

HOU-1.04 - Income Guidelines for Affordable Housing Tax Increment Financing Set Aside Policy

INCOME GUIDELINES FOR AFFORDABLE HOUSING TAX INCREMENT FINANCING SET ASIDE POLICY

Binding City Policy

BCP-HOU-1.04

[Link to Attachment A](#) (PDF Document, 64 KB)

[Link to Attachment B](#) (PDF Document, 56 KB)

PURPOSE

Section 1. The Council finds:

1. The Comprehensive Plan Housing Policy provides the overall policy framework for City housing goals, programs, and funding decisions.
2. The City of Portland has adopted several specific housing priorities including "Home Again: A 10-year Plan to End Homelessness in Portland and Multnomah County," No Net Loss for Affordable Housing in the Central City, the Affordable Housing Preservation Ordinance, and Operation HOME, the campaign to increase minority homeownership rates in the city.
3. Affordable housing for working families, people with disabilities, seniors, and low income households earning at or below 80% MFI is a high priority for the city of Portland.
4. According to ORS 457.085 (3), urban renewal plans, including tax increment fund (TIF) expenditures, must comply with the City's Comprehensive Plan and adopted Economic Development Plans.
5. According to ORS 457.095 and 457.220, City Council approves each urban renewal plan for a new urban renewal district and substantial amendments to each urban renewal plan.
6. To achieve the city's redevelopment goals, the Portland Development Commission (PDC) must have the flexibility to respond to changing market conditions, emerging opportunities, and the availability of other public and private financial resources.
7. The City Council adopted Resolution No. 36403 on April 26, 2006, declaring its intent to establish a Tax Increment Funding Set Aside for affordable housing and asking PDC to present research and implementation options that would create such a set aside or other guaranteed funding source for housing affordable to households with incomes at or below 80% MFI.
8. The City Council adopted Ordinance 180547 on October 25, 2006, which established a set aside of TIF resources for the development, preservation and rehabilitation of housing affordable to households with incomes below 80% of median family income (MFI).
9. In Ordinance 180547 Council directed PDC to present recommended allocation guidelines by income categories to the City Council.
10. PDC has completed a public participation effort to engage individual stakeholders and groups in a discussion of the appropriate income guidelines.
11. PDC has adopted Tax Increment Financing for Affordable Housing Income Guidelines (Exhibit B) and forwarded them to the City Council for adoption and inclusion in the Tax Increment Financing for Affordable Housing Set Aside Policy.
12. The Tax Increment Financing for Affordable Housing Income Guidelines adopted and forwarded to City Council restricts homeownership investment up to 80% median family income (MFI) and below, except for the development of, or homebuyer assistance to, units with three bedrooms or more which are restricted to 100% MFI and below.

POLICY

NOW, THEREFORE, the Council directs:

1. The directive section of Ordinance No. 180547 is amended as shown below:
 - a. It is the policy of the City of Portland that 30% of Tax Increment Financing (TIF) over the life of an Urban Renewal District shall be dedicated to the development, preservation and rehabilitation of housing affordable to households with incomes below 80% median family income.
 - b. This Tax Increment Financing for Affordable Housing Set Aside Policy is hereby amended to allow funds to also be used

for the development of, or homebuyer assistance to, units with three bedrooms or more which are restricted to 100% MFI and below. The purpose and intention of this amendment is to provide financing for programs that encourage homeownership within the City of Portland for families with children to the extent permitted under federal, state, and local Fair Housing Laws. For these units in the central city PDC will require binding long term affordability calculated, in part, based on purchaser household size.

c. This policy shall apply to all new urban renewal districts and substantial amendments to existing renewal districts after November 1, 2007.

d. In approving the Urban Renewal Plan for a new district or a substantial amendment to the Urban Renewal Plan for an existing district, City Council will consider whether the Plan meets this Set Aside policy, and if not, explain the exception to this policy.

e. This policy shall apply to existing urban renewal districts in the manner outlined in [Attachment A: Tax Increment Financing Set Aside Implementation Plan](#).

f. The City Council hereby adopts [The PDC Tax Increment Financing for Affordable Housing Proposed Income Guidelines which are herein outlined in Attachment B](#).

g. PDC will report affordable housing expenditures by tenure (rental and homeownership), by income level, by unit size (number of bedrooms) and by urban renewal district annually to City Council and, if necessary, recommend changes to income guidelines to achieve maximum public benefit in housing projects.

h. City Council and PDC will review the implementation of this policy and its impacts on other city policies and priorities in the annual budget process.

i. By December 2010 the City Council and PDC will conduct a thorough review of this policy and its impact on tax increment revenues, city housing and other goals. At that time they will consider changes to program, if necessary.

j. The Tax Increment Financing for Affordable Housing Policy and the attached [Implementation Plan](#) and [Income Guidelines](#) are binding City Policy under Section 1.07.020 A of the City Code.

[Link to Attachment A](#) (PDF Document, 64 KB)

[Link to Attachment B](#) (PDF Document, 56 KB)

HISTORY

Ordinance No. 180889, passed by City Council April 12, 2007 and effective May 12, 2007.