PDC
PORTLAND DEVELOPMENT COMMISSION

DATE: June 10, 2009

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 09-75

Briefing on PDC Housing Production and Activities

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

None – information only.

SUMMARY

On January 8, 2003, the Portland Development Commission (PDC) Board of Commissioners (Board) adopted Resolution No. 5963 establishing a goal to increase housing production to assist 20,000 units or households between 2001 and 2011. This aggressive ten-year goal illustrates PDC's commitment to housing as a part of PDC's overall economic development and revitalization mission, and set a primary focus on the preservation and development of affordable housing opportunities and assistance to first-time homebuyers.

The Annual Unit Production Report for FY 2007/08, which accounts for PDC's progress towards the 20,000 unit goal and other housing activities, has been completed and shows that in 2007/08, PDC funded the development of housing and homeownership assistance for 1,999 Portland households. This briefing is to update the Board on this report, as well as activity to date in FY 2008/09.

Given the plans to create a new Portland Housing Bureau that merges the housing-related functions of PDC and the Bureau of Housing and Community Development, this report and briefing also serve to present the baseline of PDC's historical and recent housing investments and achievements.

This briefing also responds to Commissioners' interest during the FY 2009/10 budget discussions to learn more about PDC's housing programs and services.

BACKGROUND

The 2003 goal to increase housing production to assist 20,000 units or households between 2001 and 2011 is broken down into the following categories, with specific goals:

1,500 Rental Rehab Preservation Units (0-60% MFI[1])

3,000 New Homeownership Units

[1] Median Family Income. For the current MFI calculations from HUD, please see www.pdc.us/mfi .

6,400 New Low-Income Rental Units (0-60% MFI)	1,600 Homes Repaired
4,500 New Market Rate Rental Units (>60% MFI)	3,000 First-Time Homebuyers
12,400 Rental Housing Units	**7,600 Homeownership Units and First-Time Homebuyers**

These goals represent a roll-up of both City housing policies and PDC housing goals in the various urban renewal areas (URAs), and include activity and investments with all sources of direct and indirect financing PDC delivers, including Tax Increment Financing (TIF), Federal, City funds, and tax abatements and fee waivers. Changes in funding availability and policy priorities at the local and national level have impacted, and will continue to impact, PDC's housing production goals as originally outlined.

The 2007/08 report shows that PDC has achieved nearly 70% of the total goal thus far. Last year, PDC assisted nearly 2,000 low and moderate income households in Portland with affordable housing opportunities. Some highlights include:

- PDC staff closed over $33 million in housing loans and grants.
    - $17.9 million of this was through TIF programs, in support of the TIF Set Aside policy and broader URA plan goals.
- 77% of the housing funded provides opportunities for households earning 60% MFI or below, and 23% serves households in the middle income range of 61-100% MFI.
- PDC started the new Mortgage Credit Certificate program, expanded homeownership outreach, and increased TIF homeownership funding available in Lents and Interstate URAs. This resulted in a 52% increase in first-time homebuyers.

Looking at the cumulative totals towards the 2011 goals, PDC is already exceeding the ten-year goals for two categories: preservation of existing low income rental housing and financing for new homeownership development. Achievement for owner-occupied homes repaired – one of PDC's most popular and well-known programs in the community – is on track. Assistance to first-time homebuyers lagged in past years, but due to the additional funding through the TIF Set Aside and the Board's prioritization of this goal, progress in this category jumped forward last fiscal year and is continuing with very high achievement this year to-date.

PDC's achievement of new low-income rental housing development goals has lagged in recent years due to increasing cost per unit of development, as well as the City's priority on very low income and permanent supportive housing, which typically costs more to produce. So, although fewer new rental housing units are being constructed, many of them are serving much lower income households, where regional data shows the most housing need.

Finally, PDC's production of new "market rate" rentals (any rental housing above 60% MFI) has significantly diminished due to the City's prioritization of 0-60% MFI housing and the lack of unique funding sources or incentives for 61% MFI+ rental housing. The only units above 60% MFI funded by the Housing Department in 2007/08 were a handful of managers' units in low income buildings. PDC commercial loan programs also supported the development of 16 market rate units in a mixed use building, outside of TIF Set Aside funding.

PDC now reports on housing investments in two ways. The Unit Production Report focuses on the outcome of units constructed and homeowners assisted. The other document, the Annual TIF Set Aside Report, reports on achievement towards that policy, which is measured in dollars expended. The annual dollar investments do not synch between the two documents because housing expenditures for a single project, or even home loan, can span two or more fiscal years.

The Unit Production Report counts units and dollars as of the date the loan closes. The TIF Set Aside Report counts dollars at the time they are disbursed (expended).

As PDC nears the end of the eighth year of this 10-year unit production goal, as well as the end of the third year of the first five-year period of the TIF Set Aside policy, it is clear that new strategies and resource coordination will be needed to achieve rental housing goals. With the current economic situation, traditional approaches to funding the preservation and new construction of affordable housing and policy limitations may need to be revisited to ensure PDC and City tools for financing housing can be used in the new market conditions we are facing.

Creation of the new Portland Housing Bureau will need to take into account these changing market and policy dynamics, as well as the important integration of PDC's housing programs and funding with the broader PDC mission of neighborhood revitalization and economic development. Past and upcoming housing projects have been carefully planned to meet multiple URA goals and complement other PDC investments, in addition to meeting affordable housing goals.

ATTACHMENTS:

A. FY 2007/08 Unit Production Report
B. FY 2007/08 TIF Set Aside report

Housing Production Report
Fiscal Year 2007/2008

May 2009

Musolf Manor's renovated housing for low income residents also has several improved commercial business spaces and has helped revitalize this corner in Old Town/China Town.

Portland Development Commission

Table of Contents

EXECUTIVE SUMMARY

In January 2003, the Portland Development Commission (PDC) adopted a resolution with a goal to increase housing production to assist ***20,000 units or households from 2001-2011***. The resolution illustrated the Commission's commitment to housing as part of PDC's overall economic development and revitalization mission, and set a primary focus on preservation of existing affordable rental housing, development of new affordable and market rate rental and ownership housing, and assistance to first-time homebuyers. This aggressive target represents an aggregate of PDC, city and regional housing production goals, policy directives and urban renewal housing implementation strategies.

The 20,000 unit production target has been broken down into the following categories that cross the spectrum of PDC programs and projects:

1,500 Rental Rehab Preservation Units (0-60% MFI[1])
6,400 New Low-Income Rental Units (0-60% MFI)
4,500 New Market Rate Rental Units (>60% MFI)
12,400 Rental Housing Units

3,000 New Homeownership Units
1,600 Homes Repaired (owner-occupied)
3,000 First-Time Homebuyers
7,600 Homeownership Units and First-Time Homebuyers

This report tracks progress on PDC housing production by the categories listed above, including all sources of funds that PDC administers—Tax Increment Financing, City, Federal, State, and other funds, as well as indirect financing tools. PDC publishes this report annually, providing both the annual progress summary and the aggregate activity towards the 2011 goals.

Since 2003, PDC and the City of Portland have adopted additional housing-related policies and goals, and embarked on new initiatives, including:

- Home Again: A Ten Year Plan to End Homelessness
- The TIF Set Aside Policy for Affordable Housing
- Closing the minority homeownership gap/Operation HOME
- Schools/Families/Housing Resolution
- New and amended urban renewal area plans and strategies

Changes in funding availability and policy priorities at the local and national level have and will continue to impact PDC's housing production goals as originally outlined. In addition, PDC recognizes that reporting on unit production is just one set of metrics to illustrate the impacts of public investment in Portland's housing and community development needs, and does not provide a comprehensive picture of all housing policy goals and public benefits (e.g., sustainability, minority homeownership, neighborhood revitalization goals).

In December 2008, City Council announced plans to create a new Bureau of Housing, merging housing-related functions and funding of the current Bureau of Housing and Community Development and the Portland Development Commission. PDC expects that the information in this report will serve as an important baseline against which future housing production can be compared.

[1] Median Family Income. For the current MFI calculations, please see www.pdc.us/mfi .

Fiscal Year 2007/2008 Summary

In FY 2007/08, PDC invested over $33 million in direct financing, as well as indirect development incentives, to support housing development and homeowner assistance for 1,999 households.

This includes projects funded with the variety of direct and indirect financing tools administered by PDC, including: Tax Increment Financing (TIF), federal Community Development Block Grant (CDBG), federal HOME, City Housing Investment Fund, City Housing Opportunity Bond, property tax exemptions, system development charge exemptions, and pass-through homeownership mortgage funds from Fannie Mae and the Oregon Residential Bond programs. The chart below summarizes PDC housing activity for FY07/08.

Table 1: FY 07/08 Summary

Units:	Total Units and Buyers	% of Total Units and Buyers	Total PDC Dollars	% of Total PDC Dollars
Rental rehab preservation	397	20%	$10,031,733	30%
New low-income rental uints	375	19%	$13,098,721	39%
New market rate rental units	6	0%	$49,080	0%
New homeownership units	612	31%	$1,406,652	4%
Homes repaired	140	7%	$1,616,712	5%
Homebuyers:				
First-time homebuyers	469	23%	$7,058,267	21%
Total Units and Homebuyers	1,999		$33,261,165	**Total Dollars**

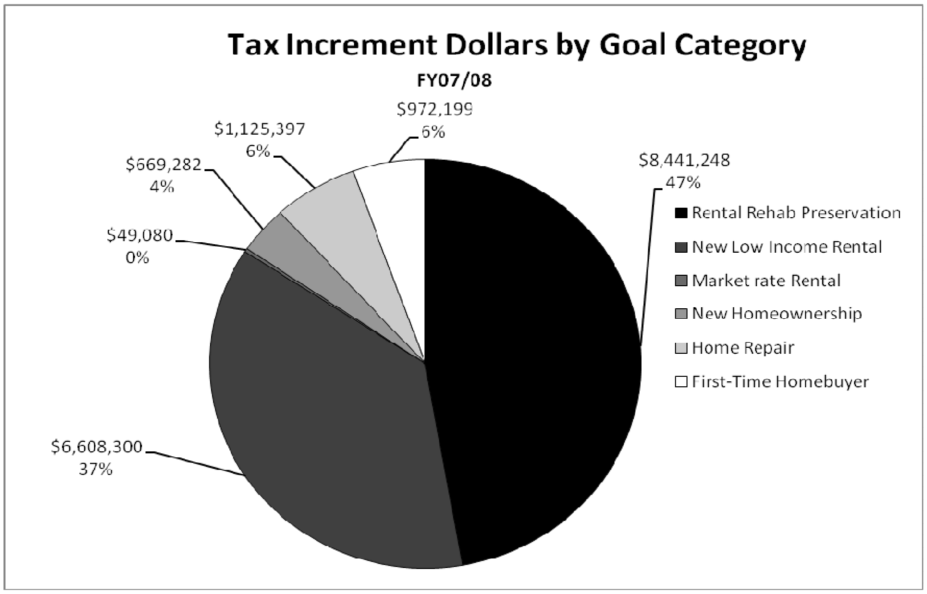
Highlights of PDC's housing production activity in FY07/08 include:

- Of the 1,999 units and homebuyers receiving direct financial assistance and/or development incentives in FY 07/08:
  - 1,221 units were homeownership housing units or buyers (61% of units).
  - 778 units were rental housing (39% of units).
- The total amount of housing dollars (loans and grants) from all sources of funds closed in FY07/08 was $33.3 million. Of this:
  - $23.2 million went toward rental housing: new production and preservation (68% of total expenditures).
  - $10 million went toward homeownership: first-time homebuyers and owner-occupied home repair loans (30% of total expenditures).
- An additional $2.2 million was invested in financial restructures to preserve 293 existing low income rental units. These dollars and units are not included in the totals because they are not considered "new" units (See Section A).
- Of the total direct financing closed on housing loans or grants:
  - 54% was tax increment financing ($17.9 million).

- 25% was federal funds ($8.4 million)
- 21% ($7 million) came from other sources including the City of Portland and private investor sources (Fannie Mae, etc.).

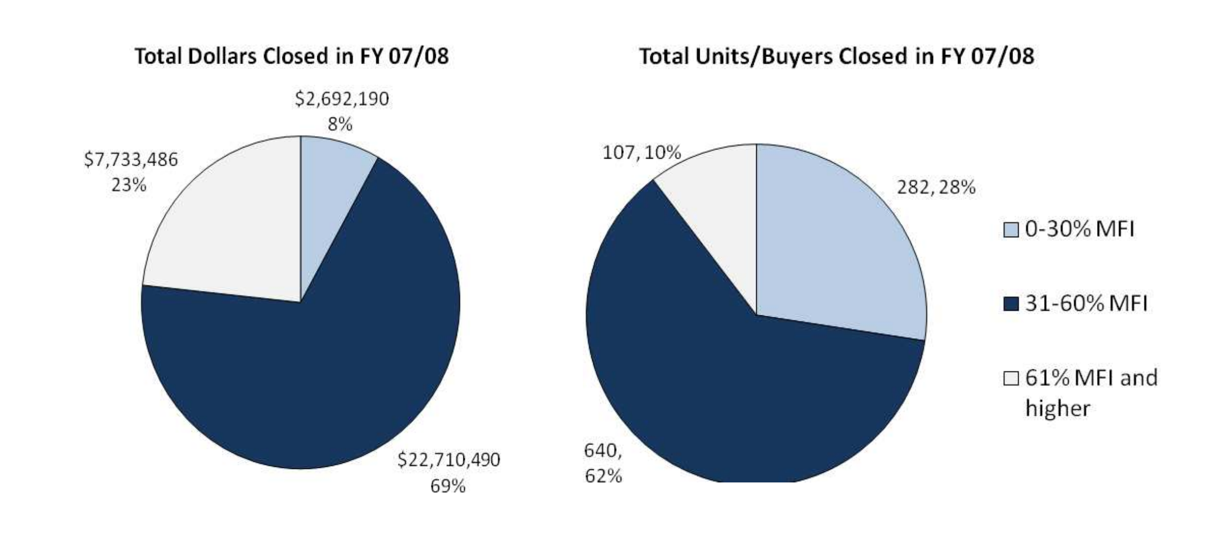
- Of the $17.9 million in TIF spent on housing in FY07/08, 48% went to rental rehab preservation, 37% to new low income rentals, 4% to new affordable homeownership development, 6% to home repair, and 5% to first-time homebuyers. Chart 1 illustrates this break down of tax increment investment in the urban renewal areas.

Chart 1: FY 07/08 TIF by Goal Category



- In FY 07/08, 60% median family income (MFI) for a family of four was $40,740, while 60% MFI for a single person household was $28,500. Of all units and buyers receiving direct financial assistance in FY 07/08 (all funding), 90% served these households below 60% MFI – including both rental and ownership housing.
    - 28% of the units or buyers were at 0-30% MFI (282 households)
    - 62% of the units or buyers were at 31-60% MFI (640 households)
    - $25.4 million was invested in support of these 0-60% MFI households (more than three quarters of all dollars invested).

Chart 2: FY 07/08 Production by Income Level (Direct Financing Only)



Seven-Year Cumulative Progress Summary (FY 2001/02 – 2007/08)

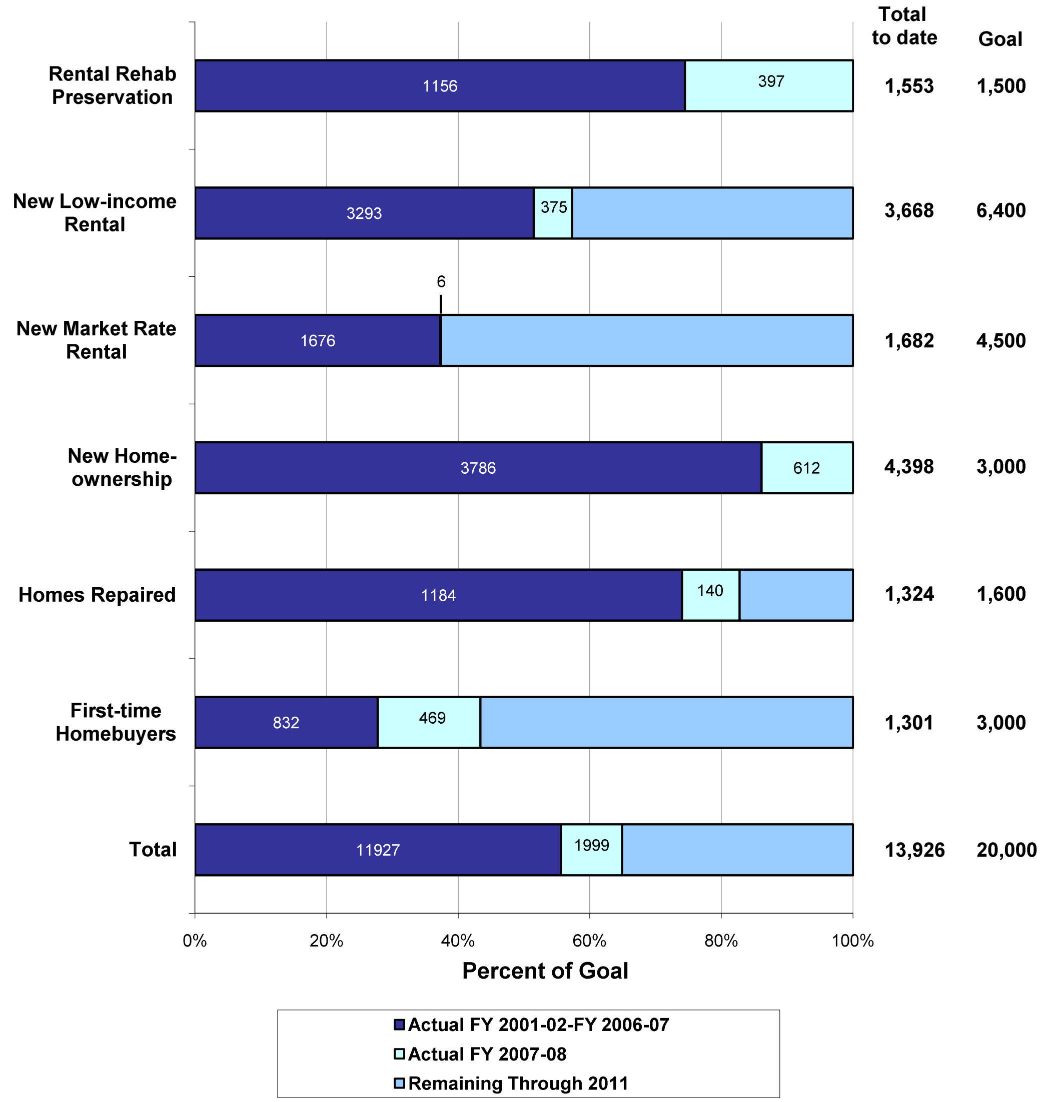
Since 2001, PDC has supported the development of housing or buyer assistance for 13,926 units or households. On average, that amounts to nearly 2,000 units and households each year. Table 2 shows the sum total of the past seven years of PDC housing production.

Table 2: FY 01/02 – 07/08 Summary

	Total Units and Buyers	% of 10 year goal
Units:		
1500 Rental rehab preservation	1,553 units	104%
6400 New low-income rental units	3,668 units	57%
4500 New market rate rental units	1,682 units	37%
3000 New homeownership units	4,398 units	147%
1600 Homes repaired	1,324 units	83%
Homebuyers:		
3000 First-time homebuyers	1,301 buyers	43%
Total Units and Homebuyers:	13,926	

Although housing production is expected to vary from year to year due to available resources, real estate development cycles, and other factors, ideally at least 70% of the goal should be met in total and in individual categories by year seven of the 2001-2011 timeline. The overall goal of 20,000 units is nearly 70% met as of this year, but production toward different categories of housing varies widely, as shown in Chart 3.

Chart 3: Progress Toward 10-Year Goals



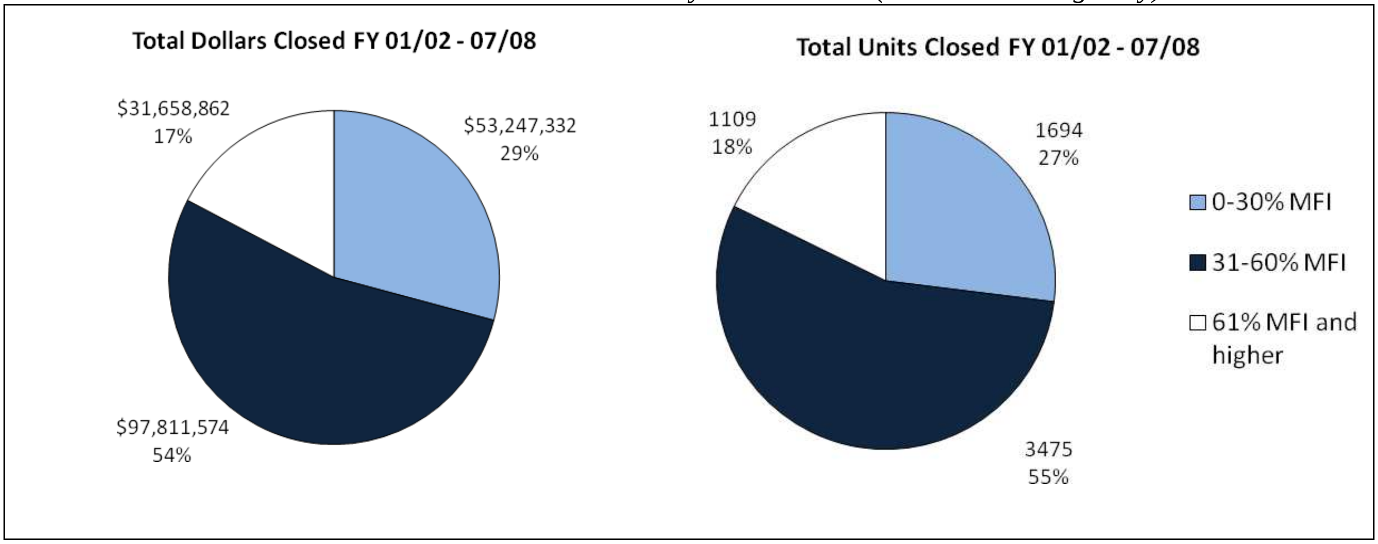
69.6% of Ten-Year Goal Reached

Summary highlights of PDC's cumulative housing activity from FY01/02 through FY07/08 include:

- Both Rental Rehab/Preservation and New Homeownership unit development have already exceeded 10-Year goals.
- Progress toward goals for New Low Income Rental Housing, New Market Rate Rental Housing, and First-time Homebuyers is lagging, for a variety of reasons, at less than 60% complete in each of these categories.
- Owner-Occupied Homes Repaired is on track to meet or exceed the 10-Year goal.
- PDC has invested nearly $183 million in housing since FY 01/02 (direct financial investment):

- 83% of the direct financial assistance dollars went toward units/buyers below 60% MFI.
- Direct investment has supported 6,279 rental units and homebuyers; another 8,281 units were developed with only indirect incentives, such as tax abatements and/or system development charge waivers.

Chart 4: FY 01/02 – 07/08 Production by Income Level (Direct Financing Only)



Note: As this annual report expands over multiple years, the presentation of the total unit count becomes increasingly complex, as approval for incentives and financing is often spread over multiple fiscal years. Careful explanations are given throughout the report in the form of footnotes to explain how double counting was avoided. Each year PDC evaluates how production is reported and makes revisions to ensure the highest level of accuracy and clarity.

This report summarizes units for which financing has closed ("closed units"). Projects that have received a formal commitment of financing are also presented—separate from the production totals--as "committed units." PDC has a legal obligation to fund projects in the committed status, and once projects reach this status they are not likely to significantly change. Projects that have received a reservation of funds or are in early predevelopment are not included in this report. All units that are closed or committed, and all units with indirect financing incentives received in FY07/08 are included in this report. For more information on the methodology used, please see Appendix A.

PDC HOUSING PRODUCTION REPORT
FY 2007/2008

In January 2003, the Portland Development Commission (PDC) adopted a resolution with a goal to increase housing production to assist ***20,000 units or households from 2001-2011***. The resolution illustrated the Commission's commitment to housing as part of PDC's overall economic development and revitalization mission, and set a primary focus on preservation of existing affordable rental housing, development of new affordable and market rate rental and ownership housing, and assistance to first-time homebuyers. This aggressive target represents an aggregate of PDC, city and regional housing production goals, policy directives and urban renewal housing implementation strategies.

