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**PORTLAND DEVELOPMENT COMMISSION**

**TAX INCREMENT FINANCE (TIF)  
HOUSING ADVISORY COMMITTEE**

**REPORT AND RECOMMENDATIONS  
FOR ALLOCATING HOUSING  
TAX INCREMENT FUNDS FOR**

- **CENTRAL EASTSIDE URBAN RENEWAL DISTRICT**
- **OREGON CONVENTION CENTER URBAN RENEWAL DISTRICT**
- **SOUTH PARK BLOCKS URBAN RENEWAL DISTRICT**
- **DOWNTOWN/WATERFRONT URBAN RENEWAL DISTRICT**

**SUBMITTED TO  
PORTLAND DEVELOPMENT COMMISSION  
MARCH 18, 1998**

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**PORTLAND DEVELOPMENT COMMISSION  
TAX INCREMENT FINANCE (TIF)  
HOUSING ADVISORY COMMITTEE**

**Committee Members:**

Baruti Artharee	Committee Chair Director of Housing	Portland Development Commission
Carl Talton	Commission Chair	Portland Development Commission
Doug Blomgren	PDC Commissioner	Portland Development Commission
Sam Galbreath	Co-chair	Housing and Community Development Commission (HCDC)
Steve Rudman	Director	Bureau of Housing and Community Development (BHCD)

**Portland Development Commission Policy Consultant:**

Margaret Bax

**Portland Development Commission Staff:**

Robin Boyce	Housing Development Finance
Cheryl Twete	Development Department
Chris Scherer	Finance Director

**Urban Renewal Area Team Leaders:**

Michael McElwee	Oregon Convention Center URD
Cheryl Twete	South Park Blocks URD
Les Prentice	Downtown Waterfront URD
Bob Alexander	Central Eastside URD

## EXECUTIVE SUMMARY

### BACKGROUND

In the fall of 1997 members of Portland City Council raised a number of questions regarding housing in the central city and how tax increment financing could be better utilized to meet City adopted housing goals. Baruti Artharee, Director of Housing for the Portland Development Commission (PDC), agreed to convene an ad hoc committee to help answer some of these questions.

The Tax Increment Finance Housing Advisory Committee (TIFHAC) was formed in early January 1998. Members included two members of the Portland Development Commission, the Co-Chair of the Housing and Community Development Commission (HCDC), the Director of the Bureau of Housing and Community Development, and Mr. Artharee as Chair.

### CHARGE

The charge of the Tax Increment Finance Housing Advisory Committee was to recommend **funding guidelines for the expenditures of tax increment funds (TIF) dedicated to housing for fiscal years 1997-2000**. Recommendations were to include unit production goals, mix of housing types, and income allocation guidelines. To accomplish this the Committee agreed to review existing city housing policies and goals, urban renewal district plan housing goals, available housing inventory data, and to solicit public comments regarding TIF housing priorities. City Council did not request comprehensive long-term funding recommendations regarding all expenditures in the urban renewal districts. The goals and priorities were established when the individual districts were formed. The Committee did not have the authority to amend these adopted goals.

Of the five existing urban renewal districts (URD), four have identified housing as a urban renewal goal. These four areas are located in the Central City Plan Area and include the **Central Eastside URD, Oregon Convention Center URD, South Park Blocks URD, and Downtown Waterfront URD**.

City Council requested that the Committee complete their work and forward their recommendations to the Council in February 1998, prior to Council completing work on the City's budget for FY 1998-99.

### PROCESS

A list of community stakeholders was developed and information packets were mailed to over 40 individuals and organizations. Packets included the Committee member roster, the Committee charge and process, and the Committee's meeting schedule which included tentative agendas. At each meeting public comments were taken. Written comments were encouraged and accepted throughout the process. A series of seven meetings were held between January 7, 1998, and March 12, 1998. All meetings were open to the public and were well attended.

The Committee received briefings on Metro Region 2040, city housing policies, housing inventory data for the central city, PDC's Five Year Business Plan Update process, and the City Housing Policy Update. The Committee also received detailed information on each of the four urban renewal districts including the housing goals, objectives, accomplishments, and housing related budget information.

The Committee's task was difficult, especially given such a short time frame. Understanding the current status of housing in the districts, and evaluating progress towards meeting adopted housing goals was hindered by incomplete data. Another major challenge was understanding the myriad of housing policies and plans adopted over the last 28 years, many of which are conflicting. A third barrier the Committee encountered was PDC's complex budgeting process which is designed to respond to significant variances in funds available each year, to accommodate multi-year project planning and funding, and includes over 40 different funding sources and their accompanying restrictions.

In addition to recognizing the established housing policies and urban renewal plans, the Committee agreed to the following guiding principles to help direct the focus of Committee discussion.

#### GUIDING PRINCIPLES

Portland's Central City functions as the region's employment, housing and entertainment center. Each of the four urban renewal districts within the Central City was established with a focus reflecting the unique market demands and opportunities of that district. The following guiding principles frame broad goals and objectives for housing which the Committee believes apply throughout the Central City. These principles should be used to inform PDC's Five Year Business Plan and the Citywide Housing Policy Update and the Committee specifically requests that these principals be forwarded to those processes.

The recommendations made for the use of TIF housing resources in each of the urban renewal districts are consistent with these principles.

1. Provide for a diversity in the type, density, and location of housing within the city in order to provide an adequate supply of safe and sanitary housing at price and rent levels appropriate to the varied financial capabilities of city residents. (Goal 4 Housing, Portland Comprehensive Plan)
2. Recognize that the URD goals have not been changed by this process. Implementation of URD goals should be carried out consistent with existing City policies such as the Downtown Housing Policy and the Central City Plan.
3. Recognize that non-housing TIF resources and non-cash public resources (tax abatement and private activity bond financing) help create an environment attractive to middle and higher income housing development allowing larger portions of TIF housing resources to be available for lower-income housing development.
4. Support and encourage development and preservation of housing affordable to people who currently live, are employed, or expected to be employed in the Central City.

5. Preserve and encourage the rehabilitation and/or replacement of existing very low- income housing.
6. Housing acquired or rehabilitated for long-term low-income occupancy shall have the same priority as housing developed to meet Region 2040 growth management housing production goals.
7. Support and encourage strategies which promote mixed-income projects and neighborhoods, and which meet City and URD goals.
8. Support and encourage mixed-use projects which meet City and URD goals.
9. When TIF funds are used to acquire land and/or develop moderate or middle-income housing, the resulting projects should typically include some low-income units. The Committee recommends that a maximum household income be established for the use of direct TIF housing resources. PDC should support and participate in broader community discussions to determine the appropriate income level.
10. Target locally controlled federal housing funds outside of urban renewal districts and use TIF resources within the URD.

#### RECOMMENDATION GOALS

Although challenging, the process was enlightening and overall, a valuable experience. The Committee is pleased to forward the recommendations included in this report to the Portland Development Commission and to Portland City Council. The recommendations address four areas:

1. Funding priorities for each district for FY 1998-99, and FY 1999-2000.
2. Other strategies (in addition to loan funding) to be pursued to meet Urban Renewal District Plan and City housing goals.
3. Total production targets to meet Region 2040 growth management goals. Targets are for sub-areas of the Central City and are expressed as "net gain" of housing units.
4. Issues and barriers the Committee experienced in this process.

This report is separated into three sections. Section I: Summary of Recommendations. Section II: General Discussion covers the Committee's discussions on the various categories previously mentioned and includes general policy recommendations. Section III: Urban Renewal Districts includes a summary of urban renewal district goals, Committee discussions and recommendations for the four urban renewal districts.

**SECTION 1: SUMMARY OF COMMITTEE RECOMMENDATIONS**

**GENERAL DISCUSSION RECOMMENDATIONS:**

**CITY HOUSING GOALS**

*The Committee very much appreciates the value of the Housing Policy Update and encourages Portland Development Commission, City Council, City staff and citizens to actively participate in this project. Tax Increment Financing is one of the most flexible resources and as such it is a very valuable tool for meeting City housing goals. The Committee recommends that decisions regarding TIF expenditures be integrated with City housing policy decisions and be consistent with overall City housing priorities.*

**METRO REGION 2040/GROWTH MANAGEMENT**

*The Committee offers the following suggestions for housing unit production targets in the Central City sub-areas. Targets are for net increase in the number of housing units and include all housing development, including units developed without the use of TIF or other public resources.*

*These are offered as a starting point, recognizing that broader community discussions are needed. The Committee recommends that production targets be established for each urban renewal district through the Five Year Business Plan process.*

AREA	NET UNIT INCREASE by 2015	NET UNIT INCREASE Over 3 Years
Eastside Target Range	2,000 - 2,500	400 - 500
OCC URD	1,500 - 2,000	300 - 350
CES URD	400 - 600	80 - 120
Westside Target Range	5,300 - 6,800	1,060 - 1,360
North Macadam	2,500 - 3,000	500 - 600
River District	5,500	1,100
<b>Balance of Westside*</b>	<b><u>2,800 - 3,800</u></b>	<b><u>560 - 760</u></b>
<b>Total</b>	<b>10,000 - 13,000</b>	<b>2,020 - 2,620</b>

\* Includes all of South Park Blocks URD, Downtown/Waterfront URD south of Burnside, part of Goose Hollow, and non-URD downtown.

**OREGON CONVENTION CENTER URD  
LLOYD DISTRICT - FY's 1998 - 2000**

1. **TIF resources should be used to support mixed-income housing projects and may support market rate units if they are in project which supports other City and URD goals (e.g. housing for people employed in district or who can use public transit to jobs).**
2. **Prioritize TIF resources to support development of housing at or below 80% MFI.**
3. **TIF resources should be used to acquire land for higher density and mixed income projects including market rate housing.**

**Other Recommended Strategies**

1. **Actively market TIF, property tax abatements and bonds to encourage and support mixed income and market rate high density housing.**
2. **PDC should provide leadership in coordinating efforts by City Council, City bureaus, and owners of surface parking lots in the Central City, to develop strategies to better utilize these sites for housing and/or mixed use developments. Focus on interventions and incentives such as amending zoning code and parking requirements.**

**OREGON CONVENTION CENTER URD  
MLK NORTH OF BROADWAY - FY's 1998 - 2000**

1. **Along Alberta Street Corridor TIF resources should be used to support mixed-use projects at 0-60% MFI.**
2. **Along MLK Corridor, TIF resources should be targeted for households at and above 60% MFI in mixed-use projects which support commercial development in the area.**
3. **TIF resources could be used to replace housing lost to redevelopment.**
4. **TIF resources should be used for land acquisition for mixed-use projects.**

**Other Strategies:**

1. **Consider selective expansion of district boundaries for additional mixed-income housing.**
2. **PDC should provide leadership in coordinating efforts by City Council, City bureaus, and owners of surface parking lots in the Central City, to develop strategies to better utilize these and other underdeveloped sites for housing and/or mixed use developments. Focus on interventions and incentives such as amending zoning code and parking requirements.**

### **SOUTH PARK BLOCKS URD - FY's 1998 - 2000**

- 1. Target 50% of housing tax increment funds for preservation, replacement and development of 0-60% MFI units.**
- 2. Target 50% of TIF housing resources to units over 61% MFI with special consideration given to projects containing some units at 61-80% MFI.**
- 3. Preserve current affordability distribution of units through replacement and/or rehabilitation.**
- 4. TIF resources should be used to encourage and support mixed-income, mixed-use projects.**
- 5. TIF resources should be used for land acquisition for projects consistent with above recommendations (\$750,000 in budget for FY 1998-99).**
- 6. Complete Hamilton II replacement housing (up to \$6M in TIF housing budget for FY 1998-99).**

