



DATE: September 9, 2015
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 15-58
Update on the Tax Increment Financing Set Aside for Affordable Housing Policy

BOARD ACTION REQUESTED

No action is requested; information only.

SUMMARY

The purpose of this item is for Portland Development Commission (PDC) staff to provide an update to the PDC Board of Commissioners (Board) on the Tax Increment Financing (TIF) Set Aside for Affordable Housing Policy (Set Aside Policy). The Set Aside Policy, which was originally adopted in 2006, stipulates that PDC annually provide a set amount of TIF funds to the Portland Housing Bureau (PHB) for the construction and preservation of affordable housing in Urban Renewal Areas (URAs).

Portland City Council (City Council) is expected to hold a hearing and vote on potential changes to the Set Aside Policy at its October 21, 2015, meeting; this report is intended to provide information to the PDC Board prior to the City Council meeting on changes to the Set Aside Policy proposed by the Portland Housing Advisory Commission (PHAC), a volunteer public advisory body that advises the PHB Director, the Housing Commissioner, and City Council on a range of housing policy and program issues.

BACKGROUND AND CONTEXT

On October 25, 2006, City Council adopted the original Set Aside Policy, requiring that “30% of Tax Increment Financing (TIF) over the life of an Urban Renewal District shall be dedicated to the development, preservation and rehabilitation of housing affordable to households with incomes below 80% median family income.” The Set Aside Policy also required that by December 2010, City Council and PDC would conduct a thorough review of the Set Aside Policy’s impact on TIF revenues, city housing, and other goals, and consider changes, if necessary.

On November 4, 2011, City Council adopted amendments to the Set Aside Policy. Whereas under the original Set Aside Policy each URA was required to meet its 30 percent requirement (some URAs had slightly different targets), the amended Set Aside Policy established a 30 percent citywide benchmark. The ordinance authorizing the amended Set Aside Policy additionally required that by June 30, 2015, City Council and PHB would conduct another thorough review and consider changes, if necessary.

In summer 2015, PHB requested that City Council postpone its hearing on the Set Aside Policy to fall 2015. Since then, PHB has engaged the PHAC on several occasions, and PHAC has recommended that City Council increase the Set Aside Policy from 30 to 50 percent of PDC’s resources.

The current state of the Set Aside Policy budget and forecast for affordable housing across URAs and in aggregate can be found in Attachment A.

At the September 9, 2015, meeting, staff will present several scenarios to the PDC Board that elaborate how potential changes to the Set Aside Policy could affect current PDC priorities.

ATTACHMENTS

- A. Affordable Housing Set Aside Budget and Forecast

Affordable Housing Set Aside Budget and Forecast

Housing Set Aside Summary	FY 2015-16 Adopted	Five Year Forecast	Ten Year Forecast
Downtown Waterfront 21% Target	19,031,552 91,402,338 21%	19,286,117 91,402,338 21%	19,286,117 91,402,338 21%
South Park Blocks 52% Target	32,486,631 61,090,678 53%	37,486,631 61,090,678 61%	37,486,631 61,090,678 61%
Oregon Convention Center 26% Target	20,749,293 78,564,626 26%	20,749,293 78,564,626 26%	20,749,293 78,564,626 26%
Central Eastside 15% (30% after \$35M reached/18% avg.) NEW Estimated Target of 24% after URA Amendment	8,613,394 42,628,775 20%	14,585,385 64,878,722 22%	15,253,993 68,714,882 22%
Lents 30% Target	25,535,365 83,008,463 31%	51,555,935 160,982,035 32%	53,555,935 160,982,035 33%
Interstate 30% Target	40,861,823 116,516,343 35%	96,586,113 234,470,131 41%	96,586,113 234,470,131 41%
Gateway 30% Target	10,209,132 27,137,271 38%	13,933,942 49,976,406 28%	20,325,820 67,467,797 30%
North Macadam 36% NEW Estimated Target 42% after URA Amendment	30,697,717 73,866,974 42%	48,497,717 123,117,328 39%	75,697,717 179,399,625 42%
River District 30% Target	87,388,361 224,210,043 39%	101,440,118 318,352,763 32%	101,440,118 318,352,763 32%
Education 30% Target	82,875 978,808 8%	82,875 978,808 8%	82,875 978,808 8%
Cumulative Housing Expenditures (All URAs)	275,656,144	404,204,127	440,464,613
Cumulative Set Aside Base (All URAs)	799,404,319	1,183,813,835	1,261,423,684
Total Percent of Set Aside Base	34%	34%	35%