

PORTLAND HOUSING BUREAU

# Tax Increment Financing

Affordable Housing Set Aside 2019 Report



**Portland  
Housing Bureau**

Mayor Ted Wheeler • Director Shannon Callahan

# Urban Renewal Areas



# Tax Increment Financing

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. Portland dedicates a portion of all tax increment financing (TIF) funds to the development, preservation, and rehabilitation of housing affordable to households with incomes below 100% median family income (MFI) in urban renewal areas.

The Portland Housing Bureau (PHB) annually reports affordable housing expenditures by tenure (rental and homeownership), by income level, by unit size (number of bedrooms), and by urban renewal district (URA).

## Policy Background

In 2006, Portland City Council adopted the TIF Set Aside, designed to ensure a consistent and predictable level of funding for affordable housing, dedicating a percentage of tax increment money in urban renewal areas (URAs) to develop, preserve and rehabilitate affordable housing for individuals and families earning 80% MFI or less.

On April 26, 2006 through resolution No. 36404, the Portland City Council determined the need for an initiative for homeownership opportunities, affordable rental housing, and rent stabilization programs.

On October 25, 2006 through ordinance No. 180547, the

Portland City Council established a 30% Set Aside of Tax Increment Financing resources for the development, preservation and rehabilitation of housing to housing that serves individuals and families with incomes below 80% MFI.

In July 2010 the TIF Set Aside program was integrated into PHB providing a focused point of accountability for the City's comprehensive housing agenda. Housing goals for each of the URAs cover a cumulative five-year period.

As of July 1, 2015, the minimum tax increment resources dedicated increased to 45% of TIF set aside.

## The Report

This report presents a historical summary of all TIF Spending and affordable units developed by various URAs using set aside funding. This review of TIF set aside expenditures and revenue should encourage greater communication among local governmental departments in evaluating alternatives to housing development and cooperation.

This report complements the PHB State of Housing Report which contain more comprehensive information on PHB housing activities, including projects and programs that utilize non-TIF resources, such as federal funds, indirect subsidies, and other rental and homeownership programs.

This report illustrates the following for each URA:

1. Tax Increment Revenue & Cumulative Set Aside Summary
2. Tax Increment Expenditures - By Tenure & AMI
3. URA Policy & Program Targets - By Active & Inactive Districts
4. Tax Increment Expenditures - By Unit Type and AMI
5. Current TIF Set Aside Budget & Forecasts
6. DMWESB & Equity in City Regulated Rental Unit Construction

# TIF Revenue - Affordable Housing Set Aside

		FY 2017-18 Actual	FY 2018-19 Revised	FY 2024-25 Forecast	Cumulative
Central Eastside	Cumulative Housing	8,682,017	9,339,259	15,136,959	15,136,959
	Cumulative Set-Aside Base	50,886,699	57,312,267	65,593,634	65,593,634
	Percent of Set-Aside Base	17%	16%	23%	23%
Downtown Waterfront	Cumulative Housing	17,498,629	19,286,117	19,286,117	19,286,117
	Cumulative Set-Aside Base	91,402,338	91,402,338	91,402,338	91,402,338
	Percent of Set-Aside Base	19%	21%	21%	21%
Gateway	Cumulative Housing	9,910,656	11,858,434	24,176,400	24,176,400
	Cumulative Set-Aside Base	37,284,167	41,952,743	75,752,659	75,752,659
	Percent of Set-Aside Base	27%	28%	32%	32%
Interstate	Cumulative Housing	55,806,485	98,212,592	140,709,583	140,709,583
	Cumulative Set-Aside Base	159,708,205	185,602,285	252,624,715	252,624,715
	Percent of Set-Aside Base	35%	53%	56%	56%
Lents Town Center	Cumulative Housing	47,408,923	57,599,509	69,081,209	69,081,209
	Cumulative Set-Aside Base	119,276,396	138,464,876	180,660,074	180,660,074
	Percent of Set-Aside Base	40%	42%	38%	38%
North Macadam	Cumulative Housing	36,456,652	47,341,957	94,872,795	94,872,795
	Cumulative Set-Aside Base	104,150,954	118,536,554	218,091,098	218,091,098
	Percent of Set-Aside Base	35%	40%	44%	44%
Convention Center	Cumulative Housing	15,401,762	20,489,987	20,489,987	20,489,987
	Cumulative Set-Aside Base	78,564,626	78,564,626	78,564,626	78,564,626
	Percent of Set-Aside Base	20%	26%	26%	26%
River District	Cumulative Housing	100,133,284	108,082,381	122,160,145	122,160,145
	Cumulative Set-Aside Base	292,570,562	319,423,682	342,586,548	342,586,548
	Percent of Set-Aside Base	34%	34%	36%	36%
South Park Blocks	Cumulative Housing	36,195,993	37,207,713	37,207,713	37,207,713
	Cumulative Set-Aside Base	61,090,678	61,090,678	61,090,678	61,090,678
	Percent of Set-Aside Base	59%	61%	61%	61%
Education	Cumulative Housing	82,875	82,875	82,875	82,875
	Cumulative Set-Aside Base	978,808	978,808	978,808	978,808
	Percent of Set-Aside Base	8%	8%	8%	8%
TOTAL	Cumulative Housing Expenditures	327,577,276	409,500,824	543,203,783	543,203,783
	Cumulative Set-Aside Base	995,913,435	1,093,328,859	1,367,345,177	1,367,345,177
	Total Percent of Set-Aside Base	33%	37%	40%	40%

