

**RIVER DISTRICT
HOUSING IMPLEMENTATION STRATEGY
2006 ANNUAL REPORT**

Prepared By:

Portland Development Commission
222 NW Fifth Avenue
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For more information on this Annual Report, or to obtain copies of the 1999 River District Housing Implementation Strategy Update or the Development Agreement between the City and Hoyt Street Properties, please contact Kim McCarty (503) 823-5312.

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Fiscal Year 2005/2006

Executive Summary

The 1994 River District Implementation Strategy (1994 Strategy) was made for the River District Plan Area, also known as River District and Old Town/China Town. The 1994 Strategy was amended in 1999 (1999 Strategy). The 1999 Strategy calls for the creation of 5,000 new housing units over a 20-year period in addition to the 1600 existing units identified in the 1994 strategy. The goal of both strategies is that the combined total of current and new units will represent a range of housing that reflects the income diversity of the city as a whole.

To achieve this purpose, the 1999 Strategy sets targets by income ranges based on the citywide income distribution. The purpose of this Fiscal Year 2005/2006 Annual Report (2006 Annual Report) is to monitor progress made by the City and private developers in implementing the policy objectives of the 1999 Strategy.

The 2006 Annual Report shows actual build out in the River District Plan Area have already exceeded development projections for 2020. In Fall 2007, the Portland Development Commission (PDC), will initiate a process to update the 1999 Strategy. The updated strategy will take into account new build out projections, new housing policies, emerging city priorities, and future funding needs.

Key highlights from the 2006 Annual Report include:

Unit Production Goal: 5,000 new units in the River District Plan Area, resulting in a total of 6,594 units by 2020.

- ⇒ *Housing development in the River District Plan Area has occurred faster than anticipated. As of June 2006, there were a total of 7,408 housing units existing or under construction in the Area. This represents 114% of the 6,594 unit target.*
- ⇒ *In addition to new unit production, 366 of affordable housing units have been renovated and preserved. These investments do not result in new unit production, but do support the Strategy goals.*

Income Targets: Develop housing affordable to a range of household incomes reflective of the income distribution of residents throughout the city of Portland.

- ⇒ *Production of units by income has been uneven.*
- ⇒ *Development exceeded the target in the upper (over 120% MFI) income category by 1,324 units.*

- ⇒ Development fell short in the extremely low income range (0-30% MFI) by 253 units, and in the low income range (31-50%) by 67 units, and in the moderate income range (51-80% MFI) by 246 units.
- ⇒ The income category in which production is severely lagging behind the goal is the middle income range (81-120%) falling short by 759 units.

2006 Actual and Target Build-Out Distribution

Household Income Category	2006 Actual Build-Out and Distribution		2006 Target Build-Out and Distribution		Units Needed for Target Distribution Per 2006 Activity
	#	%	#	%	#
Extremely Low (0-30% MFI)	784	11%	1037	14%	253
Low (31-50% MFI)	896	12%	963	13%	67
Moderate (51-80% MFI)	1,236	17%	1482	20%	246
Middle (81%-120%)	723	10%	1482	20%	759
Upper (> 121%)	3,769	51%	2445	33%	-1324
Total	7,408	100%	7,408	100%	

The table below summarizes five housing inventories of the River District between 1994 and 2007. This table highlights trends within the River District over time. In 1994, extremely low income units comprised 63% of the total household units, but through rent increases in open market units much of this housing stock was lost by 1999. Between 1999 and 2006, there has been a net increase in extremely low income units, but the overall percentage has decreased to 11% of the total housing stock. On the opposite end of the spectrum the percentage of units within the River District that are affordable to households above 120% MFI grew from 2% in 1994 to 51% in 2007.

Summary of River District Housing Inventories 1994-2007

MFI Range	1994		1999		2002		2005		2007	
	#	%	#	%	#	%	#	%	#	%
Extremely Low (0-30% MFI)	1009	63%	564	17%	511	14%	784	12%	784	11%
Low (31-50% MFI)	26	2%	492	15%	743	21%	896	14%	896	12%
Moderate (51-80% MFI)	158	10%	879	27%	943	26%	1283	20%	1236	17%
Middle (81%-120%)	374	23%	522	16%	399	11%	759	12%	723	10%
Upper (> 121%)	27	2%	787	24%	1001	28%	2657	42%	3769	51%
Total	1594	100%	3244	100%	3597	100%	6379	100%	7408	100%

Hoyt Street Properties (HSP): The master development agreement includes development density, affordability, and unit size obligations. According to the Development Agreement, PDC is to evaluate HSP's compliance with the housing goal on the fifth, tenth, and fifteenth anniversary date of the agreement. The 2005 River District Housing Implementation Strategy Annual Report evaluated HSP's production and concluded they were in compliance with the Development Agreement. Based on current projections, Hoyt Street is obligated to build approximately 200 units of affordable housing to remain in compliance. The next evaluation is due on the tenth anniversary in 2009.

