

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: January 9, 2008
TO: Board of Commissioners
FROM: Bruce A. Warner, Executive Director
SUBJECT: Report No. 08-05
River District Housing Strategy Update

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

None — information only.

SUMMARY

PDC is currently in the process of updating the River District Housing Implementation Strategy originally adopted on June 16th, 1999. The 1999 River District Housing Implementation Strategy was requested by the Portland City Council. Because the 1999 strategy was initiated and approved by the City of Portland, it is appropriate to inform the City of our intentions to update The River District Housing Implementation Strategy.

We want the Commission and the City Council to know that we are updating the 1999 River District Housing Implementation Strategy before we return in the Spring of 2008 with a final draft.

The 2007 River District Housing Report shows the River District Plan Area has exceeded the 1999 River District Housing Implementation Strategy (1999 Strategy) goal of 5,000 additional housing units by 2,408 units (7,408 total). The update will recommend new housing production unit targets based on the development capacity of the River District Planning Area, analyze current housing development strategies and recommend new strategies for implementing current adopted City housing policy.

New strategies will aim to achieve a mix of housing that is affordable to the income distribution of the City and support adopted City policies and initiatives including:

- Central City No-Net-Loss,
- Closing the Minority Homeownership Gap
- The Ten Year Plan to End Homelessness
- Schools-Families-Housing Initiative
- Tax Increment Financing for Affordable Housing

The completed River District Housing Strategy update will be presented to the Board and the City Council for approval and will be used as a policy document to guide the next twelve years of housing development in the River District Plan Area.

The update process will be complete after review by a Project Advisory Group in January 2008 and after approval of the finalized strategy by the Board and the City Council in March 2008.

The Board's role in finalizing the update will be to approve strategies to achieve a mix of housing affordable to the income distribution of the City.

BACKGROUND

The 1994 River District Housing Implementation Strategy (1994 Strategy) was adopted by the Portland City Council, resolution #35274, December 21, 1994. This Strategy was developed for the River District Planning Area, which includes the Pearl District and Old Town/China Town.

The 1994 Strategy was amended in 1999 by the Portland City Council (Resolution # 35802, June 16th, 1999). The 1999 Strategy calls for the creation of 5,000 new housing units over a 20-year period. In addition, the new units are intended to represent a range of housing that reflects the income diversity of the city as a whole. To achieve this objective (or goal), the 1999 Strategy set unit targets by income ranges based on the citywide income distribution.

Since 1999, 7,408 housing units have been built in the River District Plan Area which exceeds the goal of 5,000 by 48% (2,408 units). Development of housing affordable to households with a range of incomes that reflects the City wide income profile has not been fully achieved. Production of housing affordable to household's 0-120% MFI has fallen short of the 4964 unit target by 1,325 units. Most of the new development has been affordable to households with incomes over 150% MFI. As more expensive units are added, the income distribution goals become less balanced. PDC staff is currently collaborating with local housing experts and stakeholders to update the 1999 Strategy by adding strategies that can respond to new market conditions. The review of the initial draft of the update is expected to be complete by January 30th, 2008.

Next steps are:

- Complete analysis and projections of housing production until 2020.
- Request direction from City Council on Housing Strategy Update (January 08)
- Complete and review draft of the River District Housing Strategy
- Circulate and review draft for feedback from the technical advisory group, project advisory group and staff
- Revise draft based on feedback
- City Council Action (February 2008)
- Board action (March 2008)

ATTACHMENTS:

- A. Draft memo to Mayor
- B. River District Housing Strategy Update Resolution
- C. 2007 River District Housing Report
- D. Summary of the 2007 River District Housing Report

CC: A. Wilch, Housing Director
K. McCarty, Housing Project Manager
M. Baines, General Counsel

DATE: January 10, 2008

TO: Mayor Tom Potter

FROM:

RE: RIVER DISTRICT HOUSING IMPLEMENTATION STRATEGY

1. INTENDED THURSDAY FILING DATE: January 30th, 2008
 2. REQUESTED COUNCIL AGENDA DATE: January 30th, 2008
 3. CONTACT NAME AND NUMBER: Leah Greenwood, 503-823-3299
 4. PLACE ON: CONSENT REGULAR
 5. BUDGET IMPACT STATEMENT ATTACHED: Y N N/A
(3) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY
ATTACHED: YES NO N/A
-

6. BACKGROUND/ANALYSIS

History of project

In May 1994, the Portland City Council adopted Resolution #35274 directing PDC to develop a housing strategy for the River District Plan Area.