## TIF Expenditures - By Tenure

		0-30% AMI Rental	31-60% AMI Rental	31-60% AMI Ownership	61-100% AMI Ownership	Community Facilities	Other*	TOTAL
Central Eastside	2006 to 2010	\$1.25M	\$1.19M	-	-	\$2.00M	-	\$4.44M
	2010 to 2014	\$0.41M	\$0.39M	-	-	-	-	\$0.79M
	2015 to 2018	\$0.28M	\$2.69M	-	-	-	\$0.03	\$2.97M
	District Total	\$1.94M	\$4.27M	-	-	\$2.00M	\$0.03	\$8.21M
Downtown Waterfront	2006 to 2010	\$11.15M	\$5.93M	-	-	\$0.14M	-	\$17.22M
	2010 to 2014	\$0.13M	-	-	-	-	-	\$0.13M
	2015 to 2018	-	-	-	-	-	-	-
	District Total	\$11.28M	\$5.93M	-	-	\$0.14M	-	\$17.35M
Gateway	2006 to 2010	-	-	-	-	\$0.17M	\$2.12M	\$2.29M
	2010 to 2014	\$0.24M	\$3.28M	\$0.82M	\$0.12M	-	-	\$4.46M
	2015 to 2018	\$0.24M	\$2.78M	-	-	-	\$0.05	\$3.02M
	District Total	\$0.48M	\$6.06M	\$0.82M	\$0.12M	\$0.17M	\$2.12M	\$9.77M
Interstate	2006 to 2010	\$2.48M	\$6.39M	\$1.36M	\$5.18M	-	-	\$15.41M
	2010 to 2014	\$0.64M	\$2.57M	\$1.25M	\$5.00M	\$3.14M	\$0.20M	\$12.80M
	2015 to 2018	\$5.19M	\$4.60M	\$0.10M	\$1.41M	-	\$5.10M	\$16.22M
	District Total	\$8.31M	\$13.56M	\$2.71M	\$11.59M	\$3.14M	\$5.12M	\$44.43M
Lents Town Center	2006 to 2010	\$0.84M	\$2.33M	\$3.06M	\$5.61M	\$0.07M	\$0.04M	\$11.95M
	2010 to 2014	\$1.78M	\$2.43M	\$1.65M	\$4.41M	-	\$0.50M	\$10.77M
	2015 to 2018	\$1.60M	\$15.94M	\$0.27M	\$1.56M	\$0.50M	\$0.92M	\$19.87M
	District Total	\$4.22M	\$20.7M	\$4.98M	\$11.56M	\$1.2M	\$1.46M	\$43.51M
North Macadam	2006 to 2010	-	-	-	-	-	-	-
	2010 to 2014	\$4.22M	\$16.79M	-	-	-	\$7.22M	\$28.23M
	2015 to 2018	\$4.06M	\$5.01M	-	-	-	\$0.09M	\$9.07M
	District Total	\$8.28M	\$21.8M	-	-	-	\$7.31M	\$37.39M
Convention Center	2006 to 2010	\$0.32M	\$2.81M	-	\$0.07M	\$0.03M	\$0.71M	\$3.95M
	2010 to 2014	\$0.37M	\$2.92M	-	-	-	\$0.34M	\$3.63M
	2015 to 2018	\$0.16M	\$7.27M	-	-	-	-	\$7.43M
	District Total	\$0.85M	\$13.0M	-	\$0.07M	\$0.03M	\$1.05M	\$15.01M
River District	2006 to 2010	\$1.18M	\$14.61M	-	-	\$5.22M	-	\$21.01M
	2010 to 2014	\$19.00M	\$12.55M	-	-	\$10.25M	\$0.06M	\$41.87M
	2015 to 2018	\$1.45M	\$24.75M	-	-	-	\$15.89M	\$40.90M
	District Total	\$21.63M	\$51.91M	-	-	\$15.47M	\$15.47M	\$103.73M
South Park Blocks	2006 to 2010	\$16.87M	\$8.17M	-	-	\$0.28M	-	\$25.32M
	2010 to 2014	\$9.94M	\$0.17M	-	-	-	\$0.12M	\$10.23M
	2015 to 2018	-	-	-	-	-	\$5.35M	\$5.35M
	District Total	\$26.81M	\$8.34M	-	-	\$0.28M	\$5.45M	\$40.9M
TOTAL	Cumulative							