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Background

In May 1994, the Portland City Council adopted Resolution #35274 directing PDC to develop a housing strategy for the River District Plan Area. The River District Plan Area (River District) was established by the Central City Plan as a sub-district. It includes the portions of the River District and the Downtown Waterfront Urban Renewal Areas that are north of West Burnside. The 1994 Strategy specifically defines the River District Plan Area as “a district defined by West Burnside Street, the I-405 freeway, the Willamette River, along with Terminal 1, just north of the Fremont Bridge”. See Exhibit E for a map of the River District Plan Area.

On December 21, 1994 the City Council adopted Resolution #35350 approving the 1994 River District Housing Implementation Strategy and the River District Strategic Investment Plan (1994 Strategy). The 1994 Strategy was developed to help guide investment in the River District. It also sets forth objectives designed to assure that the River District will be developed at high residential densities, with rental and for-sale units serving a broad range of household income levels.

The 1994 Strategy called for the creation of approximately 5,000 new housing units over a twenty year period, through new construction or rehabilitation/conversion. In addition, the City intended that income levels for residents of the River District would match that of the City as a whole. To achieve this purpose, the 1994 Strategy set targets by income ranges based on Median Family Income (MFI).

In October 1998, Council created the River District Urban Renewal District. Concurrent with this action, PDC worked with staff from the Bureau of Planning and the Bureau of Housing & Community Development, and other interested parties from the community, to update the 1994 Strategy in response to concerns about a changing market that was resulting in rents increases and the dislocation of low-income people. This effort was completed in April 1999, and the River District Housing Implementation Strategy Update the (1999 Strategy) was formally adopted by the Portland City Council on June 16, 1999 by Resolution #35802.

The 1999 Strategy includes more specific targets which are broken out into five income categories to better track the City’s progress at addressing the need for extremely-low income (0 - 30% MFI) and middle income (80% - 120% MFI) housing.

Report Purpose and Content

The purpose of this report is to monitor the success with which the City and private developers have implemented the policy objectives of the 1999 Strategy, specifically concerning the mix of income levels that new units serve. This Fiscal Year 2005/2006 Annual Report (2006 Annual Report), incorporates data from projects built or under development since the original 1994 Strategy was adopted and through the end of the 2005/2006 fiscal year.

Exhibit A: For reference purposes, the 2007 US Housing and Urban Development Area Median Family Income (MFI) figures by family size, and affordable rent and utilities, are attached in Exhibit A.

Exhibits B & C: The project-specific data are shown in two charts: Exhibit B, which includes units developed 1994-1999; and Exhibit C, which summarizes units developed or under development in 1999-2006 by type of housing and by income level.

Exhibit D: Illustrates the distribution of housing units by geographic area and income level.

Exhibit E: A map of the River District Plan Area which is the geography for which the 1994 Strategy, 1999 Strategy, and is 2006 Annual Report apply to, as well as the underlying urban renewal area boundaries.

Linking Citywide Income Distribution with Housing

The 5,000 new units called for are in addition to the 1,594 existing units reported in 1994 Strategy. Therefore, the build-out goal for 2020 is 6,594 units. In the 1999 Strategy, the 2020 income targets were established based on the citywide household income distribution calculated from the 1990 US Census. The Income Profile for the City of Portland based on the 2000 US Census was reviewed. Both are presented in Table 1. There were no significant differences between the two income profiles to warrant changing the income targets.

Table 1. Citywide Household Income Distribution

Median Family Income Range	Established in 1999 HIS Update (Based on 1990 Census)	Based on 2000 Census
0-30%	14%	14%
31-50%	13%	12%
51-80%	20%	20%
81-120%	20%	21%
Over 120%	33%	33%

Table 2 shows the target income distribution of units that were projected to be built in the

1999 Strategy. Based on the 6,594 projected build-out, the following income distribution was derived.

Table 2. Build-Out Distribution Targets from 1999 Strategy

Household Income Category	1999 Build-Out Distribution Targets	
	#	%
Extremely Low (0-30% MFI)	923	14%
Low (31-50% MFI)	857	13%
Moderate (51-80% MFI)	1,319	20%
Middle (81%-120% MFI)	1,319	20%
Upper (> 121% MFI)	2,176	33%
Total	6,594	100%

Table 3 shows units completed since in the 2005 River District Housing Implementation Strategy Annual Report (2005 Annual Report), those under construction, and units that have completed design review as of June 30, 2006.

Since 2005, 1,029 units have been completed or are currently under construction. The current total number of units has surpassed the 2020 build-out projection of 6,594 for the River District by 814 units. Table 3 shows most of the new units since 2005 are affordable for households with incomes above 121% MFI. If this trend continues the goal of developing housing that reflects the City income profile of the City will not be met.

