

N/NE Housing Strategy  
Oversight Committee

N/NE Community Development  
Initiative Oversight Committee

Joint Meeting – July 19, 2018

## **Frequently Asked Questions**



**PROSPER  
PORTLAND**  
Building an Equitable Economy

**Portland  
Housing Bureau**

# Summary of Proposal Options to Amend URA and Increase Maximum Indebtedness

When an Urban Renewal Area (URA) is approved by City Council, the associated URA Plan includes a Maximum Indebtedness (MI), which is the maximum amount of debt to be incurred by that district. This amount was driven by the estimated cost of implementing the urban renewal plan. The Interstate Corridor Urban Renewal Area (ICURA) Plan was adopted in 2000 with an MI of \$335,082,600.

Increasing the Maximum Indebtedness can be completed with or without expanding the Interstate Corridor Urban Renewal Area (ICURA) boundary. Below is a summary of the scenarios when the MI is increased with or without changes to the ICURA boundary:

## Current Proposal: Maximum Indebtedness Increase Only

- **Increase MI and increase TIF revenue by \$67 million**
- **No change in boundary**

The ICURA boundary can only ever be increased by 20% of the original acreage, or a total of 742 acres. Since its inception, the ICURA boundary has been increased by 450.72 acres. The boundary can only be increased by a total of 291.32 acres, which is the remaining balance of the 742 acres.

<b>Original URA Acreage</b>	3710.20
<b>20% Maximum Increase</b>	742.04
<b>Previous Acreage Amendments</b>	450.72
<b>Remaining Acreage Amendments</b>	291.32

## Potential Alternative: MI increase and adjust boundary

- **Increase MI and increase TIF revenue by \$67 million**
- **Amend Boundary to include properties aligned with N/NE Housing or N/NE CDI plans**

## Q1 How were the Interstate Corridor URA (ICURA) boundaries determined?

In **August 2000**, the Portland City Council approved the Interstate Corridor Urban Renewal Area (ICURA), which contained 3710.2 acres covering a portion of ten neighborhoods in North/Northeast Portland.

### Original boundaries

The Albina Community Plan was the guiding policy document for the original URA boundaries and a key source for the URA plan goals. During the early formation of the URA, the community expressed a desire to be genuinely engaged in the decisions related to the URA boundaries, maximum indebtedness, project prioritization, and the guiding principles. As a result, the boundaries of the ICURA reflected input from affected stakeholders and neighborhood associations.

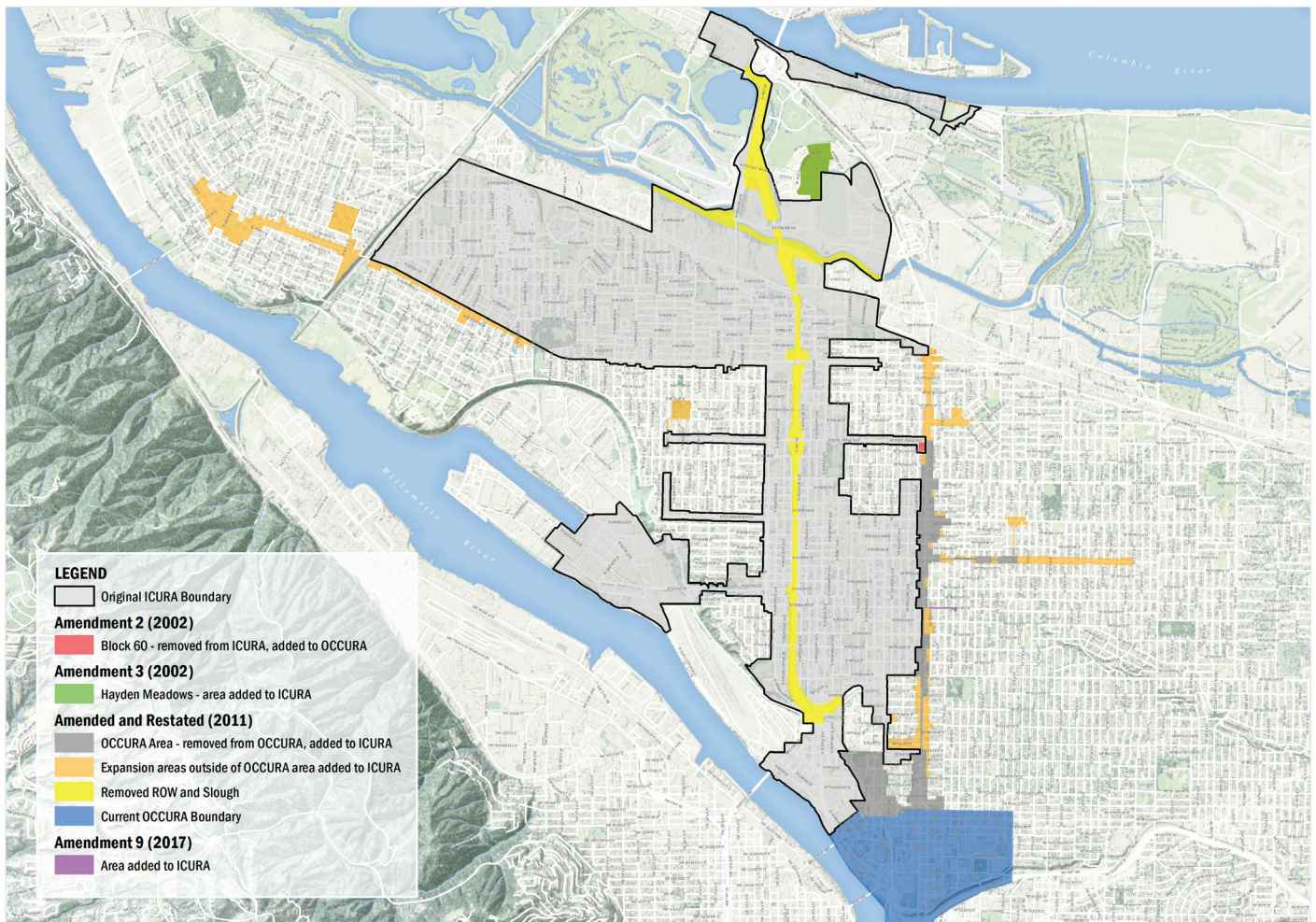
Community engagement also guided the origination of the ICURA plan, most notably by the Interstate Corridor Urban Renewal Advisory Committee, which included representatives from more than fifty stakeholder groups (including neighborhood associations, business groups, property owners, affordable housing developers, social service providers, City and other public agencies, and other community organizations and representatives).