The 2011 target has been broken down into the following categories which cross the spectrum of PDC programs and projects:

1,500 Rental Rehab Preservation Units (0-60% MFI[2])	3,000 New Homeownership Units
6,400 New Low-Income Rental Units (0-60% MFI)	1,600 Homes Repaired (owner-occupied)
4,500 New Market Rate Rental Units (>60% MFI)	3,000 First-Time Homebuyers
12,400 Rental Housing Units	**7,600 Homeownership Units and First-Time Homebuyers**

This report tracks progress on PDC housing production towards the 20,000 unit goal, and includes all projects and homebuyer assistance financed with the variety of direct and indirect sources administered by PDC including: Tax Increment Financing (TIF), federal funds (CDBG and HOME), the Housing Investment Fund (HIF), Fannie Mae HomeStyle and Oregon Residential Bond home mortgage loans, and tax abatement and system development charge waivers.

Production Target Directives

The production target brings together various approved policies and stated numeric goals into an overall housing production target for the Commission. A goal of establishing consolidated targets is to enable the agency and its partners to more clearly determine direction, impacts and priorities when allocating resources. The 20,000 unit and household target was originally based on the following goals and priorities:

- The City of Portland has joined other jurisdictions in committing to absorb population growth by increasing housing production to meet growth management goals established by the Metro Regional Government in the 2040 Growth Concept.
- Both the Consolidated Plan and the Regional Affordable Housing Strategy (17,000 affordable units in Portland by 2017) recognize the lack of affordable housing in the region and project the shortage to continue into the next decades.
- Increased production is supported by several City area plans, such as the Central City Plan which targets the addition of 15,000 units to the Central City by 2015.
- City Council adopted a Central City No Net Loss policy with a specific goal of preserving or replacing 1,200 units of affordable housing within the Central City by 2006.

[2] Median Family Income. For the current MFI calculations, please see www.pdc.us/mfi .

- As part of urban renewal planning, the Commission has adopted housing production targets for new and existing urban renewal areas (URAs).

New policies and goals adopted since then, as mentioned above, add increased relevance to some of the housing production goals. While separate reporting and tracking occurs for some of these policies, the investments in housing new development, preservation, and homebuyer assistance also roll-up into the overall housing production goals in this report. The newer policies and goals include:

- As part of the "10-Year Plan to End Homelessness," the City set a goal of developing 2,200 new permanent supportive housing units for chronically homeless individuals and homeless families with special needs.
- The Operation HOME effort was spurred by a Council resolution calling for closing the minority homeownership gap in Portland, which requires 13,000 new minority homeowners by 2015 (a citywide/community effort, not just from public funding). PDC established a specific goal to assist 2,500 minority first-time homebuyers by 2010.
- The TIF Set Aside for Affordable Housing policy, adopted in 2006, sets required minimum expenditures for housing as a percentage of all project expenditures in nine existing (and any new) urban renewal areas. Within the policy, ranges are targeted for expenditures in various categories (very low income rental housing, low/moderate rental and homeownership, and community facilities serving low income and homeless populations). More information about the Set Aside policy and reporting is at www.pdc.us/tifsetaside.
- URA Plan amendments in 2008 for the River District and Lents Town Center URAs, and close-out plans for the South Park Blocks and Downtown Waterfront URAs identified housing funds for specific goals (Resource Access Center in the River District, and Section 8 Preservation in South Park Blocks URA).
- The Schools/Families/Housing resolution, adopted by City Council in 2006, emphasizes investment in family housing around schools, as part of both neighborhood revitalization and housing stability efforts. PDC has prioritized new development dollars in some areas for housing that achieves this goal and has engaged in collaborative planning efforts with the school districts for future redevelopment.

Assumptions for Reaching Targets

Success in achieving the 20,000 unit target, as well as the additional adopted goals and policy priorities, is predicated on the availability of tax increment financing, City and Federal funds, and new resource development efforts. Changes in funding availability and policy priorities at the local and national level have and will continue to impact PDC's housing unit production goals as originally outlined. In short, much has changed since 2001. The City's increased focus on very low income rental housing, including Permanent Supportive Housing in support of the Ten Year Plan to End Homelessness, as well as increased costs of land and construction, have significant impacts on the balance of housing produced for the goals as originally outlined. Commission priorities starting in 2006 for increasing homeownership support also influenced the unit production outcomes in recent years.

The primary assumptions for reaching the productions targets were:

- *Federal funds (HOME and CDBG), Housing Investment Funds and Housing Opportunity Bond would be programmed based on City Council policy mandates.* That policy direction has shifted towards lowest-income units in recent years, and several years of federal funding cuts have created challenges in achieving unit production goals and meeting citywide housing project and program needs.

- *The use of urban renewal funds and incentives would be employed to provide a range of new housing development in urban renewal areas that meet URA as well as City policy goals.* The adoption of the TIF Set Aside policy in 2006 provided more budgeted resources for housing, but did limit the range of eligible housing and create new constraints on housing investments.
- *Incentive programs such as tax abatements, system development charge exemptions and fee waiver programs would remain available for affordable housing.* These incentive programs remain available for 0-60% MFI rental housing.
- *PDC continues to leverage federal Low Income Housing Tax Credits, and Historic Tax Credits to support housing and mixed-use development.* In 2008, the national economic downturn began impacting tax credit equity available for affordable housing projects. Less tax credit equity means more direct PDC subsidy in some projects to make them feasible, which means fewer projects or units can be funded with available resources.
- *PDC and the City identify new resources to support the development of affordable housing.* Between 2003 and the end of FY 07/08, the City and PDC secured a $9 million Housing Opportunity Bond, received a Lead Hazard grant of $3 million from the federal government, and secured $844,040 in HUD grants for affordable housing development in North Macadam URA. PDC also completed development of the Headwaters, a workforce housing development (income limitations up to 150% MFI) utilizing City Lights revenue bonds. PDC is working with the City to re-authorize that program, which can provide a new stream of resources for both workforce and low income affordable housing development citywide. PDC also continues to support the Housing Alliance's efforts to establish long-term funding mechanisms for affordable housing at the State level.
- *Incentive programs remain available for market-rate and mixed-income transit oriented development and Central City rental housing.* The Central City tax abatement program (New Multiple Unit Housing program) has been on hold since 2005, limiting the tools available to support new market rate and mixed-income housing development, especially in the Central City. The Transit Oriented Development (TOD) tax abatement program remains available and was changed in recent years to require a percentage of affordable rental housing.
- *PDC identifies additional resources and tools for the development of market rate rental housing in the Central City*. To-date, this effort has not received political support.
- *PDC expands its homebuyer programs to include a broader range of products and leverage private resources.* In 2008, PDC adopted the Mortgage Credit Certificate program (a tax credit) to further assist new homebuyers. PDC has also expanded partnerships with private lenders to further leverage and market available homebuyer resources, and has modified homebuyer assistance programs available in urban renewal areas to better meet market conditions and buyers' needs.
- *PDC and the City identify new resources to support first-time homeownership goals.* PDC and the City partnered on Operation HOME, a comprehensive citywide homeownership initiative to close Portland's minority homeownership gap and to expand first-time homebuyer opportunities. PDC's efforts for marketing and education have increased since 2006, and partnerships with private lenders have increased utilization of existing PDC TIF

resources for first-time buyers. The Mortgage Credit Certificate program mentioned above is one new resource for first-time buyers.

Another shift in resource allocations for housing came in 2006, when the City of Portland and PDC adopted the TIF Set Aside Policy, which dedicates a certain percentage of funding to affordable housing in each of the urban renewal areas (URAs) starting in FY 2006/07. Within the Set Aside policy, specific income guidelines—or investment targets—are established for different income levels and types of housing (ownership and rental). The Set Aside policy has increased resources available for affordable housing in many of the urban renewal areas which has created new affordable housing opportunities. However, prioritization of the bulk of funding for 0-30% MFI housing has created new constraints and challenges to funding housing development in some of the URAs.

Note that reporting for the TIF Set Aside policy has been kept separate from this Unit Production Report. More information can be found at http://www.pdc.us/tifsetaside. It should be noted that the TIF Set Aside report and this Unit Production Report each report on housing from different metrics (dollars expended/disbursed versus loans closed and unit type), and the data will not necessarily match across the two reports, as expenditures for a housing development typically span more than one fiscal year.

Sections A through F break down the FY 07/08 housing production by specific goal categories.

A) Rental Rehab Preservation Units

- **Newly reported this year: 397 units**
- **Total to-date towards goal of 1,500: 1,553 units**

In FY07/08, over $10 million in financing was closed for the preservation and rehabilitation of 555 rental units. Some units were already counted in the previous year's report, so the newly reported units for 2007/08 are 397. The majority of those dollars were tax increment financing (TIF) and guided by the goals of the TIF Set Aside policy and PDC urban renewal plan goals. An additional 293 existing affordable units were preserved through financial restructuring; these units are not included in the total towards the 10-year goal as they are not considered "new" (having previously received PDC funding).

PDC administers a grant from the U.S. Department of Housing and Urban Development to identify and reduce lead-based paint hazards in Multnomah, Clackamas, Washington and Clark (Washington State) counties and the cities of Beaverton, Gresham and Portland. Grants are awarded to owner-occupied homes, Section-8 rental properties, and rental projects owned by nonprofit organizations. In FY 07/08, 56 low income rental units received Lead Paint Grants.

Table 3 lists the specific Rental Rehab projects and lead grant funding closed in FY 2007/08.

Table 3: FY 07/08 Rental Rehab Preservation Projects: Direct Financing and Incentive Programs

Project	Location	Federal	TIF	City	Total	Incentives
		Fund Type				
*GROVE HOTEL	Downtown Waterfront		$3,468,752 70 units		$3,468,752 70 units	0
CLAY TOWER aka ROSE SCHNITZER TOWER	South Park Blocks		$359,000 233 units		$359,000 233 units	
LUKE DORF	Citywide	$1,272,410 14 units		$150,050 14 units	$1,422,460 14 units	14 units
MUSOLF MANOR FKA FOSTER APARTMENTS	Downtown Waterfront		$4,613,496 94 units		$4,613,496 94 units	94 units
Lead Based Paint GRANT	Lents Town Center	$10,000 1 unit			$10,000 1 unit	
Lead Based Paint GRANT	Interstate Corridor	$17,965 2 units			$17,965 2 units	
Lead Based Paint GRANT	Citywide	$51,110 53 units			$51,110 53 units	
*Lead Based Paint GRANT	Citywide	$88,950 88 units			$88,950 88 units	
Subtotals		$1,440,435 158 units	$8,441,248 397 units	$150,050 14 units	$10,031,733 555 units	108 units

Total Rental Rehab Preservation Closed Units (unduplicated)	397 units

*The units in these projects were counted in a previous year so only the dollars are included in the totals

Table 4 shows direct-financed units by median income level. All 555 units preserved were below 60% Median Family Income (MFI). The majority of the units (83%) and dollars (54%) went to rehabilitate/preserve units below 50% MFI. The per-unit average costs for 0-30% MFI housing reported in this year appear low ($7,201/unit). This is due to the fact that one of the projects contributing to this category (Clay Tower) was preservation of a large number of 0-30% MFI units, but the PDC contribution to that project was relatively small (See Table 3).

It should also be noted that some of the units recorded as 31-50% or 51-60% MFI in the table below may be *serving* households at 0-30% MFI with Project-Based Section 8 vouchers; PDC has reported only the income level at which the units were underwritten.

Table 4: FY 07/08 Summary of Rental Rehab Preservation Units by Income Level (Direct Financed Only)

	Income Level (%MFI)					
	0-30	31-50	51-60	61-80	81+	Total
Units	251 units	210 units	94 units			555 units
Dollars	$1,807,460	$3,610,777	$4,613,496			$10,031,733
$/unit	$7,201	$17,194	$49,080			$18,075
% of Units Closed	45%	38%	17%			100%

Table 5 contains information on projects financially restructured in FY07/08. New units were not created in these projects; however, 293 units were preserved as affordable housing with an investment of $2.2 million. These units are not counted toward the 1,500 unit goal since they are not "new" units, either because they have previously received PDC financial assistance, or were not significantly rehabilitated in a manner where the public investment was used for capital improvements.

Table 5: FY 07/08 Preservation of Existing Projects (Restructures)

Project	Location	Fund Type Federal	TIF	City	Total	Incentives
CAMBRIDGE COURT	Oregon Convention Center	$0 0	$931,576 20 units	$0 0	$931,576 20 units	
EMPIRE PLACE APTS AKA FIFT AVE CO	Downtown Waterfront	$0 0	 0	$0 0	 70	
KATERI PARK RESTRUCTURE	Citywide	$0 0	$0 0	$705,000 50 units	$705,000 50 units	
MCCULLER CROSSING RESTRUCTURE	Interstate Corridor	$0 0	$154,400 40 units	$100,000 40 units	$254,400 40 units	
WESTSHORE	Downtown Waterfront	$0 0	$309,500 113 units	$0 0	$309,500 113 units	
Subtotals		$0 0 units	$1,395,476 173 units	$805,000 90 units	$2,200,476 293 units	

Total Existing Preservation Units (unduplicated)	**293 units**

B) New Low Income Rental Units

- **Newly reported this year: 375 units**
- **Total to-date towards goal of 6,400: 3,668 units**

In FY07/08, $13 million in financing was closed to create 295 New Low Income Rental Units in support of citywide affordable housing goals as well as PDC urban renewal plan goals. An additional 80 units received only indirect incentives (SDC waivers) in FY 2007/08, for a total of 375 new low income rental units financed. This is significantly fewer units than were financed in FY 06/07 (626 units were reported).

Several of the projects listed below were selected for TIF and/or Federal funding through the Fall 2007 Permanent Supportive Housing Notice of Funding Availability, a joint funding process between the City of Portland, PDC, Multnomah County and Housing Authority of Portland.

Table 6: FY 07/08 New Low Income Rental Units: Direct Financing and Incentive Programs

		Fund Type				
Project	**Location**	**Federal**	**TIF**	**City**	**Total**	**Incentives**
82ND AVENUE PLACE	Citywide	$2,350,000 57 units			$2,350,000 57 units	57 units
ESPERANZA COURT	Citywide	$2,700,000 69 units			$2,700,000 69 units	
MIRAFLORES (PREV. VILLAS DEL RINC	Citywide	$440,421 31 units			$440,421 31 units	31 units
PATTON SQUARE APTS aka CROWN MO	Interstate Corridor		$4,467,500 54 units		$4,467,500 54 units	54 units
SHAVER GREEN	Interstate Corridor	$1,000,000 84 units	$2,140,800 84 units		$3,140,800 84 units	84 units
SDC	Downtown Waterfront					80 units
Subtotals		$6,490,421 241 units	$6,608,300 138 units		$13,098,721 295 units	80 units

Total New Low Income Rental Closed Units (unduplicated)	**375 units**

*The units in these projects were counted in a previous year so only the dollars are included in the totals

Table 7 summarizes new low income units by median family income. 52% of New Low Income Rental units and dollars in FY07/08 were between 51-60% MFI. 48% of the units were between 0-50% MFI. Note that many of the units counted as 31-50% MFI or 51-60% MFI are actually serving tenants at 0-30% MFI due to Project-Based Section 8 vouchers or other regulatory agreements; PDC has only reported on the income level at which the units were underwritten.

Table 7: FY 07/08 Summary of New Low Income Rental Units by Income Level (Direct Financing Only)

	Income Level (%MFI)					
	0-30	**31-50**	**51-60**	**61-80**	**81+**	**Total**
Units	24 units	118 units	153 units			295 units
Dollars	$775,593	$3,990,520	$8,332,608			$13,098,721
$/unit	$32,316	$33,818	$54,461			$44,402
% of Units Closed	8%	40%	52%			100%

Table 8 summarizes additional PDC funding commitments made in FY07/08. These units are not included in the 375 new unit totals as the loan(s) did not close in FY07/08.

Table 8: New Low Income Rental Units: Direct Financing and Incentive Programs (Committed in FY 07/08)

Project	Location	Fund Type Federal	TIF	City	Total	Incentives
OAK APARTMENTS	Downtown Waterfront	$0 0	$2,100,000 89 units	$0 0	$2,100,000 89 units	
Subtotals		$0 0	$2,100,000 89 units	$0 0	$2,100,000 89 units	

Total New Low Income Rental Committed Units (unduplicated)	**89 units**

C) Market Rate Rental Units (above 60% MFI)

- **Newly reported this year: 6 units**
- **Total to-date towards goal of 4,500: 1,682 units**

As part of the City's broader neighborhood and Central City revitalization, transit-oriented development and growth management goals, PDC supports the development of market rate rental housing. Note that "market rate" as used in this report includes any housing for renters over 60% MFI. Some of these may still have income or rent restrictions (e.g., at 80% MFI), while others may be purely open-market units.

In recent years, most of these market rate units are within mixed-income projects that include low-income units as well, as City funding priorities have shifted away from incentives for market rate rental development. In FY 07/08, only 6 market rate units were financed by the PDC Housing Department; all were managers units within low income rental projects. Please see Addendum 1 for information about additional market rate units funded by PDC separate from housing/TIF Set Aside programs.

Table 9: FY 07/08 Market Rate Rental Units: Direct Financing and Incentive Programs

Project	Location	Fund Type Federal	TIF	City	Total	Incentives
82ND AVENUE PLACE **	Citywide	1 unit			$0 1 unit	1 unit
CLAY TOWER aka ROSE SCHNITZER TOWER**	South Park Bl		2 units		2 units	
ESPERANZA COURT**	Citywide	1 unit			1 unit	
MUSOLF MANOR FKA FOSTER APARTMENTS **	Downtown W		$49,080 1 unit		$49,080 1 unit	1 unit
SHAVER GREEN **	Interstate Cor	1 unit	1 unit		$0 1 unit	1 unit
Subtotals		3 units	$49,080 4 units		$49,080 6 units	0 units

Total Market Rate Rental Closed Units (unduplicated)	**6 units**

*The units in these projects were counted in a previous year.

**These are mixed income projects and affordable units for these projects appear in sections A and B of this report. Refer to tables 1 and 4.

If units received financial assistance and incentives in the same year the incentives are not counted in the total.

Table 10: FY 07/08 Summary of Market Rate Rental Units by Income Level (Direct Financed Only)

	Income Level (%MFI)					
	0-30	31-50	51-60	61-80	81+	Total
Units				0 units	6 units	6 units
Dollars				0	$49,080	$49,080
$/unit				$0	$8,180	$8,180
% of Units Closed				0%	100%	100%

D) New Homeownership Units

- **Newly reported this year: 612 units**
- **Total to-date towards goal of 3,000: 4,398 units**

PDC supports the development of new for-sale housing in a number of ways, through both direct financial assistance (long and short-term financing) and City programs for indirect financial assistance (incentives including system development charge waivers and limited tax abatements). New for-sale housing development supports PDC URA plan goals as well as citywide minority and first-time homebuyer goals, and regional growth-management goals.

In FY07/08, PDC funded 24 units with direct financing. Of these, 5 were Portland Community Land Trust units financed with Fannie Mae (FNMA) funds. 12 units were in TIF-funded new construction projects in the Lents Town Center Urban Renewal Area, selected through a competitive Request for Proposals process.

595 New Homeownership units received single-family limited tax abatements (LTAs), system development charge (SDC) waivers, and other fee waivers. LTAs, SDCs, and other development fee waivers include affordability requirements for the end buyers and limitations on the sales price. Development fee waivers are granted only to nonprofit housing development organizations, while for-profit developers may receive LTA approvals and SDC waivers. At the time of purchase, the unit must be sold to a family at or below 100% MFI. At the time of purchase PDC will track whether the affordability target has been met. If the affordability target was not met, the properties are assessed taxes in full and the developer must pay the SDC.

Table 11: FY 07/08 New Homeownership Units: Direct Financing and Incentive Programs

Project	Location	Fund Type: Federal	TIF	City	Investor	Total	Incentives
OGDEN STREET	Lents Town Center		$165,000 5 units			$165,000 5 units	5 units
THE MARTINS STREET CONDOMINIUMS	Lents Town Center		$231,000 7 units			$231,000 7 units	
*RAYMOND PARK PLACE	Lents Town Center		$273,282 7 units			$273,282 7 units	7 units
FANNIE MAE - COMMUNITY PURCH	Citywide				$737,370 5 units	$737,370 5 units	
Limited Tax Abatement	Citywide						26 units
Limited Tax Abatement	Interstate						6 units
Limited Tax Abatement	Lents						2 units
SDC	Oregon Convention						1 unit
SDC	Citywide						358 units
SDC	Gateway						6 units
SDC	Lents						63 units
SDC	Interstate						47 units
Fee Waiver	Citywide						54 units
SDC/Fee Waiver	Citywide						32 units
*Limited Tax Abatement	Lents						2 units
*Limited Tax Abatement	Interstate						21 units
*Limited Tax Abatement	Citywide						21 units
*SDC	Lents						1 unit
Subtotals		0	$669,282 12 units	0	$737,370 5 units	$1,406,652 17 units	595 units

Total New Homeownership Closed Units (unduplicated)	**612 units**

SDC's from this category and added to the First Time Homowner category due to purchase by First Time Homebuyers: **201**

*The units in these projects were counted in a previous year so only the dollars are included in the totals

Table 12 shows the all of the new direct-financed new homeownership units by income level. All homes were targeted to owners earning 51-80% MFI.

Table 12: FY 07/08 Summary of New Homeownership Units by Income Level (Direct Financed Only)

	Income Level (%MFI)					
	0-30	31-50	51-60	61-80	81+	Total
Units	0 units	0 units	12 units	12 units	0 units	24 units
Dollars	$0	$0	$396,000	$1,010,652	$0	$1,406,652
$/unit	$0	$0	$33,000	$84,221	$0	$58,611
% of Units Closed	0%	0%	50%	50%	0%	100%

Income levels for the buyers of new units funded through indirect financing tools (SDC and LTA) is not reported because it has not been consistently tracked since 2001. However, current program guidelines require, and PDC is tracking, that these new units are purchased by buyers at or below 100% MFI in order to qualify for the SDC waiver or tax abatement.

E) Homes Repaired (owner-occupied)

- **Newly reported this year: 140 homes repaired**
- **Total to-date towards goal of 1,600: 1,324 homes repaired**

PDC finances home repair in the Lents and Interstate urban renewal areas in specific programs that include both direct lending and contracting with local community organizations. These programs are intended to assist with neighborhood revitalization in support of the URA plans, as well as anti-displacement efforts for existing, lower income homeowners in those areas. In FY 07/08, 101 homeowners received home repair loans in the two PDC urban renewal areas ($1.1 million in TIF). PDC also administers the City’s federally funded lead-based paint program, which can be used for both rental and owner-occupied properties (rentals are reported in Table 3 Rental Rehab and Preservation).

Until FY 05/06, PDC had administered federal funds for home repair loans citywide, but due to federal funding cuts and the City’s re-prioritization of federal funds, PDC discontinued that program. Other than the lead-based paint program, PDC has no citywide home repair resources. $23,125 Federal dollars were used to finance 44 new Lead Paint Program Grants.

Note that FY 07/08 is the last year that PDC administered a federal funds home repair program for the City of Beaverton: $57,992 was used to repair 5 homes.

PDC also partnered with Portland Community Land Trust on grants for the repair and sale of existing homes that became land trust units (affordable for future buyers). Those units are counted towards both Home Repair goals and First Time Homebuyer goals.

Table 13 shows all homes repaired in FY 07/08 through this variety of programs.

Table 13: FY 07/08 Home Repair Loans: Direct Financing and Incentive Programs

Project	Location	Fund Type Federal	TIF	City	Investor	Total	Incentives
BEAVERTON - CDBG	Citywide	$51,625 4 units				$51,625 4 units	
BEAVERTON - HOME	Citywide	$6,367 1 unit				$6,367 1 unit	
CONTAMINATED PROPERTY	Citywide			$10,198 1 unit		$10,198 1 unit	
LAND TRUST GRANT	Lents Town Center		$53,000 1 unit			$53,000 1 unit	
LAND TRUST GRANT	Interstate Corridor		$300,000 3 units			$300,000 3 units	
LEAD PAINT PROGRAM	Interstate Corridor	$63,260 6 units				$63,260 6 units	
LEAD PAINT PROGRAM	Lents Town Center	$27,045 3 units				$27,045 3 units	
LEAD PAINT PROGRAM	Citywide	$326,195 35 units				$326,195 35 units	
REACH GRANT	Lents Town Center		$125,000 65 units			$125,000 65 units	
TIF HOME REPAIR	Lents Town Center		$144,111 7 units			$144,111 7 units	
TIF HOME REPAIR	Interstate Corridor		$391,544 19 units			$391,544 19 units	
* LEAD PAINT PROGRAM	Lents Town Center	$6,625 1 unit				$6,625 1 unit	
* TIF HOME REPAIR	Interstate Corridor		$63,897 3 units			$63,897 3 units	
* TIF HOME REPAIR	Lents Town Center		$47,845 3 units			$47,845 3 units	
LIMITED TAX ABATEMENT	Citywide						1 unit
LIMITED TAX ABATEMENT	Interstate						2 units
Subtotals		$481,117 50 units	$1,125,397 101 units	$10,198 1 unit		$1,616,712 152 units	3 units

Total Home Repair Closed Loans (unduplicated)	140 units

This total subtracts units double counted in the above table in the amount of 8

*The units in these projects were counted in a previous year so only the dollars are included in the totals

Table 14 illustrates the income levels served by PDC's home repair programs. Nearly 57% of home repair funds in FY 07/08 were for households earning less than 60% MFI, while the remaining 43% assisted homeowners at 61-80% MFI with repairs. While not shown in the table below, the REACH home repair program in the Lents Town Center URA served 65 homeowners earning below 50% MFI, the majority of which earn less than 30% MFI.