Table 3. Actual Build Out and Distribution of Units in River District

Household Income Category	Units Completed or in Production Since 2005 Annual Report	2006 Actual Build-Out and Distribution of Units	
Extremely Low (0-30% MFI)	0	784	11%
Low (31-50% MFI)	0	896	12%
Moderate (51-80% MFI)	0	*1236	17%
Middle (81%-120%)	10	*723	10%
Upper (> 121%)	1019	*3769	51%
Total	1029	7408	100%

*139 units in the Lexis were reported in the 2005 Report as apartments. Those units have since been converted to condominiums. The Lexis apartment units reported in 2005 included 47 moderate income units, 46 middle income units, and 46 upper income units. In this report, all 139 units are reported in the upper income category. The 2006 Actual Build-Out Distribution reflects this change.

The target build-out distribution for the River District is based on applying the citywide household income distribution to the total number of units produced. The goal is not a static number of units. As the actual build-out of the River District changes, the target housing distribution reflects the change.

Table 4 illustrates the 2006 actual build-out distribution compared to the target build out distribution using the citywide income distribution. Unit production has exceeded the goals for upper income units (over 120% MFI). A 253 unit gap remains for extremely low-income units (0-30% MFI) and a 67 unit gap remains for low-income units (31-50% MFI). There is a 1,005 unit gap for moderate and middle income workforce housing units at 51-120% MFI.

Table 4. 2007 Actual and Target Build-Out Distribution

Household Income Category	2006 Actual Build-Out and Distribution		2006 Target Build-Out and Distribution		Units Needed for Target Distribution Per 2006 Activity
	#	%	#	%	#
Extremely Low (0-30% MFI)	784	11%	1037	14%	253
Low (31-50% MFI)	896	12%	963	13%	67
Moderate (51-80% MFI)	1,236	17%	1482	20%	246
Middle (81%-120%)	723	10%	1482	20%	759
Upper (> 121%)	3,769	51%	2445	33%	-1324
Total	7,408	100%	7,408	100%	

Preservation Projects

In FY05/06, PDC investments focused on the preservation of existing low income housing to ensure the current level of affordable housing was maintained. Current projects included the renovation of the Estate Hotel. The Estate Hotel renovation will preserve 156 units for households (0-30% MFI) in the existing building and replace 38 units that are currently at the Rich Hotel for low income households (31-50% MFI). The 38 “new units” have rent restrictions at 30% MFI, but allow households with incomes up to 40% MFI to occupy the units.

The second project, Musolf Manor, has Project-based Section 8 subsidy and will preserve 96 units of extremely low income rental housing for households at (0-30% MFI) Both projects are currently under rehabilitation.

Historic Renovation

In addition, PDC invested in the historic renovation and conversion of the Crane Building into middle income and market rate apartments. Of the 30 units, 10 units are restricted to households with income at 100% MFI or below.

Non-Housing Residential Development

In addition to traditional housing development, other investments in the district have included the development of Union Gospel Mission’s residential recovery center at Second and Burnside.

Apartments Converting to Condos

Since the 1999 report two projects have been converted to condominiums. The McCormick Pier, which had 301 rental units and the Lexis with 139 rental units converted to condominiums in 2005. The data presented in this report reflects these units as condominiums.

Affordable Housing Projects in the Pipeline

PDC is currently working on two affordable rental housing projects in the River District area that will support the Housing Strategy goals. These include:

- Yards at Union Station – final phase of development in the Union Station sub-area will provide approximately 62 units of moderate income housing at 60% MFI in support of the 51-60% MFI goals.
- Pearl District Family Housing – PDC will be issuing a request for proposals by 2008 for the development of affordable rental housing serving family households at 30-80% MFI.

Summary of Housing Production by Income Categories

Since the adoption of the original Strategy in 1994, 52 new construction projects have been completed or are underway. This represents 5,970 new housing units (either completed or planned) over the last twelve years.

Exhibit B attached at the end of the report is a summary of all of the new housing built in the River District Plan Area from 1994 through 1999, based on the original (1994 Strategy) income categories. Since 1999, there have been 4,478 new units (completed or in production).

Exhibit C lists housing projects that have been built, were under construction, or received design review approval between 1999 and 2007. This summary presents units by the five new income categories adopted as part of the 1999 Strategy. According to Table 5, a summary of information from Exhibit C, since 1999 there have been 4,478 new units (completed or in production).

Table 5. New Housing Units Completed Since 1999

Income Levels	New Units Since 1999
Extremely Low Income (0-30% MFI)	273 units (6%)
Low Income (31-50% MFI)	225 units (5%)
Moderate Income (51%-80% MFI)	480 units (11%)
Middle Income (81-120% MFI)	398 units (9%)
Upper Income (Over 120% MFI)	3,102 units (69%)
TOTAL	4,478 units (100%)

Table six summarizes five housing inventories of the River District between 1994 and 2007. This table highlights trends within the River District over time.