Some neighborhoods (such as Portsmouth) wanted to be fully included within the boundary. Other neighborhoods chose to restrict inclusion in the investment area to commercial corridors within their neighborhood. For example, Arbor Lodge and Overlook prioritized commercial spines (Portland Blvd, now Rosa Parks; Killingsworth, etc.) within their neighborhood boundaries while Piedmont Neighborhood Association went through their area block by block, and recommended a boundary based on their perception of blight.

The technical analysis satisfied Chapter 457 of the Oregon Revised Statutes governing urban renewal plans, and the stakeholders' priorities were largely reflected in the final boundaries.

### Amended boundaries

During PDC's 2008 Urban Renewal process, community members from North and Northeast Portland requested a review of the ICURA and Oregon Convention Center URA (OCCURA) boundaries. The PDC Board of Commissioners voted on December 10, 2008 to direct staff to proceed with the North/Northeast Economic Development Initiative (N/NE EDI) to put this request into action.



PDC staff laid the groundwork with technical assistance agreements with each of the four minority Chambers of Commerce, the National Association of Minority Contractors, and the Metropolitan Contractors Improvement Partnership. CH2A Associates contacted more than 500 community residents and performed cultural and community-specific outreach, generating a series of interviews and reports. State Representative Lew Frederick and Sue Hagmeier, of NW Ideas, conducted more than 40 stakeholder interviews to begin the formal process to amend the Interstate Corridor URA and Oregon Convention Center URA (OCCURA).

The N/NE Community Advisory Committee included representatives from the Interstate Corridor and Oregon Convention Center Urban Renewal Advisory Committees, Chambers of Commerce, minority contractors and business owners, neighborhood associations, residents and the major affected taxing jurisdictions.

Boundary adjustments were recommended based on investment priorities, which included the “Gem List,” investment in job opportunities, and longstanding priorities within the OCCURA, specifically:

1. Properties north of Broadway/Schuyler then in the Oregon Convention Center URA including properties along Martin Luther King, Jr. Blvd. and Alberta Street;
2. Martin Luther King, Jr. Blvd. properties that were not in any urban renewal area;
3. Alberta Street properties that were not in any urban renewal area and Killingsworth Avenue node;
4. South of Lombard Street commercial properties; and
5. St. Johns Town Center including Roosevelt High School.



In **July 2011**, City Council approved the [Amended and Restated ICURA Plan](#), expanding the boundaries of the URA along Martin Luther King, Jr. Blvd., Alberta, Killingsworth, Lombard and the St. Johns Town Center. The entire package of boundary changes added 415.54 acres and removed 229.75 acres, resulting in a net 185.79-acre URA addition.

## 2017 Minor Amendment

In August 2017, the ICURA boundary was expanded by 1.46 acres to include two properties (Dean's Beauty Salon and Barbershop and Allen Temple AME Church) and enabling owners to apply for Prosper Portland grant and lending resources. Inclusion of a third property, known as the Hill Block, was deferred in favor of further conversation with community members.

## Q2 How were the Interstate Corridor Urban Renewal Area budget allocations decided upon originally?

### Interstate Corridor URA Goals

The URA was formed to accomplish the following goals:

- Spur mixed-use development along the light rail corridor and station areas while distributing public investment fairly and evenly among other areas within the district.
- Create new employment and housing opportunities for a range of incomes as well as for existing residents.
- Develop new housing that supports transit, is compatible with the existing neighborhood, strikes a balance between homeownership and rental, and minimizes displacement of existing residents.
- Create wealth through expansion of existing businesses, fostering a healthy business environment, and generating family wage jobs.
- Improve transportation corridors to encourage the use of alternative modes of travel, maintain and improve access, create a pedestrian-friendly environment, and mitigate traffic impacts associated with new growth.
- Promote community livability through strategic improvements to parks, open space, trails, historic and cultural resources, and community facilities.

## Urban Renewal Advisory Committee

From 1999 to 2009, an Urban Renewal Advisory Committee (URAC) comprising 55 people advised the PDC board on budget priorities in the annual budget process. In October 2006, the 30% set aside housing policy was created. Here is a high-level breakdown of the types of investments that were made during that time:

### INTERSTATE URA EXPENDITURES FISCAL YEAR 2000-2001 THROUGH FY 2015-2016

BUSINESS LINE	TOTAL
Property Redevelopment	\$40,680,691
Business Development	\$15,913,289
Housing	\$43,568,684
Infrastructure	\$50,458,665
<b>Subtotal</b>	<b>\$150,621,329</b>
Administration	\$26,720,696
<b>Total URA Expenditures</b>	<b>\$177,342,025</b>

From 2001 to 2016 Prosper Portland's economic and property redevelopment investments in the Interstate geographic area have totaled \$55 million in direct loan and grant investments funded from combination of Interstate URA, Oregon Convention Center URA, and other, non-TIF funds such as Economic Development Administration funds. This represents approximately 6% of the nearly \$1 billion of commercial improvements that occurred throughout the URA during the same time period.