\*Unregulated, Pre-Development + Property Acquisition

# URA Policy & Program Targets

		0-30% AMI	31-50% AMI	51-60% AMI	61-80% AMI	Permanent Sup- portive Housing	Ownership (no. of loans)	Set-Aside
<b>Active Districts</b>								
Central Eastside	Set-Aside							22%
1986-2018	Targets	88	494	248	-	75	-	
	Production	167	87	84	92	45	-	
Gateway	Set-Aside							33%
2001-2022	Targets	800-1,000 total				-	-	
	Production	29	19	307	25	-	-	
Interstate Corridor	Set-Aside							55%
2000-2021	Targets	3,400 total				-	-	
	Production	150	575	739	81	-	-	
Lents Town Center	Set-Aside							38%
1998-2020	Targets	225-375 total				-	230-420	
	Production	119	169	328	1	-	286	
North Macadam	Set-Aside							44%
1999-2020	Targets	166	211	102	103	-	-	
	Production	42	40	167	-	-	-	
River District	Set-Aside							36%
1998-2021	Targets	359	365	440 total		-	-	
	Production	371	378	492	19	-	-	
<b>Inactive Districts</b>								
Convention Center	Set-Aside							26%
1989-2013	Targets	1,200 total				-	-	
	Production	1	203	18	-	-	-	
Downtown Waterfront & South Park Blocks	Set-Aside							21% / 61%
1985-2008	Targets	25-50	175-200	75-100	50-100	-	-	
	Production	668	1,021	916	133	-	-	

Unless otherwise noted, value indicates number of units.

# TIF Rental Production - By Unit Type + AMI

## FY2015 - FY2018

		Studio	1 Bed	2 Bed	3+ Bed	TOTAL	URA TOTAL
Central Eastside	30% AMI	7	3	0	0	10	
	60% AMI	70	25	0	0	95	
	80% AMI	0	0	0	0	0	106
	120% AMI	0	0	0	0	0	
	Unregulated	0	0	1	0	1	
Downtown Waterfront	Total	0	0	0	0	0	0
Gateway	30% AMI	4	9	1	0	14	
	60% AMI	9	134	5	0	148	
	80% AMI	1	2	1	0	4	167
	120% AMI	0	0	0	0	0	
	Unregulated	0	1	0	0	1	
Interstate	30% AMI	13	32	67	29	141	
	60% AMI	54	150	112	35	351	
	80% AMI	0	0	0	0	0	495
	120% AMI	0	0	0	0	0	
	Unregulated	0	2	0	1	3	
Lents Town Center	30% AMI	10	11	11	10	42	
	60% AMI	57	62	87	10	216	
	80% AMI	0	0	3	2	5	345
	120% AMI	0	35	5	2	42	
	Unregulated	2	29	6	3	40	
North Macadam	30% AMI	28	40	20	2	90	
	60% AMI	42	41	25	3	111	
	80% AMI	0	0	0	0	0	203
	120% AMI	0	0	0	0	0	
	Unregulated	0	0	2	0	2	
Convention Center	30% AMI	1	0	20	0	21	
	60% AMI	108	131	27	0	266	
	80% AMI	0	0	0	0	0	287
	120% AMI	0	0	0	0	0	
	Unregulated	0	0	0	0	0	
River District	30% AMI	10	1	2	2	15	
	60% AMI	52	76	69	59	256	
	80% AMI	0	0	0	0	0	283
	120% AMI	0	0	0	0	0	
	Unregulated	6	4	2	0	12	
South Park Blocks	Total	0	0	0	0	0	0
TOTAL	Cumulative	474	788	466	158	1886	1886