Table 6: Summary of River District Housing Inventories 1994-2006

MFI Range	1994		1999		2002		2005		2006	
	#	%	#	%	#	%	#	%	#	%
Extremely Low (0-30% MFI)	1009	63%	564	17%	511	14%	784	12%	784	11%
Low (31-50% MFI)	26	2%	492	15%	743	21%	896	14%	896	12%
Moderate (51-80% MFI)	158	10%	879	27%	943	26%	1283	20%	1236	17%
Middle (81%-120%)	374	23%	522	16%	399	11%	759	12%	723	10%
Upper (> 121%)	27	2%	787	24%	1001	28%	2657	42%	3769	51%
Total	1594	100%	3244	100%	3597	100%	6379	100%	7408	100%

In 1994, extremely low income units comprised 63% of the total housing inventory. At the time the River District Urban Renewal Area was adopted in 1998, there was concern that a significant number of extremely low and low income housing units would be lost due to rent increases. The strategy was updated in 1999 to address concern over possible loss of affordable rental units. Between 1999 and 2002, there were some extremely low income units lost, but there were significant gains in the number of low and moderate income units. Since 2002 there has been a net gain in the number of units below 50% MFI. However, the gain in the overall number of affordable units has not resulted in an increase of the total percentage of housing at these income levels. By 2007, only 11% of the units are affordable to extremely low-income households.

On the opposite end of the spectrum there has been a significant increase in the number of upper income units, with the percentage of units within the River District that are affordable to households above 120% MFI grew from 2% in 1994 to 51% in 2007.

Other Policy Objectives

Beyond the income targets, the 1999 Strategy included other objectives and requested that PDC monitor and report annually on progress towards meeting those objectives.

1. **Financial Resources:** The 1999 Strategy anticipated the need for approximately \$36 million to accomplish the housing targets. Since 1994, PDC has invested approximately \$68.5 million of tax increment finance dollars toward housing development in the River District Plan Area. This has included new development as well as the preservation of existing low income housing in Old Town/Chinatown. PDC assistance is primarily in the form of low interest amortizing loans, non-amortizing gap financing, and construction financing on condos. Key issues impacting financial resources include:

- The 1999 Strategy assumptions for the need of public resources to develop affordable housing are out of date. Current construction costs and financial models assume closer to \$60,000 - \$140,000 of PDC capital subsidy required per unit. These assumptions assume the ability to leverage tax abatements, low income housing tax credits and other operating subsidies.
- In 2008, the Downtown Waterfront URA will no longer have the ability to issue urban renewal debt. This impacts the ability to achieve housing goals in the Old Town/Chinatown sub-area of the Strategy area. Current analyses are underway to identify opportunities to include portions of this sub-area in the existing River District URA to ensure resources are available into the future.
- In February 2007, PDC adopted a policy to dedicate 30% of urban renewal resources toward affordable housing. This policy will increase the resources available for housing development in the remaining life of the River District URA. At a minimum, 70% of the available TIF resources for affordable housing will be spent on extremely low and low income households. The percentage of funding for each income category is identified in Table 7. In the next six years approximately \$33 million of TIF is projected be available for housing projects in the River District.

Table 7: Proposed Income Guidelines for Affordable Housing TIF Set Aside

Income/Spending Category (MFI/housing type)	Percentage of TIF Affordable Housing Set Aside	Estimated Unit Potential in RD URA FY 06/07- FY11/12*
0-30% MFI Rental Housing	50%-70%	120-185 units
31-60% MFI Rental and 0-60% Homeownership	20%-40%	90-180 units
61-80% (100%) Homeownership	0-20%	0-70 units
Low Income Community Facilities	0-10%	TBD

** Unit Potential varies greatly depending on the size of the units, the type of construction and the ability to leverage other sources of funds such as tax credits, operating subsidies and rent subsidies.*

2. **Loss of Housing:** The 1999 Strategy also directed PDC to report on the number and income level of units lost each year due to expiring use Section 8 contracts, redevelopment or conversion to other uses, and increases in rent. Table 8, on the following page, shows the affordability levels for **rental** housing by bedroom size for the River District Plan Area. The affordability of all rental units is presented in Table 9. Unrestricted units are on the open market and restricted units are generally provided by public or non-profit programs. Restricted occupancy describes any unit in which there are occupancy requirements other than basic screening for tenancy and credit histories.