### INTERSTATE, OCC, AND OTHER LOAN AND GRANT INVESTMENTS, FY 2000-2001 THROUGH FY 2015-2016

Interstate URA (Loans and Grants drawn)	\$29,807,857
OCC and other funds (Loans and Grants drawn)	\$25,146,151
<b>Total Loans and Grants Drawn</b>	<b>\$54,954,008</b>

## N/NE Housing Strategy

In March 2014, Mayor Charlie Hales, with the support of Housing Commissioner Dan Saltzman, dedicated an additional \$20 million in Tax Increment Financing (TIF) dollars from the ICURA to affordable housing to begin to address the ongoing threat of displacement and gentrification. The N/NE Housing Oversight Committee oversees these additional resources.

In 2016, the 30% set aside increased to 45% citywide due to the affordable housing crisis. Within the Interstate Corridor URA this led to 70% of new TIF resources being dedicated to support affordable housing priorities through the Portland Housing Bureau in the district. The allocation of the set aside funds are determined by Portland Housing Advisory Commission (PHAC) City Council and N/NE Housing Committee.

## N/NE Community Development Initiative

In January 2017, the Prosper Portland Board of Commissioners and City Council adopted the N/NE Community Development Initiative Action Plan to guide the remaining approximately \$32 million for economic development programs and initiatives in ICURA. The plan targets TIF resources specifically to communities and individuals that historically have not fully participated in, or benefited from, opportunities in the ICURA. The Plan reflects the input and guidance of a Project Advisory Committee composed of members of the Neighborhood Economic Development Leadership Group and other community representatives as well as feedback from stakeholders who participated in interviews and meetings and community members who attended open houses.

The Plan and the remaining investments are therefore specifically designed to ensure that the remaining ICURA economic development resources are directed toward long-term and former members of the community who have not benefited from the impact of public and private investments to date. Specifically, the TIF economic development resources propose to promote property ownership and redevelopment, support business ownership and growth, invest in new and existing homeowners, advance community livability projects and catalyze a cultural-business hub. Budget allocations are made to deliver on the priorities of the action plan with oversight from the N/NE Community Development Initiative Committee, Budget Advisory Committee, Prosper Portland Board and City Council.

## Q3 How would budget allocations change if we increase Maximum Indebtedness?

The ICURA-approved maximum indebtedness is \$335,082,600. The MI has never been adjusted and can only ever be increased by 20% of the original MI, or a total of \$67 million. The ICURA is anticipated to reach MI by the end of FY 2021-22.

<b>Original URA Maximum Indebtedness</b>	\$335,082,600
<b>MI spent to date</b>	\$238,100,000
<b>MI remaining for PHB / Prosper Portland</b>	\$96,982,600
<b>20% Maximum Increase</b>	\$67,000,000
<b>Add'l potential MI for PHB/ Prosper Portland programs and related staffing with MI increase</b>	\$45M/\$20M

If the maximum indebtedness is increased, at least an additional \$65 million of Tax Increment Finance (TIF) resources will be available for affordable housing and economic development in the ICURA.

Prosper Portland would have an additional \$20 million of TIF resources for the implementation of the 2017 N/NE Community Development Initiative Action Plan. The N/NE Community Development Initiative Oversight Committee advises on the spending of those resources. Staff anticipates that the N/NE CDI Committee would discuss the ratio of loans to grants to ensure maximum economic impact through PIP, CLGs and Cultural-Business Hub. If the additional \$20 million is invested in line with current funding allocations, the following chart describes the anticipated impact:

Programmatic Focus	Current Allocation	Anticipated Impact	Potential Allocation w/ MI Increase	Potential Impact w/ MI Increase	Change in Investment	Change in Impact
<b>Promote property ownership and redevelopment</b>	<ul style="list-style-type: none"> <li>• \$10,750,000</li> <li>• \$7M CPRL</li> <li>• \$3M PIP</li> <li>• \$750K Match Loan</li> </ul>	44 property owners	<ul style="list-style-type: none"> <li>• \$17,550,000</li> <li>• \$11M CPRL</li> <li>• \$ .6M PIP</li> </ul>	83 Property owners	+\$6.8M	+39
<b>Support Business Ownership and Growth</b>	<ul style="list-style-type: none"> <li>• \$9,250,000</li> <li>• \$3M PIP</li> <li>• \$1M PIP Match Loan</li> <li>• \$5.25M BFL</li> </ul>	55 business owners	<ul style="list-style-type: none"> <li>• \$15,050,000</li> <li>• \$726,000 PIP Match</li> <li>• \$5M PIP</li> </ul>	90 business owners	+\$6.6M	+45
<b>Invest in New and Existing Homeowners</b>	<ul style="list-style-type: none"> <li>• \$5,000,000</li> <li>• \$1.6M for New Homeowners</li> <li>• \$1.6M for Home Repair</li> <li>• \$1.8M for ADU</li> </ul>	56 Homeowners	<ul style="list-style-type: none"> <li>• \$8,000,000</li> <li>• \$2.6M for New Homeowners</li> <li>• \$2.6M for New Home Repairs</li> <li>• \$3M ADU</li> </ul>	92 homeowners (if pro-rated)	+\$3M	+36
<b>Advance Community Livability Projects</b>	<ul style="list-style-type: none"> <li>• \$2,500,000</li> </ul>	20 non-profit organizations	\$4,100,000	33 non-profits	+\$1.6M	+13
<b>Support Cultural-Business Hub</b>	<ul style="list-style-type: none"> <li>• \$4,500,000</li> </ul>	1-2 projects	\$7,300,000	2-4 projects	+\$2.8M	+1-2
<b>Total</b>	<b>\$32,000,000</b>	<b>177 clients</b>	<b>\$52,000,000</b>	<b>302 clients</b>	<b>+\$20M</b>	<b>135 Clients</b>

The Portland Housing Bureau will have \$45 million of additional TIF resources for the implementation of the N/NE Housing Strategy. That Strategy is a City initiative to begin addressing the legacy of displacement in North and Northeast Portland through investments in new affordable housing, opportunities for first-time homebuyers, and home retention programs for longtime residents of the area.

