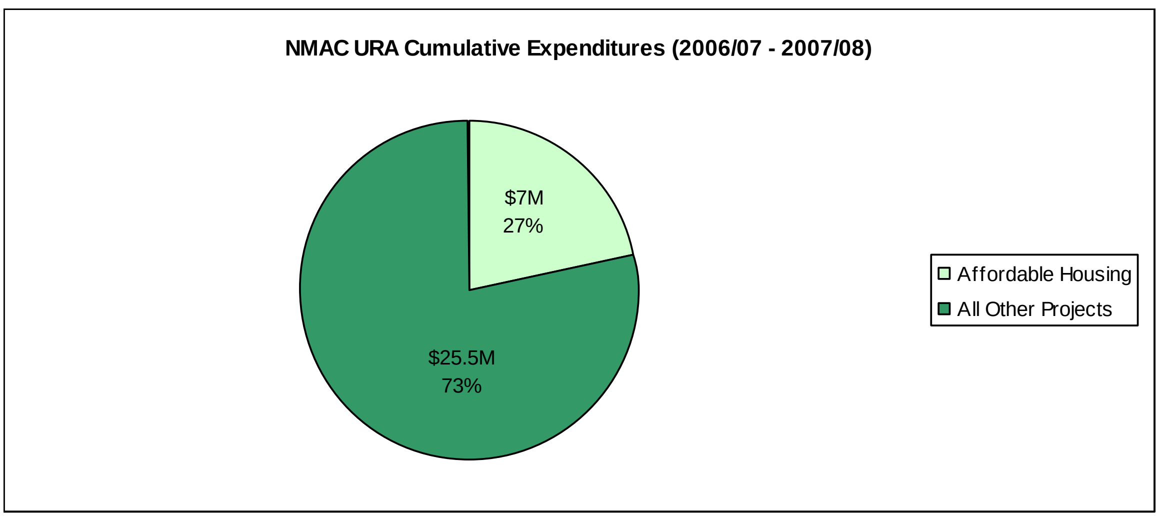
PROJECT	UNITS	UNIT MIX 0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside	TOTAL TIF COMMITMENT OR ESTIMATE	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
06-07 Lents Liv Home Rehab						$100,053	$100,053	$0	$100,053
07-08 Lents Liv Home Rehab	14		8	6		$185,956	$0	$185,956	$185,956
06-07 Lents Land Trust Homebuyer						$107,951	$107,951	$0	$107,951
07-08 Lents Land Trust Homebuyer	1		1			$53,000	$0	$53,000	$53,000
06-07 Lents Homebuyer Assist						$70,220	$70,220	$0	$70,220
07-08 Lents Homebuyer Assist	16		3	13		$509,114	$0	$509,114	$509,114
LTC Scat. Site Homeownership Ac	11			11			$0	$86,323	$86,323
Lents REACH Home Rehab (64 homes repaired, primarily 0-30% MFI)						$225,026	$100,026	$125,000	$225,026
Pardee Schools/Family Housing	10			10		$700,000	$996	$106,839	$107,835
Lents Aff Rental Hsg								$601	$601
Habitat for Humanity (Martins)	7		7			$231,000	$0	$173,526	$173,526
Habitat for Humanity (Ogden)	5		7			$165,000	$0	$75,442	$75,442
HOST Raymond Park Place	7			7		$273,282	$226	$272,548	$272,774
Portland Youth Builders	0					$63,174	$59,710	$3,464	$63,174
Lents Hsg Policy/Planning	0						$0	$480	$480
Total	**71**	**0**	**26**	**47**	**0**	**$2,683,776**	**$439,182**	**$1,592,294**	**$2,031,476**