Table 14: FY 07/08 Summary of Home Repair Loans by Income Level
(Excludes REACH grant and PCLT grant)

	Income Level (%MFI)					
	0-30	31-50	51-60	61-80	81+	Total
Units	7 units	27 units	13 units	36 units	0 units	83 units
Dollars	$109,137	$416,708	$179,214	$433,653	$0	$1,138,712
$/unit	$15,591	$15,434	$13,786	$12,046	$0	$13,719
% of Total Closed	8.4%	32.5%	15.7%	43.4%	0.0%	100%

F) First Time Homebuyers

- **Newly reported this year: 469 homebuyers**
- **Total to-date towards goal of 3,000: 1,301 homebuyers**

This category is set apart from the others in that the goals are *buyers* and not *units*. The difference is important because buyers in this category may also be counted in other categories (New Homeownership Units or Home Repair). As illustrated in Table 15, PDC homebuyer assistance loans, land trust grants, ORL loans, Fannie Mae loans totaling $7.4 million were closed. 53 new homeowners were assisted in FY 07/08 (with an additional 12 loans closing where buyers were already counted in a previous year).

An additional 239 homebuyers benefitted from indirect incentives (SDC waivers and tax abatements) this year, and 201 more first-time homebuyers became qualified for homes that received SDC waivers in previous years, bringing the total for newly reported first time buyers to 467.

If PDC funded a new homeownership development unit (Section E) but did not directly assist the buyer of that unit with one of these loan programs, only the unit is counted in Section E. An example is the Habitat for Humanity projects (Ogden St. Homes and Martins St. Condominiums), which received construction funding from PDC but not direct homebuyer assistance.

PDC brings in outside resources through the origination of loans that are sold to either Fannie Mae (HomeStyle Loans) or the Oregon Residential State Bond program on the secondary market. By doing this, PDC is able to offer citywide loan products that are otherwise unavailable with local resources. These funds are only available as first time homebuyer loans, renovation loans, or refinances. PDC's other homebuyer assistance is in certain urban renewal areas in the form of second mortgages that help moderate income buyers increase their purchasing power and afford monthly payments on homes for sale in those areas. Historically, these programs have only been available in the Lents Town Center and Interstate Corridor URAs. These programs include the Down Payment Assistance Loans (DPAL), Jump Start, and Rate Reducer. These loans include funds for home renovations and repairs.

Table 15: FY 07/08 First Time Homebuyer Loans: Direct Financing and Incentive Programs

Project	Location	Fund Type: Federal	TIF	City	Investor	Total	Incentives
FANNIE MAE - STANDARD PURCH	Lents Town Center				$263,000 1 buyer	$263,000 1 buyer	
HOMEBUYER ASSISTANCE	Lents Town Center		$496,539 12 buyers			$496,539 12 buyers	1 buyer
HOMEBUYER ASSISTANCE	Interstate Corridor		$321,845 7 buyers			$321,845 7 buyers	
LAND TRUST GRANT	Interstate Corridor		$300,000 3 buyers			$300,000 3 buyers	
LAND TRUST GRANT	Lents Town Center		$53,000 1 buyer			$53,000 1 buyer	
OR STATE BOND	Citywide				$1,418,823 10 buyers	$1,418,823 10 buyers	
OR STATE BOND	Lents Town Center				$2,198,680 13 buyers	$2,198,680 13 buyers	1 buyer
OR STATE BOND	Interstate Corridor				$1,113,350 6 buyers	$1,113,350 6 buyers	
*HOMEBUYER ASSISTANCE	Interstate Corridor		$73,720 3 buyers			$73,720 3 buyers	1 buyer
*HOMEBUYER ASSISTANCE	Lents Town Center		$80,095 3 buyers			$80,095 3 buyers	1 buyer
*OR STATE BOND	Interstate Corridor				$546,405 3 buyers	$546,405 3 buyers	3 buyers
*OR STATE BOND	Lents Town Center				$545,811 3 buyers	$545,811 3 buyers	1 buyer
SDC	Citywide						17 buyers
SDC	Interstate Corridor						1 buyer
SDC	Lents Town Center						4 buyers
LTA	Interstate Corridor						54 buyers
LTA	Lents Town Center						39 buyers
LTA	Citywide						124 buyers
Subtotals			$1,325,199 29 buyers		$6,086,068 36 buyers	$7,411,267 65 buyers	247 buyers

Total First Time Homebuyer Closed Loans (unduplicated)	268 buyers

SDC's counted in the New Homeownership category and added to this category due to purchase by First Time Homebuyers: **201**

This total subtracts buyers double counted in the above table in the amount of 24

The total dollars double counts TIF dollars in the amount of $353,000 that are duplicated in the Home Repair table due to the Portland Community Land Trust loans.

*The buyers in these loans were counted in a previous year so only dollars are included in totals

Table 16 highlights that 75% of buyers receiving direct financial assistance earned less than 80% MFI. All homeowners receiving TIF-funded assistance must earn below 100% MFI according to TIF Set Aside policy guidelines. OR Bond and Fannie Mae loans can serve buyers with slightly higher income levels.

Table 16: FY 07/08 Summary of Homebuyer Assistance Loans by Income Level (Includes Fannie Mae and OR State Bond Loans, but not incentive programs)

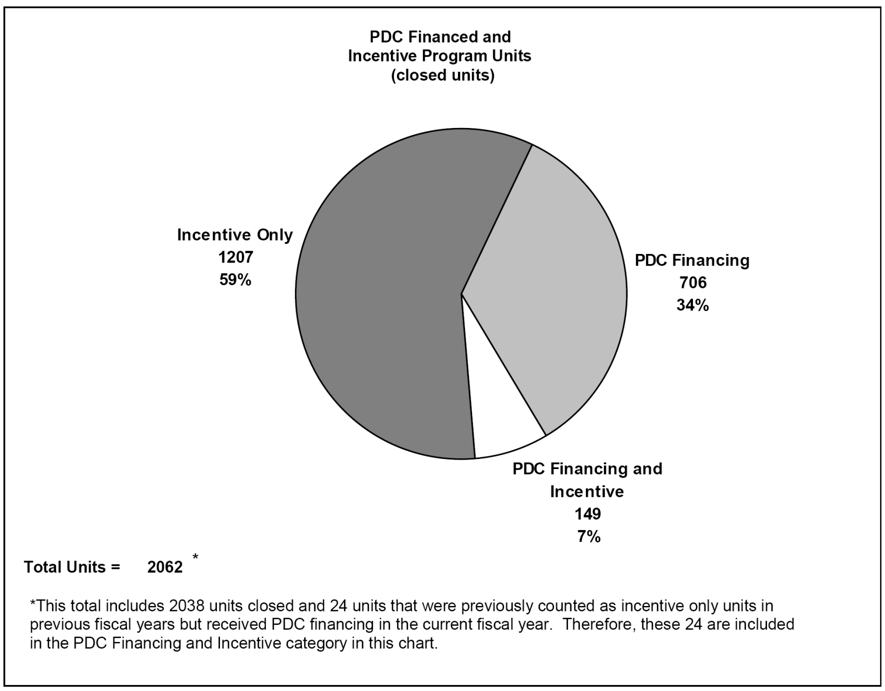
	Income Level (%MFI)					
	0-30	31-50	51-60	61-80	81+	Total
Units	0 buyers	7 buyers	6 buyers	36 buyers	16 buyers	65 buyers
Dollars	$0	$696,400	$474,767	$4,188,658	$2,051,443	$7,411,267
$/unit	$0	$99,486	$79,128	$116,352	$128,215	$114,019
% of Total Closed	0.0%	10.8%	9.2%	55.4%	24.6%	100%

G) FY07/08 Summary of Production toward 2011 Production Goals

- **Newly reported this year: 1,999 units and homebuyers**

In FY07/08, PDC provided direct financing and indirect subsidy for 1,999 total units, supporting rental households, first-time homebuyers, and existing low income homeowners. As shown in Chart 5 below, the majority of units and buyers (59%) received only an incentive and no direct PDC financing. 34% of the units and buyers received direct PDC financing and no incentive during this fiscal year (although some may have been granted an incentive in a previous year, or possibly will receive an incentive in a later year). 7% percent of the total units received both PDC financing and an incentive.

Chart 5: FY 07/08 Total Units by Financing Type (Direct vs. Indirect/Incentive)



Among the housing receiving direct PDC financing, the majority of dollars and majority of units were funded with TIF loans and grants. Chart 6 shows the source of funds used to finance the FY07/08 units. 54% of the total dollars were TIF and 55% of the total units were funded with TIF, while 41% of the units were financed with federal dollars (25% of the total dollars). Other sources of funds (City Housing Investment Fund, Fannie Mae HomeStyle Loans and Oregon Residential Loans) accounted for 21% of the dollars and 4% of the units.

Chart 6: FY 07/08 Units and Dollars by Funding Source

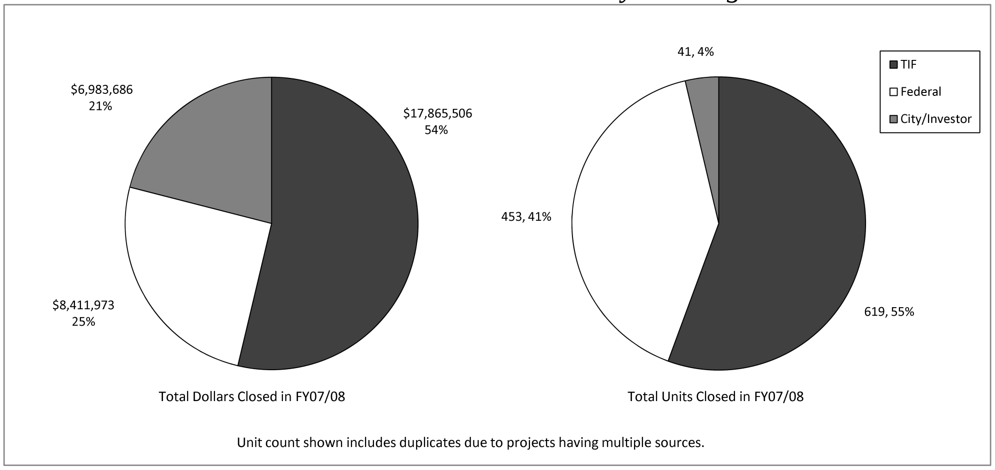


Chart 7 illustrates the same dollars and units funded, but breaks down the funding types used across the various housing goal categories. It does not include indirect funding (SDCs and LTAs). This shows the relative unit production of rental versus ownership housing, as well as the funding sources attributed to the respective programs and projects.

Chart 7: FY 07/08 Production Toward Housing Goals by Funding Source

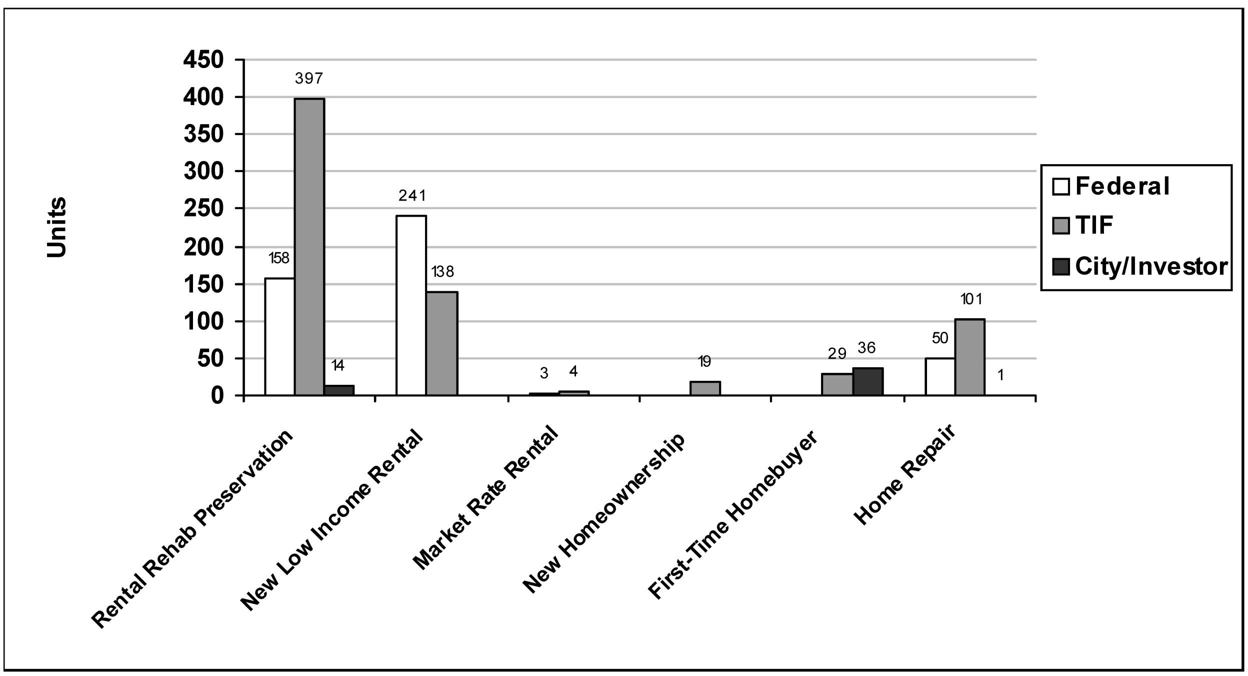


Chart 1 (repeated from the Executive Summary) illustrates just the investment of TIF dollars by goal category (housing type). Of the $17.9 million in TIF dollars, 48% funded Rental Rehab Preservation projects units and 37% went towards New Low Income Rental units. Home repair received 6% of the TIF dollars, and first time homebuyers received 5% of total TIF dollars. The remaining 4% of TIF went to new homeownership development projects.

Chart 1: FY 07/08 TIF by Goal Category

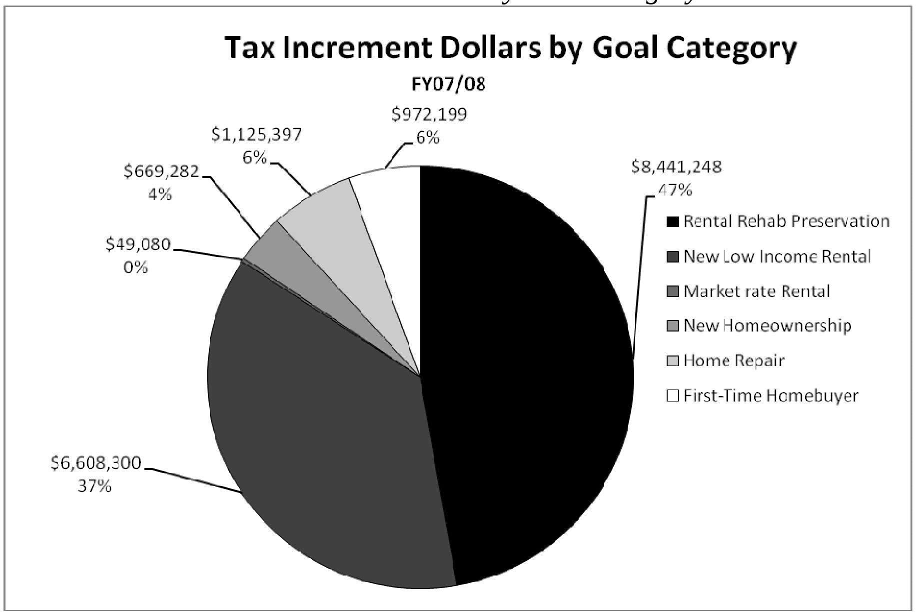
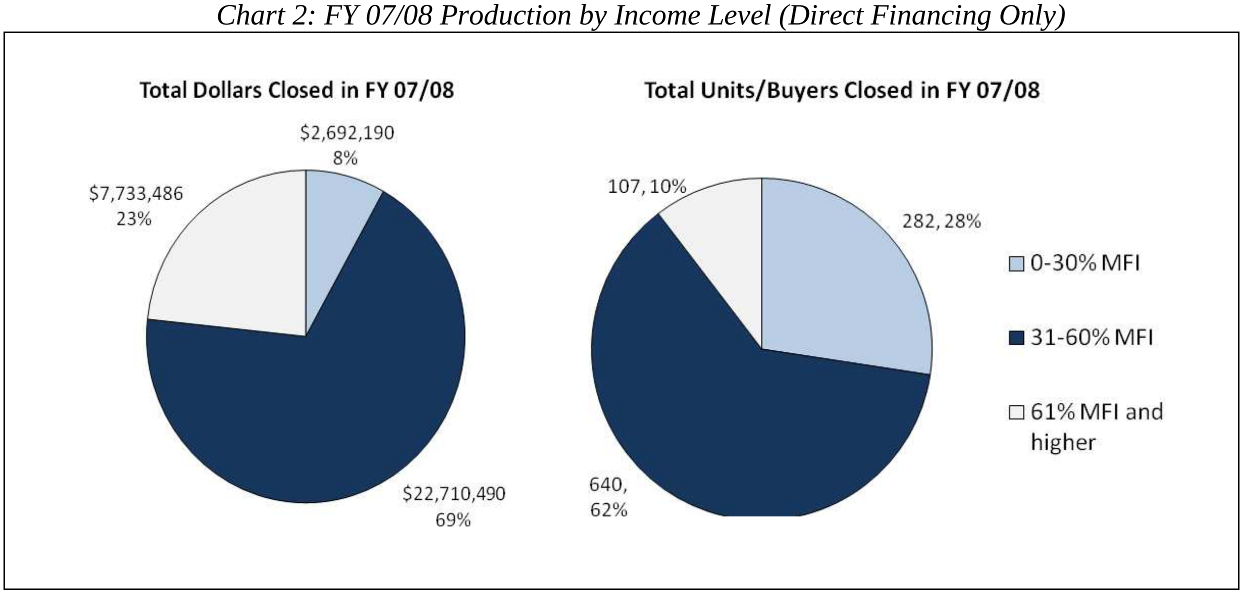


Chart 2 breaks down the total units/buyers and dollars funded in FY 07/08 by income level, for all sources of funding (TIF, federal, and other). Of all units and buyers receiving direct financial assistance, 90% were below 60% median family income (MFI) – including both rental and ownership housing.[3]

- 28% of the units or buyers were at 0-30% MFI (282 households)
- 62% of the units or buyers were at 31-60% MFI (640 households)
- $25.4 million was invested in support of these 0-60% MFI households (77% of all dollars invested).

Chart 2: FY 07/08 Production by Income Level (Direct Financing Only)



[3] See Appendix B for source table.

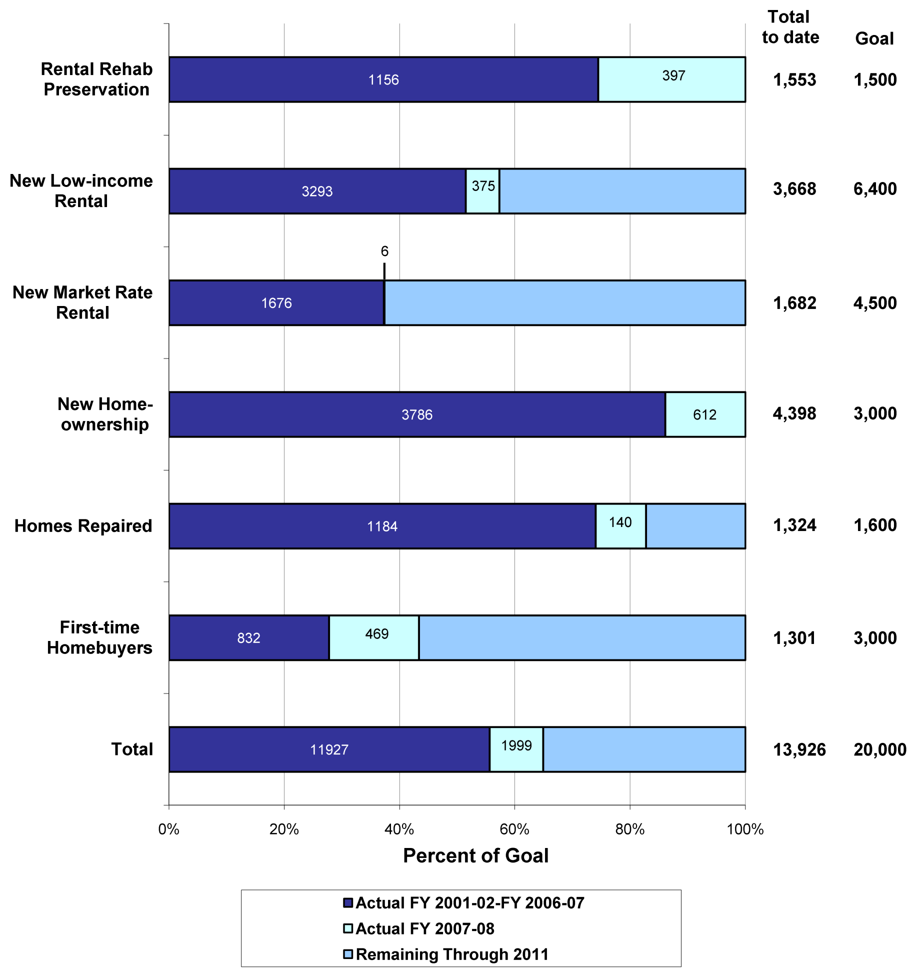
H) Summary of FY01/02- FY07/08 Cumulative Production toward 2011 Goals

- **Total to-date towards goal of 20,000: 13,926 units and homebuyers**

This section includes summary information for the first seven years of reporting on the 2011 goals: from FY01/02- FY07/08. In that seven year period, PDC has invested nearly $183 million in direct housing funding, as well as administering thousands of indirect incentives through City programs. Highlights from the seven years of housing production reported are:

- Both Rental Rehab/Preservation and New Homeownership unit development have already exceeded those 10-Year goals.
- Progress toward goals for New Low Income Rental Housing, New Market Rate Rental Housing, and First-time Homebuyers is lagging, for a variety of reasons, at less than 60% complete in each of these categories.
- Owner-Occupied Homes Repaired is on track to meet or exceed the 10-Year goal.
- 58% ($106.6 million) of total direct housing funding has been TIF funding in the URAs.

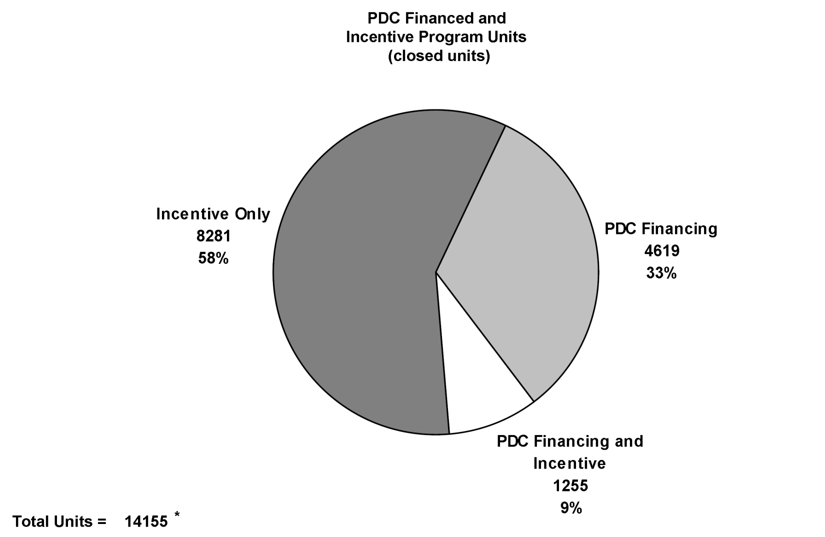
Chart 3: Progress Toward 10-Year Goals



69.6% of Ten-Year Goal Reached

Chart 8 presents the type of financing (direct or indirect) that funded units for the past seven years combined. More than half of the total units developed received indirect incentives only; this is primarily due to the single family limited tax abatement program intended to spur development of new homeownership units in certain "distressed areas" and SDC waivers for homes that are affordable to moderate income buyers. A total of 42% of the units/buyers received PDC financing. This distribution of financing types is similar to the one-year totals for FY 2007/08 (Chart 5).