#### **Other Recommended Strategies**

- 1. PDC should provide leadership in coordinating efforts by City Council, City bureaus, and owners of surface parking lots in the Central City, to develop strategies to better utilize these and other underdeveloped sites for housing and/or mixed use developments. Focus on interventions and incentives such as amending zoning code and parking requirements.**
- 2. Develop strategies to replace low income units lost when rental units are converted to condominiums or other uses.**
- 3. Complete market study to analyze demand for rental housing including larger units (2+ bedrooms).**
- 4. Develop strategies to inform developers of funding priorities and availability of funds, and other housing development opportunities.**
- 5. Consider using Request For Proposals (RFP) if necessary to meet production targets.**

## **DOWNTOWN WATERFRONT - FY's 1998 - 2000**

- 1. Target 50% TIF housing resources for preservation, replacement and development of 0-60% MFI housing.**
- 2. Allocate funds identified for 333 Oak project to 0-40% MFI. Committee recommends that the \$2M identified for this project remain targeted to 0-40% MFI regardless of the outcome of the 333 Oak project.**
- 3. Target 50% of TIF housing resources to units over 61% MFI with special consideration given to projects with some units at 61-80% MFI.**
- 4. Preserve current affordability distribution of units through replacement and/or rehabilitation.**
- 5. Encourage mixed-use, mixed-income housing at all levels.**

### **Other Recommended Strategies**

- 1. PDC should provide leadership in coordinating efforts by City Council, city bureaus, and owners of surface parking lots in the Central City, to develop strategies to better utilize these and other underdeveloped sites for housing and/or mixed use developments. Focus on interventions and incentives such as amending zoning code and parking requirements**
- 2. Develop strategies to replace low income units lost when rental units are converted to condominiums or other uses.**
- 3. Complete market study to analyze demand for rental housing including larger units (2+ bedrooms).**
- 4. Develop strategies to inform developers of funding priorities and availability of funds, and other housing development opportunities.**

## **SECTION 2: GENERAL DISCUSSION**

### **I. OVERVIEW OF CITY HOUSING GOALS**

Cathey Briggs, Program Manager for the City Housing Policy Update, gave an overview presentation of the various housing policies and plans adopted for the Metro Region, the City of Portland, the Central City, and neighborhoods located in the Central City.

Ms. Briggs gave the Committee a matrix of the many housing related policies and plans, noting that many are in conflict with each other and with other adopted city policies. A memo outlining the relationships and hierarchy of the various policies and plans was distributed (exhibit 1). Ms. Briggs said that all plans are not legally binding and that although neighborhood plans are extremely valuable for identifying community priorities and opportunities, it is not possible to implement every element of every plan due to funding limitations and, in some situations, to conflicts with broader city goals and objectives. Citizens who participate in neighborhood plan development are not always aware of this and are frustrated when policy and budgeting decisions are not consistent with their expectations and their understanding of the process.

**City Housing Policy Update:** Cathey Briggs gave a brief overview of the City Housing Policy Update. This project is a 15 month long planning and coordination effort designed to sort through the various housing plans and policies which have been adopted over the last 28 years. As mentioned above, these policies are often incompatible and cause confusion among policy makers and the public. The goal of the City Housing Policy Update is to foster public discussion and education regarding housing policies and to develop a comprehensive City Housing Policy to guide future policy decisions and clarify priorities.

Ms. Briggs invited the Committee, Portland Development Commission staff, and members of the public to actively participate in the City Housing Policy Update over the next several months.

***Recommendation: The Committee very much appreciates the value of the Housing Policy Update and encourages Portland Development Commission, City Council, City staff and citizens to actively participate in this project. Tax Increment Financing is one of the most flexible resources and as such it is a very valuable tool for meeting City housing goals. The Committee recommends that decisions regarding TIF expenditures be integrated with City housing policy decisions and be consistent with overall City housing priorities.***

**City and Community Plans:** The Committee reviewed the City and Community Plans listed below. The housing goals and objectives of the major plans are highlighted here. Later in this report, under the individual Urban Renewal District Sections, the housing goals and objectives for each URD are detailed.

**1. Downtown Housing Policy and Program** (produced by Portland Development Commission and adopted by Portland City Council in October 1979).

- **Maintain Low Income Housing** "...the city is committed to assuring that the 5,182 low income units which existed in April 1978 be maintained in the Downtown." (Low-income was defined at the time as below 80% MFI).
- **Create Middle Income Housing** "...provide 2,500 new housing units primarily for middle income by 1985." (Middle income was defined at the time as 80-150% MFI).
- **Encourage New High Income Housing.**
- **Support Related Activities which Reinforce Downtown's Residential Neighborhoods.**

**2. Central City Plan** (adopted 1988, and updated in 1995)

A. Policy 3 - Housing Goals and Objectives:

- **Promote the construction of at least 5,000 net new housing units** in the Central City by year 2010. This goal was amended in 1995 to 15,000 new housing units.
- **Preserve and encourage the rehabilitation of existing housing.**
- **Foster housing development as a key component of a viable urban environment.** Encourage the development of housing in a wide range of types and prices and rent levels. Include affordable housing in mix.

B. **Policy 4 - Use urban renewal and tax increment financing for the development and preservation of housing within urban renewal districts.**

**3. Neighborhood and District Plans in the Central City Area.**

Urban Renewal District Plans for each of the districts, Central City 2000, Downtown Community Association Residential Plan, University District Plan, River District Development Plan, River District Housing Implementation Plan, Old Town/Chinatown Vision Plan, Albina Community Plan, Eliot Neighborhood Plan, Eliot Neighborhood Housing Preservation and Development Policy, King Neighborhood Plan, Piedmont Plan, Woodlawn Neighborhood Plan, Kerns Neighborhood Action Plan, Buckman Neighborhood Plan, Hosford-Abernathy Neighborhood Action Plan, and Central Eastside Industrial Council Plan.

## **II. METRO REGION 2040/GROWTH MANAGEMENT:**

The Committee received a briefing on PDC's role in Metro Region 2040 implementation. The briefing, Committee discussion, and recommendations are summarized below.

The Portland Development Commission is the City's lead implementing agency for coordinating the Region 2040 Growth Concept goals in the areas of housing, jobs, and revitalization. The housing goal of the Regional Functional Plan requires that the City:

- 1. Provide a diverse range of housing types with specific goals for low- and moderate-income and market rate housing to ensure that sufficient and affordable housing is available to households of all income levels that live or have a member working in the city; and**
- 2. Provide housing densities and costs supportive of adopted public policy for the development of the regional transportation system and a balance of jobs and housing.**

The Committee discussed the level of annual housing production required to meet the City's goal of adding 15,000 net new units in the Central City Plan Area by the year 2015. Members of the Committee agreed that decisions regarding how many units each neighborhood and/or each district should accommodate, and where that development should occur, are discussions for a broader public forum. However, the Committee does encourage the Portland Development Commission to consider growth management targets in the context of urban renewal district planning and budgeting.

The Committee suggests identifying numerical production targets in terms of a range to help assess current and future budget needs and to assist the agency in setting realistic annual production goals. Production targets should reflect total gain or net increase in number of units and include development of not only publicly assisted units, but also units developed by private developers without public resources. PDC staff estimate that of the 15,000 new units to be added in the Central City, 2,300 units have been completed or are currently under construction during the 1995-98 period.

**Recommendation: The Committee offers the following suggestions for housing unit production targets in the Central City sub-areas. Targets are for net increase in the number of housing units and include all housing development, including units developed without the use of TIF or other public resources.**

**These are offered as a starting point, recognizing that broader community discussions are needed. The Committee recommends that production targets be established for each urban renewal district through the Five Year Business Plan process.**

AREA	NET UNIT INCREASE by 2015	NET UNIT INCREASE Over 3 Years
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<b>Total</b>	<b>10,000 - 13,000</b>	<b>2,020 - 2,620</b>

\* Includes all of South Park Blocks URD, Downtown/Waterfront URD south of Burnside, part of Goose Hollow, and non-URD downtown.

The Committee emphasizes that these estimates demonstrate the level of net increase in housing units needed to meet Region 2040 housing goals. Units lost due to redevelopment, demolition, or conversion to other uses would have to be replaced in addition to the figures above.

### **III. BUDGET REVIEW**

The Committee received summary information on PDC's housing budgets for FY 1998-99 for each of the urban renewal districts which included lists of projects for which funds have been obligated.

Budget projections for FY 1999-2000 are not available due to issues related to implementation of Measure 50. By July of 1998 City Council will establish a maximum indebtedness for each URD and select an option for collecting tax increment levies. Until this is done, reliable budget estimates for future years will not be available.

Budget information for each URD is provided below.

	FY 97-98 New Tax Increment Funds	FY 97-98 Budgeted Beginning Fund Balance	FY 98-99 New Tax Increment Funds	FY 98-99 Budgeted Beginning Fund Balance	FY 99-2000 New Tax Increment Funds	Total Available Funds
Waterfront Urban Renewal District	2,223,493	6,882,500 (a)	2,500,000 (b)		3,012,000	14,617,993
South Park Blocks Urban Renewal District	4,146,000 (c)		0	9,215,004 (d)	2,848,000	16,209,004
Convention Center Urban Renewal District	450,000		1,092,000		832,000	2,374,000
Central Eastside Urban Renewal District	0	20,000	500,000	50,000	276,000	846,000
	<u>6,819,493</u>	<u>6,902,500</u>	<u>4,092,000</u>	<u>9,265,004</u>	<u>6,968,000</u>	<u>34,046,997</u>

**Notes:**

Please note the above numbers only include funds available for housing financial assistance and capital outlays. No administrative dollars included.

FY 1997-98 and FY 1998-99 Budgeted Beginning Fund Balance amounts include tax increment revenues prior to FY 1997-98. Figures represent unduplicated total amounts available.

FY 1999-2000 amounts are based on the project cost projections included in the maximum indebtedness analysis and a number of other assumptions including:

- \* A tax increment levy of \$40 million will be available in FY 1999-2000
- \* PDC will issue ten year bonds in each urban renewal area over the next two years
- \* The amount allocated to housing would be allocated pro rata according to the percentage of funded projects in each area

The FY 1999-2000 assumptions have been formulated on the basis of a number of assumptions regarding revenue availability, debt management and taxing capacity. It is likely that the actual outcomes in several of these areas will differ from the assumptions and that the difference could be material. PDC will also undertake a five-year planning process during the summer of 1998 and the results of the process may dictate a different allocation.

(a) \$2,200,000 of this has carried forward to FY 1998-99 for MacDonald Center and 333 Oak Street.

(b) \$2,200,000 plus \$2,500,000 (new dollars for FY 1998-99) funds equal \$4,700,000 included in FY 1998-99 budget.

(c) \$4,146,000 equals the following projects: \$1,736,000 Represents undetermined projects, not spent. This amount is not budgeted as carry forward for FY 1998-99 budget.  
                                   \$860,000 Includes \$750,000 carry forward for the New Ritz.  
                                   \$1,550,000 Represents PSU housing project.  
                                   \$4,146,000 Total

(d) \$750,000 carry forward project from FY 1997-98 (New Ritz) plus \$9,215,004 = \$9,965,000.

\$9,902,000 equals the following projects: \$750,000 New Ritz  
                                   \$6,000,000 Hamilton II  
                                   \$3,152,000 Represents undetermined projects  
                                   \$9,902,000 Total FY 1998-99 Budgeted Amount

Portland Development Commission staff briefly reviewed the PDC Five Year Business Plan Update process which the agency uses to establish annual budgets and to determine funding priorities in the each of the urban renewal districts. This process, lead by the Target Area Team leaders, began in 1993. It focuses on the PDC target areas and involves community and business representatives in each of the areas. Some Committee members raised concerns regarding the process, specifically the level of public involvement and outreach for housing stakeholders.