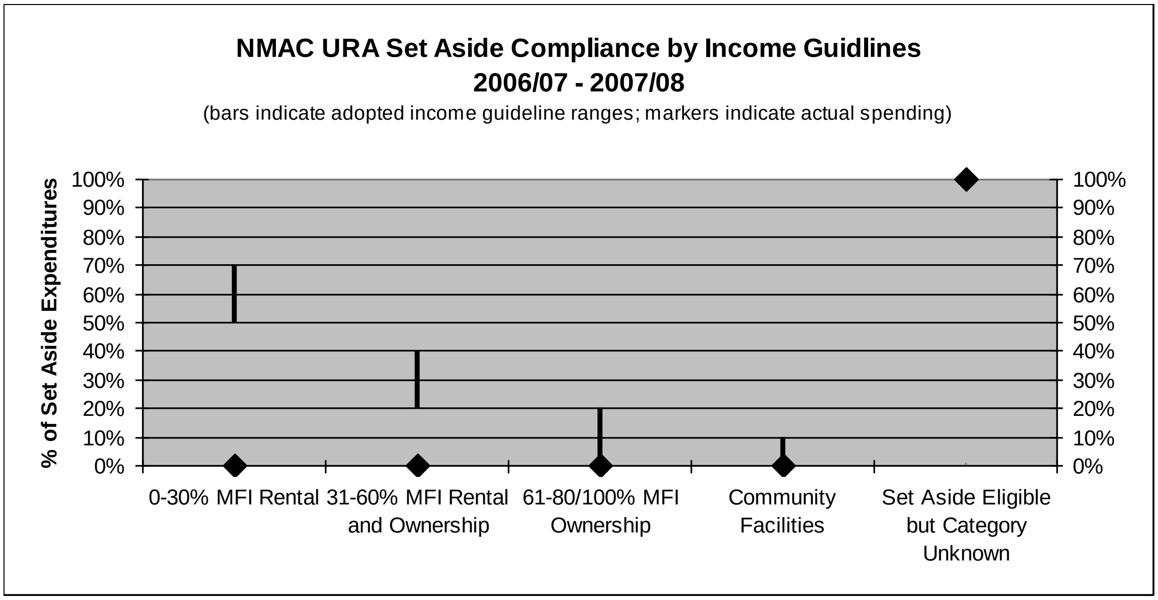
North Macadam Urban Renewal Area

Highlights

- The five-year Housing Set Aside target for this district is 39% of total project expenditures for the first five years, based on the adopted funding plan for the 8th Amendment to the URA Plan ($22.7 Million for housing). After year five, 30% of expenditures must be for affordable housing.
- Of total project expenditures in this district of $25.5 Million in the first two years of the policy, $7 Million (27%) was spent towards expected Set Aside eligible projects.
- PDC investment in affordable housing to-date in the district has been for land acquisition and predevelopment efforts for the Central District area. Project feasibility and unit mix is still to be determined on Block 49. If planned affordable housing sites and projects change due to feasibility, accounting for qualified expenditures will be adjusted in future reports.

▪ **Total Housing Set Aside expenditures (06/07 - 07/08)**	**$7 Million**
▪ **Total Overall Project expenditures (06/07 - 07/08)**	**$25.5 Million**
▪ **% Set Aside to Overall Budget (06/07 – 07/08)**	**27%**





NMAC URA 2-Year Summary

Set-Aside Summary	Policy Min	Policy Max	Actual %	First 2 Year Actuals: FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental	50%	70%	0%	0	0	0
31-60 MFI Rental			0%	0	0	0
31-60 MFI Ownership			0%	0	0	0
Total 31-60 MFI Rental & Ownership Housing	20%	40%	0%	0	0	0
61-80/100 MFI Ownership	0%	20%	0%	0	0	0
Community Facilities	0%	10%	0%	0	0	0
Set-aside eligible, category unknown			100%	5,044,702	1,885,749	6,930,451
Total Set-Aside (% of total project expenditures)			27%	5,044,702	1,885,749	6,930,451
Non Set-Aside Housing			0%	0	0	0
Total Housing Budget			27%	5,044,702	1,885,749	6,930,451
Total Project Expenditures				19,636,021	5,854,361	25,490,382
Cumulative TIF Set-Aside Budget				5,044,702	6,930,451	
Cumulative Total Project Expenditures				19,636,021	25,490,382	
Cumulative TIF Set-Aside % Budget (5 year total)				26%	27%	

NMAC URA Project Details

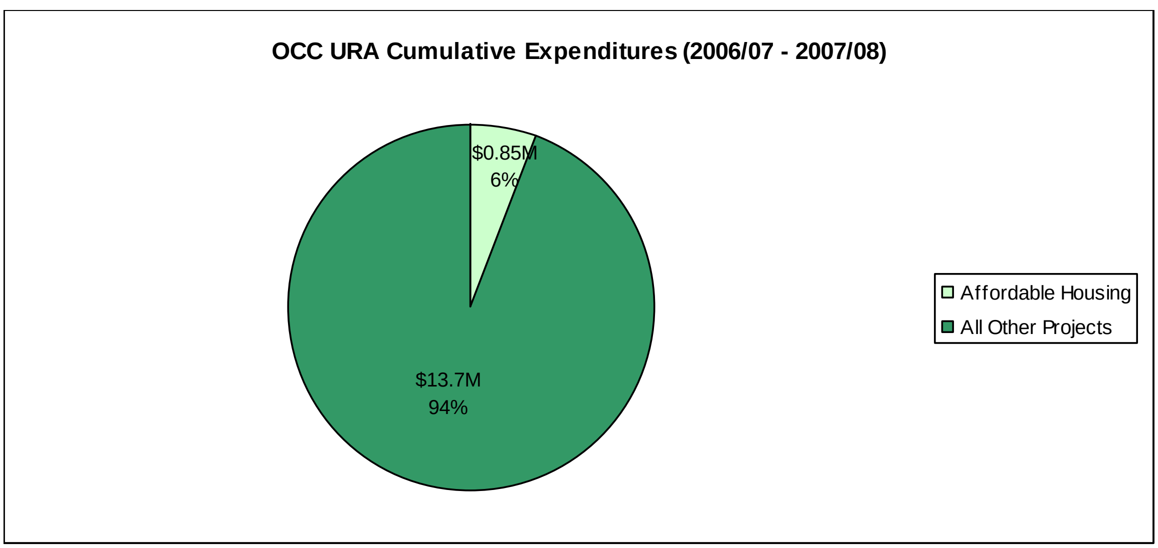
PROJECT	UNITS	UNIT MIX: 0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside	TOTAL TIF COMMITMENT OR ESTIMATE	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
Block 49 Affordable Rental						$6,959,928	$5,044,702	$1,877,973	$6,922,675
Block 33, Mixed Use, Aff Rental							$0	$7,776	$7,776
Total	**0**					**$6,959,928**	**$5,044,702**	**$1,885,749**	**$6,930,451**