Table 8: Bedroom Size and Rent Levels for Rental Units by MFI in the River District

MFI Percent	SRO	Studios	1 Bed	2 Bed	3 Bed	Total	% of Total by MFI
0-30%	567	44	48	3	0	662	16%
31-50%	431	465	215	19	0	1130	31%
51-80%	0	251	576	179	0	1006	28%
81-120%	0	15	295	185	0	495	14%
121%+	0	2	184	119	29	334	9%
Total Units	998	777	1318	505	29	3627	100%
% of Total by							
Bedrooms	28%	21%	36%	14%	1%	100%	

- There has been no net loss of rental units in the 0-30% MFI category (from 1999 to 2006).
- Due to PDC efforts, all of the project-based Section 8 housing in the River District Plan Area has been preserved since the adoption of the 1999 Strategy. These properties include the Biltmore Hotel and Musolf Manor, as well as replacing the Beaver Hotel units in the newly constructed 8 NW 8th Project.
- There continues to be significant increases in the overall number of restricted rental units for households under 80% MFI. In fact the number of restricted rental units for households between 0-30% MFI has more than doubled and the number for households between 31-50% has quadrupled.
- There has been a loss of middle and moderate income households mostly due to market pressures on rents and condo conversions such as the Lexis.

Table 9: Restricted and Unrestricted Rental units by MFI in the River District

	All Units				Unrestricted Units				Restricted			
	1999		2006		1999		2006		1999		2006	
	# of units	% total units	# of units	% total units	# of units	% total units	# of units	% total units	# of units	% total units	# of units	% total units
Extremely Low (0-30% MFI)	564	22%	770	21%	238	9%	176	5%	326	13%	594	16%
Low (31-50% MFI)	492	19%	1130	30%	258	10%	144	4%	234	9%	986	26%
Moderate (51-80% MFI)	879	34%	1006	27%	872	34%	320	9%	7	0%	686	18%
Middle (81-120% MFI)	505	20%	484	13%	505	20%	425	11%	0	0%	59	2%
Upper (> 121% MFI)	136	5%	333	9%	139	5%	333	9%	0	0%	0	0%

Total	2576	100%	3723	100%	2012	78%	1398	38%	567	22%	2325	62%
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3. Geographic Distribution of Housing Development: Exhibit D presents the spatial distribution of units within 6 sub-districts of the River District Plan Area. The data in the map include all projects completed or in production by the end of June 2006. Since no homeownership units in the River District area have long-term affordability restrictions, all the ownership units are categorized as above 120% MFI.

Exhibit D shows the Old Town/Chinatown and Union Station sub-districts to have the highest concentration of extremely low (0-30% MFI) and low (31-50%) income housing in the River District. Nearly all (96%) of the housing units in Old Town/Chinatown are below 80% MFI. In addition, Old Town/Chinatown and Union Station sub-districts are almost entirely rental housing (98%). Despite much lower density than the sub-districts to the West of Broadway, Old Town/China Town sub-district contains 56% of all units in the River District below 50% MFI.

The Central Pearl sub-district is predominately homeownership (60% of the units). Only 29% of the units are affordable to households below 120% MFI and 12% affordable to households below 50% MFI.

The Wyatt, a market rate ownership project currently under construction, is the first housing developments in the Industrial sub-district.

4. Serving a Broad Market Range: The 1999 Strategy called for new housing to serve as broad a market range as possible, including Downtown workers, retirees, empty nesters, and families. A variety of amenities and services will be needed to attract and retain a diversity of household types in the District.

- Demographics: PDC continues to gather information about demand for family units in the District. In the 2005 River District HIS Annual Report, PDC reported on 2000 Census demographic information for the area. We know from the new housing development that has occurred since 2000, that the demographics have changed significantly therefore we have relied more on anecdotal data to gauge current trends.

In 2005, PDC conducted a market study on the demand for family housing in the Pearl District. The study focused on market rate homeownership. The study found that there are 124,000 families who live in the Portland/Vancouver metropolitan area that have or expect to have children and that have the financial ability to buy a condominium in the Central City. Of this group, 15%-21% would consider purchasing a family-oriented condominium. This equates to a potential market of 26,000 households.

- Housing Diversity: Progress continues to be made on creating a diversity of housing types and affordability.
 - The Station Place project consists of 176 affordable rental units for seniors. This is the first senior project in the Pearl District.
 - Praxis Partners completed construction on The Sitka Apartments, an approximately 210-unit affordable project, the majority of units under 80% of MFI, on land acquired from Hoyt Street Properties. This project will fulfill some of the affordability requirements set forth in the City/Hoyt Street Properties Development Agreement.
 - The Crane Building provides new rental housing serving middle income households in the Pearl District.
 - The PDC is actively pursuing support of the development of an affordable family oriented rental housing project.

- Infrastructure: The City has made a significant investment in infrastructure improvements in the District, such as the removal and reconstruction of the Lovejoy Ramp, the Portland Streetcar, open space improvements, parking, and other right-of-way improvements. PDC recently constructed a 420-car parking facility as part of the Station Place project. This garage is centrally located at NW Ninth Avenue and NW Lovejoy Street and will serve numerous adjacent users as well as the district as a whole.