Portland Development Commission's Executive Director, Felicia Trader, stated that the Commission's goal is to broaden public outreach and involvement in the Five Year Business Plan Update for FY 1999-2000, scheduled to begin in late spring 1998. She invited Committee members to assist the Commission in these efforts.

In the process of reviewing urban renewal district budgets for FY 1998-99, Committee members raised questions regarding the percentage of funds budgeted for housing. A particular concern was the amount of funds budgeted each year (for housing and other projects) that is not spent and is therefore rolled over to subsequent years. It was suggested that the Portland Development Commission consider moving funds to projects or programs such as housing, which would utilize funds in the current year. The other projects could be funded in future years, when they were ready to proceed. The Committee discussed the fact that many of the larger projects, especially those in the City's capital planning program, are very expensive requiring funds to be set aside over a number of years in order to provide the necessary financing. The Committee recognized that planning and pre-development work can take several years to complete, although this is not always the case.

The Committee agreed that the issues raised regarding Portland Development Commission budgeting process are very important, however, they are outside of the charge to this committee. To adequately address them would require more time and a more comprehensive community process, including stakeholders for all of the Portland Development Commission program areas.

***Recommendation: The Committee strongly recommends that the Portland Development Commission board review the TIF budgeting and reporting process, with a focus on increasing public outreach and involvement. Members of the Committee are very interested in actively participating in this review and in PDC's Five Year Business Plan Updates.***

#### **IV. CENTRAL CITY HOUSING INVENTORY DATA**

The Committee reviewed data available on the income levels of current residents and on the mix of rental and home ownership units in the Central City and in each URD. The 1996 Central City Housing Inventory (CCHI) was the primary source for data presented to the Committee. It was determined, early in the Committee's process, that the CCHI data was not complete enough to address all of the questions raised by the Committee. Utility allowances were not uniformly reported or calculated in the income level calculations. In an attempt to address these

discrepancies staff has completed additional analysis of information available on units not covered in the inventory and recalculated the units by income for each district taking utility information into account. The most recently updated information is provided as Exhibit #3 to this report.

The Committee discussed at length the complexities of inventorying all housing types and rent levels in the Central City. The Committee strongly recommends that a system for obtaining this information be created through the combined efforts of the various City bureaus stated in the recommendation below.

***Recommendation: The Committee recommends that the City Housing Policy Update address this critical need for a consistent, reliable city wide housing data base. For purposes of urban renewal district planning and budgeting, information is needed at the neighborhood and/or district level, recognizing uniform geographic boundaries. Data on total number of housing units, homeowner/rental mix, rent levels, number of units lost (due to conversion to other uses or redevelopment), number of new units developed, and income/wage information are all essential to measuring success or failure of housing programs.***

***The Portland Planning Bureau, the Bureau of Housing and Community Development, the Bureau of Buildings, and the Portland Development Commission should all participate in designing and maintaining a data base that is consistent with federal census data. Using consistent terms, definitions, and methodologies is essential. City Council should identify a lead agency to coordinate this effort.***

### **SECTION 3: URBAN RENEWAL DISTRICT RECOMMENDATIONS**

The Tax Increment Finance Housing Advisory Committee offers the following recommendations for expenditure of housing resources in the following urban renewal districts. These recommendations apply to the allocation of tax increment finance housing resources for FY's 1998-99 and 1999-2000.

Because complete data are not available to determine the current mix of housing types or rental/home ownership, the Committee does not offer specific recommendations regarding housing types.

In offering these recommendations the Committee would like to emphasize that although the Central City functions as a regional housing, employment, and entertainment center, each urban renewal district within the Central City was established with a unique focus reflecting the specific characteristics, market demands, and opportunities of that district.

The Committee accepts the goals and objectives established for each district and was given a list of projects for which funds have been obligated for FY 1997-98 and 1998-99. Members of the Committee are very interested in participating in future discussions which determine the total amount of TIF resources allocated to housing in each district, and the allocations to the various housing program areas and the income categories.

## **CENTRAL EASTSIDE URBAN RENEWAL DISTRICT**

The Central Eastside Urban Renewal District was adopted in August, 1986 and is scheduled to expire in July, 2006. The Urban Renewal Eligibility Analysis identified 1,392 dwelling units in the district in 1986. A large number of these housing units were in Class "C" buildings. (Class "C" - Buildings which appear to be deteriorated beyond their ability to be economically rehabilitated based on exterior view not detailed interior structural evaluation.)

The District is zoned mostly Industrial Sanctuary "IG", with significant Central Employment "CE" zoning along the major arterial. Nine full or partial blocks are zoned for residential housing. The Eastbank Riverfront Park is a major initiative in the District requiring significant financial commitment each year.

**General Urban Renewal District Plan Goal:** There are four primary goals of the Central Eastside Urban Renewal District:

1. Urban Development
2. Business Retention and New Business Development
3. Central Eastside Revitalization
4. Riverfront Access

**Urban Renewal District Plan Housing Goals:**

1. Promote a range of employment opportunities and living environments for Portland residents in order to attract and retain a stable and diversified population.
2. Preserve and enhance the unique characteristics of the Central Eastside Industrial District as a near-in employment center with a diverse industrial base complimented by concentrations of commercial and residential uses in appropriately designated areas.
3. Enhance business and development opportunities for existing firms, recognizing the importance of providing industrial sanctuaries for certain industrial activities while affording opportunities for commercial housing development within appropriately designated sub-areas.

**Summary of Committee Discussion:**

The Tax Increment Finance Housing Advisory Committee recognizes that the primary role of the Central Eastside Urban Renewal District is to provide a near-in employment center and industrial sanctuary.

There are few sites zoned for housing development, most being along the Grand/MLK Corridor and along the eastern boundary (11<sup>th</sup> and 12<sup>th</sup>) of the District. In addition, there are seventy to eighty partial or full blocks zoned Exd inside the District. Exd allows housing, commercial, industrial, manufacturing, and industrial uses. These potential sites are generally suited for mixed-use developments with ground floor commercial and housing above.

The Central Eastside Industrial Council notified the Committee that they have formed a committee to identify potential redevelopment sites, including sites appropriate for upper story housing. Due to the recent siting of the Men's Shelter and the proposed siting of a new facility for 90 units of permanent housing for households with incomes at and below 30% median family income (MFI) in the area, the Central Eastside Industrial Council requested that new rental housing be targeted to households at 60% MFI and above.

Community members did indicate that they recognized the need to preserve existing housing and support the use of public funds for that purpose.

The three sites identified as "finalists" for the 90 units of permanent housing are located outside the Urban Renewal District. Therefore tax increment funds are not being considered as a funding source for that project. Although not a tax increment funded project, completion of this project is a top housing priority for the City.

According to a recent study by the Housing Development Center, using rental data from the 1997 MacGregor Millette Report, market rents in southeast Portland are about equal to those identified as affordable to households at 60% MFI. This raises the issue of marketability of higher income units.

#### **RECOMMENDATIONS FOR CENTRAL EASTSIDE URD - FY's 1998 - 2000**

- 1. TIF funds should be used to support preservation of existing housing for all income levels. This is, and continues to be, a long-term objective.**
- 2. TIF resources should be used to support new housing development in mixed-use projects serving the current market in the district.**

## **OREGON CONVENTION CENTER URBAN RENEWAL DISTRICT**

The Oregon Convention Center Urban Renewal District was adopted in May, 1989 and is scheduled to expire in June, 2012/13. Through the Urban Renewal Eligibility Analysis, 1,337 units were identified in May, 1989. Although there are limited sites which are zoned exclusively for housing, the predominate land use is CXd, the highest density commercial zone which allows commercial, housing, or mixed-use. CXd and Rxd allow about 100-220 units per acre. The MLK Extension excluded all sites zoned residential, however mixed-use is allowed in areas zoned for commercial or employment.

When the District was formed the Oregon Convention Center was under construction and the Lloyd District contained a significant number of blighted and under-utilized properties. The Plan was intended to leverage the public investment in the Convention Center and facilitate area redevelopment. In 1993, the Oregon Convention Center URD was expanded north to include much of the Martin Luther King Jr. Blvd. commercial corridor. This expansion was guided by the goals and objectives of the Albina Community Plan and its associated neighborhood plans.

### **General Oregon Convention Center Urban Renewal District Plan Goal:**

Improve the condition of the Convention Center Area, eliminate blight and blighting influences, expand and improve public facilities and stimulate private investment and economic growth (applies to both Lloyd District and MLK Extension).

The Oregon Convention Center URD includes the Lloyd District, an emerging adjunct to the downtown commercial core, and Martin Luther King, Jr. Blvd., a commercial corridor vital to the revitalization of inner northeast Portland. Although these two areas are explicitly linked through the urban renewal plan, they are addressed separately due to the different existing land use patterns, market potential, public policy objectives, and community expectations. Although MLK Jr. Blvd. lies in both the original URD (up to Russell Street) and in the Extension the Committee addressed all MLK north of Broadway in the context of MLK extension.

### **A. Lloyd District Urban Renewal District Housing Goals:**

1. Ensure that activities work to stabilize neighborhoods, mitigate adverse impacts and strengthen neighborhood values.
2. Encourage complementary and diverse land use activities in the Oregon Convention Center Area.
3. Support residential, mixed-use and free-standing projects with the creation of quality amenities and environments.

### **Summary of Committee Discussion on Lloyd District**

Discussion centered on the opportunities the area presents for meeting the Central City housing production goals due to current zoning and the high level of access to light rail and other transit

systems. Another focus was on the need to provide housing for the people who work in the area. Specifically, the Committee discussed strategies to support and encourage development of higher density, mixed-income, and transit oriented housing. The Committee discussed strategies to encourage market driven housing development without the use of direct financial assistance from federal (CDBG and HOME) and city funds. Further research is needed on current market rents and lease up rates to determine what income levels need to be subsidized. TIF funds could be used to support mixed-income development if (1) those funds are used to ensure that some number of lower-income units will be constructed and, particularly, when (2) those lower-income units would make private activity bonds (subject to 20/50 40/60 tests) available.

### **RECOMMENDATIONS FOR LLOYD DISTRICT - FY's 1998 - 2000**

- 1. TIF resources should be used to support mixed-income housing projects and may support market rate units if they are in project which supports other City and URD goals (e.g. housing for people employed in district or who can use public transit to jobs).**
- 2. Prioritize TIF resources to support development of housing at or below 80% MFI.**
- 3. TIF resources should be used to acquire land for higher density and mixed income projects including market rate housing.**

#### **Other Recommended Strategies**

- 1. Actively market TIF, property tax abatements and bonds to encourage and support mixed income and market rate high density housing.**
- 2. PDC should provide leadership in coordinating efforts by City Council, City bureaus, and owners of surface parking lots in the Central City, to develop strategies to better utilize these sites for housing and/or mixed use developments. Focus on interventions and incentives such as amending zoning code and parking requirements.**

#### **B. MLK Jr. Blvd. North of Broadway Urban Renewal District Housing Goals:**

- 1. Promote ownership by residents of the Albina Community.**
- 2. Encourage complementary and diverse land use activities in the Oregon Convention Center area.**
- 3. Support residential, mixed-use and free-standing projects with the creation of quality amenities and environments.**
- 4. Encourage housing in areas zoned for housing or mixed-use.**

#### **Summary of Committee Discussion on MLK North of Broadway:**

Although the primary intent of the MLK Extension was to support commercial revitalization of the corridor, a significant amount of housing development has occurred over the last few years. The Committee believes that Portland Development Commission should focus on commercial

and employment needs along MLK for FY's 1998-2000 and that housing development should support commercial and employment initiatives.