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.

Since 1999 the River District Plan Area has exceeded the goal of 5000 additional housing units. Development of housing affordable to households with a range of incomes that reflect the City wide income profile has been more difficult. To respond to the changing market the Portland Development Commissions suggests asking local housing experts and stakeholders to update the 1999 Strategy by adding strategies that can respond to new market conditions.

-legal issues

The strategy does not have legal implications.

-controversial issues

The 2006 River District Housing Report highlights the growing gap for workforce housing and extremely low income housing.

-citizen participation

A diverse group of community stakeholders will be asked to review suggested revisions to the 1999 Strategy.

-link to current city policies

The River District Plan incorporates the goals and policies of the City of Portland Comprehensive Plan, the River District Plan and prior River District Housing Strategies. The Housing Strategy Update will incorporate the new City policies and initiatives including the 30% Set Aside for Affordable Housing, the Schools-Families-Housing Initiative, the 10-Year Plan to End Homelessness, and the Effort to Close the Gap in Minority Homeownership.

-other governmental participation

The updated strategies will be made with the Housing Authority of Portland, Bureau of Planning, Bureau of Housing and Community Development, City Council, and Portland Development Commission.

7. FINANCIAL IMPACT

Financial strategies to support the affordable housing goals include Tax Increment Finance, bonds, grants, and development agreements. The affordable housing goals by far exceed the available resources. The updated strategy will suggest ways to meet the spectrum of housing goals.

9. RECOMMENDATION/ACTION REQUESTED

We recommend that the City Council support the initiative to update the 1999 River District Housing Implementation Strategy to incorporate new policy goals and to be responsive to current market conditions.

RESOLUTION No.

Request that the Portland Development Commission update the 1999 River District Housing Implementation Strategy (1999 Strategy).

WHEREAS, on June 16th, 1999, after extensive public review and comment, the City Council adopted Resolution No. 35802 adopting the 1999 Strategy; and

WHEREAS, The 1999 Strategy called for the development of 5,000 new housing units in the River District Planning Area, (in addition to the 1,600 existing units identified in the 1994 River District Housing Implementation Strategy Resolution) and called for the housing affordability of units in the plan area at build out to reflect the income distribution of the City; and

WHEREAS, Resolution No. 35802 called for the 1999 Strategy to be used as a guide for the use of public resources including tax increment financing; and

WHEREAS, Resolution No. 35802 called for the Portland Development Commission to provide annual progress reports of the 1999 Strategy and to conduct a comprehensive update when the 2000 census data was available. It also stated that the City Council may adjust the housing targets as conditions change; and

WHEREAS, the Portland Development Commission completed the 2007 River District Housing Implementation Strategy Annual Report (2007 Report), attached as Exhibit A, reporting the 7,408 units built or currently under construction in the River District Planning Area has already exceeded the projected 6,600 housing units expected at build-out; and

WHEREAS, the 2007 Report also shows housing development in the identified affordability categories has not been met for extremely low (0-30% median family income) moderate income (51-80% median family income) and middle income (81-120% median family income) households; and

WHEREAS, new policies, initiatives and plans have been adopted by the City Council including Central City No-Net-Loss, the City's Effort to Close the Minority Homeownership Gap, the Ten Year Plan to End Homelessness, and the Schools, Families, Housing Initiative; and

WHEREAS, the Downtown Waterfront Urban Renewal Area, which encompasses a large portion of the River District Planning Area, and the South Park Blocks Urban Area will expire by 2008; and

WHEREAS, the City and the Portland Development Commission are currently engaged in planning for the future of the two expiring downtown urban renewal areas and considering expansion of the River District Urban Renewal Area; and

WHEREAS, the Portland Development Commission and City Council recently adopted the Tax Increment Financing For Affordable Housing Policy and Implementation Plan allocating a minimum of 30% of all urban renewal resources in the River District Urban Renewal Area to affordable housing.