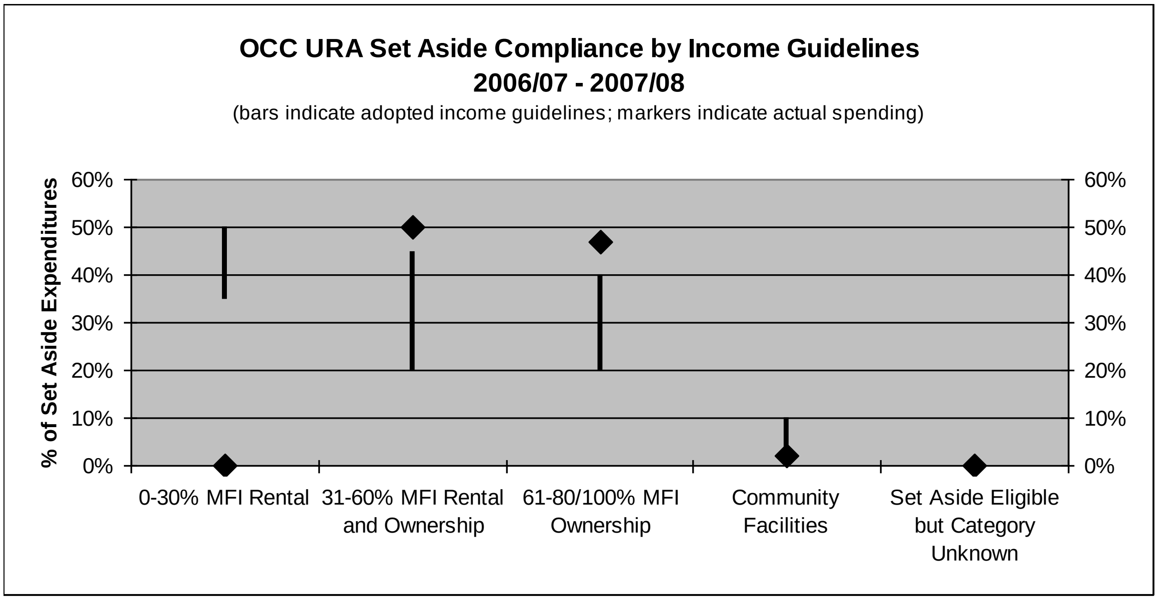
Oregon Convention Center Urban Renewal Area

Highlights

- The five-year Housing Set Aside target for this district is 26% of total project expenditures. The district is expected to expire before reaching its maximum indebtedness capacity, so resource availability for the next few years is limited.
- Total project expenditures in this district were $13.7 Million in the first two years of the policy. Of this, $850 Thousand (6%) was spent towards the Set Aside.
- This URA is meeting 31-60% MFI rental goals. The PCRI/Urban League project was completed. In conjunction with the City's efforts to find a permanent location for the Miracles Club, PDC committed $3.1 Million to the development of 32 new units of affordable rental housing, including 6 units at 0-30% MFI.
- Due to the limited budget in this district, the commitment to the Miracles Club project limited PDC's ability to meet 0-30% rental housing goals (see Appendix A). The upcoming North/Northeast URA Study may present opportunities for a new housing investment strategy for this area.
- PDC continued feasibility planning and issued an RFP for the Grant Warehouse site, as well as investing in predevelopment for the King Parks homeownership project (aka Piedmont Place). This URA is projected to exceed goals for homeownership funding.
- PDC conducted an RH Zoning Study to explore ways to overcome challenges to development in the URA.