A central feature of the strategy is the N/NE Preference Policy, which gives priority for the City's affordable housing investments in the ICURA to current and former residents of the N/NE Portland community. The N/NE Housing Strategy Oversight Committee will advise on the additional funding for affordable housing.

## Q4 What are the risks of increasing maximum indebtedness? What could go wrong?

Increasing maximum indebtedness provides the Portland Housing Bureau and Prosper Portland more revenue for affordable housing and community economic development priorities.

The primary risks related to the success and impact of new investments are:

1. Not enough demand for the products
2. Product investment does not align with the guiding plans
3. Delay of property tax resources to the taxing jurisdictions outweighs the benefits of the investments

These risks could be mitigated in the following ways:

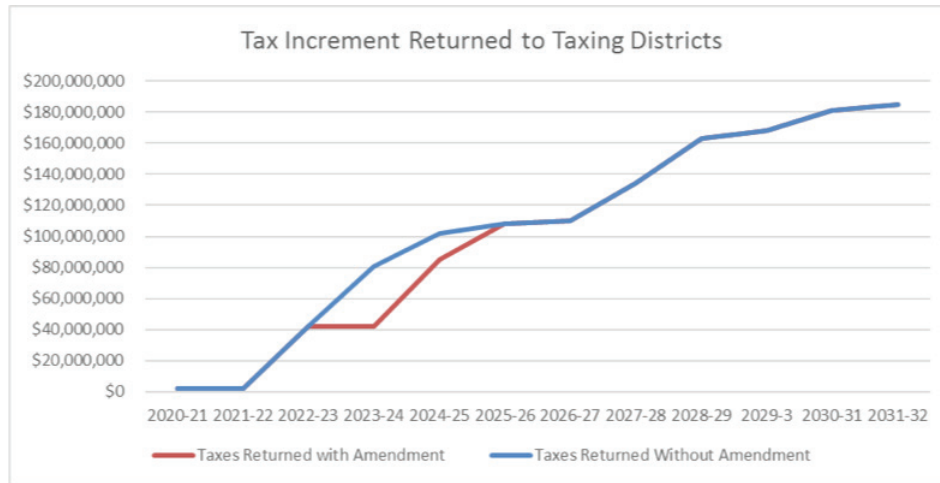
1. Robust outreach and adjustment to tools or budget allocation if not used in defined timeframe
2. City Council has adopted both plans; committees could take concerns to City Council and/or media
3. Ongoing monitoring of impact to community and priorities expressed in plans

## Q5 What is the net financial impact to taxing jurisdictions of increasing maximum indebtedness? What will the taxing jurisdictions be unable to do because of this impact?

Currently, all existing bonds are anticipated to be paid off by June 2023. After all bonds are paid off, all tax increment revenue is returned to the City, County, State School Fund and other overlapping jurisdictions based on their respective tax rates. Our analysis of increasing the maximum indebtedness results in delaying the return of tax increment revenue to these jurisdictions to June 2025. The delay results in an estimated \$55 million in tax increment revenue not being received by overlapping taxing jurisdictions in a two-year period. The net impact of \$55 million is less than the full amount of increased maximum indebtedness due to the proposed amendment triggering "revenue sharing," where a certain percent of tax increment revenue is automatically returned to taxing jurisdictions.

The impact to specific jurisdictions are estimated in the table below:

	Tax Rate	Percent	Tax Revenue 2023/24-2024/25		
			Interstate URA Related	All URAs - Status Quo	All URAs - w/ ISC MI Increase
<b>City of Portland</b>	4.58	28%	(\$15,191,876)	\$50,722,158	\$35,146,292
<b>Multnomah County</b>	4.35	26%	(\$14,423,154)	\$48,155,575	\$33,367,860
<b>Library</b>	1.18	7%	(\$3,916,629)	\$13,076,720	\$9,061,093
<b>State School Fund</b>	6.02	37%	(\$19,978,130)	\$66,702,353	\$46,219,255
<b>Other</b>	0.35	2%	(\$1,157,065)	\$3,863,173	\$2,676,862
<b>Total</b>	<b>16.47</b>	<b>100%</b>	<b>(\$54,666,854)</b>	<b>\$182,519,980</b>	<b>\$126,471,363</b>



Between 2021 and 2032 all of Portland's 16 existing urban renewal areas including ICURA are anticipated to be paid off and retired, resulting in more than \$1.2 billion in taxes returned to overlapping jurisdictions (mostly toward the end of this time period). Between 2023 and 2025, the amount anticipated to be returned is \$182 million – with an increase in maximum indebtedness this number would drop to \$127 million).