- Parks: In October 1998, City Council adopted the recommendations of the Tanner Creek Park & Water Feature Steering Committee. This open space plan calls for the creation of two full City park blocks and a 2.1 acre neighborhood park on land currently owned by Portland Parks and Recreation.
 - Jamison Square, the first park block, was completed and opened in the Summer of 2000. It immediately became a popular park attracting users from the surrounding neighborhoods as well as the City as a whole.
 - The second park, North Park Square, now known as Tanner Creek Park was completed in the summer of 2005.
 - PDC acquired a third park site from Hoyt Street Properties in 2004. This park is significant in that it will be twice as large as the first two parks and will be designed to include large playfields for informal sports. This should also serve as an amenity to attract more families with children to the district. This park will also provide a bridge to the Centennial Mill development.

- Schools: The Emerson School, a new charter school, opened in the district. It is located in the former site of the Montessori School, which recently relocated to a new and larger facility at NW 15th Avenue and NW Thurman Street in the River District. With two schools now located in the district, this should serve as an

incentive to attract more families with children. Lincoln High School and Chapman also serve the River District Plan Area.

- Grocery: Whole Foods Grocery opened in the River District in Summer 2002, and Safeway is constructing a new store on 13th between NW Lovejoy and NW Marshall.
 - Drug Store: Rite-Aid opened in March 2005 in the 10th @ Hoyt building. (The eco-trust building also has a small store)
 - Community & Social Services: The Union Gospel Mission completed development of an improved 70 bed drug and alcohol recovery facility at West Burnside and NW Third Avenue in 2006.
5. Density and Affordability: The 1994 Strategy called for PDC to draft a Master Development Agreement with the major property owner, Hoyt Street Properties (HSP), spelling out the obligations and commitments of the parties to achieve density and affordability targets. The Agreement establishes a series of mutual, contingent obligations, including the property owner's guarantee to develop at high densities for a mix of incomes consistent with the Strategy, subject to the City's commitment to finance certain public improvements including the Lovejoy Ramp removal, the Portland Streetcar, and open space improvements. The City is on schedule to meet these requirements.

Accord to the 2005, River District Housing Implementation Strategy Report, HSP was exceeding all targets by income, density and unit size. As stated in the Development Agreement, PDC will review their progress on meeting their density and affordability obligations in 2009.

Exhibit A
CLASSIFICATION OF INCOME
AND AFFORDABLE RENTAL RATES
2006

For a Family of Four (\$66,900 Year 2006)

Income Category (% of MFI)*	Income Range	Affordable Monthly Rents
Extremely Low (0-30% of MFI)	\$0 - \$20,350	\$0 - \$509
Low (31-50% of MFI)	\$20,351 - \$33,950	\$510 - \$849
Moderate (51-80% of MFI)	\$33,951 - \$54,300	\$850 - \$1,358
Middle (81-120% of MFI)	\$54,301 - \$80,300	\$1,359 - \$2,008
Upper (121%+ MFI)	\$80,301+	\$2,009

For a Family of Three (\$60,200 Year 2006)

Income Category (% of MFI)*	Income Range	Affordable Monthly Rents
Extremely Low (0-30% of MFI)	\$0 - \$18,350	\$0 - \$459
Low (31-50% of MFI)	\$18,351 - \$30,550	\$460 - \$764
Moderate (51-80% of MFI)	\$30,551 - \$48,900	\$765 - \$1,223
Middle (81-120% of MFI)	\$48,901 - \$72,250	\$1,224 - \$1,806
Upper (121%+ MFI)	\$72,251	\$1,806

For a Family of Two (\$53,500 Year 2006)

Income Category (% of MFI)*	Income Range	Affordable Monthly Rents
Extremely Low (0-30% of MFI)	\$0 - \$16,300	\$0 - \$408
Low (31-50% of MFI)	\$16,301 - \$27,150	\$409 - \$679
Moderate (51-80% of MFI)	\$27,151 - \$43,450	\$680 - \$1,086
Middle (81-120% of MFI)	\$43,451 - \$64,200	\$1,087 - \$1,605
Upper (121%+ MFI)	\$64,201+	\$1,605

For a Household of One (\$46,850 Year 2006)

Income Category (% of MFI)*	Income Range	Affordable Monthly Rents
Extremely Low (0-30% of MFI)	\$0 - \$14,250	\$0 - \$382
Low (31-50% of MFI)	\$14,251 - \$23,750	\$383 - \$636
Moderate (51-80% of MFI)	\$23,751 - \$38,000	\$637 - \$1,018
Middle (81-120% of MFI)	\$38,001 - \$56,200	\$1,019 - \$1,405
Upper (121%+ MFI)	\$56,201+	\$1,405+

* MFI = Median Family Income adjusted for family size as determined annually by HUD for the Portland Metropolitan Area