Some of the areas adjacent to the URD have a high percentage of very low-income housing. In recent years Portland Development Commission has participated in funding a number of high density, low and moderate income housing in the URD and adjacent to it. The Committee suggests that PDC review market absorption for these new units especially the very low-income units, and analyze the neighborhood impact before directing more resources to 0-30% MFI housing in this area. Mixed-use projects which support neighborhood revitalization along Alberta would be appropriate projects to fund with tax increment finance resources. TIF is also recommended for use for replacement of housing lost to redevelopment and for land acquisition for future projects.

#### **RECOMMENDATIONS FOR MLK NORTH OF BROADWAY - FY's 1998 - 2000**

- 1. Along Alberta Street Corridor TIF resources should be used to support mixed-use projects at 0-60% MFI.**
- 2. Along MLK Corridor, TIF resources should be targeted for households at and above 60% MFI in mixed-use projects which support commercial development in the area.**
- 3. TIF resources could be used to replace housing lost to redevelopment.**
- 4. TIF resources should be used for land acquisition for mixed-use projects.**

#### **Other Strategies:**

- 1. Consider selective expansion of district boundaries for additional mixed-income housing.**
- 2. PDC should provide leadership in coordinating efforts by City Council, City bureaus, and owners of surface parking lots in the Central City, to develop strategies to better utilize these and other underdeveloped sites for housing and/or mixed use developments. Focus on interventions and incentives such as amending zoning code and parking requirements.**

## SOUTH PARK BLOCKS URBAN RENEWAL DISTRICT

The South Park Blocks Urban Renewal District was adopted in July, 1985 and is scheduled to expire in July, 2008. Unit count in 1985 when the district was formed was 2,817. Predominate land use zones (commercial and residential) allow housing as an outright use. The zoning heights and floor area ratios (FAR's) enable the highest density development in the region. Availability of land and market demand are major factors affecting housing development in the SPB URD.

Housing development and rehabilitation have been priorities throughout the life of the South Park Blocks URD. The Downtown Housing Preservation Program (DHPP) was designed specifically to meet the goal of maintaining the existing number of low and moderate income units. Over 1,169 units were preserved and/or replaced through DHPP. That program is no longer active but the roles and responsibilities are incorporated into the Housing Development Finance Program.

**General Urban Renewal District Plan Goal:** Improve the condition and appearance of the Area, eliminate blight and blighting influences, increase and improve housing, expand public facilities, and upgrade the South Park Blocks.

### **Urban Renewal District Plan Housing Goals:**

General Housing Goal: Give a high priority to increasing the number of residential accommodations in the downtown area for a mix of age and income groups, taking into account differing life styles; provide a quality environment in which people can live, recognizing that residents of downtown and adjacent areas are essential to the growth, stability, and general health of a metropolitan city.

1. Provide a wide range of housing types to meet the various needs and demands of diverse populations.
  - Create new housing for small middle-income (defined in the URD Plan as affordable to residents with incomes between 80% -150% MFI) households. City recognizes the significant and growing demand for smaller units which are especially suited downtown. Develop 1,600 (new middle income) units to meet the City's goals of 2,500 new housing units.
  - Maintain existing number of low and moderate income housing units (0-80% MFI) Incorporate low and moderate income housing equal to 15% of the units of all new projects.
  - Assess impact of new development on existing housing in Area to prevent or mitigate potential displacement.

- Support preservation and development of low and moderate income housing by both non-profit and for-profit entities consistent with the City's adopted numerical goals for housing in downtown.
2. Develop and support services and amenities necessary for a quality neighborhood as well as assisting the maintenance and production of substantial and well designed housing. The City recognizes the importance of housing in the context of a "neighborhood".

**Summary of Committee Discussion:**

The Committee discussed the role of South Park Blocks URD in the context of the entire Central City. Housing is a major component of the District, providing opportunities for people of all income levels to live in the downtown area. According to Central City Housing Inventory data, there are over 3,600 open market housing units (does not include student housing, shelters, assisted living facilities, group homes, or single family residences) located in the district. Using the standard formula to calculate affordability (no more than 30% of gross monthly income expended for housing), the South Park Blocks housing stock was distributed in 1996 as follows:

<u>Units</u>	<u>Affordable to</u>
70%	Less than 60% MFI
10%	Between 61-80% MFI
20%	More than 81% MFI

A very high housing priority in the South Park Blocks URD for FY's 1998-2000 is the completion of the Hamilton II project, 104 units of replacement housing for people with incomes at 40% MFI. Current plans are to develop two mixed-income projects each having approximately 100 units with 52 of them affordable to households at 40% MFI. The balance of units in the first project will be targeted to 60% MFI households. The income level for the balance of units in the second project will be determined after completion of Central City Market study, commissioned by PDC and scheduled to begin in March 1998. Because the Hamilton II project is targeted to 40% MFI households, the Committee did not feel it necessary to specify additional funding targets for 0-30% MFI housing for FY's 1998-2000. The Committee does believe that future allocation targets for 0-30% MFI will be necessary to maintain housing opportunities for this vulnerable population.

One of the major barriers to housing development in South Park Blocks URD is the availability of land. Between 16 and 38 full blocks of land are needed to develop the number (2,800-3,800) of housing units identified to meet 2040 goals in downtown (area inside the I-405 loop south of Burnside and part of Goose Hollow which is in the Central City Plan area). The estimate of 38 blocks assumes housing development at the lowest allowable density (86 units/acre) and the 16 full blocks assumes the highest density currently being developed (200 units/acre).

Currently there are over 15 surface parking lots of one-quarter block or larger within the South Park Blocks URD. City zoning and parking codes have the effect of "grandfathering" surface parking for existing lots within a primarily residential zone. This raises the value of the lots and consequently land acquisition costs. The Committee recommends that the City explore options

which would allow housing over parking on these lots or other strategies to offset land costs for housing development.

Other strategies the Committee discussed to address the land availability barrier included the use of broker searches and the Request for Proposal (RFP) process to facilitate land acquisition.

The Committee received public input encouraging use of public funds for development of larger units (2+ bedrooms) and for home ownership units. Committee members supported the concept of encouraging homeownership opportunities but did not suggest targeting loan funds. Committee members stated that other TIF supported projects, such as the PSU Urban Plaza, transportation improvements, and other public amenities will serve as catalysts for privately funded housing development which will respond to market demand for larger units and homeownership units.

The Committee recognized the adopted plans and policies for the areas which call for a balanced neighborhood, with housing options for people of all income ranges. Therefore the Committee recommends that half of the TIF housing resources be targeted to households at 0-60% MFI and half be targeted to households at 61%+ MFI. Recognizing that there are few housing options in the 61-80% MFI category, and that many of the people who work in the Central City are in this income group, the Committee recommends special consideration be given to projects that include housing at this level.

## **RECOMMENDATIONS FOR SOUTH PARK BLOCKS URD - FY's 1998 - 2000**

- 1. Target 50% of housing tax increment funds for preservation, replacement and development of 0-60% MFI units.**
- 2. Target 50% of TIF housing resources to units over 61% MFI with special consideration given to projects containing some units at 61-80% MFI.**
- 3. Preserve current affordability distribution of units through replacement and/or rehabilitation.**
- 4. TIF resources should be used to encourage and support mixed-income, mixed-use projects.**
- 5. TIF resources should be used for land acquisition for projects consistent with above recommendations (\$750,000 in budget for FY 1998-99).**
- 6. Complete Hamilton II replacement housing (up to \$6M in TIF housing budget for FY 1998-99).**

### **Other Recommended Strategies**

- 1. PDC should provide leadership in coordinating efforts by City Council, City bureaus, and owners of surface parking lots in the Central City, to develop strategies to better utilize these and other underdeveloped sites for housing and/or mixed use developments. Focus on interventions and incentives such as amending zoning code and parking requirements.**
- 2. Develop strategies to replace low income units lost when rental units are converted to condominiums or other uses.**
- 3. Complete market study to analyze demand for rental housing including larger units (2+ bedrooms).**
- 4. Develop strategies to inform developers of funding priorities and availability of funds, and other housing development opportunities.**
- 5. Consider using Request For Proposals (RFP) if necessary to meet production targets.**

## DOWNTOWN/WATERFRONT URBAN RENEWAL DISTRICT

The Downtown/Waterfront URD was adopted in April, 1974 and is scheduled to expire in April, 2004. Unit count in 1974 when district was formed was 2,310. The predominant land use zones allow commercial, mixed-use, and housing development. The zoning heights and floor area ratios (FAR's) enable the highest density development in the region.

Over the last few years the DWF URD has been addressed as sub-areas. The area north of Burnside (Old Town/Chinatown) is usually addressed within the context of River District planning; the retail and office core is the area of focus for economic development activities; and the South Waterfront area priorities include completion of Riverplace development and Waterfront Park.

**General Urban Renewal District Plan Goal:** Encourage continued investment within Portland's Central City while enhancing its attractiveness for work, recreation, and living. Through the implementation of the Central City Plan, coordinate development, provide aid and protection to Portland's citizens, and enhance the Central City's special natural, cultural, and aesthetic features.

**Urban Renewal District Plan Housing Goal:**

Maintain existing low-income housing and promote additional new housing serving mixed income groups.

**Summary of Committee Discussion:**

The primary objectives for the DWF URD are to support development of the high density retail/office core by providing transit and pedestrian facilities, open space, and short term parking. Conservation and rehabilitation of existing structures as well as providing public improvements to stimulate private investment have been emphasized throughout the life of the district.

A large amount of the Central City's low income housing stock is located in the area Old Town/Chinatown area north of Burnside. Shelters, a number of social service agencies, and transit facilities are also located here. The City and PDC have worked with residents, businesses and service providers in the area to maintain a balanced, vital inner city environment.

As indicated in the Central City Housing Inventory, and using the standard formula to calculate affordability (no more than 30% of gross monthly income expended for housing), the Downtown Waterfront URD housing stock was distributed in 1996 as follows:

<u>Units</u>	<u>Affordable to</u>
65%	Less than 60% MFI
04%	Between 61-80% MFI
30%	More than 81% MFI

The Committee also recognized that outside the URD boundary in adjacent neighborhoods, such as the Pearl District, there is currently a significant amount of growth in higher income and ownership units.

In reviewing the housing projects identified in this URD for FY 1997-99, the Committee noted that no housing is currently being developed at the 61-80% MFI level. Committee discussed loss of existing units and affordability due to expiring Section 8 (federal) subsidies, rehabilitation costs associated with seismic upgrades and American Disability Act (ADA) requirements, as well as losses due to conversion of units to condominiums and other uses.

Committee agreed to support the recommendations of the River District Development Agreement approved by City Council. That agreement established target ranges, by income level, for new housing developed in the entire River District including any new units developed in the Old Town/Chinatown area. The targets are expressed as ranges and are intended to reflect the population distribution of the City as a whole.

<u>Income level</u>	<u>Target Range</u>
Extremely Low and Low (0-30% and 31-50% MFI)	15%-25%
Moderate (51-80% MFI)	20-30%
Middle and Upper (81-150% MFI and 151% and above)	50-65%

The Committee also supported the goals of the Downtown Housing policy of maintaining 5,183 units of low income housing in the downtown area. Because Old Town/Chinatown contain many of the low (31-60% MFI) and extremely low income (0-30% MFI) units, preservation and/or replacement of low income housing is a priority.