## Q6 What is the relationship between a boundary amendment and a maximum indebtedness amendment?

ORS 457 allows municipalities to make several amendments to plans, including specifying what type of projects to undertake, the boundaries of the plan area, and the maximum indebtedness of the plan. **Changes to the boundary or maximum indebtedness can be made independent of each other.**

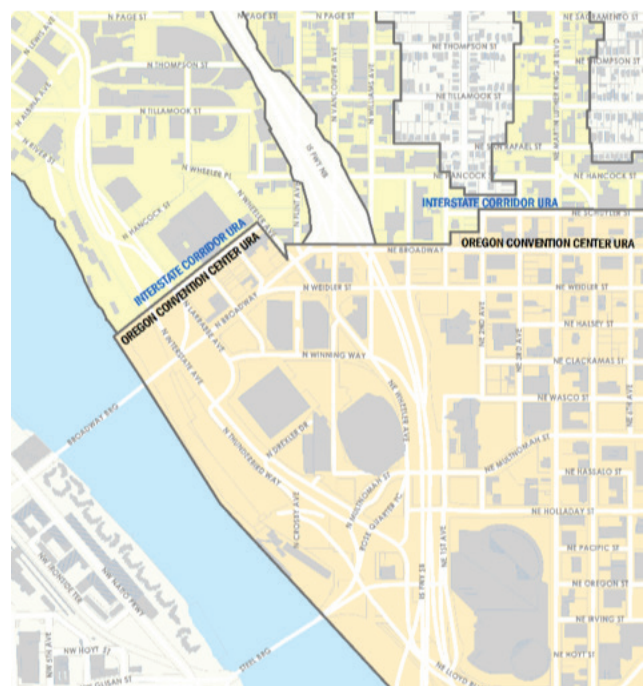
However, changes to the boundary area can have an impact on how much tax increment will be raised during the life of the plan, which in turn can impact the amount of indebtedness raised (note: ability to reach maximum indebtedness is not guaranteed):

- If boundaries are increased, the assessed value at the time of the amendment for the area is added to the frozen base. Increment from the base in subsequent years generates additional tax increment resources that can help a district achieve maximum indebtedness faster.
- If boundaries are decreased, incremental assessed value and the resulting tax increment from the area is returned to the overlapping taxing jurisdictions. The decreased amount of tax increment could reduce the district's ability to reach maximum indebtedness.

## Q7 What is the relationship between amending the ICURA to increase maximum indebtedness and the Hill Block, Albina Vision and Veterans Memorial Coliseum (VMC)?

There is no specific relationship between increasing maximum indebtedness and the Hill Block, Albina Vision or the VMC. The Hill Block property is currently outside of the URA. Only by amending the boundary would resources be available to support the Hill Block.

That said, the Hill Block Project Working Group is considering a request to amend the ICURA boundary to add the Hill Block property. However, if the boundary is expanded and the MI is increased, and upon the recommendation by the N/NE CDI or the N/NE Housing Strategy committees





The entire VMC and portions of the Albina Vision Plan area are within the Oregon Convention Center URA which issued its last debt June 2013. An increase to ICURA MI would have no impact on properties within the Oregon Convention Center URA.

[illegible]

This legacy status approach is reflected in the Portland Housing Bureau's Preference Policy to assist formerly displaced households with homeownership opportunities in the ICURA. According to PHB's 2017 annual report, a total of 52 homeowners have benefited from the Preference Policy.

**Q8** Will Prosper Portland enter binding Community Benefit Agreements (CBAs) on major projects?

In line with the City of Portland's Community Equity and Inclusion Plan (CEIP) which sets a threshold of \$25M of public investment for use of CEIP, Prosper Portland's community and public benefits agreements will be tailored to different types of transactions based on several factors, including size of the project, level of public investment, the proposed project programming and the project's anticipated impact.

## Q10 What has been the impact of the programs on people - in a more detailed way?

Since the adoption of the N/NE Community Development Initiative approximately \$5 million of tax increment resources have gone primarily to individual property owners, homeowners, and business owners of color. Below is a breakdown of the investment to date.

Action Plan Objective	Proposed 5-Year Allocation	Proposed Outcomes	Actual Investment to Date	Actual Assisted with Grants	Loans
<b>1. Promote Property Ownership and Redevelopment</b>	\$10,500,000	44 Property Owners	\$2,044,827	30 PIP Grants	1 PIP Matching Loan
<b>2. Support Business Ownership and Growth</b>	\$9,250,000	55 Business Owners	\$1,150,242	19 PIP Grants	1 CPRL Loan
<b>3. Invest in New and Existing Homeowners</b>	\$5,000,000	56 Homeowners	\$570,000	N/A	14 Home Repair Loans
<b>4. Advance Community Livability Grants</b>	\$2,500,000	20 Non-Profits	\$ 1,138,000	15 CLG	N/A
<b>5. Catalyze Cultural Business Hubs</b>	\$4,500,000	1-2 Projects	\$0	0	
<b>TOTAL</b>	<b>\$32,000,000</b>		<b>\$ 4,903,069</b>	<b>64 Grants</b>	<b>16 Loans</b>

Between January 1, 2017 and June 30, 2018 Prosper Portland invested \$4,903,069 in non-profit organizations, homeowners, business owners, and long-time property owners of color within the ICURA.