# DMWESB

## Equity in Housing

### City Regulated Housing Unit Construction - DMWESB by URA

	PROJECT	Contract Value	Total MWESB	% MWESB	%DBE	%ESB	%MBE	%WBE
Central Eastside	St Francis Park	\$14,741,265	\$4,212,027	28.6%	1.0%	1.0%	13.0%	13.6%
	Total	\$14,741,265	\$4,212,027					
Interstate	Beatrice Morrow	\$18,499,320	\$8,638,374	46.7%	31.8%	4.4%	10.3%	0.2%
	5020 Condos	\$4,938,290	\$1,126,160	22.8%	0.3%	6.9%	15.1%	0.5%
	Magnolia II	\$4,000,000	\$0.00	0.0%	0.0%	0.0%	0.0%	0.0%
	New Meadows	\$2,501,871	\$708,626	28.3%	3.3%	9.9%	11.0%	4.1%
	Total	\$29,939,481	\$10,473,160					
Lents Town Center	72nd & Foster	\$16,272,959	\$5,779,670	35.5%	0.8%	8.9%	22.0%	3.8%
	Woody Guthrie	\$14,992,093	\$3,434,443	22.9%	3.0%	9.7%	9.8%	0.4%
	Total	\$31,265,052	\$9,214,113					
North Macadam	Riverplace 3	\$43,901,267	\$5,156,818	11.7%	1.9%	1.9%	2.3%	5.6%
	Total	\$43,901,267	\$5,156,818					
Convention Center	Block 45	\$48,818,389	\$12,279,900	25.2%	4.9%	3.6%	0.0%	16.6%
	Miracle Central	\$8,718,079	\$2,290,561	26.3%	-	5.6%	16.0%	4.7%
	Total	\$57,536,468	\$14,570,461					
River District	Vibrant!	\$22,521,935	\$5,674,642	25.2%	11.5%	4.0%	9.1%	0.6%
	Abigail Apt	\$31,924,469	\$6,776,099	21.2%	-	3.9%	4.4%	12.9%
	Erickson Fritz	\$8,922,508	\$3,595,391	40.3%	-	17.0%	19.3%	3.9%
	Total	\$63,368,912	\$16,046,132					
TOTAL		\$481,504,890	\$119,345,423	24.8%				

### DMWESB & Equity Construction

Disadvantaged, Minority, Women, and Emerging Small Business (DMWESB) certification for the Portland Housing Bureau (PHB) aims to create greater public contracting opportunities, regardless of ethnicity, gender, disability, or size, to build affordable housing in the City of Portland.

By 2021, 30% of annual multi-family construction financing with PHB will go to certified DMWESB owned businesses.

PHB exceeds the City and PHB goals, 20% and 24% respectively, for contracting with DMWESB certified business in current projects.



# Methodology

## Calculating the Set Aside

The Set Aside is calculated as the percentage of total annual tax increment debt proceed revenue in each URA dedicated to creation and/or preservation of affordable housing. Revenue targets and expenditure guidelines for the Set Aside are outlined in City Council Ordinance 187415 adopted in July 2015. Set Aside funds must be spent within the URA in which the revenue was generated and is generally restricted to creating housing affordable at or below 60% AMI for rental housing and 100% AMI for first-time homeownership and home repair.

Reporting on project expenditures includes all capital outlays, financial assistance, and materials and services expenses related to qualified affordable housing and community facility projects and programs. This does not include internal administrative and overhead costs.

Future Set Aside revenue and expenditures are forecasted in each year's adopted budget and five-year forecast based on the projections of overall TIF debt proceeds and expected requirements for ongoing and future housing projects.

# Data Explanations + Summaries

## Tax Increment Financing Revenue – Affordable Housing Set Aside

TIF Set Aside revenue has a history of ups and downs depending upon fluctuation in property values within URAs. Revenue currently is at a high level but is expected to decrease in coming years as almost all URAs will soon reach maximum indebtedness or their final year to issue debt. Annual Set Aside revenue is forecasted to settle into the \$17-\$25 million range into the mid-2020's.

Oregon Convention Center, Downtown Waterfront, and South Park Blocks districts have expired (2008) in terms of issuing any further debt. Interstate and Lents Town Center show strong funding in FY 2019-20, with resources declining through the five-year forecast. The remaining districts are in their last years of debt funding but will still have future revenue through receiving program income as payments are made on existing loans.

## TIF Financing

Expenditure of TIF Set Aside funds within each URA is determined by City Council Ordinance 187415. Generally, most funds are dedicated for the creation and preservation of regulated rental housing for low- and extremely-low income households (60% AMI and below).

Interstate and Lents Town Center URAs reserve a portion of Set Aside funds for assisting first-time homebuyers and preserving homeownership through home repair grants for low-income homeowners. More recently, Set Aside funds have been used for property acquisition for future affordable housing development, including a portion of the purchase of the former US Postal Service site in River District and the purchase of the Joyce Hotel in South Park Blocks.

Over the last four years, 90% of all Set Aside expenditures has been spent on housing affordable to households earning 60% AMI and below, with the balance going toward first-time homeownership loans, community facilities serving people experiencing homelessness, and property acquisition.

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