NOW, THEREFORE BE IT RESOLVED the City Council requests that the Portland Development Commission, in collaboration with the Housing and Community Development Commission, Bureau of Housing and Community Development, the Bureau of Planning, and other stakeholders, conduct an update of the 1999 River District Housing Implementation Strategy within 180 days of adopting this Resolution; and

BE IT FURTHER RESOLVED that the 2008 River District Housing Implementation Strategy Update recommend new housing production unit targets based on the development capacity of the River District Planning Area; and

BE IT FURTHER RESOLVED that the 2008 River District Housing Implementation Strategy Update analyze current strategies and recommend new strategies for implementing current adopted City policy to achieve a mix of housing that is affordable to the income distribution of the City; and

BE IT FURTHER RESOLVED that the 2008 River District Housing Implementation Strategy Update recommends strategies to support the adopted City policies and initiatives including Central City No-Net-Loss, Closing the Minority Homeownership Gap, The Ten Year Plan to End Homelessness, the Schools-, Families-, Housing Initiative, and Tax Increment Financing for Affordable Housing.

Adopted by the Council:	GARY BLACKMER Auditor of the City of Portland
Prepared by:	By Deputy

**RIVER DISTRICT
HOUSING IMPLEMENTATION STRATEGY
ANNUAL REPORT**

June 2007

Prepared By:

Portland Development Commission
222 NW Fifth Avenue
Portland, Oregon 97209

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.

**RIVER DISTRICT
HOUSING IMPLEMENTATION STRATEGY
ANNUAL REPORT**

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 combined total of current a 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 report is to monitor progress made by the City and private developers in implementing the policy objectives of the 1999 Strategy.

The 2007 Report cover the fiscal year 2005/2006 shows actual build out in the River District Plan Area has 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 strategies will take into account new build out projections, new housing policies, and emerging city priorities and future funding needs.

Key highlights from the Fiscal Year 2005/2006 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. By 2007, only 11% of the units are affordable to extremely low-income units. 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 HIS Annual Report evaluated HSP’s production and concluded they were in compliance with the Development Agreement. Based on current projections, Hoyt Street will be obligated to build approximately 200 units of affordable housing to remain in compliance. The next evaluation is due on the tenth anniversary in 2009.

**RIVER DISTRICT
HOUSING IMPLEMENTATION STRATEGY
ANNUAL REPORT
Fiscal Year 2005/2006**

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 geographic area addressed by the 1994 River District Housing Implementation Strategy (the 1994 Strategy), as well as this report; will be referred to as the River District Plan Area (River District). The River District Plan Area 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”.

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. 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 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.

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 at this time.

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 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 Since 2005 Report or in Production	2006 Actual Build-Out and Distribution	
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. In 1994, extremely low income units comprised 63% of the total housing inventory. By 2007, only 11% of the units are affordable to extremely low-income households. 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.

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%

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 shows the affordability levels for **rental** housing by bedroom size for the River District Plan Area.

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%	

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.

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	% of 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%

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
Revised February March 2007

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 NWCouch	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