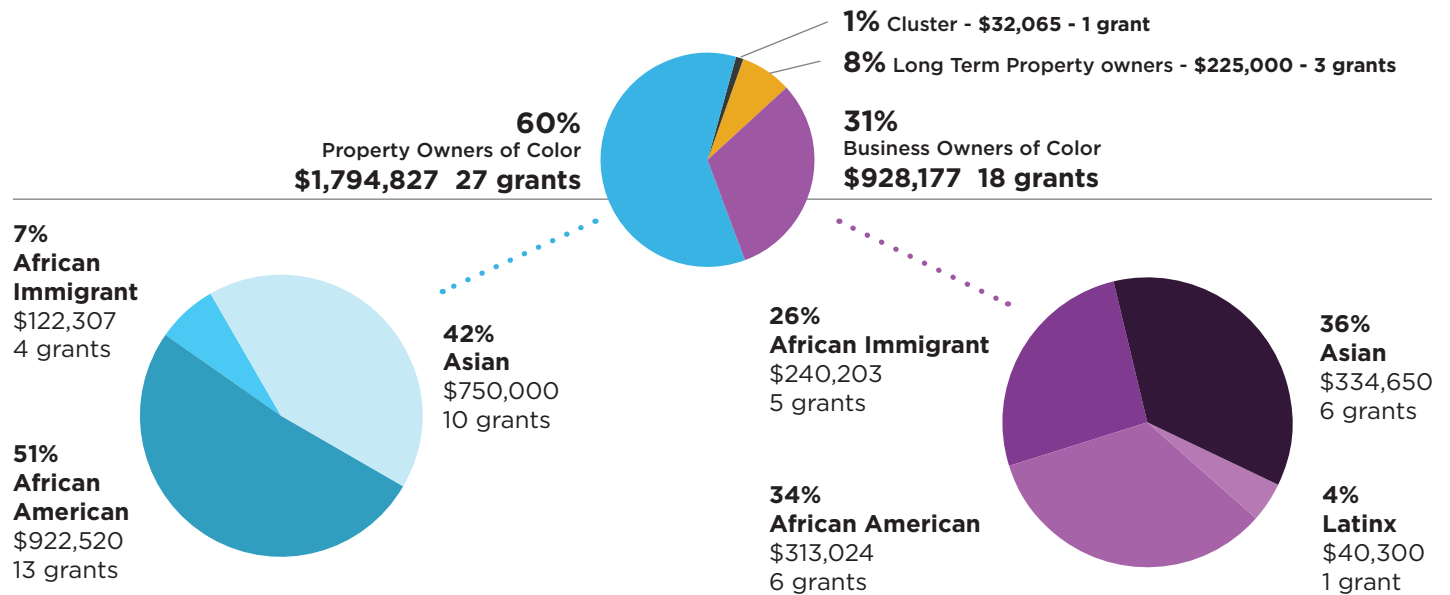
The Prosperity Investment Program (PIP) matching grant and the Community Livability Grant (CLG) program continue to represent the largest expenditures and have exceeded originally proposed expenditure targets. As illustrated in the chart on the next page, 91 percent of the Prosperity Investment Program recipients are property or business owners of color.

Prosper Portland also administers the Inclusive Business Resource Network (IBRN) to help small business owners navigate technical assistance resources. Additional steps to help small businesses access Prosper Portland resources include contracting with Micro Enterprise Services of Oregon (MESO) to serve as the North/Northeast Business Navigator, who, in fiscal year 2017-2018 served approximately 130 businesses, of which 60% were African Americans who owned a home or business in N/NE Portland.



Top: Atlas Pizza, PIP Grant recipient  
Bottom: Billy Webb Elks Lodge #1050 sign repair, CLG recipient

**Prosperity Investment Program Matching Grant Program**  
**January 2017 - June 2018**  
**\$2,980,069 - 49 grants**



**Q11 What has the original \$20M leveraged regarding other, non-TIF resources? Are there other foundation dollars being secured? Are there plans to increase funds for development outside of TIF and General Fund?**

Since the adoption of the N/NE Community Development Initiative approximately \$5 million of tax increment resources have gone primarily to individual property owners, homeowners, and business owners of color. Below is a breakdown of the investment to date.

Of the original \$20M, the N/NE Housing Strategy allocated \$5M for homeownership programs, \$4M to preventing displacement via home repair, \$8M to develop new rental housing, and \$3M for land acquisition.

**Homeownership (\$5M):** The \$5M for homeownership was divided into \$2.4M for Down Payment Assistance Loans (DPAL) to first-time homebuyers and \$2.6M to “create new homeownership opportunities” (such as the development of new homes). Subsidies provided

in the form of DPALs leverage the buyer’s mortgage loan from a private lender, the buyer’s required contribution, individual development accounts (IDA) etc. For more information on the homeownership options see Q13.

**Home Repair (\$4M):** Home Repair grants are administered by Community Partners and Home Repair Loans are administered by PHB. At this time, PHB has not leveraged funds for Home Repair; however, community partners have leveraged funds with private foundation grants, community volunteers and material donations. Eligible PHB Home Repair loan clients can also utilize the HUD Lead Hazard Control Grant.

**Rental Development (\$8M):** The \$8M originally allocated for rental development earmarked \$4.5M for development of the Grant Warehouse site (plus land), now known as the Beatrice Morrow, and \$3.5M for development of another property.

For the Beatrice Morrow project, PHB added \$2.85M in TIF LIFT to its original award of \$4.5M for a total award of \$7.35M. The project leveraged an additional \$19.6M. This equates to a leverage ratio of about 2.5:1.