Chart 8: FY 01/02 – 07/08 Total Units by Financing Type (Direct vs. Indirect/Incentive)



*This total includes 13,926 units closed and 229 units that were previously counted as incentive only units in previous fiscal years but received PDC financing in the current fiscal year. Therefore, these 229 units are included in the PDC Financing and Incentive category in this chart, but not double counted in the other cumulative charts and tables.

Chart 9 illustrates the cumulative investment of TIF dollars by goal category (housing type). Since FY 01/02, $106.6 million in urban renewal dollars (TIF) has been invested in affordable housing that meets both Citywide housing goals and specific urban renewal area objectives for revitalization and development. Historically, a higher percentage of dollars has been invested in New Low Income Rental housing (60% cumulative) than in FY 07/08 (37%). FY 07/08 saw a higher relative investment in Rental Rehab Preservation (47% versus the cumulative 26%), Home Repair (6% versus the cumulative 3%), and First Time Homebuyers (6% versus the cumulative 4%).

Chart 9: FY 01/02 – 07/08 TIF by Goal Category

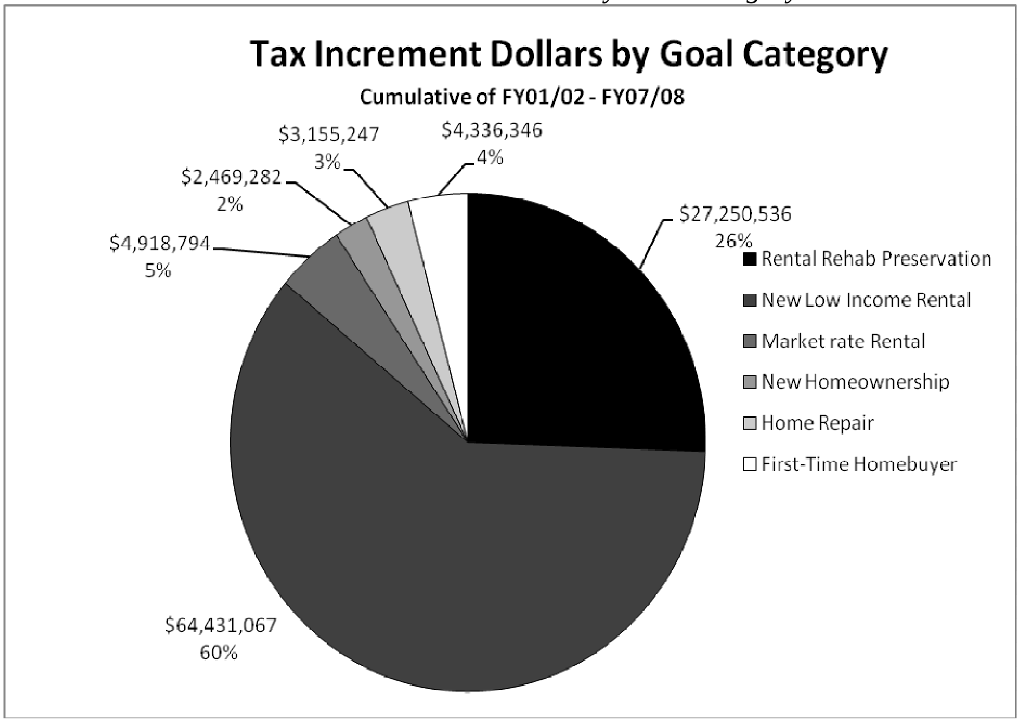
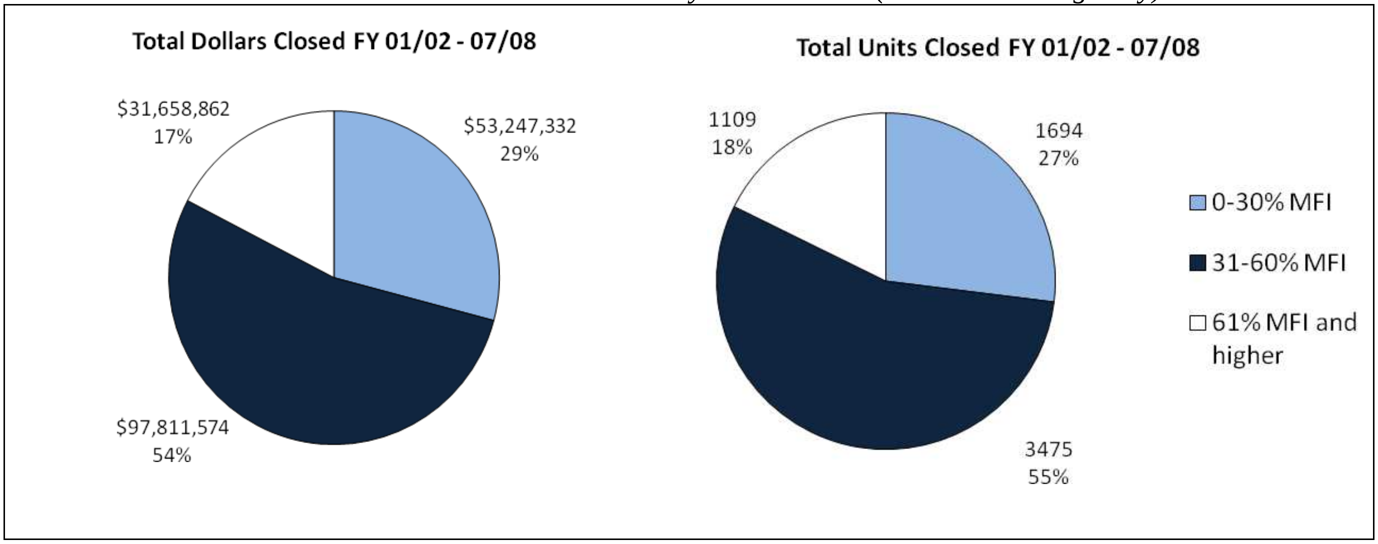


Chart 4 shows the breakdown of the total units and buyers funded since FY 2001/02 by income level. Of the total units, 82% were at or below 60% MFI; 27% of the units or homeowners were at 30% MFI or below. See Table 18 in Appendix B for the source data.

Chart 4: FY 01/02 – 07/08 Production by Income Level (Direct Financing Only)



Over seven years, more than $141 million (77% of total PDC housing investments) has been invested in rental housing affordable to households between 0-60% MFI, and $34.4 million (18% of total housing funding) has been invested in homeownership opportunities for low and moderate income households. The remaining 4% of total funding has gone towards market rate rental housing.

1,540 homeowners have received direct financial assistance (not including thousands of homeowners receiving indirect financial incentives) through either first-time homebuyer loans or development of affordable new homes. 4,337 affordable rental homes have been created or preserved; PDC has also restructured financing to preserve thousands of existing affordable rental units.

- **END OF REPORT -**

Appendix A: Reporting Methodology

How PDC Financed Units are counted toward the 2011 goals:

Units are counted toward the unit goals in the year the construction/permanent financing closes. Each goal section of the report includes a table on committed dollars to give an indication of the upcoming pipeline of projects (if any were recorded as committed at the time of the report). But, these units do not count toward the goals until their financing closes. A project is considered *committed* when the PDC Loan Committee approves the loan; a project is considered *closed* when the loan has been closed in escrow.

In order to avoid double counting, when a project receives acquisition dollars the units are not counted until the construction/permanent financing closes. The acquisition dollars will still be reported in the year they close and the number of units noted in the report. However, in order to accurately represent the relationship between dollars and actual units, acquisition units are included in the Income Level tables throughout the report.

How Incentive Units are counted toward the 2011 goals:

Incentive units (tax abatements, SDCs and fee waivers) are counted toward the unit goals in the year they are approved. When a project receives an incentive in one year and in another year PDC dollars are closed, the units are only counted towards the totals in one year. The units may appear in tables in multiple years, but are de-duplicated from the totals to avoid double counting.

What goal do the SDCs and LTAs? (requires first-time homebuyer status) count toward, First-time Homebuyer or New Homeownership Units?

SDCs and LTAs? require that the owner be a first-time homebuyer and that the buyer have an income at or below 100% MFI. Once a unit with an approved SDC or LTA is sold, the title company involved in the sale supplies PDC with verification of the homebuyer's income and first-time homebuyer status. If the homebuyer does not meet both requirements, the incentive must be repaid. In terms of how to count these units for the purposes of the 2011 goals, once a unit is approved for a SDC, it is counted toward the New Homeownership goal. However, as PDC collects verification information on these units, if the buyer meets both requirements the buyer will then also be counted toward the First-Time Homebuyer goal. Units receiving an LTA are counted towards both the New Homeownership unit goal and the First Time homebuyer goal within the same year, assuming the buyer qualifies.

In FY01/02 and FY02/03 the system for verifying the Water Homeowner SDCs was not consistent. A new system was recently established providing a more dependable tool for tracking these units. Therefore, adjustments will be made annually to the New Homeownership Units and First-Time Homebuyer sections of the report.

How are First Time Homebuyers counted toward goals:

The housing production target includes a range of homeownership targets: 1) new homeownership *units*, 2) owner rehab *units*, and 3) first-time *homebuyers*. In some cases a unit may have been purchased by a first-time homebuyer and also received PDC financing as a new homeownership or owner rehab unit. First-Time Homebuyer Units are counted in all categories for which they qualify and applied toward the 17,000 unit production goal and/or the 3,000 first-time homebuyer goal as appropriate. Thus, some units will be counted toward both the unit goal and the first-time homebuyer goal. This "double counting" is appropriate as public subsidy is achieving multiple goals: assistance to individual homebuyers, as well as a new unit (contributing to density goals) or repaired home that may serve multiple future owners.

Mixed Income Rental Units

Rental projects with units at income levels above and below 60% MFI appear in more than one category. The units at or below 60% MFI are counted toward the Rental Rehab Preservation goal or the New Rental Units goal and the units above 60% MFI are counted toward the Market Rate Rental goal.

It should be noted throughout the report that rental units are counted at the income level at which they are underwritten, not the level at which they may be serving a lower income tenant with the addition of other subsidy (Section 8 vouchers). In recent years, many units are reported at 50% or 60% MFI, but are actually permanent supportive housing, serving households at 30% MFI or below.

APPENDIX B: Total Production Summary Tables

Table 17 is a summary of all units/buyers that received direct financial assistance in FY 07/08 by income level.

Table 17: 07/08 Summary of All Closed Loans and Grants by Income Level (Direct Financed Only)

	Income Level (%MFI)					
	0-30	31-50	51-60	61-80	81+	Total
Rental Rehab Preservation (below 60% MFI)						
Units	251	210	94			555
Dollars	$1,807,460	$3,610,777	$4,613,496			$10,031,733
$/unit	$7,201	$17,194	$49,080			$18,075
% of Subtotal Units Closed	45%	38%	17%			100%
New Low Income Rental (below 60% MFI)						
Units	24	118	153			295
Dollars	$775,593	$3,990,520	$8,332,608			$13,098,721
$/unit	$32,316	$33,818	$54,461			$44,402
% of Subtotal Units Closed	8%	40%	52%			100%
Market Rate Rental (below 60% MFI)						
Units				0	6	6
Dollars				$0	$49,080	$49,080
$/unit				$0	$8,180	$8,180
% of Subtotal Units Closed				0%	100%	100%
New Homeownership						
Units	0	0	12	12	0	24
Dollars	$0	$0	$396,000	$1,010,652	$0	$1,406,652
$/unit	$0	$0	$33,000	$84,221	$0	$58,611
% of Subtotal Units Closed	0%	0%	50%	50%	0%	100%
Home Repair						
Units	7	27	13	36	0	83
Dollars	$109,137	$416,708	$179,214	$433,653	$0	$1,138,712
$/unit	$15,591	$15,434	$13,786	$12,046	$0	$13,719
% of Subtotal Units Closed	8%	33%	16%	43%	0%	100%
First-Time Homebuyer						
Units	0	7	6	36	16	65
Dollars	$0	$696,400	$474,767	$4,188,658	$2,051,443	$7,411,267
$/unit	$0	$99,486	$79,128	$116,352	$128,215	$114,019
% of Subtotal Units Closed	0%	11%	9%	55%	25%	100%
Total Closed Units	282	362	278	84	23	1029
Total Closed Dollars	$2,692,190	$8,714,405	$13,996,085	$5,632,963	$2,100,523	$33,136,165
$/unit	$9,547	$24,073	$50,346	$67,059	$91,327	$32,202
% Total Units Closed	27%	35%	27%	8%	2%	100%

Unit counts include duplicates due to multiple loans to the same project or homeowner/homebuyer.

Table 18 is a summary of the seven years of reporting by income (MFI level) for units receiving PDC financing (incentive only units are excluded).

Table 18: FY 01/02 – 07/08 Summary of All Closed Loans and Grants by Income Level (Direct Financed Only)

	Income Level (%MFI)					
	0-30	31-50	51-60	61-80	81+	Total
1. Rental Rehab Preservation						
Units	798	550	339			1687
Dollars	$16,562,043	$13,659,865	$9,531,935			$39,753,843
$/unit	$20,754	$24,836	$28,118			$23,565
% of Subtotal Units Closed	47%	33%	20%			100%
2. New Low Income Rental						
Units	635	964	1051			2650
Dollars	$34,584,507	$41,715,714	$25,010,624			$101,310,845
$/unit	$54,464	$43,274	$23,797			$38,231
% of Subtotal Units Closed	24%	36%	40%			100%
3. Market Rate Rental						
Units				66	335	401
Dollars				2594607	4623171	$7,217,778
$/unit				$39,312	$13,801	$17,999
% of Subtotal Units Closed				16%	84%	100%
4. New Homeownership						
Units				16	304	320
Dollars				$1,104,422	$1,800,000	$2,904,422
$/unit				$69,026	$5,921	$9,076
% of Subtotal Units Closed				5%	95%	100%
5. Home Repair Loans						
Units	260	393	146	209	31	1039
Dollars	$2,060,782	$3,842,428	$1,649,026	$2,123,951	$3,965,841	$13,642,028
$/unit	$7,926	$9,777	$11,295	$10,162	$127,930	$13,130
% of Subtotal Units Closed	25%	38%	14%	20%	3%	100%
6. First-Time Homebuyer Assistance						
Units	1	21	11	79	69	181
Dollars	$40,000	$1,746,215	$655,767	$8,326,859	$7,120,011	$17,888,851
$/unit	$40,000	$83,153	$59,615	$105,403	$103,189	$98,833
% of Subtotal Units Closed	1%	12%	6%	44%	38%	100%
Total Closed Units	1694	1928	1547	370	739	6278
Total Closed Dollars	$53,247,332	$60,964,222	$36,847,352	$14,149,839	$17,509,023	$182,717,767
$/unit	$31,433	$31,620	$23,819	$38,243	$23,693	$29,104
% Total Units Closed	27%	31%	25%	6%	12%	100%

Addendum 1: Additional Market Rate Housing Units

PDC closed loans for mixed use projects with market rate housing (rental and ownership) in FY 2006/07 and 2007/08. This data was not captured in the original charts and tables in either of those FY reports. It is included here as a separate addendum and will be incorporated into cumulative totals starting in the next annual report. It is important to include these projects as the housing contributes to PDC's 10-year goal for market rate housing production.

These projects were funded with PDC's commercial loan program and funding was attributed to both the commercial and residential portions of the projects. No affordability restrictions are included in these projects, as the intent of the loans was to spur commercial and market rate redevelopment. The funding was outside of the TIF Set Aside for Affordable Housing.

FY 2007/08 Market Rate Rental:

URA	Project	Date Closed	Units	Income Restriction	Loan Amount
South Park Blocks	Esquire	5/20/08	16	None	$733,600 (Commercial)

FY 2006/07 New Homeownership Units:

URA	Project	Date Closed	Units	Income Restriction	Loan Amount
Oregon Convention Center	Fremont homes	6/07	7	None (6); 80% MFI (1 unit- not closed yet).	$250,000 (Commercial)

PDC
PORTLAND DEVELOPMENT COMMISSION

Investing in Portland's Future

December 5, 2008

Dear Interested Parties:

Thank you for your interest in the second annual report on the outcomes of the City and Portland Development Commission (PDC) policy to set aside/invest tax increment resources for affordable housing priorities for the community. This policy was enacted in October 2006 and the report covers outcomes for the 2006-07 and 2007-08 fiscal years.

This report is organized into three primary sections:

- Overall highlights and achievements under the policy
- A summary of housing expenditures by urban renewal area
- A background on the history and details of the set aside policy

Updated revenue forecasts and budget proposals for the 2009-10 fiscal year and beyond will be produced in December/January and will serve as a tool for citywide budget process throughout the winter. We anticipate a series of open conversations about the available resources, project opportunities and how to move forward on achieving Portland's housing goals.

The release of this report also provides the opportunity for us to unveil a new era of an improved, more efficient and reorganized agency. In 2009, PDC will become an agency defined by multi-disciplinary talent, as opposed to individual and narrowly-focused departments. Affordable housing remains core to our mission and housing customers and clients will be pleased with our responsiveness and workflow. Ms. Erin Flynn, who is leading the new Urban Development Department (UDD), will have a senior staff person who reports directly to her on all housing issues. This will assure the transition to the new structure effects the full integration of housing into all divisions of the UDD and will serve as a single, reliable point-of-contact to external stakeholders for all housing-related matters.

The need to provide a reliable flow of resources for low-income and affordable housing is ever more important during our present economic environment. You have our commitment that PDC will do its part to rise to the challenge by injecting financing and tax increment dollars into the system, while also continuing to balance the multiple other goals and priorities for resources within each of the Urban Renewal Areas. You will also see the agency explore opportunities to help our partners increase development capacity where needed and see a more innovative PDC, which strives to more expediently move housing dollars to development partners in ways which encourage project development and shared creativity.

We eagerly look ahead to participating in the forward-looking conversations about how this community can collaboratively meet shared housing objectives, under the City Council leadership of Commissioner Nick Fish and the PDC Board.

Very truly yours,

Bruce A. Warner
Executive Director

Erin K. Flynn
Urban Development Department Director

PDC 50

www.pdc.us

222 Northwest Fifth Avenue
Portland, OR
97209-3859

tel: 503.823.3200
fax: 503.823.3368
TTY: 503.823.3366

PORTLAND DEVELOPMENT COMMISSION

TAX INCREMENT FINANCING
AFFORDABLE HOUSING SET ASIDE

ANNUAL REPORT FY 2007-2008

December 5, 2008

CONTENTS

Please contact Sara Culp, PDC Housing Project/Program Coordinator, with any questions about this report (503) 823-3239.

INTRODUCTION

The City of Portland and Portland Development Commission (PDC) have very broad and diverse urban development and revitalization goals, and Tax Increment Financing (TIF) is a key resource for meeting those goals. Ensuring that affordable housing options remain in Portland's neighborhoods as revitalization occurs and property value increase is an important part of the City's urban renewal strategy.

The City Council and PDC adopted the "TIF Set Aside" to ensure that affordable housing goals are met in urban renewal areas, and to ensure there is a consistent and predictable level of funding for housing development. The policy requires a certain percentage of TIF resources in each of nine urban renewal areas (URAs) to be spent on affordable housing (see table below). The policy applies to a cumulative five year period and is not expected to be met annually due to the timing of redevelopment projects and availability of funding. More explanation of the policy is in the "Policy Background and Methodology" section.

This report covers the second year of the first five years of the policy, and tables provide information about the first year (2006/07) and second year (2007/08) expenditures as well as cumulative totals and progress towards the five year requirements.

This report complements the PDC Annual Unit Production Report, which has been produced since FY 2001/02. That report contains more comprehensive information on PDC housing activities, including projects and programs that utilize non-TIF resources, such as Federal funds, indirect subsidies, and other rental and homeownership programs. PDC intends to merge these two reports in future years. What appear to be discrepancies between the two reports are due to the fact that the reports focus on two different time frames for the data: the Set Aside policy requires reporting on expenditures, which for some projects may span multiple years. The Unit Production Report includes total project funding and units as of the loan closing dates for the projects, regardless of what fiscal year the actual expenditures occur.

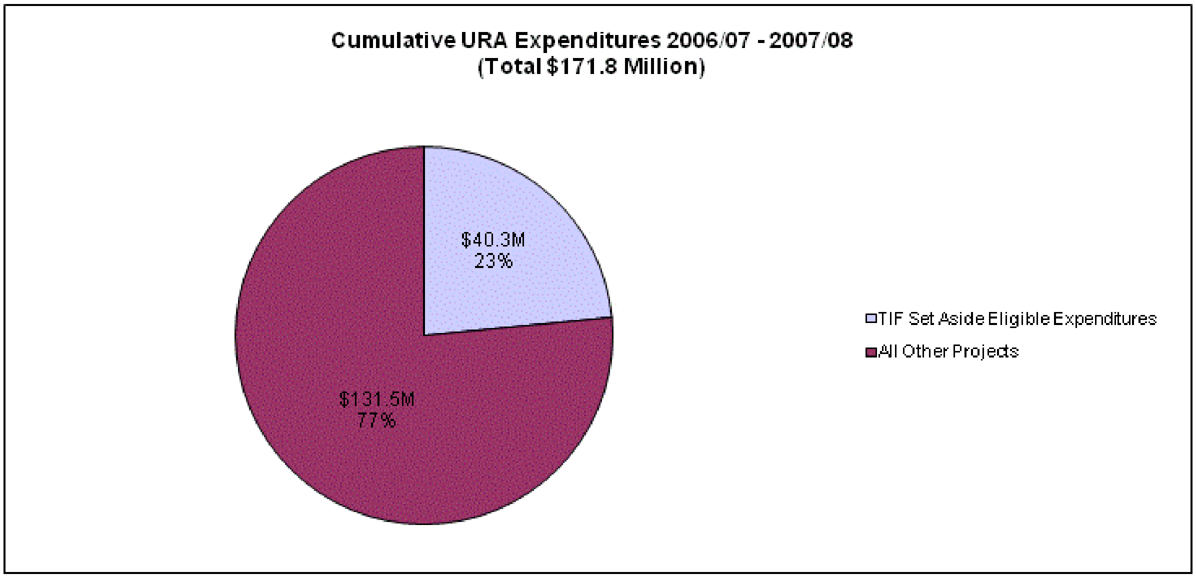
Adopted TIF Set Aside Policy

Urban Renewal Area* **	**Set Aside for Affordable Housing** (% of Total URA Expenditures)	**Income Guidelines** (Percent of Total Set Aside by Income/Use Category)			
		0-30% MFI Rentals	**31-60% MFI Rentals/ 0-60% MFI Ownership**	**61-100% MFI Ownership**	**Community Facilities**
Central Eastside	**30%****	35-50%	20-50%	10-30%	0-25%
Downtown Waterfront	**22%**	50-70%	20-40%	0-20%	0-25%
Gateway	**30%**	35-50%	20-45%	20-40%	0-10%
Interstate	**30%**	35-50%	20-45%	20-40%	0-10%
Lents	**30%**	35-50%	20-45%	20-40%	0-10%
North Macadam	**39%***	50-70%	20-40%	0-20%	0-10%
Oregon Convention Center	**26%**	35-50%	20-45%	20-40%	0-10%
River District	**30%**	50-70%	20-40%	0-20%	0-10%
South Park Blocks	**30%**	75-90%	10-25%	0-10%	0-10%

EXECUTIVE SUMMARY

Overall highlights of affordable housing investments under the TIF Set Aside for the second year of the policy include:

- Over $20 Million of TIF was spent on affordable housing under the TIF Set Aside in FY 2007/08, bringing two-year cumulative spending to $40.5 Million. In 2007/08:
  - $6.2 Million was invested in new projects with known unit mixes or facilities that are Set Aside eligible (projects that did not have expenditures in 2006/07).
  - $12.3 Million of funding was disbursed to projects continuing from 2006/07 that are Set Aside eligible, with several projects reaching completion, including the Estate Hotel.
  - $2.4 Million was spent for acquisition of property or other pre-development activities expected to result in future affordable housing.
- Housing spending in 2007/08 was a greater proportion of overall PDC expenditures[1] than it was in the first year of the policy (28% in 2007/08 versus 20% in 2006/07).



- While the Set Aside report focuses on expenditures, and does not account directly for project *commitments* made in each fiscal year, $23.2 Million of TIF was formally committed to new projects in 2007-08. The disbursements/expenditures for these projects may occur over several years. These projects will bring 1036 new or rehabilitated units into the affordable housing inventory[2]:
  - 411 are 0-30% MFI rental units.
  - 435 are 31-60% MFI rental and ownership units.
  - 49 are homeownership units at 61-80% MFI.