Many of the issues and market conditions that were discussed in the context of the South Park Blocks URD also apply to the Downtown Waterfront URD, therefore the Committee offers some of the same recommendations for both Urban Renewal Districts.

## **RECOMMENDATIONS FOR DOWNTOWN WATERFRONT - FY's 1998 - 2000**

- 1. Target 50% TIF housing resources for preservation, replacement and development of 0-60% MFI housing.**
- 2. Allocate funds identified for 333 Oak project to 0-40% MFI. Committee recommends that the \$2M identified for this project remain targeted to 0-40% MFI regardless of the outcome of the 333 Oak project.**
- 3. Target 50% of TIF housing resources to units over 61% MFI with special consideration given to projects with some units at 61-80% MFI.**
- 4. Preserve current affordability distribution of units through replacement and/or rehabilitation.**
- 5. Encourage mixed-use, mixed-income housing at all levels.**

### **Other Recommended Strategies**

- 1. PDC should provide leadership in coordinating efforts by City Council, city bureaus, and owners of surface parking lots in the Central City, to develop strategies to better utilize these and other underdeveloped sites for housing and/or mixed use developments. Focus on interventions and incentives such as amending zoning code and parking requirements**
- 2. Develop strategies to replace low income units lost when rental units are converted to condominiums or other uses.**
- 3. Complete market study to analyze demand for rental housing including larger units (2+ bedrooms).**
- 4. Develop strategies to inform developers of funding priorities and availability of funds, and other housing development opportunities.**

## **EXHIBIT LIST**

<b>Briggs Hierarchy of Plans .....</b>	<b>1a</b>
<b>Briggs Land Use Planning Structure.....</b>	<b>1b</b>
<b>Urban Renewal Area Map.....</b>	<b>2</b>
<b>Central City Inventory Housing Data.....</b>	<b>3</b>



CITY OF  
**PORTLAND, OREGON**

BUREAU OF PLANNING

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January 28, 1998

TO: Baruti Arthareo and Margaret Bax, PDC  
FROM: Cathy Briggs *[Signature]*  
RE: Hierarchy of Plans

After attending a few of your tax increment allocation meetings I understand much better the confusion about which of the multitude of city policies has priority. For the kind of resource allocation work you're doing, existing plans don't offer clear priorities to help you make choices. I asked Planning Bureau staff who have worked on neighborhood plans to clarify for me the hierarchy of city-wide, community, and neighborhood plans, and to explain to me how neighborhood groups believe the plans will be used.

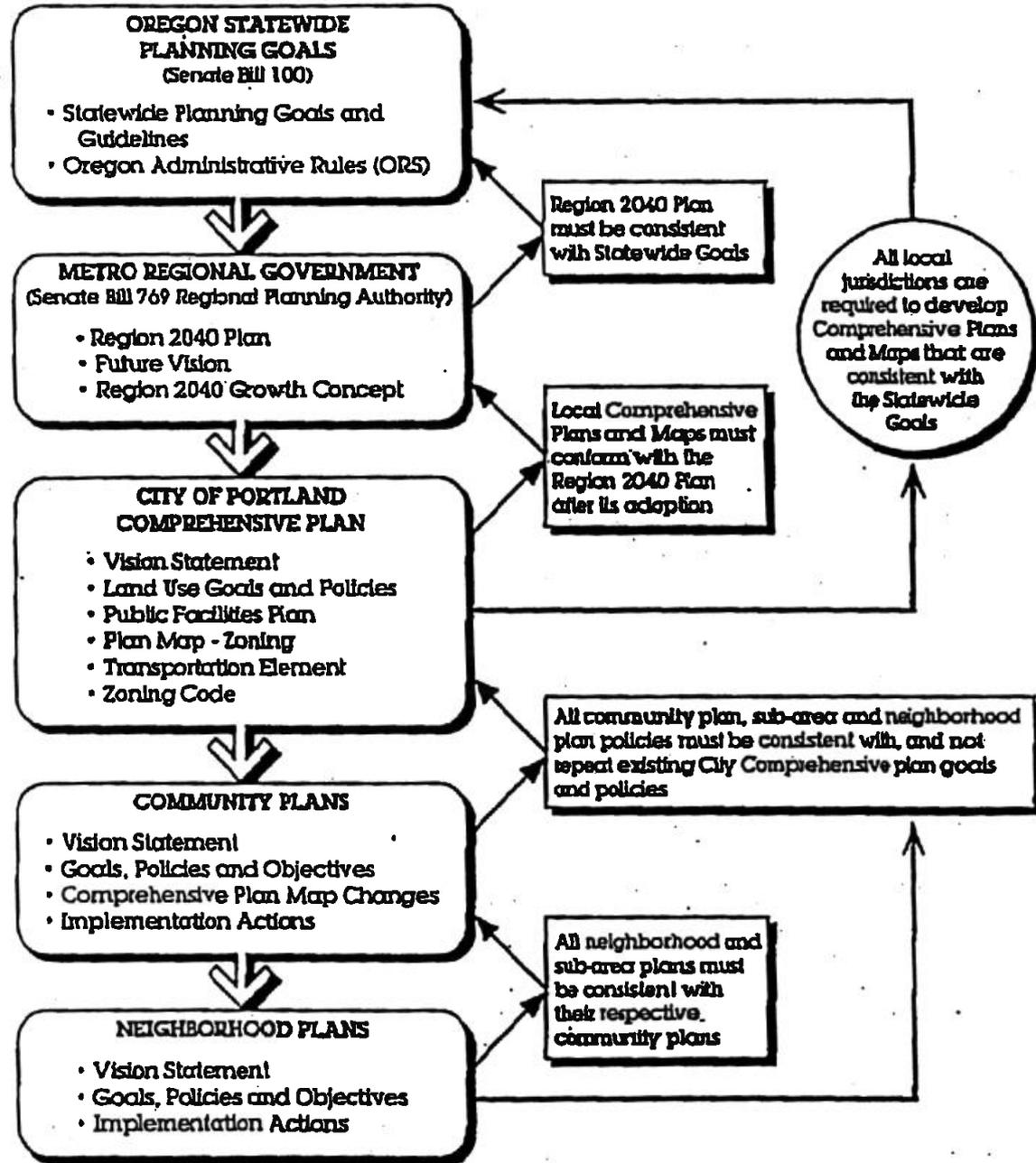
Basically, the hierarchy can be described as a "telescoping" effect. The City-wide Comprehensive Plan is the ruling document of all time, followed by Community Plans, and finally Neighborhood Plans or Plan Districts. If there are conflicts in policy - you move from the specific small plan to the next larger plan for clarification, until, if you need to, you look to the Comprehensive Plan policies, which are supposed to rule. This hierarchy and relationship of plans is usually stated in an introductory section in neighborhood plans.

Some neighborhood plans were done with the explicit instruction not to duplicate existing city policy, but to only add new policy. This was an important clarification for me because I have been struggling with the potential conflict between the Downtown Community Association's Residential Plan that calls for "the development of Downtown dwelling units for larger households and households with children," but does not speak to the issue of preservation of existing low-income housing, a long-standing policy of the Downtown Plan and the Central City Plan. The planner who worked on the Downtown Community Plan told me that the neighborhood was not allowed to include policies that duplicated existing policies. As a result, the neighborhood plan is not a stand alone document in terms of its expression of neighborhood values or goals. It must be read in conjunction with the higher level plans.

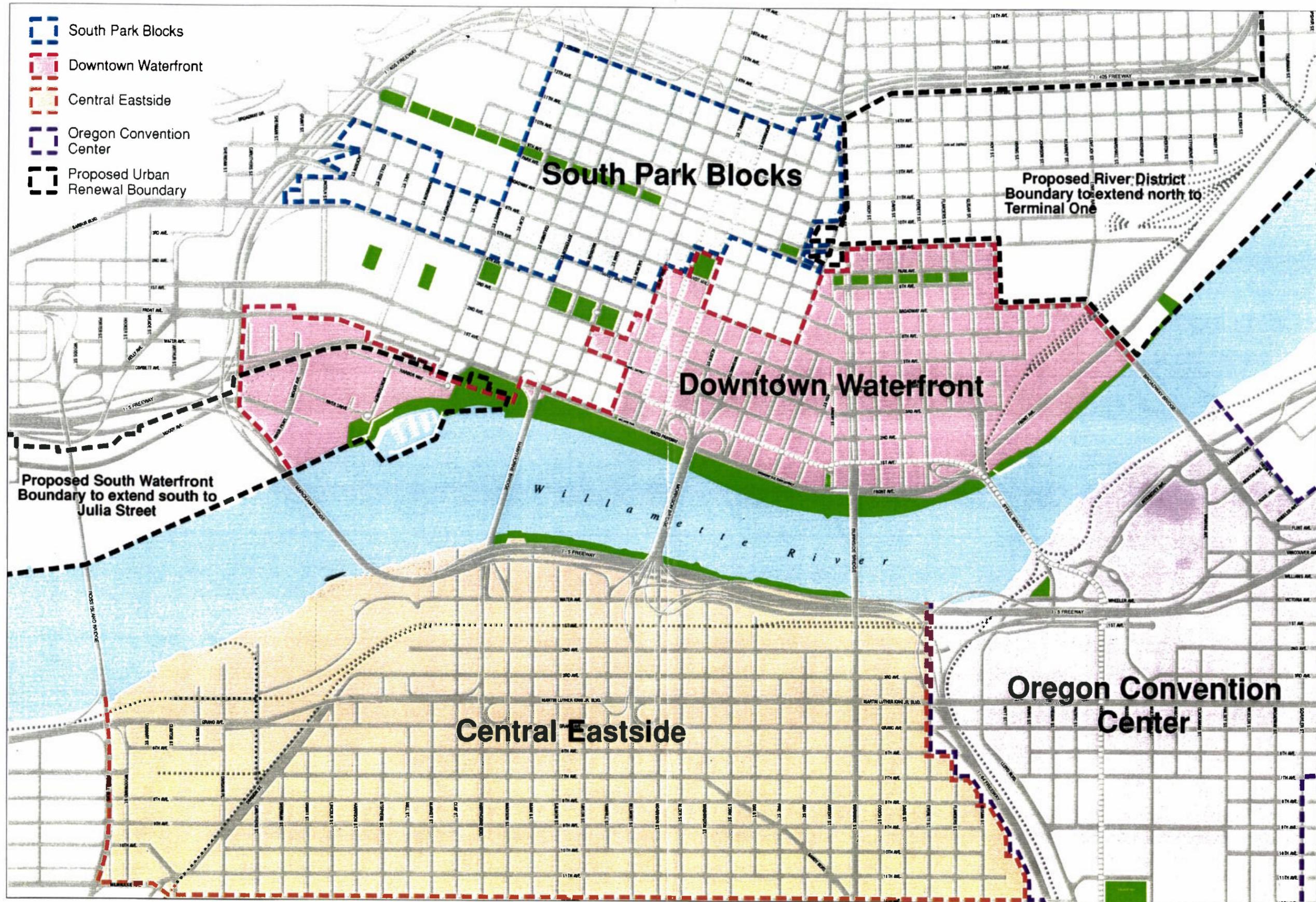
To further complicate this issue of layers of policy, there is the issue of visions or policies that are adopted by neighborhood or business groups, but which are not adopted by the City. Should we give those policies equal weight with City-adopted policies? When the City adopts a policy there is some assurance that people with different perspectives can participate in the process, at least by attending a public hearing. There is no assurance that other groups have gone through an open process that invited different perspectives. In fact some kinds of associations are specifically single-interest organizations. It is appropriate for the City to be aware of a neighborhood or organizations goals and visions, and even to take it into consideration, but it should not carry the same weight as adopted city policy that was subject to extensive public review and comment. Two examples of these kinds of policies were listed as applicable policy documents: the Eliot Neighborhood Housing Preservation & Development Policy, and the CEIC vision statement.