Total Housing Set Aside expenditures (06/07 - 07/08)	**$850 Thousand**
Total Overall Project expenditures (06/07 - 07/08)	**$13.7 Million**
% Set Aside to Overall Budget (06/07 – 07/08)	**6%**





OCCURA 2-Year Summary

Set-Aside Summary	Policy Min	Policy Max	Actual %	FY06-07 Actuals (First 2 Year Actuals)	FY07-08 Actuals (First 2 Year Actuals)	Total (First 2 Year Actuals)
0-30 MFI Rental	35%	50%	0%	0	0	0
31-60 MFI Rental			50%	412,505	11,777	424,282
31-60 MFI Ownership			0%	0	0	0
Total 31-60 MFI Rental & Ownership Housing	20%	45%	50%	412,505	11,777	424,282
61-80/100 MFI Ownership	20%	40%	47%	376,243	25,988	402,231
Community Facilities	0%	10%	2%	0	20,000	20,000
Set-aside eligible, category unknown			0%	0	3,422	3,422
Total Set-Aside (% of total project expenditures)			6%	788,748	61,188	849,936
Non Set-Aside Housing			3%	214,286	133,517	347,803
Total Housing Budget			9%	1,003,034	194,705	1,197,739
Total Project Expenditures				10,844,876	2,893,195	13,738,071
Cumulative TIF Set-Aside Budget				788,748	849,936	
Cumulative Total Project Expenditures				10,844,876	13,738,071	
Cumulative TIF Set-Aside % Budget (5 year total)				7%	6%	

OCCURA Project Details

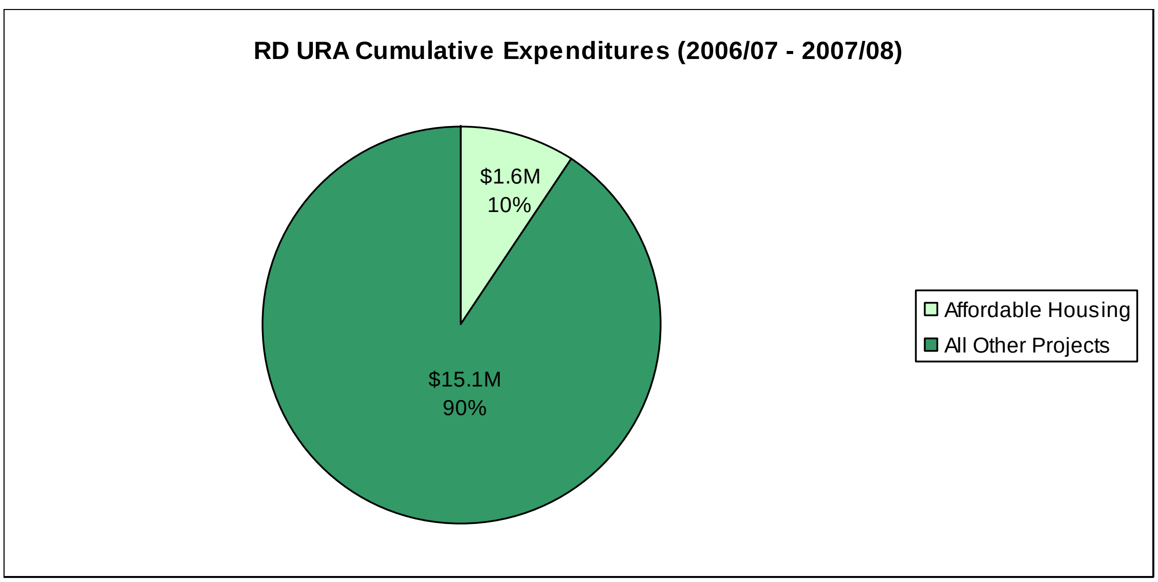
PROJECT	UNITS	UNIT MIX 0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside	TOTAL TIF COMMITMENT OR ESTIMATE	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
Piedmont Place - Aff. Housing	24			24		$300,000	$201,908	$2,846	$204,754
2nd & Wasco							$0	$2,313	$2,313
Lloyd Cascadian Phase II	210				210	$0	$0	$1,109	$1,109
Fremont Housing (incl. constr. Loan)	7			1	6	$516,500	$250,000	$126,603	$376,603
Grant Warehouse/Aff HO						$2,000,000	$138,621	$5,056	$143,677
MLK Zoning Study	0					$25,000	$0	$25,000	$25,000
PCRI Urban League Housing 06 Actuals	24		24			$700,000	$412,505	$11,777	$424,282
Volunteers of America Storefront Grant	0					$20,000	$0	$20,000	$20,000
Total	**265**	**0**	**24**	**25**	**216**	**$3,561,500**	**$1,003,034**	**$194,705**	**$1,197,739**