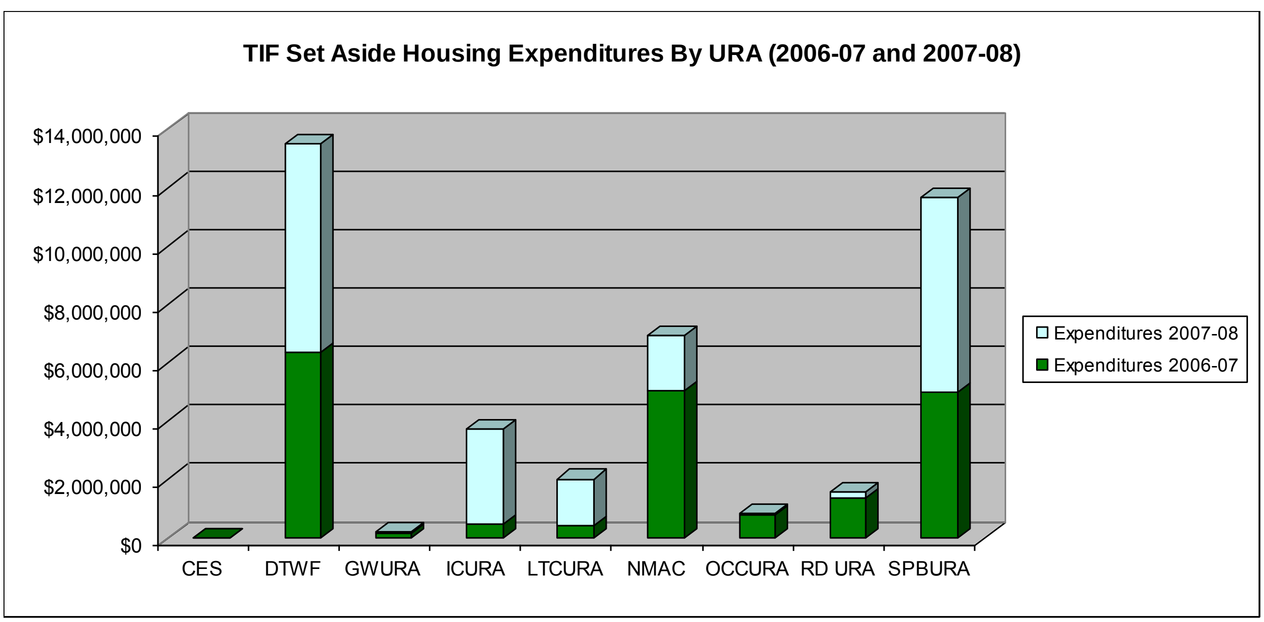
[1] Excluding Airport Way and Willamette Industrial URA expenditures.

[2] More information on these project commitments and funding sources other than TIF is contained in PDC's annual Unit Production Report. Please note that reporting on commitments versus reporting on expenditures results in different data.

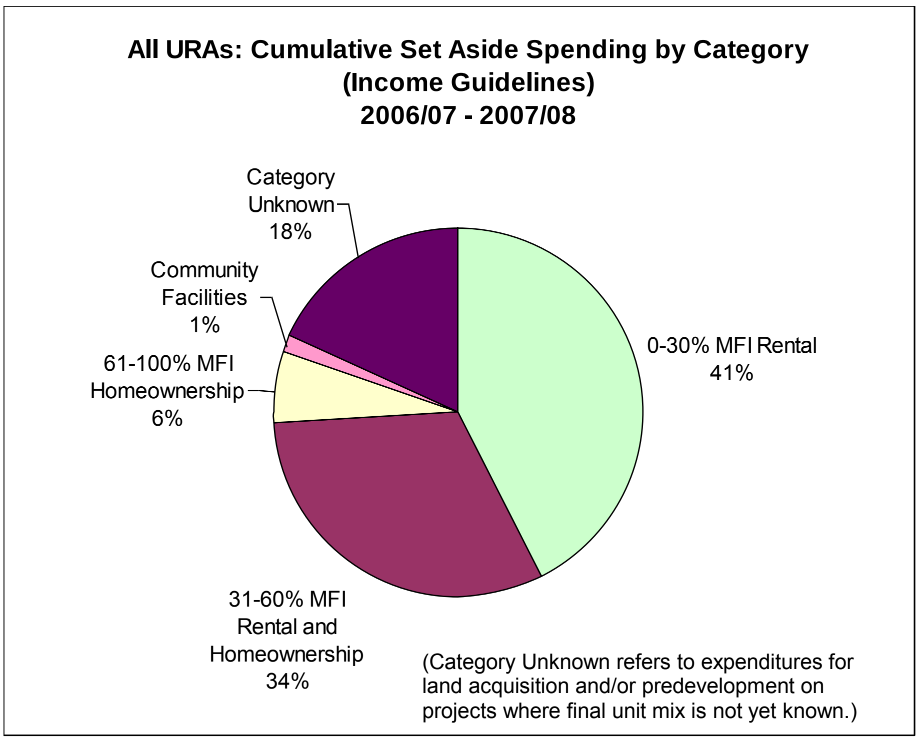
➢ The percentage of investments in affordable housing varied by URA due to the pipeline of projects in each district and varying resource availability:

Urban Renewal Area	2 Year Cumulative Expenditures		TIF Set Aside Adopted Policy (5 Year Target)
	TIF Set Aside Eligible Expenditures	% of Total URA Expenditures	
Central Eastside	$ -	**0%**	$5,100,000*
Downtown Waterfront	$ 13,501,384	**26%**	22%
Gateway Regional Center	$ 207,376	**6%**	30%
Interstate Corridor	$ 3,519,713	**37%**	30%
Lents Town Center	$ 2,030,995	**12%**	30%
North Macadam	$ 6,930,451	**27%**	39%**
Oregon Convention Center	$ 849,936	**6%**	26%
River District	$ 1,574,215	**10%**	30%
South Park Blocks	$ 11,638,757	**50%**	30%
Total Expenditures	**$ 40,252,827**	**23%**	

*North Macadam URA requirements are to spend according to the Council and Commission adopted funding plan for the district for the first 5 years, which is 39% ($22.7M). After that, 30% of expenditures must be for affordable housing.
** A minimum of $5,100,000 of all tax increment resources of the first $35 million of debt issued and a minimum of 30% of all tax increment resources for any additional debt beyond $35 million.
*** Airport Way & Willamette Industrial URAs have no requirement for budgeting or spending on Affordable Housing.



- Investment in 0-30% Median Family Income (MFI) rental housing increased by 57% from 2006-07 expenditures, to over $10 Million in 2007-08.
- PDC invested significant resources in projects that were part of the 2007 Permanent Supportive Housing NOFA with the City, County, and Housing Authority (HAP). $5.6 Million in TIF was committed to three new projects (Shaver Green, the Clifford and Cambridge Court), in addition to two other PSH projects that already had commitments of TIF and received additional resources and services through the NOFA process.
- Investment in homeownership programs and projects increased nearly 168% from 2006-07 and supported construction of 75 new units, as well as homebuyer assistance and repairs for 145 homebuyers/owners. This includes increased homeownership assistance for 31-60% MFI households.



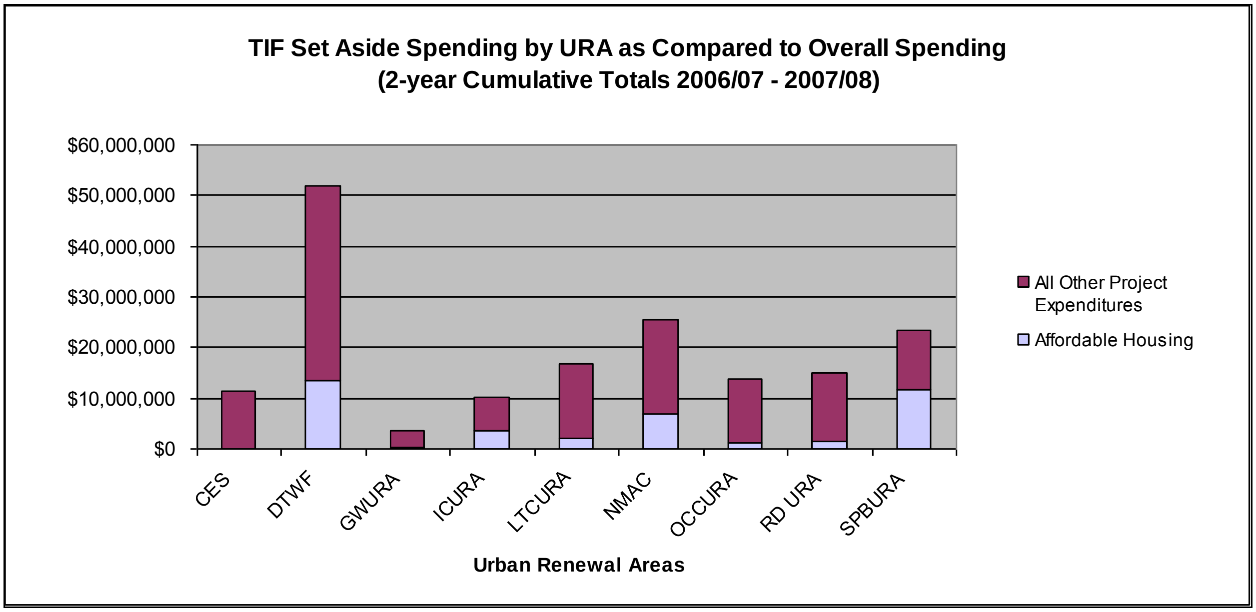
- Urban Renewal Area amendments were crafted in FY 2007/08 that secured funding for preservation of rental housing in South Park Blocks URA and key projects in the Downtown Waterfront URA (many were moved to the expanded River District URA), and significantly increased potential funding for housing in the Lents Town Center URA.
- Significant predevelopment work occurred on both rental and ownership projects in North Macadam URA, Lents Town Center URA, Interstate Corridor URA, and Oregon Convention Center URA.

Summary of each Urban Renewal Area (URA):

- **Central Eastside URA (CES):** This district faces revenue challenges and many competing demands on TIF resources, including the district's priorities for job creation. The adopted FY 2008/09 budget reflected an overall budget deficit, so future funding projections for housing and other projects will be reduced. The funding priority for affordable housing in the next one to two years is the preservation of the Clifford Apartments, and unless revenue projections increase, it is unlikely that this district can support an additional affordable housing project within the first five years of the Set Aside.
- **Downtown Waterfront URA (DTWF):** This district is projected to meet requirements for all housing categories (income guidelines), including 0-30% MFI rentals, due to significant investments in rental housing projects. This district is closing out, and as such, no additional resources are available. The close-out projections put the overall Set Aside budget just below the 22% requirement. Several projects originally in the district have been moved into the amended River District, where housing funding projections exceed the Set Aside requirement of 30%.
- **Gateway Regional Center URA (GWURA):** Efforts are underway to boost TIF generation in this district with infrastructure investments intended to spur new development. PDC is investing in predevelopment for a significant mixed use, mixed income housing project ("Gateway Glisan") that will meet 31-60% MFI rental and potentially homeownership policy goals. Subsidy for the project will likely require more than currently forecast in the URA budget, and meeting 0-30% MFI goals is unlikely unless other funding sources are leveraged.
- **Interstate Corridor URA (ICURA):** This district is meeting or exceeding 31-60% MFI rental and 31-100% MFI homeownership goals. The overall Set Aside is currently projected to exceed 30% for the 5-year period. Despite a solicitation for Permanent Supportive Housing projects and commitments to several mixed income rental projects providing 0-30% MFI housing, meeting 0-30% MFI policy goals remains a challenge. New strategies and leveraging other funding sources will be key in future years.
- **Lents Town Center URA (LTCURA):** Housing investments in this district have ramped up considerably with the Set Aside policy. All investment to-date has been for homeownership, although planning efforts are underway for future mixed use, mixed income rental projects. The URA amendment adopted in 2007 plans for significant new funds for the Set Aside, but meeting 0-30% MFI goals will depend on new strategies, project opportunities, and ability to leverage other funding sources.
- **North Macadam URA (NMAC):** Investments have been made in predevelopment work and property acquisition, securing opportunities for affordable housing development. Market realities and funding availability in the URA continue to make project feasibility a challenge. New strategies may need to be employed to achieve affordable housing production in this district. Work is underway on plans for veterans' housing, and the projected budget forecast currently exceeds the overall Set Aside requirement of 39%.
- **Oregon Convention Center URA (OCCURA):** This URA is projected to meet 31-60% MFI rental goals and to exceed homeownership goals with the current pipeline of projects and funding. The district is slated to expire in 2013 and not reach its maximum indebtedness, so a planning effort is beginning to re-configure the North/Northeast URAs (Interstate and OCCURA) to provide future funding for strategic projects. A look at affordable housing goals, strategies, and opportunities will be included in that effort.
- **River District URA (RD):** The district amendment approved in 2007 included over $56 Million for affordable housing projects under the first five-year period of the Set Aside

policy, exceeding the 30% requirement. The bulk of funding projected for the next two to three years is focused on the Homeless Resource Access Center, a new family rental development project, and rehabilitation of the Fairfield apartments. Given market conditions and the URA appeals, new strategies may be needed to ensure delivery of the current slate of projects.

- **South Park Blocks URA (SPB):** This URA is slated to reach its maximum indebtedness and all housing funds are budgeted to meet low income housing preservation goals. The district is projected to meet all income guideline requirements due to significant investments in rehabilitation/preservation to-date, and the new Jeffrey Apartments development. However, the exact unit mix of future preservation projects may leave the district slightly short on 0-30% MFI goals.



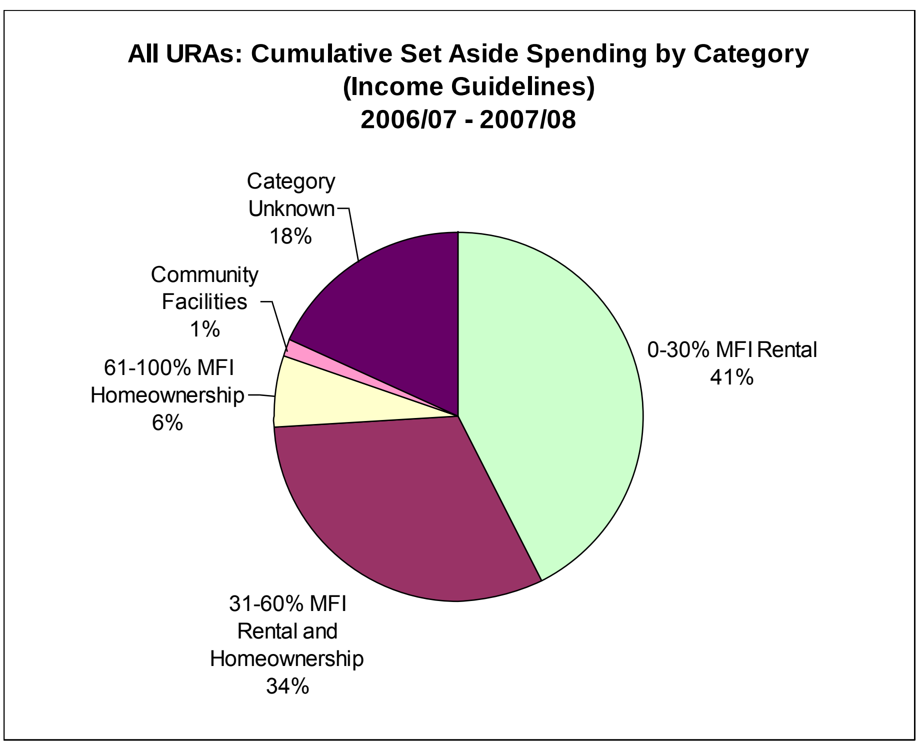
(End Executive Summary)

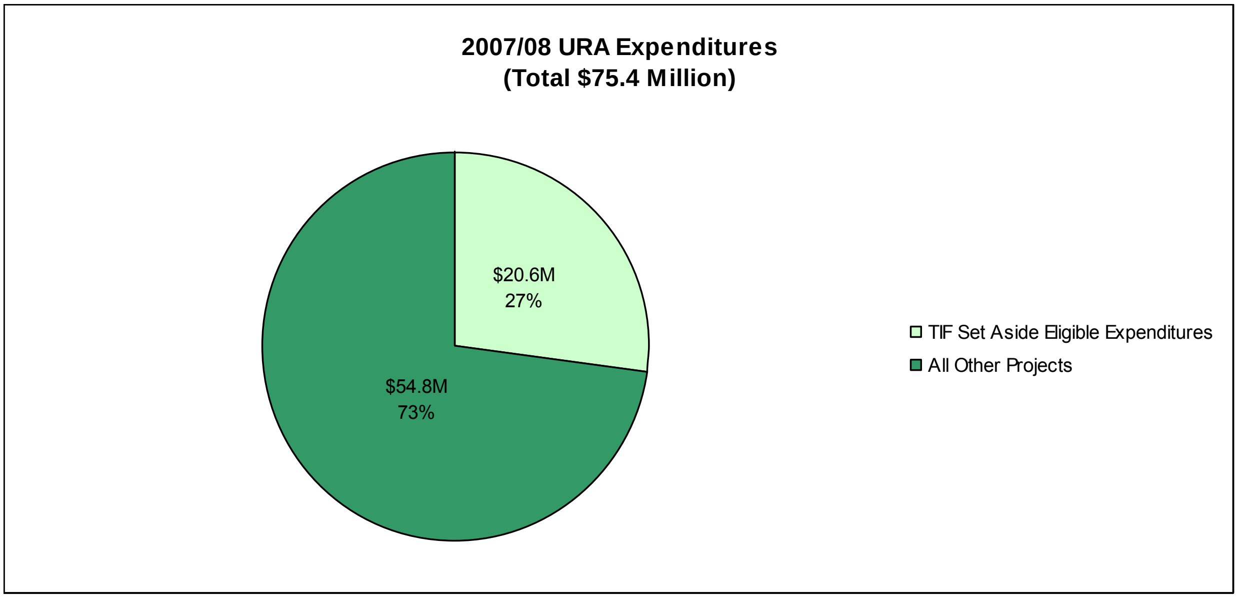
2007-2008 TIF SET ASIDE ANNUAL REPORT

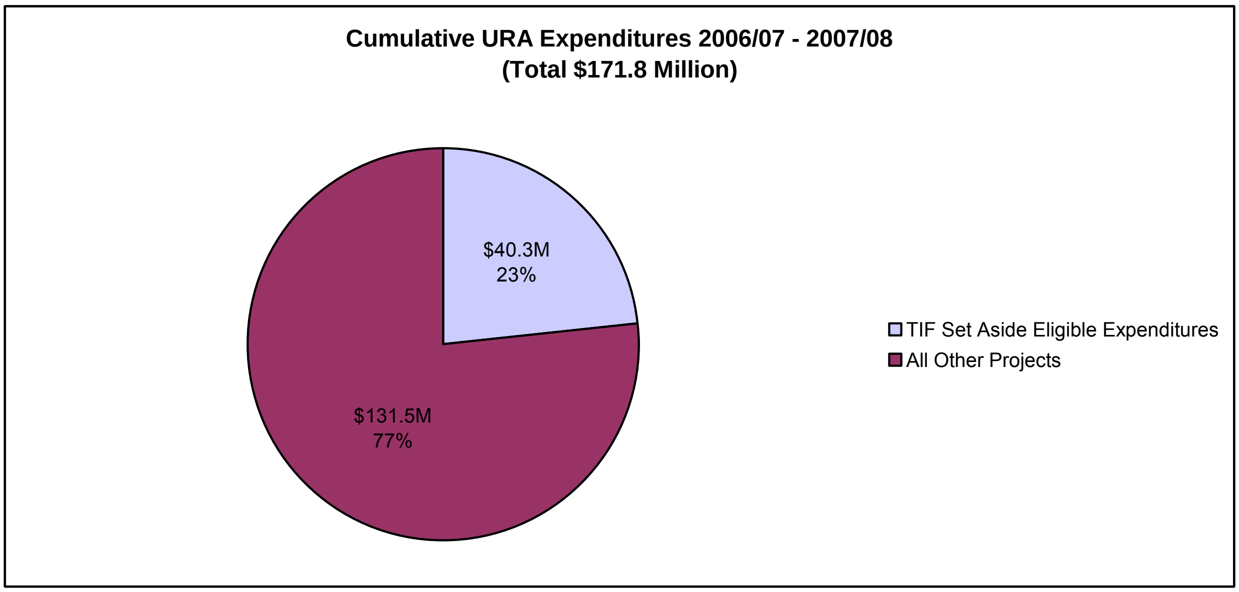
Summary All Urban Renewal Areas (First 2 Years Compliance)

This table shows the summary of actual expenditures in all Urban Renewal Areas (URAs) combined for the first two years of the Set Aside policy, and the breakdown of those expenditures by the adopted income guidelines ("Actual %" column).

				First 2 Year Actuals		
Set-Aside Summary	Policy Min	Policy Max	Actual %	FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental			41%	6,453,199	10,108,544	16,561,744
31-60 MFI Rental			30%	6,878,487	5,178,401	12,056,887
31-60 MFI Ownership			4%	323,115	1,149,101	1,472,215
Total 31-60 MFI Rental & Ownership Housing			34%	7,201,601	6,327,501	13,529,103
61-80/100 MFI Ownership			6%	773,821	1,772,382	2,546,203
Community Facilities			1%	227,954	258,799	486,753
Set-aside eligible, category unknown			18%	5,044,702	2,129,321	7,174,023
Total Set-Aside (% of total project expenditures)			100%	19,701,278	20,596,548	40,297,826
Non Set-Aside Housing			0%	215,324	369,889	585,212
Total Housing Budget			24%	19,916,602	20,966,437	40,883,039
Total Project Expenditures			100%	96,398,392	75,355,746	171,754,138
Cumulative TIF Set-Aside Budget				19,701,278	40,297,826	
Cumulative Total Project Expenditures				96,398,392	171,754,138	
Cumulative TIF Set-Aside % Budget (5 year total)				20%	23%	



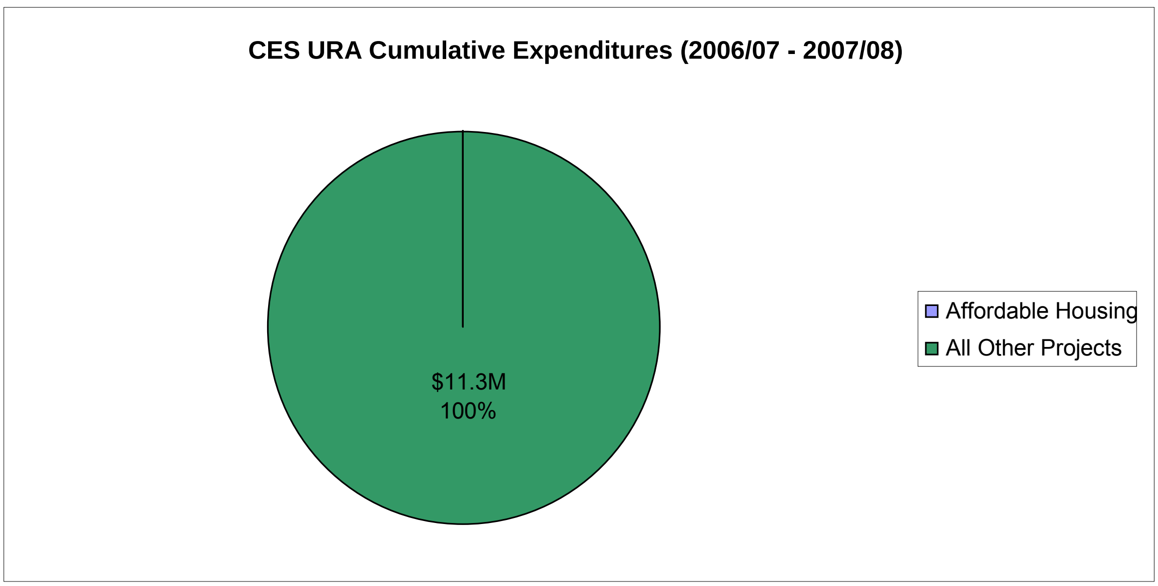

2007/08 URA Expenditures
(Total $75.4 Million)
$20.6M
27%
$54.8M
73%
TIF Set Aside Eligible Expenditures
All Other Projects

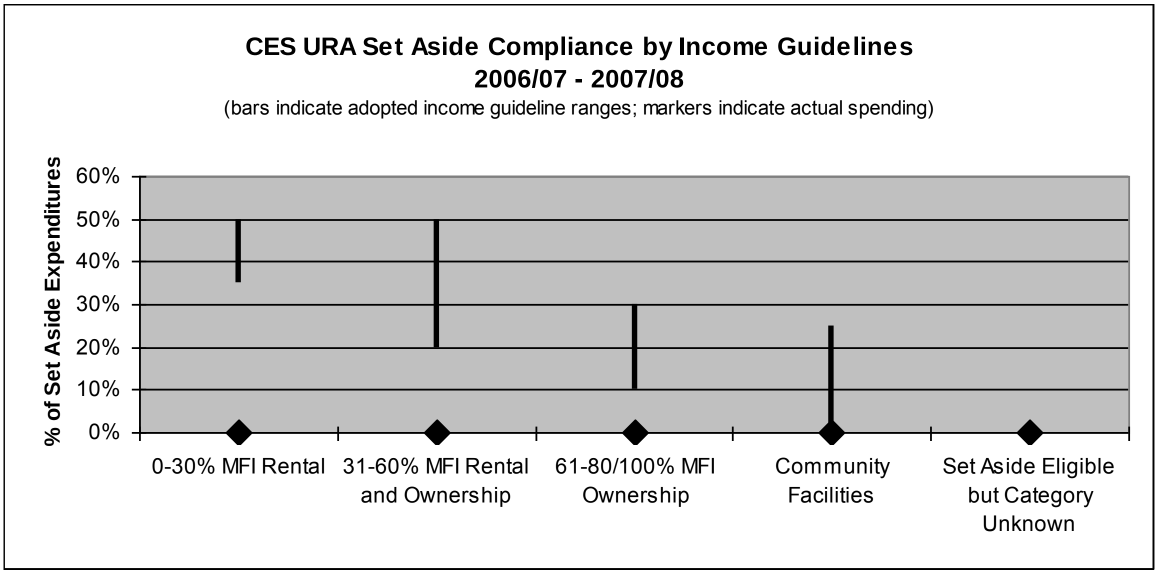

Cumulative URA Expenditures 2006/07 - 2007/08
(Total $171.8 Million)
$40.3M
23%
$131.5M
77%
TIF Set Aside Eligible Expenditures
All Other Projects

Central Eastside Urban Renewal Area

- The five-year Housing Set Aside target for this district was set at $5.1 Million (15%) of the first $35 Million in debt issued (total expenditures), and 30% of all additional total expenditures.
- Total Actual project expenditures for the first two years were $11.3 Million, most of which supported significant job creation, infrastructure investments, and major building renovations to encourage growth in the tax base. During the same period, no investments were made in Set Aside eligible housing projects.
- PDC has committed $2.8 Million to the preservation and rehabilitation of the Clifford Apartments, through the joint Permanent Supportive Housing NOFA process with the City, HAP, and Multnomah County. The project will preserve 88 units of low income housing.
- The current version of the CES URA budget forecast for future years is in deficit. Reductions must occur to all line items, including housing, to bring the budget into balance. PDC expects funding to be available for the rehabilitation of the Hooper Detox Center, but there will likely not be resources for additional projects in the next 2-3 years.