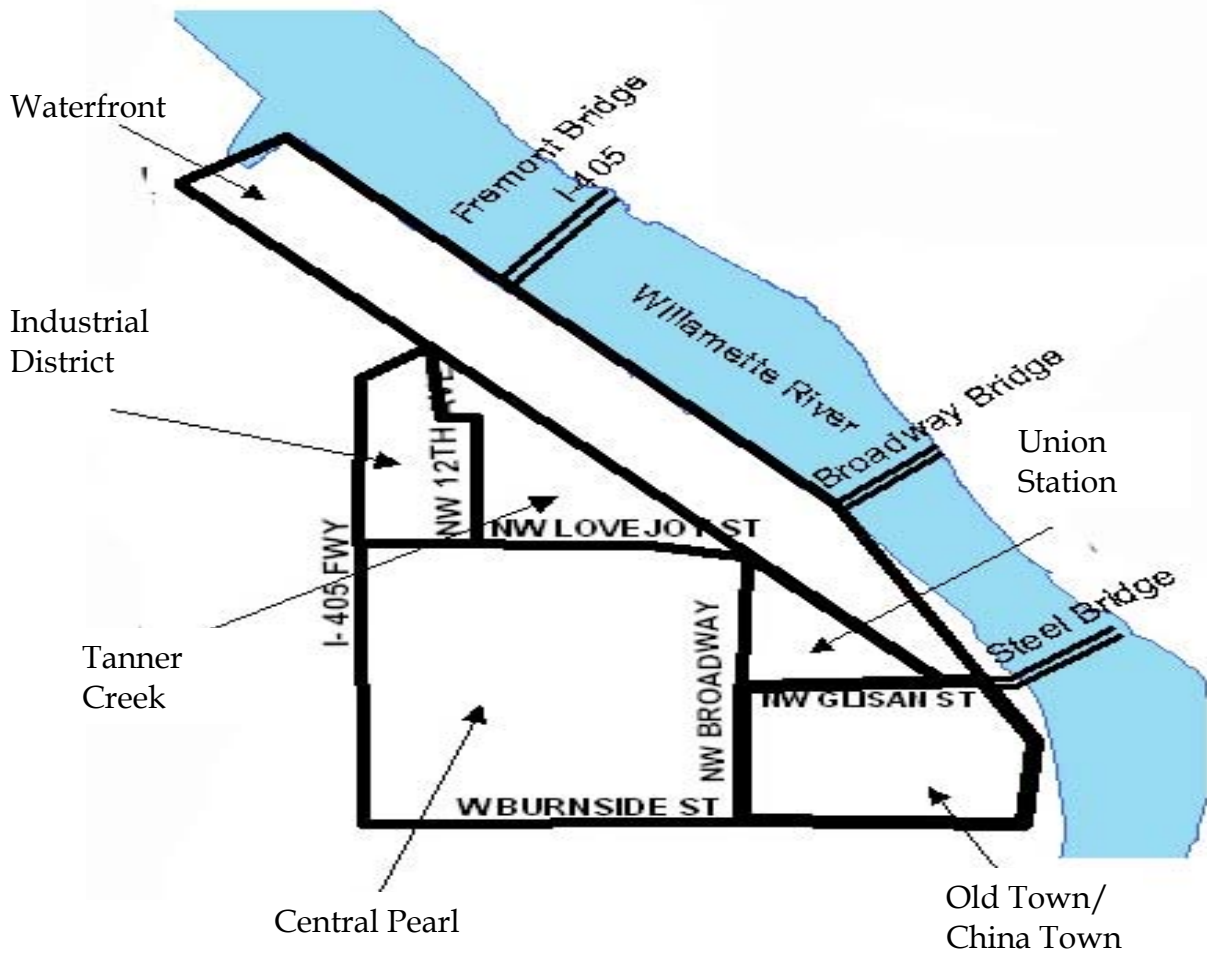
Note: Only includes new units constructed or under construction that were not included in the April 1999 River District Housing Implementation Strategy Update.

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

Exhibit D

2007 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%



River District Housing Strategy & New Development

The 1994 River District Implementation Strategy (1994 Strategy) was made for the River District Planning Area, which includes the Pearl District and Old Town/China Town (see map below). The 1994 Strategy was amended in 1999. The 1999 Strategy calls for the creation of 5,000 new housing units over a 20-year period. In addition, the 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 set targets by income ranges based on the citywide income distribution.

The following table summarizes what the Actual Build-Out has been in the River District Planning Area, as compared to the Target Build-Out and Distribution by income level.

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%	

Highlights from the latest Annual Report include:

- Housing development in the River District Target 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.
- Development exceeded the target in the upper-income category (over 120% MFI) 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% MFI) 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% MFI) falling short by 759 units.