The other \$3.5M was folded into PHB's 2015 Notice of Funding Availability (NOFA), which made \$10M available for rental development in N/NE Portland. Three N/NE rental development projects were awarded through this NOFA: King/Parks, N. Williams Center, and Charlotte Rutherford Place. *Note: King/Parks and the N. Williams Center are still in the permitting phase so the following figures for those projects are estimates and subject to change:*

- The King/Parks project currently has an award of \$5.4M from PHB (still subject to change). Using this figure, the project is expected to leverage a total of about \$19.1M in additional funds from third parties, other City bureaus, and the developer (PCRI). This results in a leverage ratio of about 3.5: 1.
- The remaining \$3.5M for rental development from the original allocation was awarded to the N. Williams Center, with an additional \$1M TIF LIFT, bringing PHB's total subsidy to \$4.5M. This \$4.5M is currently estimated to leverage in another nearly \$20M in funding from third parties, the City and the developer (Bridge Housing). This translates to a leverage ratio of about 5:1.
- Charlotte Rutherford Place is nearing completion/grand opening. Total project cost is approximately \$9.8M. PHB contributed roughly \$1.58M in ICURA TIF funds. The project leveraged in the remaining \$8.2 from a combination of third-party, City of Portland, Multnomah County, and developer sources, resulting in a leverage ratio of approximately 5:1.

**Land Acquisition (\$3M):** PHB spent roughly \$2.1M to acquire the parcel at 5020 N. Interstate Ave. This parcel is currently reserved for Proud Ground to develop ownership condominiums. PHB has reserved an additional \$5M in ICURA TIF to subsidize construction. The project is still in pre-development, so the budget is preliminary, but total project cost is currently expected to be approximately \$17M. This would result in a leverage ratio of 8.5:1 for the land acquisition dollars only, or approximately 2.5:1 including the development subsidy.

There are currently no plans to increase City funds outside of Tax Increment Financing (TIF). Given the existing TIF funds in the Interstate Corridor Urban Renewal Area, the City Budget Office is generally reluctant to allocate additional City funds to the area. To date the Housing Bureau has not leveraged any foundation dollars but does plan to leverage some funding from Oregon Housing and Community Services, and the County Weatherization program in the future.



## Q12 What are the demographics of the people served by Housing Bureau programming in the ICURA?

The Housing Bureau offers regulated affordable rental housing, home purchase loans, home repair loans, and construction loans in the ICURA. The demographics for the households served through these programs, from 2000-June 2018, are listed in the tables below.

**Regulated Affordable Rental Housing.** The City currently maintains 1,515 regulated affordable rental units in the ICURA from 2000-June 2018.

**Home Purchase Loans.** The City has provided 225 home purchase loans in the Interstate Corridor Urban Renewal Area from 2000-June 2018.

Regulated Affordable Rental Housing Units: Total Units	
0-30% AMI	150
31-50% AMI	575
51-60% AMI	739
61-80% AMI	51
<b>Total</b>	<b>1,515</b>

Income Levels		
Below 50% AMI	29	13%
51-80% AMI	144	64%
81%+ AMI	37	16%
Unreported	15	7%

Race & Ethnicity		
White	106	48%
Black	69	31%
Asian	8	4%
Native American	3	1%
Hawaiian/Pacific Islander	2	1%
Multi-Racial	16	7%
Did not Report	15	7%
Hispanic/Latino	3	1%

Income of Homebuyers via the N/NE Housing Strategy	
Below 50% AMI	-
51-80% AMI	4
81%+ AMI	2
Unreported	1

Race/Ethnicity of Homebuyers via the N/NE Housing Strategy		
Black	7	100%

**Home Repair Loans.** The City has provided 420 home repair loans in the Interstate Corridor Urban Renewal Area from 2000-June 2018.

Income Levels		
Below 50% AMI	201	48%
51-80% AMI	151	36%
81%+ AMI	14	3%
Unreported	54	13%

Race & Ethnicity		
White	208	50%
Black	135	32%
Asian	6	1%
Native American	1	0%
Hawaiian/Pacific Islander	0	0%
Multi-Racial	4	1%
Did not Report	66	16%
Hispanic/Latino	12	3%

**Home Repair Grants.** The City has provided 282 home repair grants in the Interstate Corridor Urban Renewal Area from 2015-June 2018.

Income Levels		
<b>Below 50% AMI</b>	256	91%
<b>51-80% AMI</b>	26	9%

Race & Ethnicity		
<b>White</b>	88	31%
<b>Black</b>	156	55%
<b>Asian</b>	7	2%
<b>Native American</b>	15	5%
<b>Hawaiian/Pacific Islander</b>	5	2%
<b>Multi-Racial</b>	0	0%
<b>Did not Report</b>	1	0%
<b>Hispanic/Latino</b>	11	4%

## Q13 How does the PCRI funding level differ from other organizations? Are they receiving less?

PCRI receives about \$12.7M of ICURA TIF investment and additional \$7M in land contributed by the city for a total of \$19.7M or 43.6% of the total funding available for rental development under the N/NE Housing Strategy.

REACH, Central City Concern, Innovative Housing Inc, and Bridge combined receive about \$25.7M of ICURA TIF investment without additional land for about 56.4% of the total funding available for rental development under the N/NE Housing Strategy.

Please find the breakdown for PHB funding to community partners building rental housing in the ICURA below:

Project	Sponsor	PHB ICURA TIF investment	PHB land value
<b>Beatrice Morrow</b>	PCRI	\$7,350,000	\$3,560,000 (appraised value)
<b>King/Parks</b>	PCRI	\$5,400,000	\$3,500,000 (estimate)
<b>Argyle</b>	REACH	\$15,595,000	N/A
<b>Charlotte Rutherford</b>	CCC	\$1,580,000	N/A
<b>Magnolia 2</b>	IHI	\$4,000,000	N/A
<b>N. Williams</b>	Bridge Housing	\$4,500,000	N/A
<b>Grand Total TIF and Land</b>			<b>\$45,485,000</b>

*Note: Other than Beatrice Morrow and Charlotte Rutherford, all TIF investments are estimates as of 9.5.18; none of the other projects has closed yet.*

## **Q14** How does the funding for the Down Payment Assistance Loan product differ from the Permanently Affordable product in the Interstate Corridor Urban Renewal Area?