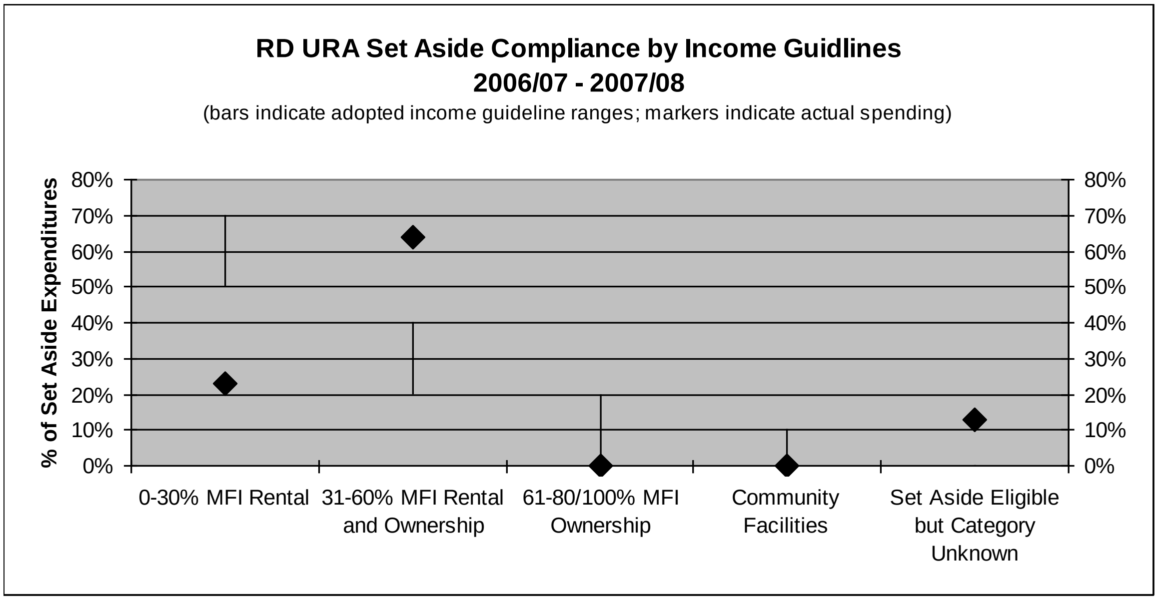
River District Urban Renewal Area

<u>Highlights</u>

- The five-year Housing Set Aside target for this district is 30% of total project expenditures.
- Total project expenditures in this district were $15 Million in the first two years of the policy. Of this, $1.6 Million (10%) was spent towards the Set Aside.
- Major efforts in 2007/08 were crafting the 2008 River District URA amendments through the West Side Study, which secured funding for the rehabilitation of the Grove Hotel and other projects previously included in the expiring Downtown Waterfront URA. The current appeal of the River District amendments leaves some uncertainty about future funding for housing and other activities in this district.
- PDC committed $28 Million in capital funds to the Resource Access Center in support of the 10 Year Plan to End Homelessness, which will includes a significant 0-30% MFI/PSH housing component, 31-60% MFI housing, service and shelter facilities, and ground-floor retail.
- Predevelopment support was committed for a new family rental housing project on Block 247. Adequate subsidy for this project, as well as preservation of the Fairfield Apartments, has not been identified.

▪ **Total Housing Set Aside expenditures (06/07 - 07/08)**	**$1.6 Million**
▪ **Total Overall Project expenditures (06/07 - 07/08)**	**$15 Million**
▪ **% Set Aside to Overall Budget (06/07 – 07/08)**	**10%**





RD URA 2-Year Summary

Set-Aside Summary	Policy Min	Policy Max	Actual %	First 2 Year Actuals FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental	50%	70%	23%	366,649	0	366,649
31-60 MFI Rental			64%	1,007,566	0	1,007,566
31-60 MFI Ownership			0%	0	0	0
Total 31-60 MFI Rental & Ownership Housing	20%	40%	64%	1,007,566	0	1,007,566
61-80/100 MFI Ownership	0%	20%	0%	0	0	0
Community Facilities	0%	10%	0%	0	0	0
Set-aside eligible, category unknown			13%	0	200,000	200,000
Total Set-Aside (% of total project expenditures)			10%	1,374,215	200,000	1,574,215
Non Set-Aside Housing			0%	0	50,005	50,005
Total Housing Budget			11%	1,374,215	250,005	1,624,220
Total Project Expenditures				5,923,566	9,186,182	15,109,748
Cumulative TIF Set-Aside Budget				1,374,215	1,574,215	
Cumulative Total Project Expenditures				5,923,566	15,109,748	
Cumulative TIF Set-Aside % Budget (5 year total)				23%	10%	