- **Total Housing Set Aside expenditures (06/07 - 07/08)** **$0**
- **Total Overall Project expenditures (06/07 - 07/08)** **$11.3 Million**
- **% Set Aside to Overall Budget (06/07 - 07/08)** **0%**





CES URA 2-Year Summary

Set-Aside Summary	Policy Min	Policy Max	Actual %	First 2 Year Actuals FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental	35%	50%	0%	0	0	0
31-60 MFI Rental	0%	0%	0%	0	0	0
31-60 MFI Ownership	0%	0%	0%	0	0	0
Total 31-60 MFI Rental & Ownership Housing	20%	50%	0%	0	0	0
61-80/100 MFI Ownership	10%	30%	0%	0	0	0
Community Facilities	0%	25%	0%	0	0	0
Set-aside eligible, category unknown	0%	0%	0%	0	0	0
Total Set-Aside (% of total project expenditures)	0%	0%	0%	0	0	0
Non Set-Aside Housing			0%	0	0	0
Total Housing Budget			0%	0	0	0
Total Project Expenditures				4,403,597	6,868,640	11,272,237
Cumulative TIF Set-Aside Budget				0	0	
Cumulative Total Project Expenditures				4,403,597	11,272,237	
Cumulative TIF Set-Aside % Budget (5 year total)				0%	0%	

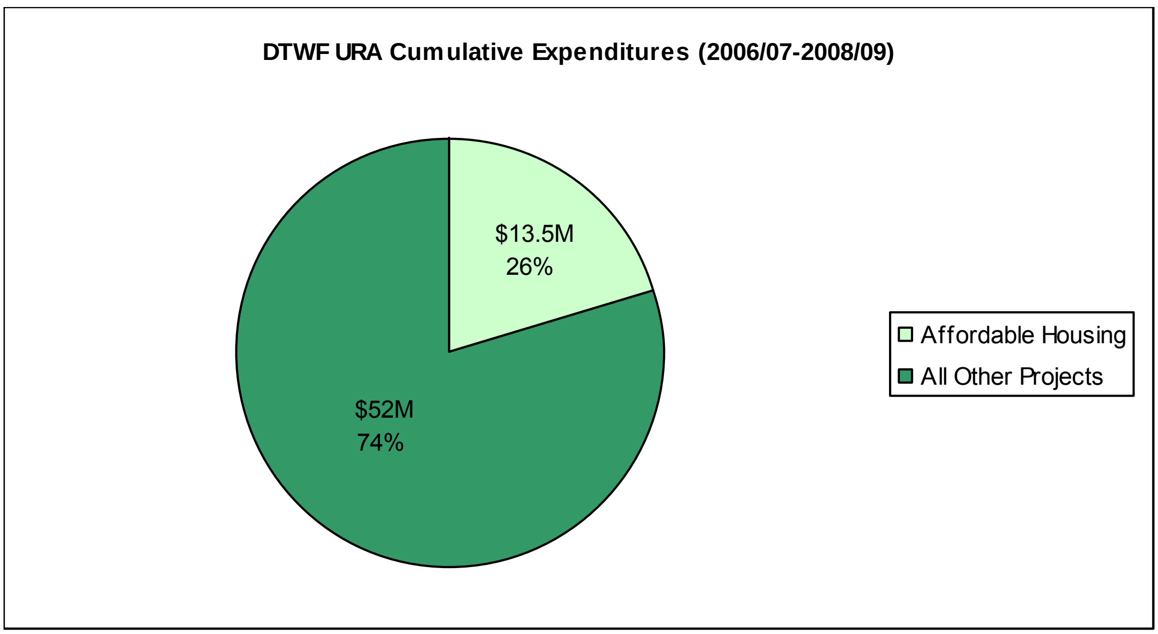
CES URA Project Details

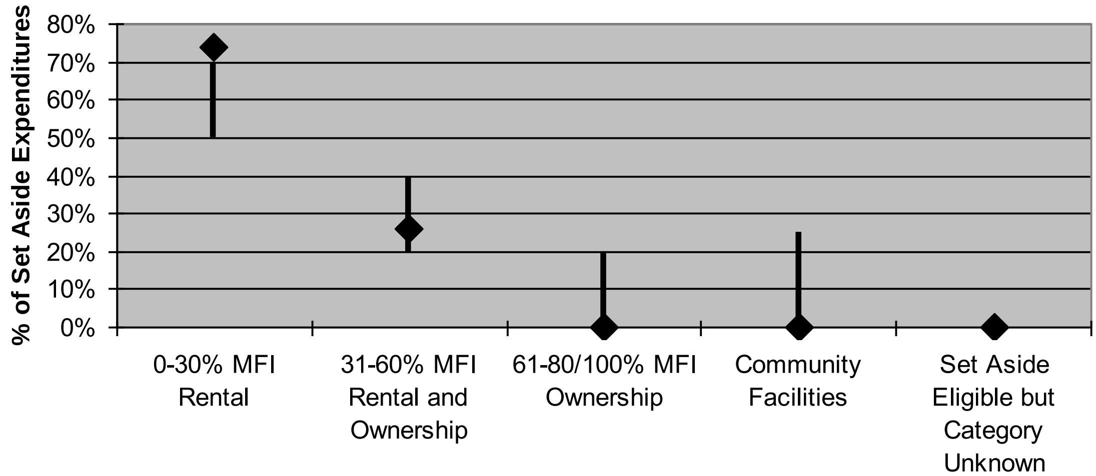
PROJECT	UNITS	UNIT MIX 0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside	TOTAL TIF COMMITMENT OR ESTIMATE	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
(no project expenditures)	0					$0	$0	$0	$0
TOTALS	**0**					**$0**	**$0**	**$0**	**$0**

Downtown Waterfront Urban Renewal Area

- The five-year housing Set Aside target for this URA was set at 22% of the district's total project expenditures. This target was set lower than the 30% Set Aside standard because of the district's significant previous investments in affordable housing and the expectation that this URA would expire.
- This district is slated to meet the income guidelines of the TIF Set Aside policy with the current pipeline of projects. The 0-30% MFI and 31-60% MFI goals were exceeded due to large investments in preserving existing low income housing, consistent with the goals and policies guiding this URA.
- The renovation and preservation of 289 affordable units at the Musolf Manor and Estate Hotel renovation was completed, improving conditions for those residents and ensuring a sustainable stock of low income and Permanent Supportive Housing in this area.
- Major commitments and acquisition funding or predevelopment funding went to Blanchet House, the Yards Phase C, the Grove Hotel and the Resource Access Center. Future funding for these projects was moved into the River District URA amendment, due to the close-out of the Downtown Waterfront URA.

- **Total Housing Set Aside expenditures (06/07 - 07/08)** **$13.5 Million**
- **Total Overall Project expenditures (06/07 - 07/08)** **$52 Million**
- **% Set Aside to Overall Budget (06/07 – 08/09)** **26%**





DTWF URA 2-Year Summary

				First 2 Year Actuals		
Set-Aside Summary	Policy Min	Policy Max	Actual %	FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental	50%	70%	74%	3,731,268	6,201,033	9,932,301
31-60 MFI Rental			26%	2,640,460	892,718	3,533,178
31-60 MFI Ownership			0%	0	0	0
Total 31-60 MFI Rental & Ownership Housing	20%	40%	26%	2,640,460	892,718	3,533,178
61-80/100 MFI Ownership	0%	20%	0%	5,995	0	5,995
Community Facilities	0%	25%	0%	0	29,910	29,910
Set-aside eligible, category unknown			0%	0	0	0
Total Set-Aside (% of total project expenditures)			26%	6,377,723	7,123,661	13,501,384
Non Set-Aside Housing			0%	0	95,686	95,686
Total Housing Budget			26%	6,377,723	7,219,348	13,597,071
Total Project Expenditures				23,451,017	28,501,967	51,952,984
Cumulative TIF Set-Aside Budget				6,377,723	13,501,384	
Cumulative Total Project Expenditures				23,451,017	51,952,984	
Cumulative TIF Set-Aside % Budget (5 year total)				27%	26%	

DTWF URA Project Details

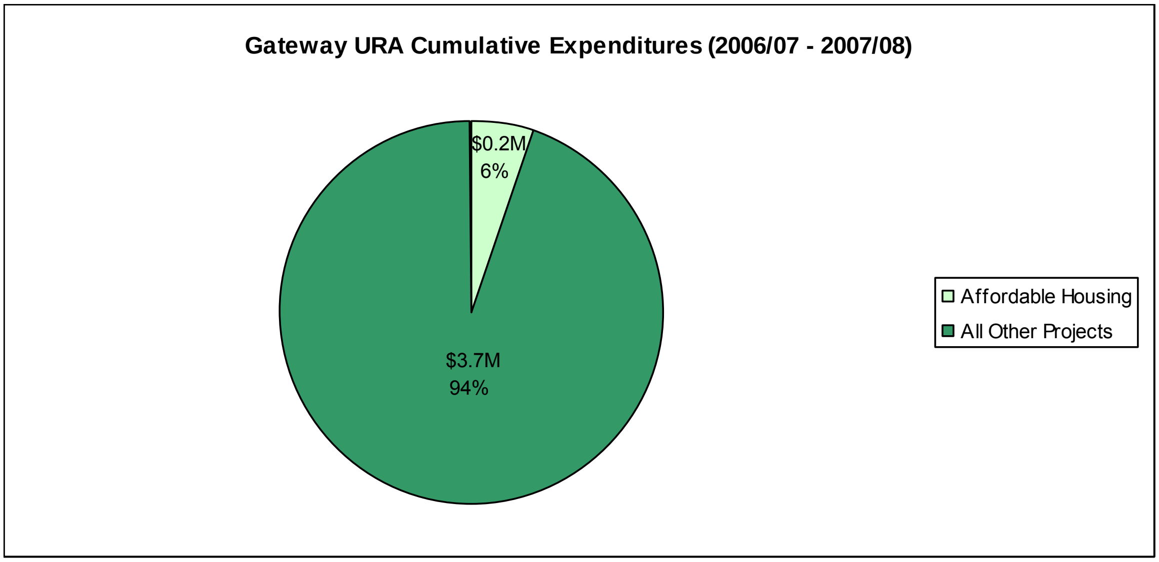
PROJECT	UNITS	UNIT MIX 0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside	TOTAL TIF COMMITMENT OR ESTIMATE	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
Estate Hotel	194	153	41			$5,308,596	$5,234,842	$175,679	$5,410,521
Estate Hotel Storefront Grant	0					$21,850	$0	$21,850	$21,850
Musolf Manor	95	83	11		1	$4,662,576	$966,810	$3,816,921	$4,783,731
Musolf Manor Storefront Grant	0					$9,702	$0	$9,702	$9,702
Access Center (units counted in RD)	0					(in RDURA)	$0	$34,897	$34,897
Hotel Alder	99	99				$3,568,046	$16,296	$0	$16,296
333 Oak Apartments	90		89		1	$2,100,000	$150,000	$150,000	$300,000
Yards at Union Station (Phase C) (units counted in RD)	0					(in RDURA)	$3,780	$0	$3,780
Grove Apts. (units counted in RD)	0					$3,468,752	$0	$2,727,537	$2,727,537
Blanchet House	0					(in RDURA)	$0	$6,560	$6,560
Downtown Chapel Storefront Grant	0					$23,350	$0	$23,350	$23,350
3rd & Oak Parking Obligation	0						$0	$64,112	$64,112
Policy/Planning	0						$0	$22	$22
Old Town Lofts (SAMs)	20			20		$1,448,040	$5,995	$0	$5,995
Westshore	113		112		1	$309,500	$0	$188,717	$188,717
Total	**611**	**335**	**253**	**20**	**3**	**$20,920,412**	**$6,377,723**	**$7,219,348**	**$13,597,071**

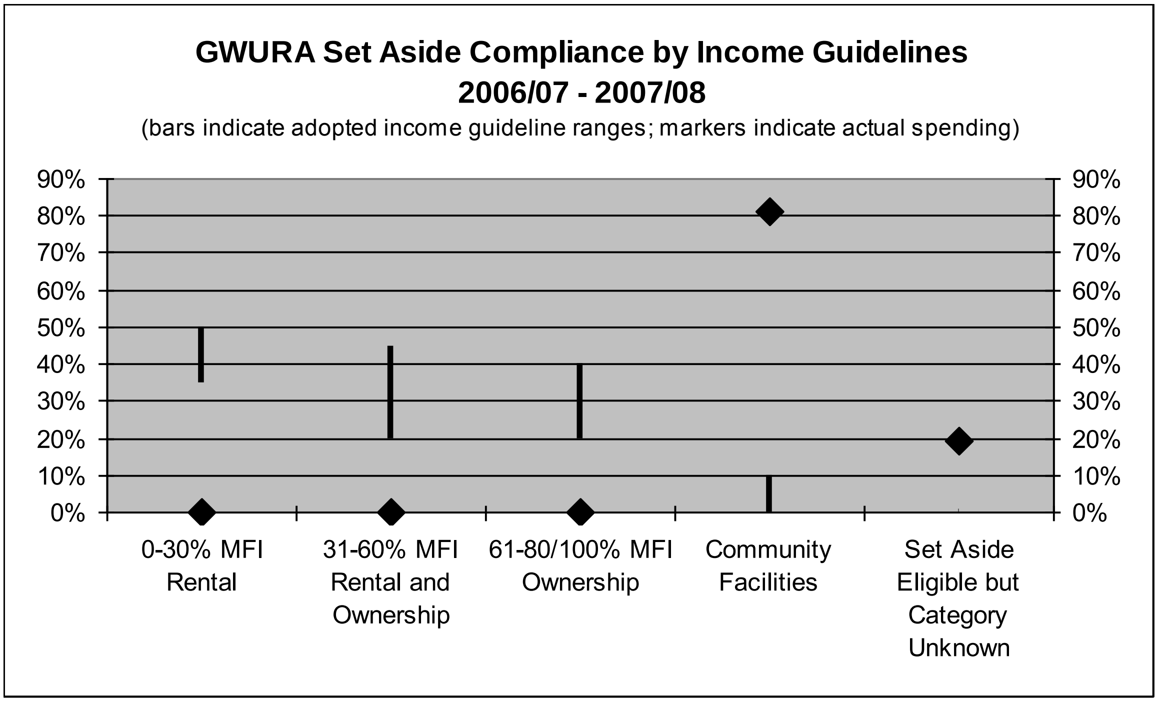
Gateway Regional Center Urban Renewal Area

Highlights

- The five-year Housing Set Aside target for this district is 30% of total project expenditures.
- Total project expenditures in this district were $3.7 Million in the first two years of the policy. Of that, $207 Thousand (6%) was spent towards the Set Aside.
- Resource availability has limited housing spending to-date in this URA. In 2007/08, investments were made in planning and predevelopment work to support future mixed-use and affordable housing projects, as well as efforts to spur infrastructure development that will encourage future TIF-generating investments in the URA.
- PDC supported a development feasibility study for Gateway Glisan, a major catalytic, mixed use, mixed income project that competed for funding in the 2007 NOFA for Permanent Supportive Housing funds. This project is expected to meet 31-60% MFI goals and contain a homeownership component. Achieving 0-30% MFI goals will require additional funding sources.
- PDC also partnered with the County on a feasibility study of properties at NE 102nd Ave. and Burnside St. for a future potential mixed use project. Resources have not yet been identified for a project on this site.

▪ **Total Housing Set Aside expenditures (06/07 - 07/08)**	**$207 Thousand**
▪ **Total Overall Project expenditures (06/07 - 07/08)**	**$3.7 Million**
▪ **% Set Aside to Overall Budget (06/07 – 07/08)**	**6%**





GWURA 2-Year Summary

Set-Aside Summary	Policy Min	Policy Max	Actual %	FY06-07 Actuals (First 2 Year Actuals)	FY07-08 Actuals (First 2 Year Actuals)	Total
0-30 MFI Rental	35%	50%	0%	0	0	0
31-60 MFI Rental			0%	0	0	0
31-60 MFI Ownership			0%	0	0	0
Total 31-60 MFI Rental & Ownership Housing	20%	45%	0%	0	0	0
61-80/100 MFI Ownership	20%	40%	0%	0	0	0
Community Facilities	0%	10%	81%	167,694	0	167,694
Set-aside eligible, category unknown			19%	0	39,682	39,682
Total Set-Aside (% of total project expenditures)			6%	167,694	39,682	207,376
Non Set-Aside Housing			0%	0	0	0
Total Housing Budget			6%	167,694	39,682	207,376
Total Project Expenditures				3,492,447	211,656	3,704,103
Cumulative TIF Set-Aside Budget				167,694	207,376	
Cumulative Total Project Expenditures				3,492,447	3,704,103	
Cumulative TIF Set-Aside % Budget (5 year total)				5%	6%	

GWURA Project Details

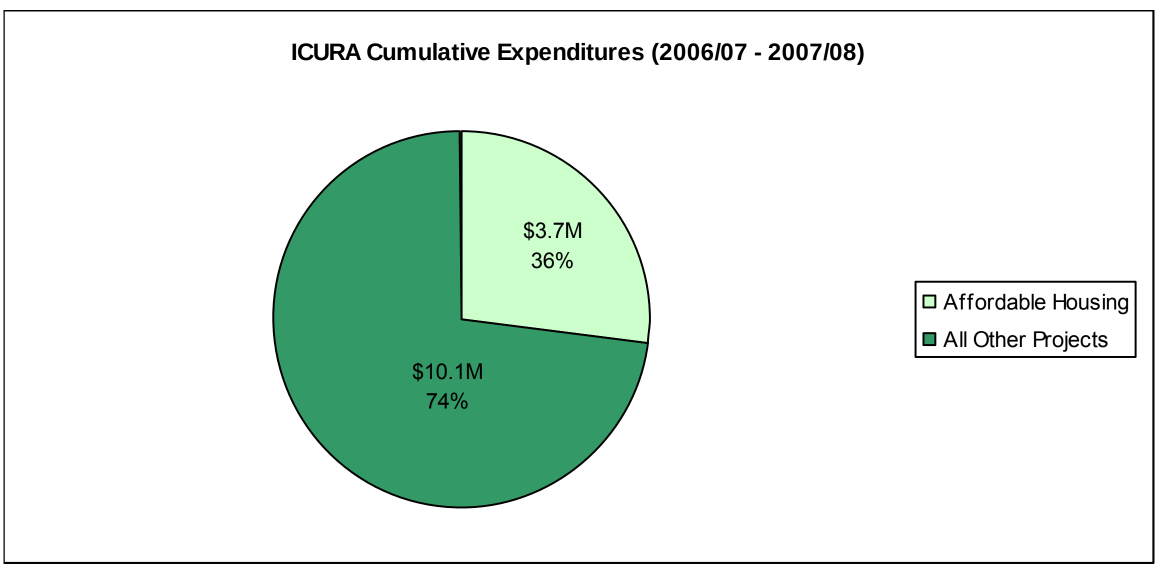
PROJECT	UNITS	UNIT MIX 0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside	TOTAL TIF COMMITMENT OR ESTIMATE	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
Gateway Glisan (Human Sol) DOS and Predev (units are estimated)	155					$972,000	$0	$9,460	$9,460
102nd and Burnside Study	0					$30,222	$0	$30,222	$30,222
Portland Impact Building Improvements	0					$167,694	$167,694	$0	$167,694
Total	**155**					**$1,169,916**	**$167,694**	**$39,682**	**$207,376**

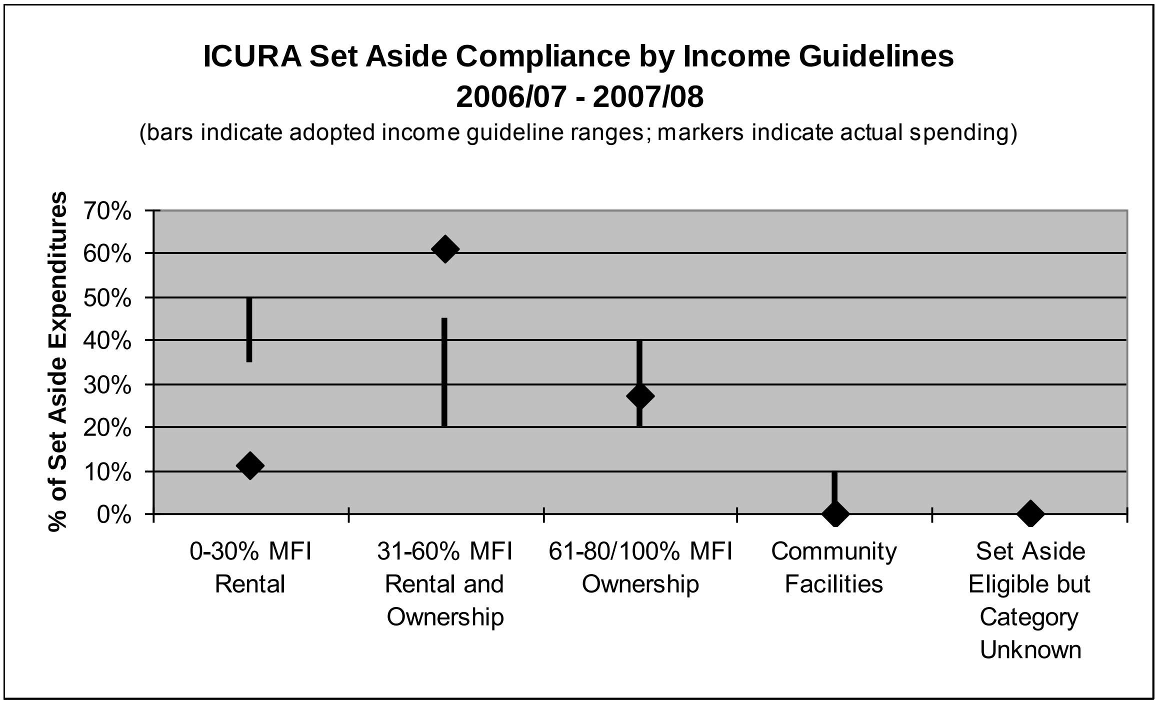
Interstate Corridor Urban Renewal Area

Highlights

- The five-year Housing Set Aside target for this district is 30% of total project expenditures.
- Total project expenditures in this district were $10 Million in the first two years of the policy. Of this, $3.5 Million (35%) was spent towards the Set Aside.
- This URA is exceeding 31-60% MFI housing goals due to rental and homeownership production. PDC supported 34 Permanent Supportive Housing (PSH) units with over $3 Million in TIF commitments to Shaver Green and Cambridge Court affordable rental projects selected through the 2007 PSH NOFA with the City, County and HAP.
- Patton Park (aka Crown Motel), a major project along the MAX light rail line broke ground in 2007/08 and will provide 54 units of affordable rental housing, including 12 at 0-30% MFI.
- PDC is meeting homeownership goals for this URA. $1.85 Million was committed to new homeownership development projects selected through a 2007 RFP. Significant predevelopment work also occurred on the Killingsworth Station homeownership project.
- Program changes and high demand for homebuyer assistance and home repair program resources resulted in more than double expenditures for those programs from 2006/07.
- PDC negotiated acquisition of homes for rehab and sale to first time buyers from the HAP scattered site portfolio, and worked to secure resources for foreclosure prevention.