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### Chart 2: Land Use Planning Structure



# URBAN RENEWAL BOUNDARIES



## CENTRAL CITY HOUSING INVENTORY DATA

As part of the initial background briefings to the Committee, staff presented information on the current Central City housing supply, including information on the individual urban renewal districts, Westside non urban renewal areas, and the entire Central City area (see Exhibit 2). Data was provided on all types of housing, with primary emphasis on the affordability levels of open market rental housing and ownership housing.

The primary source of the information was the 1996 Central City Housing Inventory (CCHI) conducted by PDC, supplemented with current production information and other secondary sources of information (1992 Central City Housing Inventory and NWPP Housing Inventory). Because the original CCHI information was collected for general housing analysis purposes, the data did not provide as much detail on rental affordability as the Committee desired. At the request of the Committee, staff conducted additional analysis 1) to increase the number of units for which detailed rental rate information was available (approximately) and 2) to adjust rents of all units to account for the impact of utility allowances on unit affordability.

### Total Central City Housing

The Committee members were provided a copy of the 1996 CCHI. This geographic area did not align completely with the Committee's study area in that it included portions of NW Portland and excluded a portion of the housing along the MLK extension within the Oregon Convention Center Urban Renewal District. However, it was beneficial to first review overall housing indicators in this similar area.

A total of 19,252 housing units were identified in the 1996 CCHI. A breakdown of the unit types is as follows:

<u>Unit Type</u>	<u>Units by Type</u>	<u>Percent</u>
Traditional Apts.	10,801	56%
Condominiums	1,262	7%
SRO	2,442	13%
Transient (Shelter Beds)	385	2%
Student Housing	1,205	6%
Group Living	80	.004%
Senior Assisted Living	754	4%
Other	<u>2,325</u>	<u>12%</u>
TOTAL	19,254	100%

Detailed information was provided for 11,520 rental units (apartments, SROs, student housing, group living and senior assisted living), or 65% of the total rental housing inventory. The following table describes the affordability levels of units for which detailed rental rates were reported in the CCHI. (Note: this table does not adjust for utility allowances.)

<u>Affordability Level of Reported Rental Units</u>	<u>% of Reported Units</u>
0-30% MFI	22.3%
31-60% MFI	55.0%
61-80% MFI	16.4%
81%+ MFI	<u>6.3%</u>
TOTAL	100.0%

**Central City Urban Renewal District - Open Market Housing**

Staff provided the Committee with detailed information on housing inventories in the following urban renewal districts (URD's) and areas:

- Downtown Waterfront URD
- South Park Blocks URD
- Oregon Convention Center URD
- Central Eastside URD
- Other Westside Non-URD Area

The Other Westside Non-URD area included: portions of Goose Hollow and all areas within the downtown freeway loop that are not included in of the South Park Blocks and Downtown Waterfront Districts. *Please note that this is a different geographic area than the entire 1996 CCHI, as described in the previous section.*

The rental housing summarized in the following tables includes **open market rental housing**, described as traditional apartments and SROs. It does not include shelter beds, assisted living, dedicated student housing and senior and group living units. These other types of housing serve special needs populations or are have restricted access and therefore are not "open market" units.

The staff made substantial efforts to transmit accurate and detailed information to the Committee so that the affordability information provided a solid base for the Committee's recommendations. The Committee however, remained somewhat frustrated by the lack of complete data and the limited time to review and understand the information that was available. The Committee recommended that a single, consistent and reliable housing inventory be conducted City-wide to provide future policy efforts

with a high quality information base. The data for income level of units has been recalculated to adjust for utility allowances.

## 1. EASTSIDE CENTRAL CITY

- A. Central Eastside URD:** As shown in Table 1, the Central Eastside URD currently has a total of 837 rental housing units and no owner occupied units. By 1998, the housing inventory will increase slightly to a total of 879 rental units.

The affordability levels of the rental housing is also indicated in Table 1. In 1998, approximately:

20%	of the units will be affordable to 0-31% MFI households
77%	will be affordable to 31-60% MFI households
3%	will be affordable to 61-80% MFI households
<u>0%</u>	will serve 81%+ households.
100%	

This has the highest percentage of low income housing of all the Central City URDs (97%).

When the URD was created in 1986, the feasibility study identified 1,392 total dwelling units in the area. PDC's 1996 inventory identified 837 total units, and does not include detailed information on the remaining 555 units identified in the URD feasibility study. The 1996 survey involved multiple contacts of property owners or managers to obtain detailed project information, but in many cases, no response was received. Staff believes that these 555 units not included in the 1996 inventory are primarily single family and small complexes along the eastern edge of the URD.

- B. Oregon Convention Center URD:** As shown in Table 2, the Oregon Convention Center URD currently has a total of 835 rental housing units. By 1998, the housing inventory will increase by a total of 291 units to 1,059 total rental units and 67 total owner occupied units. The condominium project and a market rate rental housing project are proceeding as privately financed development projects.

The affordability levels of the rental housing is also indicated in Table 2. In 1998, approximately:

1%	of the units will be affordable to 0-31% MFI households
38%	will be affordable to 31-60% MFI households
5%	will be affordable to 61-80% MFI households
<u>56%</u>	will serve 81%+ households
100%	

**B. South Park Blocks URD:** As shown in Table 4, the South Park Blocks URD currently has a total of 3,385 rental housing units and 193 owner occupied units. By 1998, the housing inventory will increase nominally by 60 units to 3,445 total rental units with no change in owner occupied units. Over the last decade, the primary factors for the lack of new housing development and investment has been the lack of public financing resources to leverage feasible projects, even though the downtown housing market remains very strong.

The affordability levels of the rental housing is also indicated in Table 4 . In 1998, approximately:

17%	of the units will be affordable to 0-31% MFI households
54%	will be affordable to 31-60% MFI households
10%	will be affordable to 61-80% MFI households
<u>19%</u>	will serve 81%+ households
100%	

Very low and low income units total 71% of the South Park Blocks URD inventory, but unlike the Downtown Waterfront URD, the vast majority of these units are in the 31-60% MFI category. The Downtown Waterfront URD has more units at the very low and upper end than the South Park Blocks District.

Combined, the market rate rentals and ownership units total 24% of the total open market housing (rentals and condos).

All of the 193 ownership units are market rate, located in two separate buildings. No new condominium construction has occurred in more than a decade.

There are several student housing buildings in the South Park Blocks URD, which serve students and provide additional lower cost housing resources.

**C. Non-URD Westside Areas:** As shown in Table 5, the area within the Downtown I-405 Freeway loop that is not part of an urban renewal district currently has a total of 3,077 rental housing units and 455 owner occupied units. By 1998, the housing inventory will increase by 269 units, up to 3,801 total units, including 3,235 rental units and 566 owner occupied units.

The primary factors for this increase are the continued strong local economy driving demand for market rate ownership housing, continued demand for affordable housing, favorable interest rates and the resurgence of secondary financing from PDC to encourage new development.

The affordability levels of the rental housing is also indicated in Table 5. In 1998, approximately:

6%	of the units will be affordable to 0-31% MFI households
50%	will be affordable to 31-60% MFI households
19%	will be affordable to 61-80% MFI households
<u>25%</u>	will serve 81%+ households
100%	

Combined, the market rate rentals and ownership units total 36% of the total open market housing (rentals and condos).

All of the 566 ownership units are market rate, located in primarily in the Pearl District and the South Auditorium area. The Pearl District has been the source of the most active condominium development activity since RiverPlace condos were completed in 1985.

**D. Total Westside Central City Open Market Housing:** The total open market rental and ownership housing for the Westside is indicated in Table 6. By combining the three sub-districts described above, the Westside housing market totals 10,017 rental units and 1,057 condominium units.

Rental housing has long been the main housing option for households choosing a downtown location. Approximately 10 percent of the total open market housing is ownership, with 90 percent serving renter households.

The affordability levels of the rental housing is also indicated in Table 6. In 1998, approximately:

17%	of the units will be affordable to 0-31% MFI households
47%	will be affordable to 31-60% MFI households
11%	will be affordable to 61-80% MFI households
<u>25%</u>	will serve 81%+ households.
100%	

Combined, the market rate rentals and ownership units total 32% of the total open market housing (rentals and condos).

### 3. TOTAL CENTRAL CITY

And finally, Table 7 indicates the total Central City (Westside and Eastside) housing inventory.

In 1996, there were 10,549 rental units and 823 owner occupied units. By the end of 1998, the rental supply will increase by 1,406 to 11,955 and owner occupied units will increase by 234 units for a total of 1,057 units, for a total of 1,640 new units (rental and owner occupied).

The affordability levels of the rental housing is also indicated in Table 7 . In 1998, approximately:

16%	of the units will be affordable to 0-31% MFI households
49%	will be affordable to 31-60% MFI households
9%	will be affordable to 61-80% MFI households
<u>26%</u>	will serve 81%+ rate households
100%	

Overall, the additional 1,406 rental units will not change the affordability distribution during this two year period.

**CENTRAL EASTSIDE URD - RENTAL MIX**

1996 RENTALS 837			1998 Rentals 879		
Income Category	Number of Units	% of Units	Income Category	Number of Units	% of Units
0-30%	177	21.1%	0-30%	177	20.1%
31-60%	635	75.9%	31-60%	677	77.0%
61-80%	25	3.0%	61-80%	25	2.8%
81+%	0	0.0%	81+%	0	0.0%
<b>TOTAL</b>	<b>837</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>879</b>	<b>100.0%</b>

**CENTRAL EASTSIDE URD - OWNER OCCUPIED MIX**

1996 Owner Occupied 0			1998 Owner Occupied 0		
Assessed Value	Number of Units	% of Units	Assessed Value	Number of Units	% of Units
<\$70,000	0	0.0%	<\$70,000	0	0.0%
\$71-90,000	0	0.0%	\$71-90,000	0	0.0%
>\$91,000	0	0.0%	>\$91,000	0	0.0%
market rate	0	0.0%	market rate	0	0.0%
<b>TOTAL</b>	<b>0</b>	<b>0.0%</b>	<b>TOTAL</b>	<b>0</b>	<b>0.0%</b>

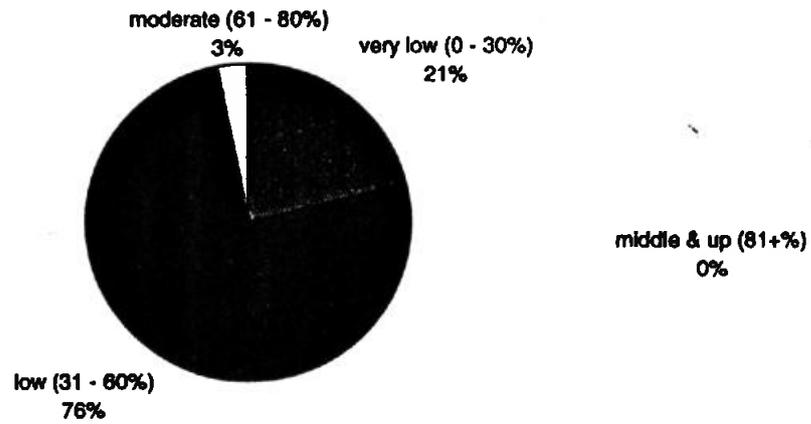
\*Please note that income level figures include only those units for which detailed information is available.