RD URA Project Details

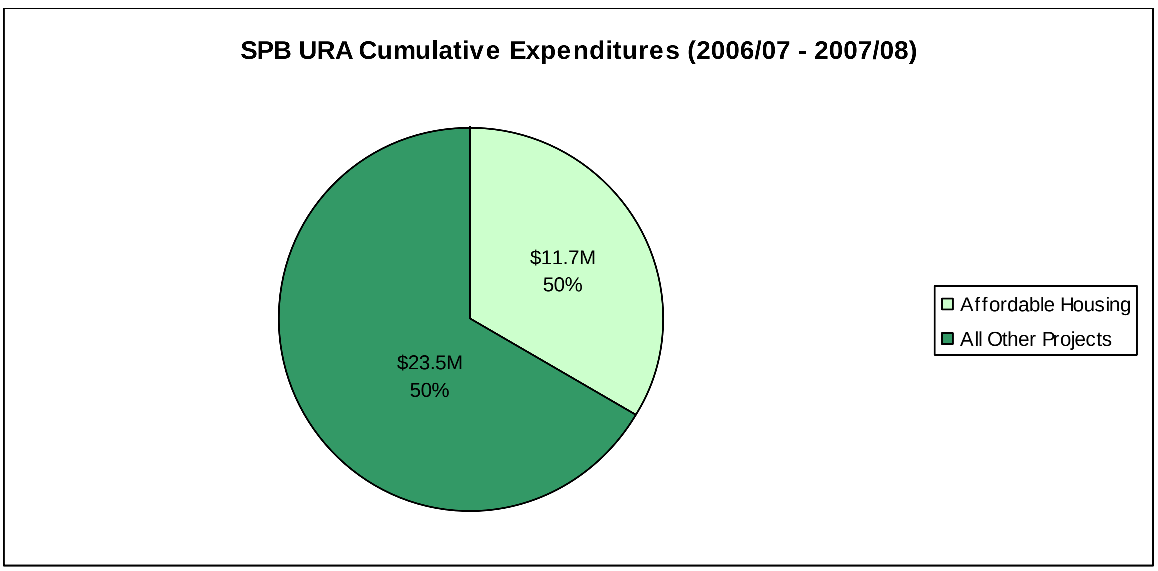
PROJECT	UNITS	UNIT MIX 0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside	TOTAL TIF COMMITMENT OR ESTIMATE	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
Block 247 Predevelopment (units are estimated)	135		135			$1,000,000	$0	$200,000	$200,000
Sitka Apts.	202		202			$9,000,000	$434,360	$0	$434,360
Lovejoy Station Rental Hsg	181		181			$4,461,729	$74,940	$0	$74,940
Station Place Senior Hsg	176	76	81		19	$13,556,049	$864,915	$0	$864,915
Crane Building	0						$0	$50,005	$50,005
Resource Access Center (units are estimated; 07/08 expenditures appear in DTWF URA)	152	115	37			$28,500,000	$0	$0	$0
Yards at Union Station (07/08 expenditures appear in DTWF URA)	80		80			$3,700,000	$0	$0	$0
Grove Apartments (07/08 expenditures appear in DTWF URA)	70	70				(in DTWF URA)	$0	$0	$0
Blanchet House (07/08 expenditures appear in DTWF URA)	0					$2,000,000	$0	$0	$0
Fairfield Preservation	82	82				$2,000,000	$0	$0	$0
Total	**1,078**	**343**	**716**	**0**	**19**	**$64,217,778**	**$1,374,215**	**$250,005**	**$1,624,220**