Exhibit B

RIVER DISTRICT HOUSING PROJECTS: UNITS DEVELOPED 1994 - 1999

Name	Address	Tenure	Date Complete	Total Units	0-30% MFI	31-50% MFI	51-80% MFI	81% MFI+
Pearl Lofts	NW 10th & Hoyt	Owner	1994	23				23
Hoyt Commons	NW 12 and Hoyt	Owner	1995	48				48
Chown Pella	NW 13th & Glisan	Owner	1996	64				64
Irving Street Townhouses	NW 12th & Irving	Owner	1996	14				14
McKenzie Lofts	NW 12th & Glisan	Owner	1997	64				64
Pearl Court	NW 9th & Johnson	Rental	1997	199		110	89	
Pearl Townhomes	NW 11th & Hoyt	Owner	1997	10				10
Royal Palm	NW 3rd & Flanders	Rental	1997	30	8		21	1
Modern Confectionary Lofts	NW 13th & Hoyt	Owner	1998	6				6
Riverstone	821 NW 11th	Owner	1998	120				120
Fifth Avenue Place	NW 5th & Everett	Rental	1999	70			70	
Fifth Avenue Court	234 NW Fifth & Davis	Rental	1999	96			48	48
McDonald Center	605 NW Couch	Rental	1999	54		54		
North Park Lofts	NW 8th & Everett	Owner	1999	66				66
Yards at Union Station Phases A and B	945 NW Naito Parkway	Rental	2000	479		73	214	192
Kearney Plaza	NW 11th & Kearney	Rental	2000	131			18	113
Park Northwest	327 NW Park & Flanders	Owner	2000	18				18
Total				1492	8	237	460	787

Note: Not all of the Royal Palm units are new.

Exhibit C
RIVER DISTRICT HOUSING PROJECTS: UNITS DEVELOPED 1999 – PRESENT

Name	Address	Tenure	Date Complete	Total Units	0-30% MFI	31-50% MFI	51-80% MFI	81-120% MFI	121% MFI+
Tanner Place	726 NW 11th Avenue	Condos	2000	120					120
Johnson Townhouses	NW 11th & Johnson	Condos	2000	13					13
Pearl Townhomes	NW 11th and Hoyt	Condos	2000	13					13
Gregory Lofts	NW 11th & Glisan	Condos	2001	134					134
Old Town Lofts	NW 4th and Flanders	Condos	2001	60			20	8	32
Lovejoy Station	NW Ninth & Lovejoy	Rentals	2001	181		72	109		
Streetcar Lofts	NW 11th and Lovejoy	Condos	2001	134				51	83
NW Sixth & Couch	610 NW Couch	Rentals	2002	13			11		2
Marshall Wells Lofts	NW 14th & Kearney	Condos	2002	164				40	124
Pacific Tower	323 NW Fourth Ave & Flanders	Rentals	2003	156	17		139		
Yards at Union Station Phase S	NW Naito Parkway	Rentals	2003	56			10	46	
Bridgeport Condos	NW 11th & Marshall	Condos	2003	123					123
Danmoore Replacement	NW Eighth & Burnside	Rentals	2004	180	180				
Park Place	NW 11th & Lovejoy	Condos	2004	124					124
The Edge	805 NW 14th	Condos	2004	125					125
NW 10th @ Hoyt	911 NW Hoyt	Rentals	2004	178			42	124	12
Burlington Tower	900 NW Lovejoy	Rentals	2004	155					155
The Avenue Lofts	1438 NW Irving	Condos	2004	170					170
Station Place	NW 9th & Lovejoy	Rentals	2005	176	76	81	19		
The Henry	NW 11th & Couch	Condos	2005	123					123
Pinnacle	NW 9th & Overton	Condos	2005	176					176
The Elizabeth	315 NW 9th	Condos	2005	182					182
The Louisa	NW 13th & Davis	Rentals	2005	240				111	129
The Lexis	1125 NW 9th	Condos	Built 2004 Converted 2005	139					139
Sitka	1115 NW Northrup	Rentals	2006	210		72	130	8	0
Crane Building*	710 NW 14th	Rental	2006	30				10	20
Riverscape- Phase 1	NW 16th & Front	Condos	Under Construction	105					105

Name	Address	Tenure	Date Complete	Total Units	0-30% MFI	31-50% MFI	51-80% MFI	81-120% MFI	121% MFI+
Riverscape Phase 2*	NW Naito Parkway N of Fremont Bridge	Condos	Under Construction	74					74
Metropolitan*	809 NW 11th	Condos	Under Construction	121					121
Casey Condominiums*	1215 NW Everett St.	Condos	Under Construction	61					61
The Wyatt*	1205 NW Marshall	Condos	Under Construction	244					244
Waterfront Pearl*	1280 &1290 NW Naito	Condos	Under Construction	196					196
937 Condos*	937 NW Glisan	Condos	Under Construction	114					114
Encore*	NW Overton and 10th	Condos	Under Construction	177					177
Block 90*	322 NW 14th	Condos	Under Construction	11					11
Total				4478	273	225	480	398	3102

Note: Only includes new units constructed or under construction that were not included in the April 1999 River District Housing Implementation Strategy Update.