The Housing Bureau offers two options to help qualifying Preference Policy households purchase a home in the ICURA. The homeownership organizations partnering with the Portland Housing Bureau to serve Preference Policy households have independently selected which of these models best fits their organization. Preference Policy households qualify for a model based on their income, mortgage readiness, and general financial situation.

### **Down Payment Assistance Loan (DPAL)**

The first option is a Down Payment Assistance Loan (DPAL), which provides first-time homebuyers \$100,000 to purchase a home on the open market (market-rate) in the Interstate Corridor Urban Renewal Area (ICURA). This product is known in the industry as “recapture.”

The DPAL provides a down payment of up to \$77,000, and at least \$20,000 in home improvements. A household awarded a DPAL shops for a home on the open market within the Interstate Corridor Urban Renewal Area boundaries. The household applies their assistance toward the down payment on the house, making an otherwise unaffordable house affordable to the household by reducing the amount of the mortgage loan (and, therefore, income) needed to purchase the home.

Because homes being sold on the market are not discounted for affordability, homebuyers wishing to use this option need higher incomes to qualify for the mortgage loan needed, even with the down payment assistance. A benefit of purchasing a market-rate home with a DPAL is that if the homeowner decides to sell the house in the future, they can receive all the equity accrued in the home from the sale, minus the remaining balance of the 1st mortgage and the DPAL. However, as with any home purchased on the open market, homes purchased using a DPAL are also subject to any market changes that may cause a drop in the value of the home.

### **Permanent Affordability**

In the second option, rather than awarding the loan directly to a homebuyer, PHB provides a direct subsidy to a community nonprofit organization—in this case Habitat for Humanity or Proud Ground—for the construction of new homes. The organization is required to pass on the financial benefit of the subsidy to the homebuyer (and all subsequent homebuyers) in the form of a reduced sales price. This product is known in the industry as “retention” or “Permanent Affordability” or “Permanently Affordable.” For the Permanently Affordable units being built to support Preference Policy households, PHB has provided construction loans that average approximately \$125,000 per unit in the ICURA.

In exchange for the loan, the organization also agrees to attach a covenant to the home that permanently restricts how much the sales price can appreciate over time. When buyers of these homes choose to sell in the future, they agree to sell at a reduced price that will be affordable to the next buyer. Thus, the family earns a portion of the appreciated property value upon resale, rather than at the full market value of the home. The remainder is retained with the property to preserve the affordability of the home for future buyers.

This option typically allows households earning between 60% and 80% of the area median income (AMI) to purchase a home. However, depending on the project and the organization, households earning as little as 30% AMI may be able to afford a home.

The models are quite different but allow the Housing Bureau to flexibly provide homeownership opportunities to households at a variety of income levels and support our partners in the options they choose in their efforts to support low- to moderate-income households achieve homeownership.

Down Payment Assistance Loan Option	Permanently Affordable Option
<ul style="list-style-type: none"> <li>• For 60-120% AMI households</li> <li>• Up to \$100K subsidy to applicant which is split between direct down payment assistance, home improvement grant, and developer fee</li> <li>• The balance of the down payment assistance loan must be repaid upon the sale of the home if sold within the first 30 years*</li> <li>• Homes purchased are subject to market changes and accrue equity at the same rate as other houses on market</li> <li>• Not Permanently Affordable</li> </ul>	<ul style="list-style-type: none"> <li>• For 30-80% AMI households</li> <li>• \$125K (average) construction loan to organizations to build affordable homes</li> <li>• Home is affordable to all buyers permanently</li> <li>• The homebuyer is only able to attain a portion of the accrued equity of the home</li> </ul>

*\* PHB's ability to forgive down payment assistance loans after 30 years is being voted upon by Council on September 19, 2018.*



# Glossary of Terms and Acronyms

1. **Affordable Housing** - The term “affordable housing,” “affordable rental housing,” or “housing affordable to rental households” means that the rent is structured so that the targeted tenant population pays no more than 30 percent of their gross household income for rent and utilities. The targeted tenant populations referred to in this section include households earning up to 80 percent of median family income (MFI).
2. **Community Equity and Inclusion Plan (CEIP)** - Adopted in November 2017 for all City of Portland public improvement contracts that utilize alternative contracting methods, have an estimated value of \$10 million to \$25 million and utilize the City of Portland Community Benefits Agreement for public contracts with estimated contract values in excess of \$25 million. The CEIP is a contractual obligation between the City and the contractors who are awarded applicable public improvement contracts.
3. **Economic Development** - Work to improve the standard of living and economic competitiveness; activities include business retention, expansion and recruitment, international trade, and entrepreneurship development.
4. **ICURA** - Interstate Corridor Urban Renewal Area
5. **Maximum indebtedness** - The amount of the principal of indebtedness included in an urban renewal plan; does not include indebtedness incurred to refund or refinance of existing indebtedness.
6. **PHAC** - Portland Housing Advisory Commission
7. **PHB** - Portland Housing Bureau
8. **Taxing body or taxing district** - The state, city, county or any other taxing unit which has the power to levy a tax.
9. **Tax Increment Financing (TIF)** - A public financing method that is used for redevelopment, infrastructure, and other community-improvement projects within urban renewal areas.
10. **TIF LIFT** - Additional percentage of affordable housing set aside in Tax Increment Financing, approved by City Council in 2016
11. **Urban renewal area (URA)** - A defined geography from which tax increment financing is both generated and spent.
12. **Urban renewal plan** - A plan, as it exists, or is changed or modified from time to time, for one or more urban renewal areas.
13. **VMC** - Veterans Memorial Coliseum