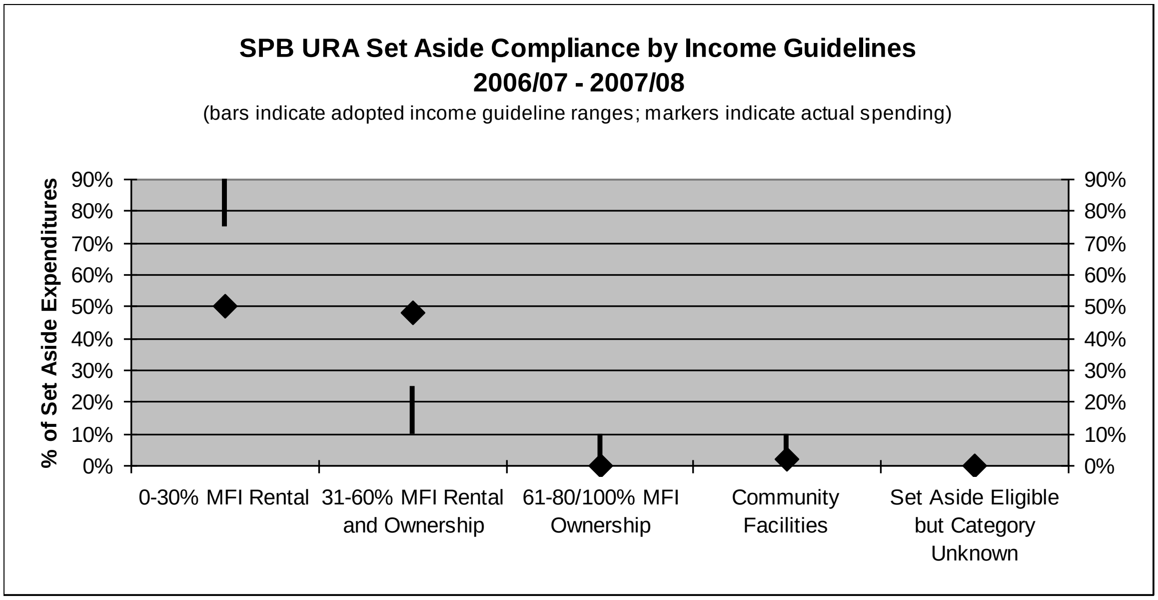
South Park Blocks Urban Renewal Area

Highlights

- The five-year Housing Set Aside target for this district is 30% of total project expenditures. The district is reaching maximum indebtedness; forecast housing funding through the end of the district's lifespan (2012/13) is 56% of total expenditures due to plans for preservation of expiring Section 8 projects and other existing rental housing in the district.
- Total project expenditures in this district were $23.5 Million in the first two years of the policy. Of this, $11.7 Million (50%) was spent towards the Set Aside.
- The Jeffrey Apartments were completed. This project is a significant No Net Loss/replacement housing project with 50 0-30% MFI units, near the Street Car line and other public amenities.
- PDC funded the first local effort to preserve an expiring Section 8 project -- Clay Towers -- which preserves 233 units of very low income housing in the Central City.
- Construction was completed on the rehabilitation and preservation of Fountain Place apartments (80 units of mixed income housing).

Total Housing Set Aside expenditures (06/07 - 07/08)	**$11.7 million**
Total Overall Project expenditures (06/07 - 07/08)	**$23.5 million**
% Set Aside to Overall Budget (06/07 – 07/08)	**50%**





SPB URA 2-Year Summary

Set-Aside Summary	Policy Min	Policy Max	Actual %	First 2 Year Actuals FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental	75%	90%	50%	2,327,027	3,534,000	5,861,027
31-60 MFI Rental			48%	2,691,816	2,930,914	5,622,729
31-60 MFI Ownership			0%	0	0	0
Total 31-60 MFI Rental & Ownership Housing	10%	25%	48%	2,691,816	2,930,914	5,622,729
61-80/100 MFI Ownership	0%	10%	0%	0	0	0
Community Facilities	0%	10%	2%	0	200,000	200,000
Set-aside eligible, category unknown			0%	0	0	0
Total Set-Aside (% of total project expenditures)			50%	5,018,843	6,664,914	11,683,757
Non Set-Aside Housing			0%	0	97	97
Total Housing Budget			50%	5,018,843	6,665,011	11,683,854
Total Project Expenditures				14,798,836	8,676,459	23,475,295
Cumulative TIF Set-Aside Budget				5,018,843	11,683,757	
Cumulative Total Project Expenditures				14,798,836	23,475,295	
Cumulative TIF Set-Aside % Budget (5 year total)				34%	50%	

SPB URA Project Details

PROJECT	UNITS	UNIT MIX 0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside	TOTAL TIF COMMITMENT OR ESTIMATE	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
Fountain Place Preservation	80		80			$1,375,000	$810,744	$361,533	$1,172,277
Jeffrey/Jeff West	78	50	28			$9,010,725	$4,180,159	$5,565,862	$9,746,021
Fairfield Preserv (units counted in RD)	0					(in RD URA)	$27,940	$8,563	$36,503
Martha Washington Predevelopment						$700,000	$0	$169,699	$169,699
Loaves and Fishes	0					$200,000	$0	$200,000	$200,000
Clay Towers	235	235				$359,000	$0	$359,000	$359,000
Other: Recording Fee (Cornerstone)	0						$0	$97	$97
St. Francis (loan documents)	0						$0	$257	$257
Total	**393**	**285**	**108**	**0**	**0**	**$11,644,725**	**$5,018,843**	**$6,665,011**	**$11,683,854**

POLICY BACKGROUND AND METHODOLOGY

On October 25, 2006 through ordinance No. 180547, the Portland City Council established a policy to dedicate a percentage of tax increment resources (TIF) in urban renewal areas (URAs) to the development, preservation and rehabilitation of affordable housing that serves individuals and families earning 100 percent Median Family Income (MFI) or less. PDC and the City Council subsequently adopted income guideline “brackets” for these housing expenditures in each URA, to guide the allocation of resources to different types of housing as defined by the income and rent (or sale) restrictions. These income guidelines are as follows:

- 0-30% Median Family Income Rentals.
- 31-60% Median Family Income Rentals or Homeownership (recognizing that some PDC homeownership and home repair programs and projects serve households at this income level).
- 61-80% Median Family Income Homeownership, with an allowance for up to 100% MFI homeownership for larger units serving families (3 bedroom +).
- Community Facilities (defined as facilities for social service providers with a primary mission of serving homeless and low income people).

