



CITY OF
PORTLAND, OREGON

PORTLAND HOUSING BUREAU

Nick Fish, Commissioner

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Tax Increment Financing for Affordable Housing Set Aside: 5 Year Review

Project Background: The TIF Affordable Housing Set Aside policy was adopted by City Council October 25, 2006 as mechanism for establishing an allocation of TIF for the development, preservation, and rehabilitation of housing affordable to households with incomes at or below 80% MFI. The adopted ordinance directs the City to perform a policy review and recommend changes during the fifth year of implementation. Fiscal Year 2006/2007 was the first year of implementation, making Fiscal Year 2010/2011 the fifth year.

Issues for Review:

Budgeting: With the establishment of the Portland Housing Bureau to administer TIF resources for affordable housing, how do we convert the Set-Aside from a “look-back” policy to one that creates predictable budgets for housing to be budgeted to PHB? How do we set the floor in the set-aside without setting the ceiling in case there is need or desire to expend more than 30% for affordable housing? Is the 30% standard to be by district or applied across all URAs? How apply policy to potential new districts?

Outcomes and ease of Implementation: Updated set-aside should set clear policy targets consistent with PHB Strategic Plan/City Needs. How prescriptive do the outcomes need to be in this policy? Should outcomes be tied to URAs or reflect citywide need? How do we calculate progress: unit count, dollars spent, people housed?

Monitoring and Reporting: Centralize responsibility for data collection on Set Aside performance. Simplify spending calculations and monitoring. Assimilate Set Aside reporting into PHB Annual Report. Make data available externally as part of PHB Dashboard.

Proposed Timeline: November 2010 – March 2011

Proposed Committee Structure and Scopes of Work

Stakeholder Advisory Committee will be a workgroup of the new Portland Housing Advisory Committee (PHAC) and will be comprised of 10-12 individuals, to include housing advocates, non-profit and for-profit developers, URA representatives, PHAC members and reps from taxing jurisdictions. The SAC will meet 5-6 times and after deliberation will recommend changes to improve the performance of the policy and streamline the monitoring and reporting.

- Deliverable: Report to Director Van Vliet on recommended policy changes

Internal Technical Advisory Committee will convene with the sole purpose of analyzing the TIF Set Aside budgeting process and recommending changes to simplify and improve the budget process. These recommendations will be forwarded to the SAC for its consideration.

- Deliverable: Report to SAC on recommended budgeting changes.
- Makeup: Internal staff from PDC, PHB, OMF, Commissioner Fish’s Office



FY 09/10 TIF Set Aside Report Highlights

FY 09/10 Spending

- \$41M spent on Set Aside eligible expenditures accounted for 49% of all TIF project expenditures in FY 09/10
- FY 09/10 spending mirrored previous years with 70% of spending going toward very-low and low income rental projects.
- FY 09/10 saw higher than average spending on Community Facilities with funding for Hooper Center, New Avenues for Youth, and RAC.
- Projects receiving funding in 09/10 had \$141M in hard costs resulting in an estimated 1,518 construction jobs.

4 Year Performance

- Overall spending is behind in NMAC, OCC, and Gateway
- All districts, besides DTWF, are not meeting spending requirements for 0-30% MFI. Neighborhood URAs and River District are particularly short in 0-30% MFI spending.
- Policy estimated \$121M available over 5 years. \$108M has already been spent, and with FY 10/11 budget, we are expected to far exceed the \$121M estimate.
- Set Aside policy has been very successful in creating resources for affordable housing development. Before policy, URAs were only spending 15% on average on affordable housing.
- Set Aside funds have been crucial for Preservation, TOD affordable housing projects, and homeownership opportunities.

Urban Renewal Area	4 Year Cumulative Expenditures		5 Yr Policy Targets	
	TIF Set Aside Eligible Expenditures	% of Total URA Expenditures	Proposed Minimum Requirement from Policy	%
Central Eastside	\$4,441,889	20%	\$5,100,000	15%*
Downtown Waterfront	\$17,314,208	22%	\$16,000,000	22%
Gateway Regional Center	\$2,288,992	24%	\$4,575,000	30%
Interstate Corridor	\$15,418,376	48%	\$12,826,000	30%
Lents Town Center	\$11,948,518	34%	\$12,684,142	30%
North Macadam	\$7,215,738	24%	\$22,741,000	39%**
Oregon Convention Center	\$3,944,977	16%	\$7,000,000	26%
River District	\$21,013,804	39%	\$22,738,815	30%
South Park Blocks	\$25,317,320	57%	\$17,688,319	30%
Total	\$108,903,822		\$121,353,276	