- **Total Housing Set Aside expenditures (06/07 - 07/08)** **$3.5 million**
- **Total Overall Project expenditures (06/07 - 07/08)** **$10 million**
- **% Set Aside to Overall Budget (06/07 – 07/08)** **35%**





ICURA 2-Year Summary

Set-Aside Summary	Policy Min	Policy Max	Actual %	First 2 Year Actuals FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental	35%	50%	11%	28,255	360,835	389,090
31-60 MFI Rental			42%	126,140	1,355,536	1,481,676
31-60 MFI Ownership			18%	199,903	433,491	633,394
Total 31-60 MFI Rental & Ownership Housing	20%	45%	60%	326,043	1,789,027	2,115,070
61-80/100 MFI Ownership	20%	40%	29%	135,324	874,255	1,009,578
Community Facilities	0%	10%	0%	550	5,425	5,975
Set-aside eligible, category unknown			0%	0	0	0
Total Set-Aside (% of total project expenditures)			35%	490,171	3,029,542	3,519,713
Non Set-Aside Housing			1%	1,038	90,103	91,141
Total Housing Budget			36%	491,209	3,119,645	3,610,854
Total Project Expenditures				2,935,971	7,152,297	10,088,268
Cumulative TIF Set-Aside Budget				490,171	3,519,713	
Cumulative Total Project Expenditures				2,935,971	10,088,268	
Cumulative TIF Set-Aside % Budget (5 year total)				17%	35%	

ICURA Project Details

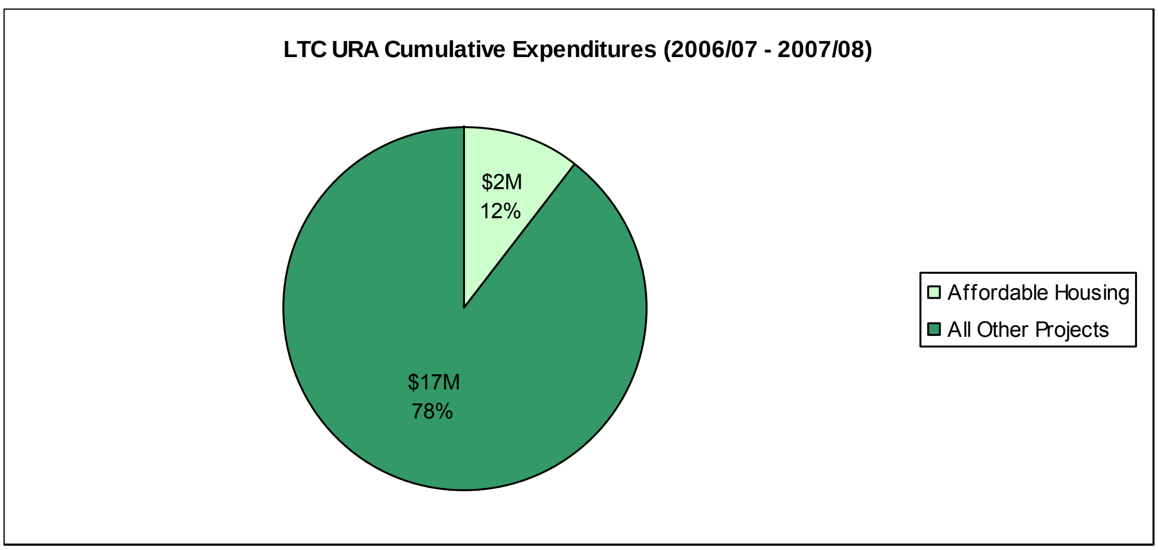
PROJECT	UNITS	UNIT MIX 0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside	TOTAL TIF COMMITMENT OR ESTIMATE	Other Funding Sources (note # of Sec. 8 Vouchers if applicable)	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
Killingworth Block (incl. constr. loan)	54			33	21	$5,100,000		$3,459	$215,565	$219,024
06-07 Home Repair						$263,030		$263,030	$0	$263,030
07-08 Home Repair	32		21	11		$473,091		$0	$473,091	$473,091
06-07 Homebuyer Assistance						$69,757		$69,757	$0	$69,757
07-08 Homebuyer Assistance	9		2	7		$317,972		$0	$317,972	$317,972
IC HAP Aff. HO - Acquisition	9			9		$71,645		$0	$71,645	$71,645
Boise Humboldt Repair Program	0					$18		$18	$0	$18
McCuller Crossing Pres	40	3	37			$154,400		$154,395	$0	$154,395
Cambridge Court	20	20				$931,576		$0	$10,157	$10,157
Shaver Green	85	14	71			$2,140,800		$0	$276,040	$276,040
Patton Park Aff Rental	54	12	42			$4,467,500		$0	$1,430,174	$1,430,174
Humboldt Infill Strategy (Schools/Famili	0					$25,332		$0	$25,332	$25,332
Vanport Phase II Housing								$0	$31,750	$31,750
Woolsey Commons	8			8		$672,000		$0	$35,005	$35,005
PCLT Buyer Initiated	3		1	2		$227,387		$0	$227,387	$227,387
N/NE Community Health Ctr	0					$5,975		$550	$5,425	$5,975
IC Housing Policy/Planning	0							$0	$102	$102
Total	**314**	**49**	**174**	**70**	**21**	**$14,920,483**		**$491,209**	**$3,119,645**	**$3,610,854**

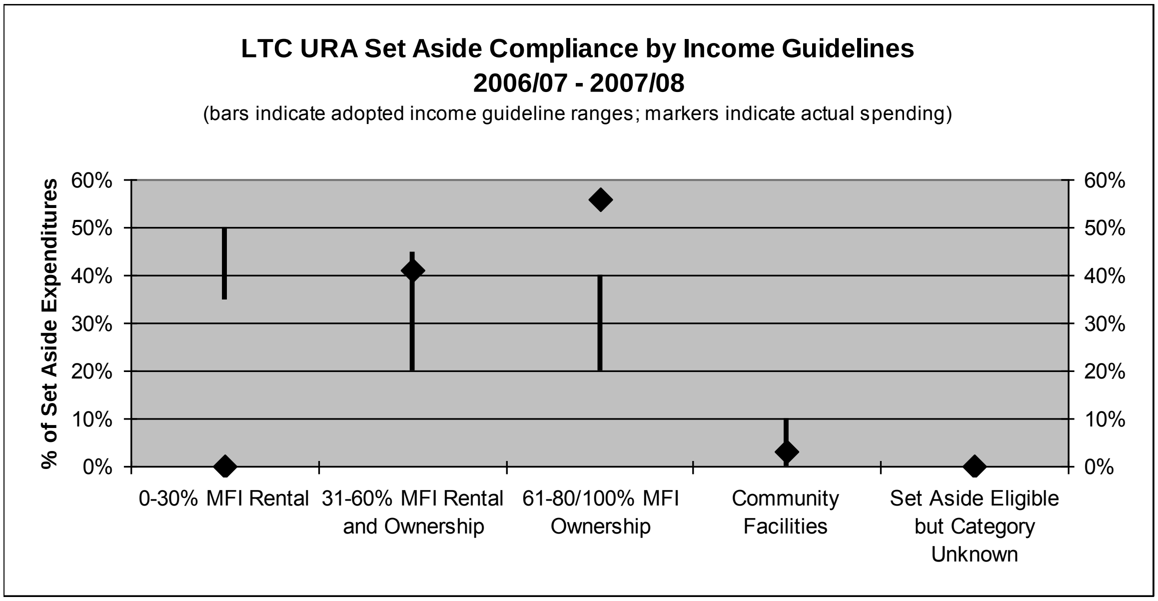
Lents Town Center Urban Renewal Area

Highlights

- The five-year Housing Set Aside target for this district is 30% of total project expenditures.
- Of total project expenditures in this district of $17 Million in the first two years of the policy, $2 Million (12%) was spent towards the Set Aside. Major non-housing investments occurred to support the MAX light rail line construction, other infrastructure development, and small business loans and grants.
- Housing investments in Lents more than tripled from 2006/07 due to funding available through the TIF Set Aside. All housing funding to-date has been for homeownership programs and projects. Homeownership goals are being met or exceeded due to program changes and increased demand for homebuyer assistance, home repair programs, and increased support of REACH home repair program for low income, disabled seniors.
- The Lents URA amendment was adopted in 2008, increasing maximum indebtedness and the boundaries of the URA. The amendment is expected to increase the affordable housing Set Aside resources by up to $42 Million through 2020.
- $1 Million was committed to new homeownership development projects selected through a solicitation in 2007. Development work and funding also occurred on Habitat for Humanity and HOST homeownership projects selected in a 2006 RFP, and pre-development work occurred for the Pardee Commons land trust homeownership project.
- PDC led planning and feasibility work for mixed use and affordable housing projects in Town Center area and greater URA. Rental housing funds were offered through two solicitations in 2007 and efforts continue to identify investment opportunities to meet Set Aside goals.

Total Housing Set Aside expenditures (06/07 - 07/08)	**$2 Million**
Total Overall Project expenditures (06/07 - 07/08)	**$17 Million**
% Set Aside to Overall Budget (06/07 – 07/08)	**12%**





LTC URA 2-Year Summary

Set-Aside Summary	Policy Min	Policy Max	Actual %	First 2 Year Actuals: FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental	35%	50%	0%	0	72	72
31-60 MFI Rental			0%	0	60	60
31-60 MFI Ownership			41%	123,212	715,610	838,822
Total 31-60 MFI Rental & Ownership Housing	20%	45%	41%	123,212	715,670	838,882
61-80/100 MFI Ownership	20%	40%	56%	256,260	872,138	1,128,398
Community Facilities	0%	10%	3%	59,710	3,464	63,174
Set-aside eligible, category unknown			0%	0	469	469
Total Set-Aside (% of total project expenditures)			12%	439,182	1,591,813	2,030,995
Non Set-Aside Housing			0%	0	480	480
Total Housing Budget			12%	439,182	1,592,293	2,031,475
Total Project Expenditures				10,912,061	6,010,990	16,923,051
Cumulative TIF Set-Aside Budget				439,182	2,030,995	
Cumulative Total Project Expenditures				10,912,061	16,923,051	
Cumulative TIF Set-Aside % Budget (5 year total)				4%	12%	

LTC URA Project Details

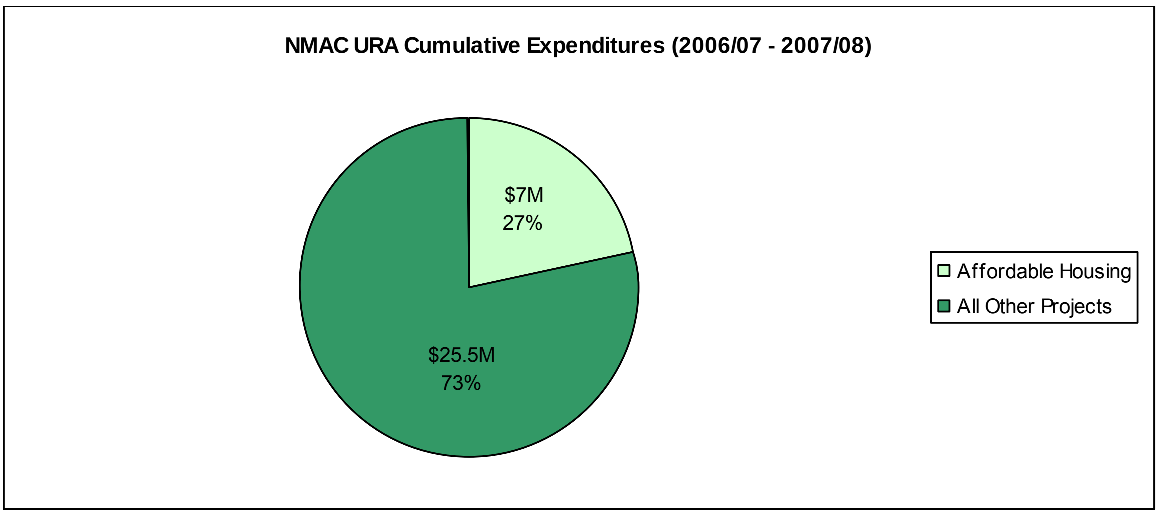
PROJECT	UNITS	UNIT MIX				TOTAL TIF COMMITMENT OR ESTIMATE	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
		0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside				
06-07 Lents Liv Home Rehab						$100,053	$100,053	$0	$100,053
07-08 Lents Liv Home Rehab	14		8	6		$185,956	$0	$185,956	$185,956
06-07 Lents Land Trust Homebuyer						$107,951	$107,951	$0	$107,951
07-08 Lents Land Trust Homebuyer	1		1			$53,000	$0	$53,000	$53,000
06-07 Lents Homebuyer Assist						$70,220	$70,220	$0	$70,220
07-08 Lents Homebuyer Assist	16		3	13		$509,114	$0	$509,114	$509,114
LTC Scat. Site Homeownership Ac	11			11			$0	$86,323	$86,323
Lents REACH Home Rehab (64 homes repaired, primarily 0-30% MFI)						$225,026	$100,026	$125,000	$225,026
Pardee Schools/Family Housing	10			10		$700,000	$996	$106,839	$107,835
Lents Aff Rental Hsg								$601	$601
Habitat for Humanity (Martins)	7		7			$231,000	$0	$173,526	$173,526
Habitat for Humanity (Ogden)	5		7			$165,000	$0	$75,442	$75,442
HOST Raymond Park Place	7			7		$273,282	$226	$272,548	$272,774
Portland Youth Builders	0					$63,174	$59,710	$3,464	$63,174
Lents Hsg Policy/Planning	0						$0	$480	$480
Total	**71**	**0**	**26**	**47**	**0**	**$2,683,776**	**$439,182**	**$1,592,294**	**$2,031,476**

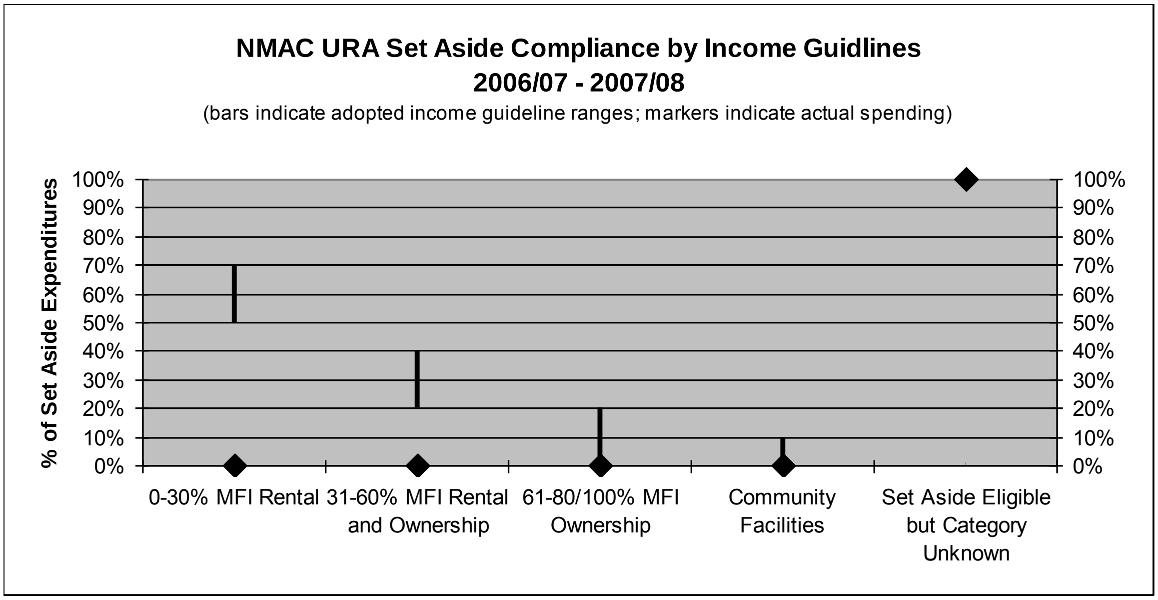
North Macadam Urban Renewal Area

Highlights

- The five-year Housing Set Aside target for this district is 39% of total project expenditures for the first five years, based on the adopted funding plan for the 8th Amendment to the URA Plan ($22.7 Million for housing). After year five, 30% of expenditures must be for affordable housing.
- Of total project expenditures in this district of $25.5 Million in the first two years of the policy, $7 Million (27%) was spent towards expected Set Aside eligible projects.
- PDC investment in affordable housing to-date in the district has been for land acquisition and predevelopment efforts for the Central District area. Project feasibility and unit mix is still to be determined on Block 49. If planned affordable housing sites and projects change due to feasibility, accounting for qualified expenditures will be adjusted in future reports.

Total Housing Set Aside expenditures (06/07 - 07/08)	**$7 Million**
Total Overall Project expenditures (06/07 - 07/08)	**$25.5 Million**
% Set Aside to Overall Budget (06/07 – 07/08)	**27%**





NMAC URA 2-Year Summary

Set-Aside Summary	Policy Min	Policy Max	Actual %	First 2 Year Actuals FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental	50%	70%	0%	0	0	0
31-60 MFI Rental			0%	0	0	0
31-60 MFI Ownership			0%	0	0	0
Total 31-60 MFI Rental & Ownership Housing	20%	40%	0%	0	0	0
61-80/100 MFI Ownership	0%	20%	0%	0	0	0
Community Facilities	0%	10%	0%	0	0	0
Set-aside eligible, category unknown			100%	5,044,702	1,885,749	6,930,451
Total Set-Aside (% of total project expenditures)			27%	5,044,702	1,885,749	6,930,451
Non Set-Aside Housing			0%	0	0	0
Total Housing Budget			27%	5,044,702	1,885,749	6,930,451
Total Project Expenditures				19,636,021	5,854,361	25,490,382
Cumulative TIF Set-Aside Budget				5,044,702	6,930,451	
Cumulative Total Project Expenditures				19,636,021	25,490,382	
Cumulative TIF Set-Aside % Budget (5 year total)				26%	27%	

NMAC URA Project Details

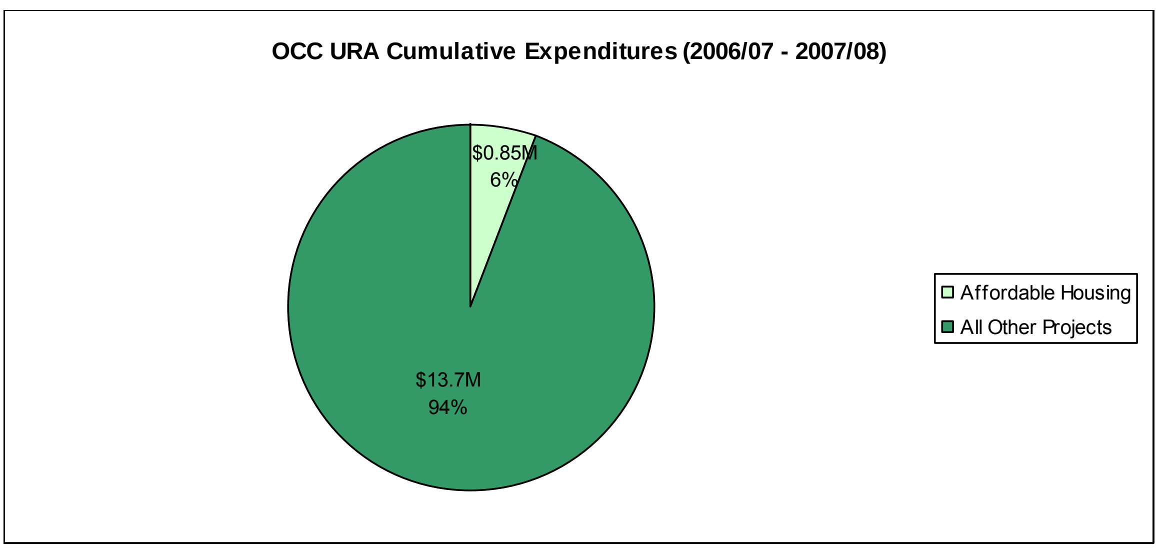
PROJECT	UNITS	UNIT MIX 0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside	TOTAL TIF COMMITMENT OR ESTIMATE	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
Block 49 Affordable Rental						$6,959,928	$5,044,702	$1,877,973	$6,922,675
Block 33, Mixed Use, Aff Rental							$0	$7,776	$7,776
Total	**0**					**$6,959,928**	**$5,044,702**	**$1,885,749**	**$6,930,451**

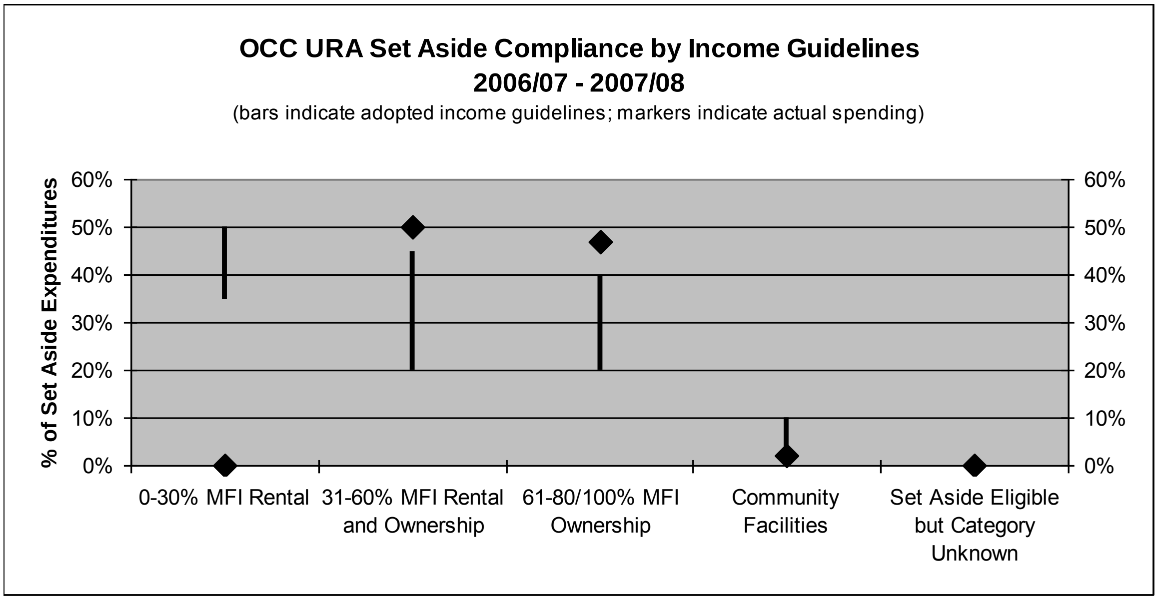
Oregon Convention Center Urban Renewal Area

Highlights

- The five-year Housing Set Aside target for this district is 26% of total project expenditures. The district is expected to expire before reaching its maximum indebtedness capacity, so resource availability for the next few years is limited.
- Total project expenditures in this district were $13.7 Million in the first two years of the policy. Of this, $850 Thousand (6%) was spent towards the Set Aside.
- This URA is meeting 31-60% MFI rental goals. The PCRI/Urban League project was completed. In conjunction with the City's efforts to find a permanent location for the Miracles Club, PDC committed $3.1 Million to the development of 32 new units of affordable rental housing, including 6 units at 0-30% MFI.
- Due to the limited budget in this district, the commitment to the Miracles Club project limited PDC's ability to meet 0-30% rental housing goals (see Appendix A). The upcoming North/Northeast URA Study may present opportunities for a new housing investment strategy for this area.
- PDC continued feasibility planning and issued an RFP for the Grant Warehouse site, as well as investing in predevelopment for the King Parks homeownership project (aka Piedmont Place). This URA is projected to exceed goals for homeownership funding.
- PDC conducted an RH Zoning Study to explore ways to overcome challenges to development in the URA.