The adopted policy is applied to any newly formed urban renewal area, subject to City Council adoption of the URA Plan. It requires that all URAs with bonding authority beyond June 30, 2011 spend a minimum of 30% of total tax increment resources on Affordable Housing. For existing URAs, specific set-aside requirements and income guidelines were adopted, shown in the table below. *Note that not all existing URAs have a 30% Set Aside, due to the resource constraints (in cases where it is below 30%) or project pipeline (in cases where it is above 30%) in those URAs at the time the policy was adopted. Therefore, the policy is not 30% when averaged across all URAs.*

Adopted Set Aside Policy Guidelines

Urban Renewal Area*	**Set Aside for Affordable Housing** (% of Total URA Expenditures)	**Income Guidelines** (Percent of Total Set Aside by Income/Use Category)			
		0-30% MFI Rentals	**31-60% MFI Rentals/ 0-60% MFI Ownership**	**61-100% MFI Ownership**	**Community Facilities**
Central Eastside	**30%****	35-50%	20-50%	10-30%	0-25%
Downtown Waterfront	**22%**	50-70%	20-40%	0-20%	0-25%
Gateway	**30%**	35-50%	20-45%	20-40%	0-10%
Interstate	**30%**	35-50%	20-45%	20-40%	0-10%
Lents	**30%**	35-50%	20-45%	20-40%	0-10%
North Macadam	**39%***	50-70%	20-40%	0-20%	0-10%
Oregon Convention Center	**26%**	35-50%	20-45%	20-40%	0-10%
River District	**30%**	50-70%	20-40%	0-20%	0-10%
South Park Blocks	**30%**	75-90%	10-25%	0-10%	0-10%

*North Macadam URA requirements are to spend according to the Council and Commission adopted funding plan for the district for the first 5 years, which is 39% ($22.7M). After that, 30% of expenditures must be for affordable housing.

** A minimum of $5,100,000 of all tax increment resources of the first $35 million of debt issued and a minimum of 30% of all tax increment resources for any additional debt beyond $35 million.
*** Airport Way & Willamette Industrial URAs have no requirement for budgeting or spending on Affordable Housing.

Methodology for calculating the Set Aside

The Set Aside is calculated as a percentage of total project expenditures in an urban renewal area. Total project expenditures include all capital outlays, financial assistance, and materials and services expenses related to qualified affordable housing and community facility projects and programs. The Set Aside does not include administrative and overhead costs in either the numerator or denominator of this calculation.

The Set Aside is projected in each year's adopted budget and five-year forecast as the amount of resources needed to reach the required percentage for affordable housing in each URA, based on the projections of overall resources and expected projects (including infrastructure, commercial development, and business assistance). In some cases, these may be projections of "opportunity fund" line items for rental and/or ownership housing. In other cases, there may already be a pipeline of expected or committed projects, and the budget is forecast for those projects accordingly.

As expenditures occur in the current fiscal year for both affordable housing projects and all other types of projects, the forecast for meeting the Set Aside requirements must be re-calibrated to maintain a balance of planned housing resources to other project resources that is in compliance with the policy as well as reflecting a realistic pipeline of projects. As TIF projections change each year and project realities change, the future forecast for the Set Aside dollar amounts is subject to change significantly.

Explanation of terms and classifications used in this report:

- **Set Aside Eligible, Category Unknown:** This classification denotes expenditures that were made for property acquisitions, pre-development loans or feasibility and planning studies that are expected to support a TIF Set Aside eligible project in the future, but the exact project, housing type and income mix are unknown. In future years' reports, these expenditures will likely be moved into a "known" category.

- **Non Set-Aside Housing:** This classification is for housing expenditures by PDC that are not eligible for the TIF Set Aside (i.e., housing that is not income restricted, or is restricted to a higher income and rent than the policy for 60% MFI rental and 80/100% MFI homeownership). Expenditures are also classified here that are for property holding costs on sites owned by PDC, intended for housing, but likely not to be Set Aside eligible. In very few cases, expenditures in this category may be reclassified if a project is funded in the future that does meet Set Aside guidelines.

- **Total Housing Budget:** This reflects the total housing budget and expenditures for housing, some of which may not be TIF Set Aside eligible.

APPENDIX A: Letter from Commissioner Saltzman re: Oregon Convention Center URA Set Aside

CITY OF
PORTLAND, OREGON

Dan Saltzman, Commissioner
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dsaltzman@ci.portland.or.us

April 28, 2008

Bruce Warner
Executive Director
Portland Development Commission
222 NW Fifth Ave
Portland, OR 97209-3859

Dear Mr. Warner;

The letter is to confirm our conversation and my request to you last week regarding the number of 30% MFI units in the Miracles Club development.

I understand this project will likely require $3 to $4 million in tax increment resources from PDC. Furthermore, given the number and types of units, it may affect PDC's ability to reach the set aside goals in the Oregon Convention Center urban renewal area for the lowest income households.

Because of the unique nature and mission of the Miracles Club, I am comfortable proceeding with a development program which favors the ongoing financial sustainability of the Miracles Club over the priority for units at 0 - 30% median family income. Requiring more than six 0 - 30% units will reduce the operating margin and substantially increase the risk that the project would not remain financially viable for the Miracles Club in the long-term.

Thank you for your ongoing support of the Miracles Club project.

Sincerely,

Dan Saltzman

Dan Saltzman

cc: PDC Board

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