**These projects were not included in the 2005 River District HIS Annual Report*

Exhibit D
2006 HOUSING IN RIVER DISTRICT SUB AREAS BY MFI

	Industrial	Waterfront	Tanner Creek	Central Pearl	Old Town/China Town	Union Station	Total River District
Extremely Low (0-30% MFI)	0%	0%	6%	6%	39%	0%	11%
Low (31-50% MFI)	0%	0%	19%	6%	32%	10%	12%
Moderate (51-80%)	0%	11%	16%	4%	26%	82%	17%
Middle (81%- 120% MFI)	0%	34%	2%	13%	2%	8%	10%
Upper (120%+)	100%	55%	57%	71%	2%	0%	51%
Rental	0%	45%	48%	41%	98%	100%	55%
Owner	100%	55%	52%	60%	2%	0%	45%

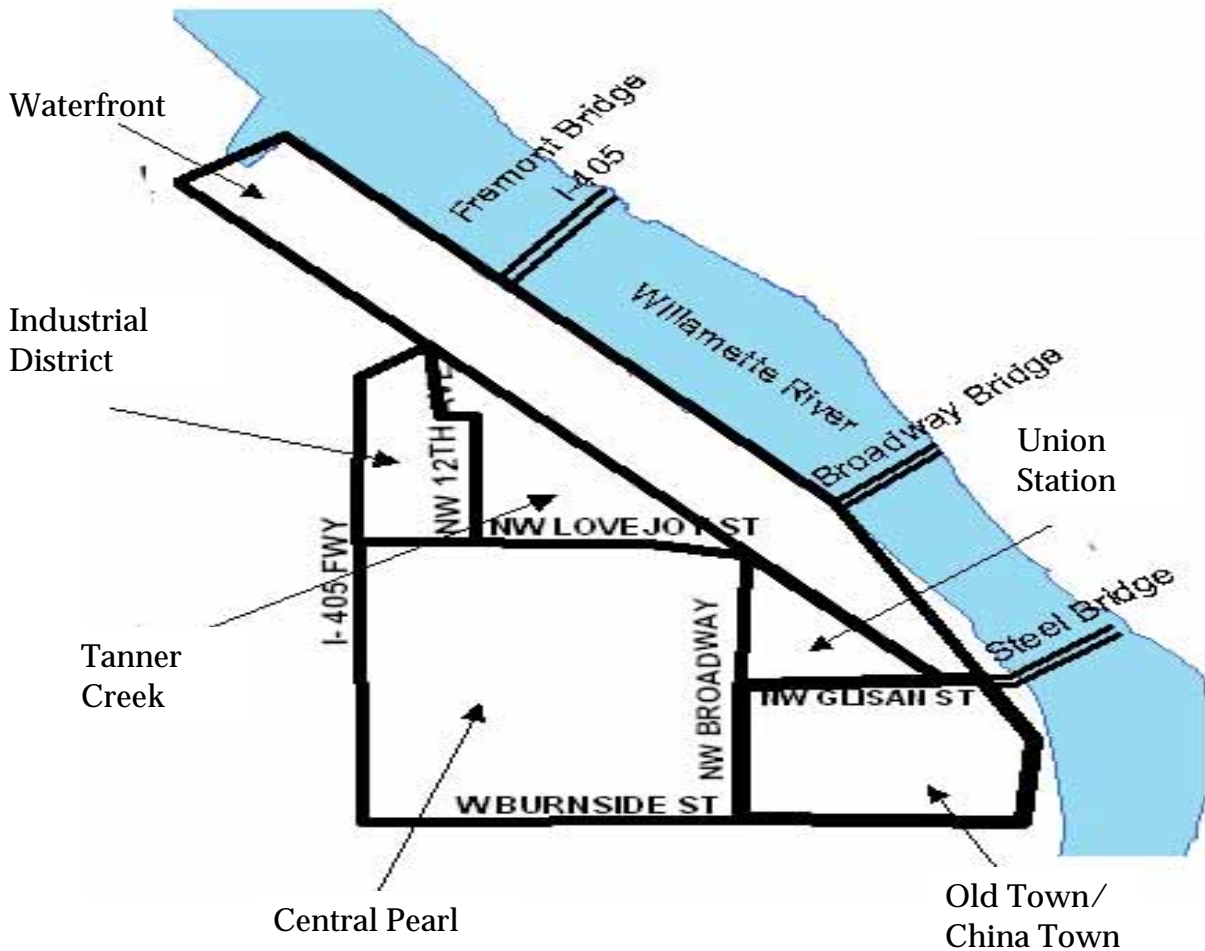


Exhibit E RIVER DISTRICT PLAN AREA