\*\*\*Please note figures do not include Single Family Homes, Group Homes, Assisted Living Facilities, Shelters, or Student Housing.

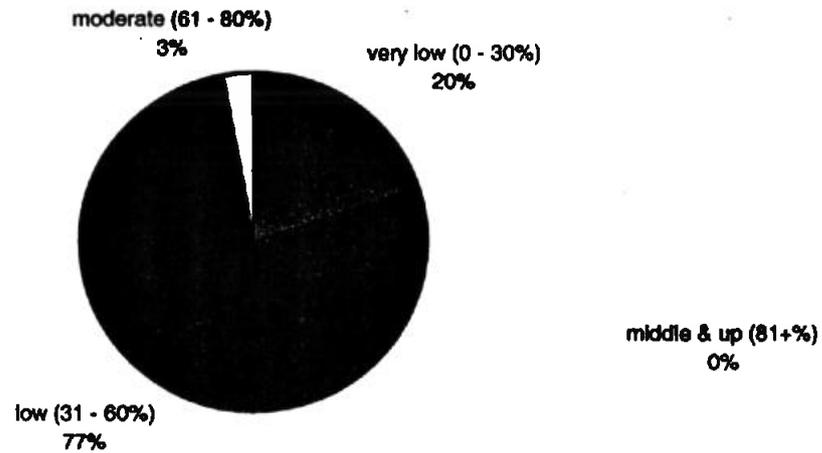
\*\*\*\*Affordability figures are adjusted for utility allowances.

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1996 Central Eastside Rental Inventory Distribution



1998 Central Eastside Rental Inventory Distribution



Note: No owner occupied units were identified in the 1996 CCHI.  
PDC has not identified any new owner occupied units in the 1998 inventory.

**CONVENTION CENTER URD - RENTAL MIX**

1996 RENTALS 835			1998 Rentals 1,059		
Income Category	Number of Units	% of Units	Income Category	Number of Units	% of Units
0-30%	6	0.7%	0-30%	15	1.4%
31-60%	319	38.2%	31-60%	401	37.9%
61-80%	50	6.0%	61-80%	50	4.7%
81+%	460	55.1%	81+%	593	56.0%
<b>TOTAL</b>	<b>835</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>1,059</b>	<b>100.0%</b>

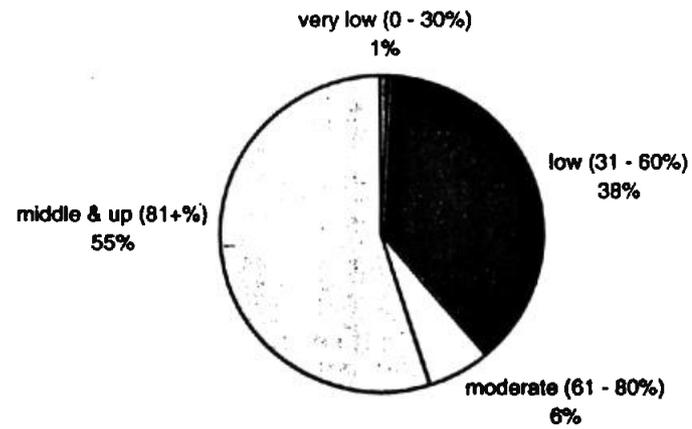
**CONVENTION CENTER URD - OWNER OCCUPIED MIX**

1996 Owner Occupied 0			1998 Owner Occupied 67		
Assessed Value	Number of Units	% of Units	Assessed Value	Number of Units	% of Units
<\$70,000	0	0.0%	<\$70,000	0	0.0%
\$71-90,000	0	0.0%	\$71-90,000	10	14.9%
>\$91,000	0	0.0%	>\$91,000	0	0.0%
market rate	0	100.0%	market rate	57	85.1%
<b>TOTAL</b>	<b>0</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>67</b>	<b>100.0%</b>

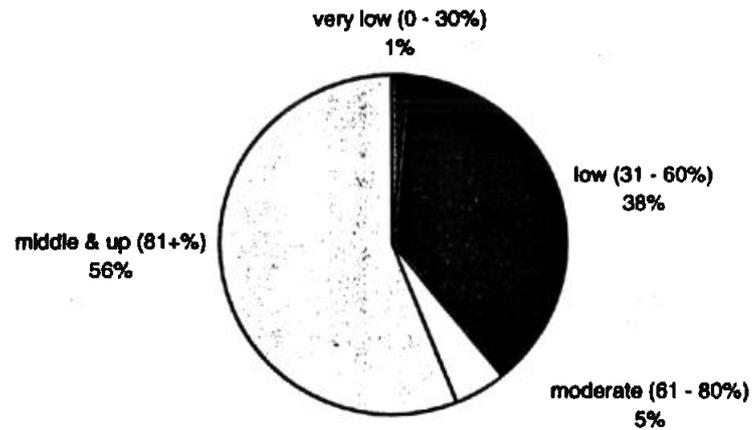
\*Please note that income level figures include only those units for which detailed information is available.  
 \*\*\*Please note figures do not include Single Family Homes, Group Homes, Assisted Living Facilities, Shelters, or Student Housing.  
 \*\*\*\*Affordability figures are adjusted for utility allowances.

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1996 Convention Center Rental Inventory Distribution



1998 Convention Center Rental Inventory Distribution



Note: Figures Include South Park Blocks URD, Downtown URD, Central City Non-URD.

Figures do not include Owner Occupied Units.

Total Owner Occupied Units: 57 Market Rate  
10 \$70,000-91,000

Revised Central City Housing Inventory

**DOWNTOWN WATERFRONT URD - RENTAL MIX**

1996 RENTALS 2,415			1998 Rentals 3,337		
Income Category	Number of Units	% of Units	Income Category	Number of Units	% of Units
0-30%	845	35.0%	0-30%	899	26.9%
31-60%	689	28.5%	31-60%	1,298	38.9%
61-80%	131	5.4%	61-80%	131	3.9%
81+%	750	31.1%	81+%	1,009	30.2%
<b>TOTAL</b>	<b>2,415</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>3,337</b>	<b>100.0%</b>

**DOWNTOWN WATERFRONT URD - OWNER OCCUPIED MIX**

1996 Owner Occupied 175			1998 Owner Occupied 298		
Assessed Value	Number of Units	% of Units	Assessed Value	Number of Units	% of Units
<\$70,000	0	0.0%	<\$70,000	0	0.0%
\$71-90,000	0	0.0%	\$71-90,000	20	6.7%
>\$91,000	0	0.0%	>\$91,000	0	0.0%
<b>Market Rate</b>	<b>175</b>	<b>100.0%</b>	<b>Market Rate</b>	<b>278</b>	<b>93.3%</b>
<b>TOTAL</b>	<b>175</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>298</b>	<b>100.0%</b>

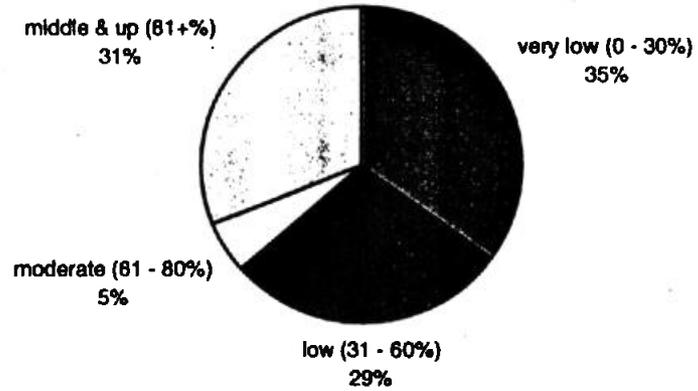
\*Please note that income level figures include only those units for which detailed information is available.

\*\*\*Please note figures do not include Single Family Homes, Group Homes, Assisted Living Facilities, Shelters, or Student Housing.

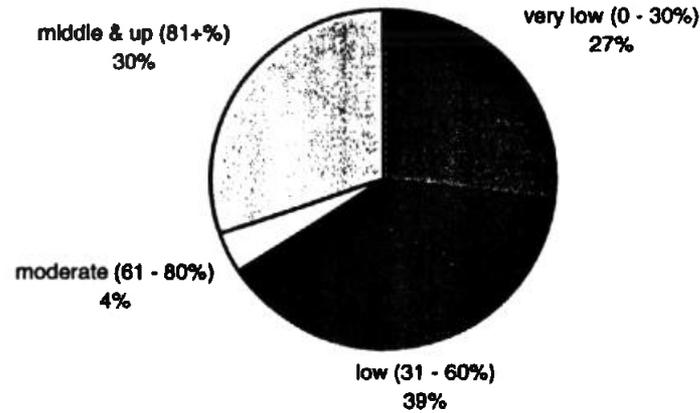
\*\*\*\*Affordability figures are adjusted for utility allowances.

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1996 Downtown Waterfront Rental Inventory Distribution



1998 Downtown Waterfront Rental Inventory Distribution



Note: Figures do not include the 175 owner occupied units at market rate in the 1996 inventory or the 20 \$71-90,000 and 103 market units in the projected 1998 figures.  
Total Owner Occupied Unit Inventory: 298

Revised Central City Housing Inventory

Table 1

**SOUTH PARK BLOCKS URD - RENTAL MIX**

1996 RENTALS 3,385			1998 Rentals 3,445		
Income Category	Number of Units	% of Units	Income Category	Number of Units	% of Units
0-30%	585	17.3%	0-30%	585	17.0%
31-60%	1,798	53.1%	31-60%	1,858	53.9%
61-80%	331	9.8%	61-80%	331	9.6%
81+%	671	19.8%	81+%	671	19.5%
<b>TOTAL</b>	<b>3,385</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>3,445</b>	<b>100.0%</b>

**SOUTH PARK BLOCKS URD - OWNER OCCUPIED MIX**

1996 Owner Occupied 193			1998 Owner Occupied 193		
Assessed Value	Number of Units	% of Units	Assessed Value	Number of Units	% of Units
<\$70,000	0	0.0%	<\$70,000	0	0.0%
\$71-90,000	0	0.0%	\$71-90,000	0	0.0%
>\$91,000	0	0.0%	>\$91,000	0	0.0%
market rate	193	100.0%	market rate	193	100.0%
<b>TOTAL</b>	<b>193</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>193</b>	<b>100.0%</b>

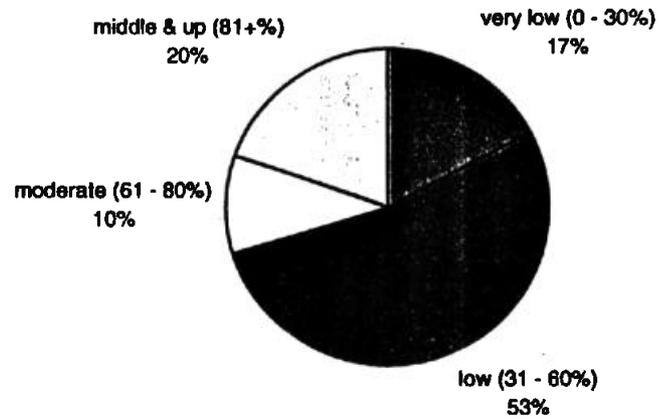
\*Please note that income level figures include only those units for which detailed information is available.

\*\*\*Please note figures do not include Single Family Homes, Group Homes, Assisted Living Facilities, Shelters, or Student Housing.