Total Housing Set Aside expenditures (06/07 - 07/08)	**$850 Thousand**
Total Overall Project expenditures (06/07 - 07/08)	**$13.7 Million**
% Set Aside to Overall Budget (06/07 – 07/08)	**6%**





OCCURA 2-Year Summary

Set-Aside Summary	Policy Min	Policy Max	Actual %	First 2 Year Actuals FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental	35%	50%	0%	0	0	0
31-60 MFI Rental			50%	412,505	11,777	424,282
31-60 MFI Ownership			0%	0	0	0
Total 31-60 MFI Rental & Ownership Housing	20%	45%	50%	412,505	11,777	424,282
61-80/100 MFI Ownership	20%	40%	47%	376,243	25,988	402,231
Community Facilities	0%	10%	2%	0	20,000	20,000
Set-aside eligible, category unknown			0%	0	3,422	3,422
Total Set-Aside (% of total project expenditures)			6%	788,748	61,188	849,936
Non Set-Aside Housing			3%	214,286	133,517	347,803
Total Housing Budget			9%	1,003,034	194,705	1,197,739
Total Project Expenditures				10,844,876	2,893,195	13,738,071
Cumulative TIF Set-Aside Budget				788,748	849,936	
Cumulative Total Project Expenditures				10,844,876	13,738,071	
Cumulative TIF Set-Aside % Budget (5 year total)				7%	6%	

OCCURA Project Details

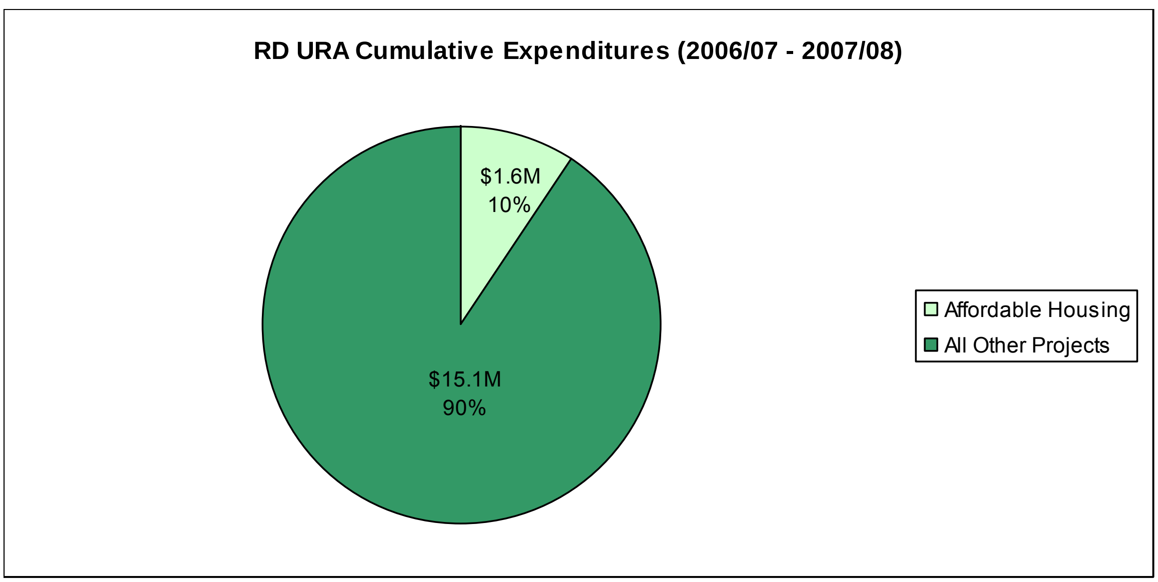
PROJECT	UNITS	UNIT MIX 0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside	TOTAL TIF COMMITMENT OR ESTIMATE	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
Piedmont Place - Aff. Housing	24			24		$300,000	$201,908	$2,846	$204,754
2nd & Wasco							$0	$2,313	$2,313
Lloyd Cascadian Phase II	210				210	$0	$0	$1,109	$1,109
Fremont Housing (incl. constr. Loan)	7			1	6	$516,500	$250,000	$126,603	$376,603
Grant Warehouse/Aff HO						$2,000,000	$138,621	$5,056	$143,677
MLK Zoning Study	0					$25,000	$0	$25,000	$25,000
PCRI Urban League Housing 06 Actuals	24		24			$700,000	$412,505	$11,777	$424,282
Volunteers of America Storefront Grant	0					$20,000	$0	$20,000	$20,000
Total	**265**	**0**	**24**	**25**	**216**	**$3,561,500**	**$1,003,034**	**$194,705**	**$1,197,739**

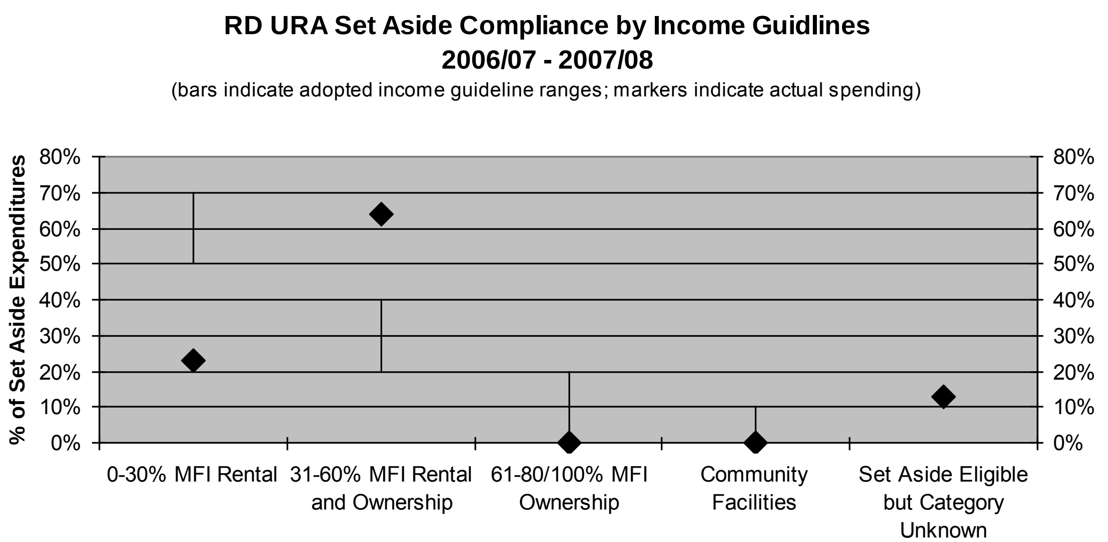
River District Urban Renewal Area

Highlights

- The five-year Housing Set Aside target for this district is 30% of total project expenditures.
- Total project expenditures in this district were $15 Million in the first two years of the policy. Of this, $1.6 Million (10%) was spent towards the Set Aside.
- Major efforts in 2007/08 were crafting the 2008 River District URA amendments through the West Side Study, which secured funding for the rehabilitation of the Grove Hotel and other projects previously included in the expiring Downtown Waterfront URA. The current appeal of the River District amendments leaves some uncertainty about future funding for housing and other activities in this district.
- PDC committed $28 Million in capital funds to the Resource Access Center in support of the 10 Year Plan to End Homelessness, which will includes a significant 0-30% MFI/PSH housing component, 31-60% MFI housing, service and shelter facilities, and ground-floor retail.
- Predevelopment support was committed for a new family rental housing project on Block 247. Adequate subsidy for this project, as well as preservation of the Fairfield Apartments, has not been identified.

- **Total Housing Set Aside expenditures (06/07 - 07/08)** **$1.6 Million**
- **Total Overall Project expenditures (06/07 - 07/08)** **$15 Million**
- **% Set Aside to Overall Budget (06/07 – 07/08)** **10%**





RD URA 2-Year Summary

Set-Aside Summary	Policy Min	Policy Max	Actual %	First 2 Year Actuals FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental	50%	70%	23%	366,649	0	366,649
31-60 MFI Rental			64%	1,007,566	0	1,007,566
31-60 MFI Ownership			0%	0	0	0
Total 31-60 MFI Rental & Ownership Housing	20%	40%	64%	1,007,566	0	1,007,566
61-80/100 MFI Ownership	0%	20%	0%	0	0	0
Community Facilities	0%	10%	0%	0	0	0
Set-aside eligible, category unknown			13%	0	200,000	200,000
Total Set-Aside (% of total project expenditures)			10%	1,374,215	200,000	1,574,215
Non Set-Aside Housing			0%	0	50,005	50,005
Total Housing Budget			11%	1,374,215	250,005	1,624,220
Total Project Expenditures				5,923,566	9,186,182	15,109,748
Cumulative TIF Set-Aside Budget				1,374,215	1,574,215	
Cumulative Total Project Expenditures				5,923,566	15,109,748	
Cumulative TIF Set-Aside % Budget (5 year total)				23%	10%	

RD URA Project Details

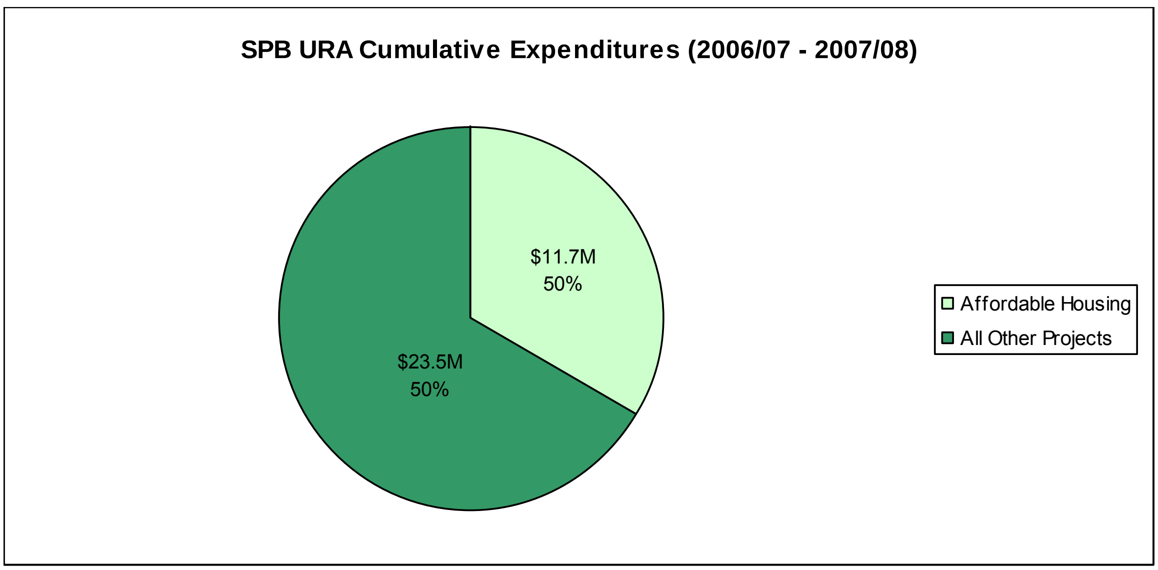
PROJECT	UNITS	UNIT MIX				TOTAL TIF COMMITMENT OR ESTIMATE	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
		0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside				
Block 247 Predevelopment (units are estimated)	135		135			$1,000,000	$0	$200,000	$200,000
Sitka Apts.	202		202			$9,000,000	$434,360	$0	$434,360
Lovejoy Station Rental Hsg	181		181			$4,461,729	$74,940	$0	$74,940
Station Place Senior Hsg	176	76	81		19	$13,556,049	$864,915	$0	$864,915
Crane Building	0						$0	$50,005	$50,005
Resource Access Center (units are estimated; 07/08 expenditures appear in DTWF URA)	152	115	37			$28,500,000	$0	$0	$0
Yards at Union Station (07/08 expenditures appear in DTWF URA)	80		80			$3,700,000	$0	$0	$0
Grove Apartments (07/08 expenditures appear in DTWF URA)	70	70				(in DTWF URA)	$0	$0	$0
Blanchet House (07/08 expenditures appear in DTWF URA)	0					$2,000,000	$0	$0	$0
Fairfield Preservation	82	82				$2,000,000	$0	$0	$0
Total	**1,078**	**343**	**716**	**0**	**19**	**$64,217,778**	**$1,374,215**	**$250,005**	**$1,624,220**

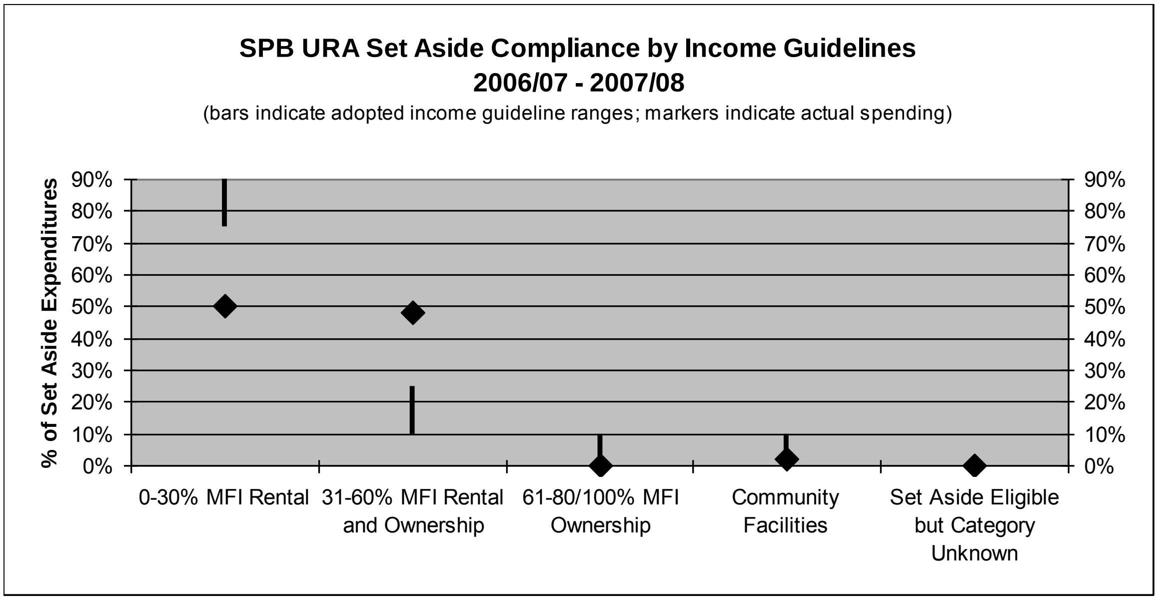
South Park Blocks Urban Renewal Area

Highlights

- The five-year Housing Set Aside target for this district is 30% of total project expenditures. The district is reaching maximum indebtedness; forecast housing funding through the end of the district's lifespan (2012/13) is 56% of total expenditures due to plans for preservation of expiring Section 8 projects and other existing rental housing in the district.
- Total project expenditures in this district were $23.5 Million in the first two years of the policy. Of this, $11.7 Million (50%) was spent towards the Set Aside.
- The Jeffrey Apartments were completed. This project is a significant No Net Loss/replacement housing project with 50 0-30% MFI units, near the Street Car line and other public amenities.
- PDC funded the first local effort to preserve an expiring Section 8 project -- Clay Towers -- which preserves 233 units of very low income housing in the Central City.
- Construction was completed on the rehabilitation and preservation of Fountain Place apartments (80 units of mixed income housing).

- **Total Housing Set Aside expenditures (06/07 - 07/08)** **$11.7 million**
- **Total Overall Project expenditures (06/07 - 07/08)** **$23.5 million**
- **% Set Aside to Overall Budget (06/07 – 07/08)** **50%**





SPB URA 2-Year Summary

Set-Aside Summary	Policy Min	Policy Max	Actual %	First 2 Year Actuals FY06-07 Actuals	FY07-08 Actuals	Total
0-30 MFI Rental	75%	90%	50%	2,327,027	3,534,000	5,861,027
31-60 MFI Rental			48%	2,691,816	2,930,914	5,622,729
31-60 MFI Ownership			0%	0	0	0
Total 31-60 MFI Rental & Ownership Housing	10%	25%	48%	2,691,816	2,930,914	5,622,729
61-80/100 MFI Ownership	0%	10%	0%	0	0	0
Community Facilities	0%	10%	2%	0	200,000	200,000
Set-aside eligible, category unknown			0%	0	0	0
Total Set-Aside (% of total project expenditures)			50%	5,018,843	6,664,914	11,683,757
Non Set-Aside Housing			0%	0	97	97
Total Housing Budget			50%	5,018,843	6,665,011	11,683,854
Total Project Expenditures				14,798,836	8,676,459	23,475,295
Cumulative TIF Set-Aside Budget				5,018,843	11,683,757	
Cumulative Total Project Expenditures				14,798,836	23,475,295	
Cumulative TIF Set-Aside % Budget (5 year total)				34%	50%	

SPB URA Project Details

PROJECT	UNITS	UNIT MIX 0-30% MFI	31-60% MFI	61-80/100% MFI	Non-Set Aside	TOTAL TIF COMMITMENT OR ESTIMATE	2006/07 Expenditures	2007/08 Expenditures	2-year Total Expenditures
Fountain Place Preservation	80		80			$1,375,000	$810,744	$361,533	$1,172,277
Jeffrey/Jeff West	78	50	28			$9,010,725	$4,180,159	$5,565,862	$9,746,021
Fairfield Preserv (units counted in RD)	0					(in RD URA)	$27,940	$8,563	$36,503
Martha Washington Predevelopment						$700,000	$0	$169,699	$169,699
Loaves and Fishes	0					$200,000	$0	$200,000	$200,000
Clay Towers	235	235				$359,000	$0	$359,000	$359,000
Other: Recording Fee (Cornerstone)	0						$0	$97	$97
St. Francis (loan documents)	0						$0	$257	$257
Total	**393**	**285**	**108**	**0**	**0**	**$11,644,725**	**$5,018,843**	**$6,665,011**	**$11,683,854**

POLICY BACKGROUND AND METHODOLOGY

On October 25, 2006 through ordinance No. 180547, the Portland City Council established a policy to dedicate a percentage of tax increment resources (TIF) in urban renewal areas (URAs) to the development, preservation and rehabilitation of affordable housing that serves individuals and families earning 100 percent Median Family Income (MFI) or less. PDC and the City Council subsequently adopted income guideline "brackets" for these housing expenditures in each URA, to guide the allocation of resources to different types of housing as defined by the income and rent (or sale) restrictions. These income guidelines are as follows:

- 0-30% Median Family Income Rentals.
- 31-60% Median Family Income Rentals or Homeownership (recognizing that some PDC homeownership and home repair programs and projects serve households at this income level).
- 61-80% Median Family Income Homeownership, with an allowance for up to 100% MFI homeownership for larger units serving families (3 bedroom +).
- Community Facilities (defined as facilities for social service providers with a primary mission of serving homeless and low income people).

The adopted policy is applied to any newly formed urban renewal area, subject to City Council adoption of the URA Plan. It requires that all URAs with bonding authority beyond June 30, 2011 spend a minimum of 30% of total tax increment resources on Affordable Housing. For existing URAs, specific set-aside requirements and income guidelines were adopted, shown in the table below. *Note that not all existing URAs have a 30% Set Aside, due to the resource constraints (in cases where it is below 30%) or project pipeline (in cases where it is above 30%) in those URAs at the time the policy was adopted. Therefore, the policy is not 30% when averaged across all URAs.*

Adopted Set Aside Policy Guidelines

Urban Renewal Area*	**Set Aside for Affordable Housing** (% of Total URA Expenditures)	**Income Guidelines** (Percent of Total Set Aside by Income/Use Category)			
		0-30% MFI Rentals	**31-60% MFI Rentals/ 0-60% MFI Ownership**	**61-100% MFI Ownership**	**Community Facilities**
Central Eastside	**30%****	35-50%	20-50%	10-30%	0-25%
Downtown Waterfront	**22%**	50-70%	20-40%	0-20%	0-25%
Gateway	**30%**	35-50%	20-45%	20-40%	0-10%
Interstate	**30%**	35-50%	20-45%	20-40%	0-10%
Lents	**30%**	35-50%	20-45%	20-40%	0-10%
North Macadam	**39%***	50-70%	20-40%	0-20%	0-10%
Oregon Convention Center	**26%**	35-50%	20-45%	20-40%	0-10%
River District	**30%**	50-70%	20-40%	0-20%	0-10%
South Park Blocks	**30%**	75-90%	10-25%	0-10%	0-10%

*North Macadam URA requirements are to spend according to the Council and Commission adopted funding plan for the district for the first 5 years, which is 39% ($22.7M). After that, 30% of expenditures must be for affordable housing.

** A minimum of $5,100,000 of all tax increment resources of the first $35 million of debt issued and a minimum of 30% of all tax increment resources for any additional debt beyond $35 million.
*** Airport Way & Willamette Industrial URAs have no requirement for budgeting or spending on Affordable Housing.

Methodology for calculating the Set Aside

The Set Aside is calculated as a percentage of total project expenditures in an urban renewal area. Total project expenditures include all capital outlays, financial assistance, and materials and services expenses related to qualified affordable housing and community facility projects and programs. The Set Aside does not include administrative and overhead costs in either the numerator or denominator of this calculation.

The Set Aside is projected in each year's adopted budget and five-year forecast as the amount of resources needed to reach the required percentage for affordable housing in each URA, based on the projections of overall resources and expected projects (including infrastructure, commercial development, and business assistance). In some cases, these may be projections of "opportunity fund" line items for rental and/or ownership housing. In other cases, there may already be a pipeline of expected or committed projects, and the budget is forecast for those projects accordingly.

As expenditures occur in the current fiscal year for both affordable housing projects and all other types of projects, the forecast for meeting the Set Aside requirements must be re-calibrated to maintain a balance of planned housing resources to other project resources that is in compliance with the policy as well as reflecting a realistic pipeline of projects. As TIF projections change each year and project realities change, the future forecast for the Set Aside dollar amounts is subject to change significantly.

Explanation of terms and classifications used in this report:

- **Set Aside Eligible, Category Unknown:** This classification denotes expenditures that were made for property acquisitions, pre-development loans or feasibility and planning studies that are expected to support a TIF Set Aside eligible project in the future, but the exact project, housing type and income mix are unknown. In future years' reports, these expenditures will likely be moved into a "known" category.

- **Non Set-Aside Housing:** This classification is for housing expenditures by PDC that are not eligible for the TIF Set Aside (i.e., housing that is not income restricted, or is restricted to a higher income and rent than the policy for 60% MFI rental and 80/100% MFI homeownership). Expenditures are also classified here that are for property holding costs on sites owned by PDC, intended for housing, but likely not to be Set Aside eligible. In very few cases, expenditures in this category may be reclassified if a project is funded in the future that does meet Set Aside guidelines.

- **Total Housing Budget:** This reflects the total housing budget and expenditures for housing, some of which may not be TIF Set Aside eligible.

APPENDIX A: Letter from Commissioner Saltzman re: Oregon Convention Center URA Set Aside

CITY OF
PORTLAND, OREGON

Dan Saltzman, Commissioner
1221 SW Fourth Ave., Room 230
Portland, Oregon 97204
(503) 823-4151
Fax: (503) 823-3036
dsaltzman@ci.portland.or.us

April 28, 2008

Bruce Warner
Executive Director
Portland Development Commission
222 NW Fifth Ave
Portland, OR 97209-3859

Dear Mr. Warner;

The letter is to confirm our conversation and my request to you last week regarding the number of 30% MFI units in the Miracles Club development.

I understand this project will likely require $3 to $4 million in tax increment resources from PDC. Furthermore, given the number and types of units, it may affect PDC's ability to reach the set aside goals in the Oregon Convention Center urban renewal area for the lowest income households.

Because of the unique nature and mission of the Miracles Club, I am comfortable proceeding with a development program which favors the ongoing financial sustainability of the Miracles Club over the priority for units at 0 - 30% median family income. Requiring more than six 0 - 30% units will reduce the operating margin and substantially increase the risk that the project would not remain financially viable for the Miracles Club in the long-term.

Thank you for your ongoing support of the Miracles Club project.

Sincerely,

Dan Saltzman

Dan Saltzman

cc: PDC Board

RECEIVED
MAY 1 2008
PORTLAND DEVELOPMENT