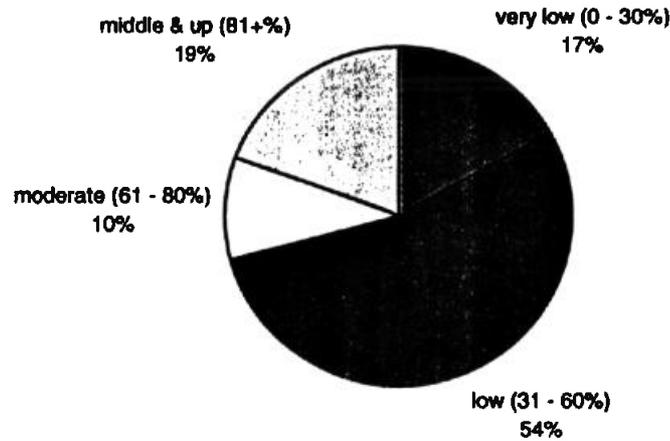
\*\*\*\*Affordability figures are adjusted for utility allowances.

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**1996 South Park Blocks Rental Inventory Distribution**



**1998 South Park Blocks Rental Inventory Distribution**



**Note:** Figures do not include the 193 owner occupied units at market rate in the 1996 inventory.  
No new units are known to the PDC at this time.  
Total Owner Occupied Inventory: 193 units

**NON URD WEST SIDE CENTRAL CITY - RENTAL MIX\*\***

1996 RENTALS 3,077			1998 Rentals 3,235		
Income Category	Number of Units	% of Units	Income Category	Number of Units	% of Units
0-30%	213	26.6%	0-30%	213	6.6%
31-60%	1,449	180.7%	31-60%	1,607	49.7%
61-80%	613	76.4%	61-80%	613	18.9%
81+%	802	100.0%	81+%	802	24.8%
<b>TOTAL</b>	<b>3,077</b>		<b>TOTAL</b>	<b>3,235</b>	<b>100.0%</b>

**NON URD WEST SIDE CENTRAL CITY - RENTAL MIX\*\***

1996 Owner Occupied 455			1998 Owner Occupied 566		
Assessed Value	Number of Units	% of Units	Assessed Value	Number of Units	% of Units
<\$70,000	0	0.0%	<\$70,000	0	0.0%
\$71-90,000	0	0.0%	\$71-90,000	0	0.0%
>\$91,000	0	0.0%	>\$91,000	0	0.0%
market rate	455	100.0%	market rate	566	100.0%
<b>TOTAL</b>	<b>455</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>566</b>	<b>100.0%</b>

\*Please note that income level figures include only those units for which detailed information is available.

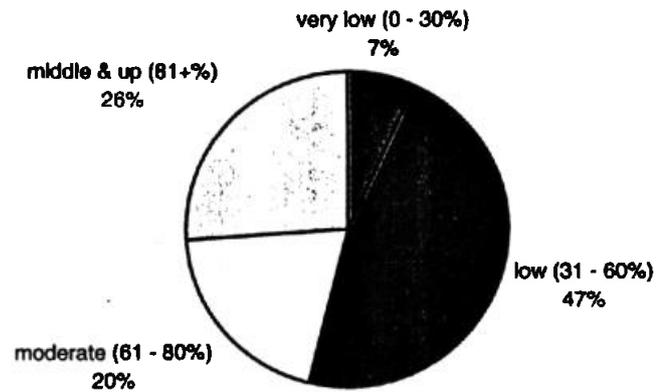
\*\* Includes those portions of Downtown which fall outside of the Downtown Urban Renewal District and a portion of Goosehollow. Please see attached Map

\*\*\*Please note figures do not include Single Family Homes, Group Homes, Assisted Living Facilities, Shelters, or Student Housing.

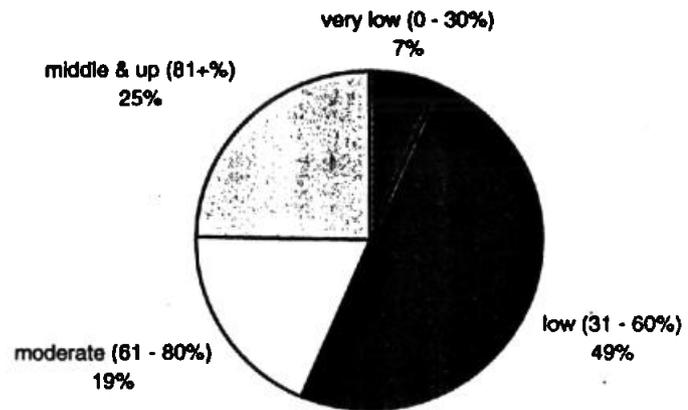
\*\*\*\*Affordability figures are adjusted for utility allowances.

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1996 Non-URD Central City Rental Inventory Distribution



1998 Non-URD Central City Rental Inventory Distribution



Revised Central City Housing Inventory

**TOTAL WEST SIDE CENTRAL CITY - RENTAL MIX**

1996 RENTALS 8,877			1998 Rentals 10,017		
Income Category	Number of Units	% of Units	Income Category	Number of Units	% of Units
0-30%	1,643	18.5%	0-30%	1,697	16.9%
31-60%	3,936	44.3%	31-60%	4,763	47.5%
61-80%	1,075	12.1%	61-80%	1,075	10.7%
81+%	2,223	25.0%	81+%	2,482	24.8%
<b>TOTAL</b>	<b>8,877</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>10,017</b>	<b>100.0%</b>

**TOTAL WEST SIDE CENTRAL CITY - OWNER OCCUPIED MIX**

1996 Owner Occupied 823			1998 Owner Occupied 1,057		
Assessed Value	Number of Units	% of Units	Assessed Value	Number of Units	% of Units
<\$70,000	0	0.0%	<\$70,000	0	0.0%
\$71-90,000	0	0.0%	\$71-90,000	20	1.9%
>\$91,000	0	0.0%	>\$91,000	0	0.0%
<b>market rate</b>	<b>823</b>	<b>100.0%</b>	<b>market rate</b>	<b>1,037</b>	<b>98.1%</b>
<b>TOTAL</b>	<b>823</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>1,057</b>	<b>100.0%</b>

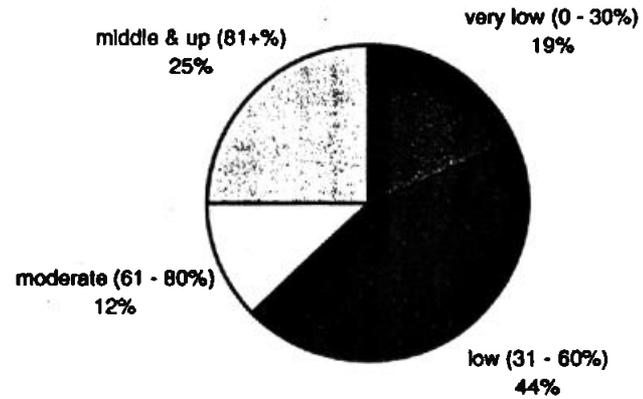
\*Please note that income level figures include only those units for which detailed information is available.

\*\*\*Please note figures do not include Single Family Homes, Group Homes, Assisted Living Facilities, Shelters, or Student Housing.

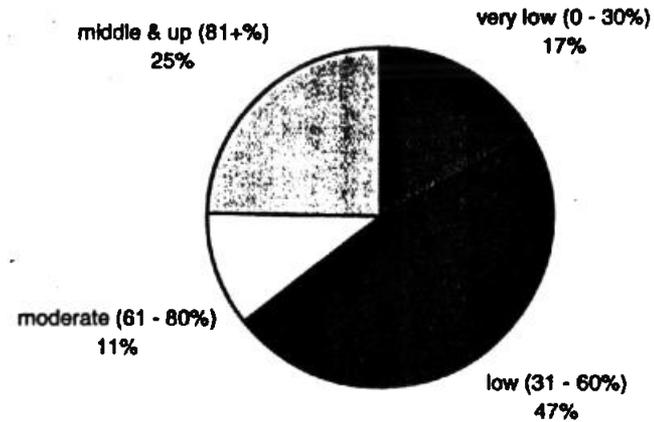
\*\*\*\*Affordability figures are adjusted for utility allowances.

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1996 West Side Central City Rental Inventory Distribution



1998 West Side Central City Rental Inventory Distribution



Note: Figures include South Park Blocks URD, Downtown URD, Central City Non-URD.

Figures do not include Owner Occupied Units.

Total Owner Occupied Units: 1,037 Market Rate  
20 \$70,000-91,000

Table 1

Revised Central City Housing Inventory

**CENTRAL CITY - RENTAL MIX**

1996 RENTALS 10,549			1998 Rentals 11,955		
Income Category	Number of Units	% of Units	Income Category	Number of Units	% of Units
0-30%	1,826	17.3%	0-30%	1,889	15.8%
31-60%	4,890	46.4%	31-60%	5,841	48.9%
61-80%	1,150	10.9%	61-80%	1,150	9.6%
81+%	2,683	25.4%	81+%	3,075	25.7%
<b>TOTAL</b>	<b>10,549</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>11,955</b>	<b>100.0%</b>

**CENTRAL CITY - OWNER OCCUPIED MIX**

1996 Owner Occupied 823			1998 Owner Occupied 1,067		
Assessed Value	Number of Units	% of Units	Assessed Value	Number of Units	% of Units
<\$70,000	0	0.0%	<\$70,000	0	0.0%
\$71-90,000	0	0.0%	\$71-90,000	30	2.8%
>\$91,000	0	0.0%	>\$91,000	0	0.0%
market rate	823	100.0%	market rate	1,037	97.2%
<b>TOTAL</b>	<b>823</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>1,067</b>	<b>100.0%</b>

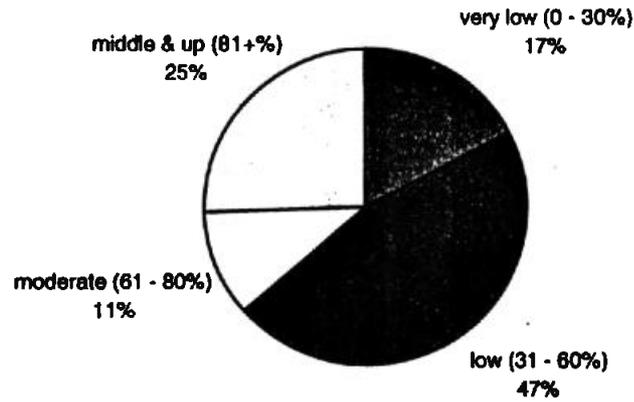
\*Please note that income level figures include only those units for which detailed information is available.

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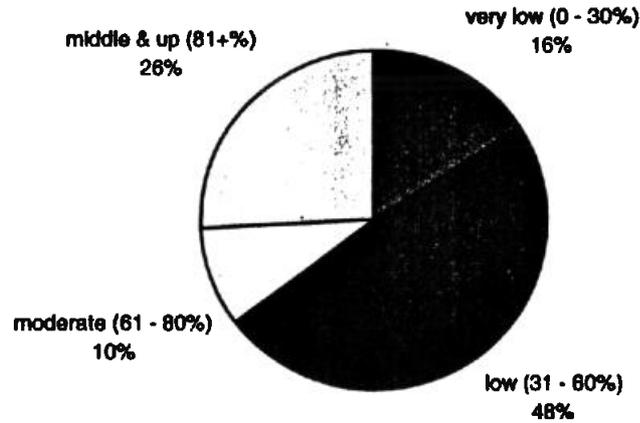
\*\*\*\*Affordability figures are adjusted for utility allowances.

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1996 Central City Rental Inventory Distribution



1998 Central City Rental Inventory Distribution



Note: Figures include South Park Blocks URD, Downtown URD, Central City Non-URD.

Figures do not include Owner Occupied Units.

Total Owner Occupied Units: 1,037 Market Rate  
30 \$70,000-91,000