New Development in the Pearl District

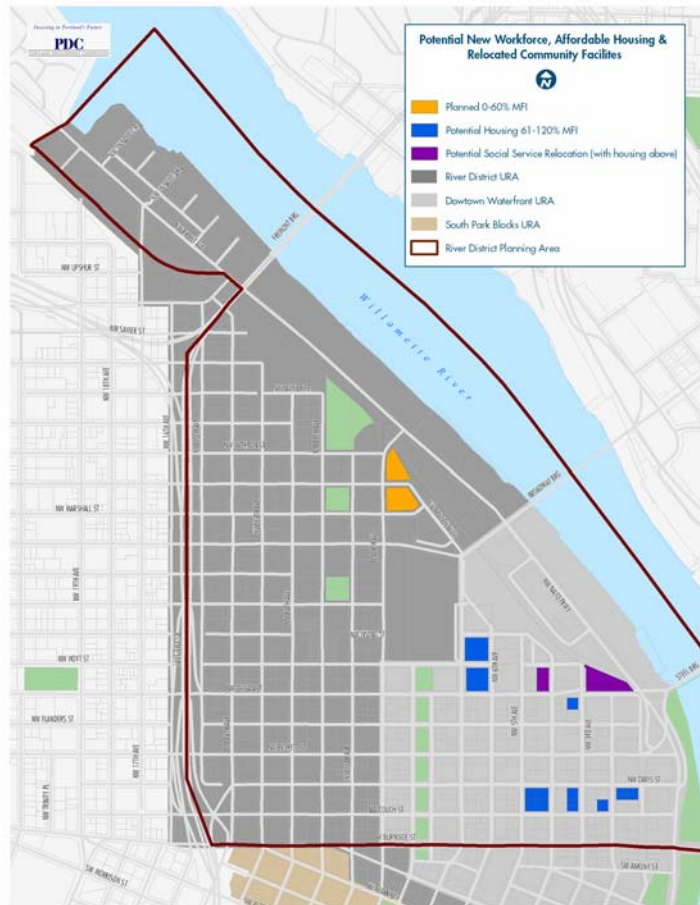
A number of Affordable Housing projects are in the preliminary planning stages in the existing River District Urban Renewal Area. The completion of these projects will support the River District Housing Implementation Strategy.

- *NW Ninth & Northrup* (highlighted in orange on map below)
 - Lot 4 Affordable Housing (owned by Hoyt Street Properties): PDC is looking at opportunities to partner on an affordable rental housing project at this site.
 - Lot 5 Affordable Housing: PDC owns this property and anticipates issuing a Request for Proposals for affordable family rental housing later this year.
- *Hoyt Street Properties' Affordable Housing Obligation*: Hoyt Street Properties is obligated by a development agreement to develop an additional affordable housing project.
- *Workforce Rental or Homeownership (80-120% MFI) in River District*: There is an identifiable gap in workforce housing for households in this income range, but no projects have been identified for development.
- *Potential School*: Preliminary discussions are underway about the potential siting of a school in the Pearl District to attract more families to the Central City.

Workforce Housing Opportunities in Old Town/Chinatown:

Key redevelopment sites have been identified as potential mixed-use, workforce rental and ownership housing opportunities. These include the following properties (highlighted in blue on the map):

- *Naito Master Plan Blocks*: Five Block Mixed Use Master Plan in OT/CT including market rate, workforce rental and ownership housing, office, hotel, retail and parking on Blocks 8, 11, 13, 18, 28.
- *North Chinatown Blocks (Blocks 25 & 26)*: Market rate & workforce housing are envisioned for the two block development.
- *U&R Blocks*: Potential for both commercial & workforce housing
- *Goldsmith Blocks*: Potential for commercial & workforce housing



Housing Strategy Update

PDC is currently in the process of updating the River District Housing Implementation Strategy. The Update will recommend new housing production unit targets based on the development capacity of the River District Planning Area, analyze current strategies and recommend new strategies for implementing current adopted City policy. The new strategies will aim to achieve a mix of housing that is affordable to the income distribution of the City and support the adopted City policies and initiatives including: Central City No-Net-Loss, Closing the Minority Homeownership Gap, The Ten Year Plan to End Homelessness, the Schools-, Families-, Housing Initiative, and Tax Increment Financing for Affordable Housing.

PDC has convened a Technical Advisory Committee of representatives from the City of Portland, Bureau of Planning, BHCD, PDC, Housing Authority of Portland, Parks, and the County.

Role of TAG: This group will review technical aspects of the Strategy update. Specifically, this group will review the following analyses before they are presented to the Citizen Advisory Committee:

- Build Out Projections and underlying assumptions,
- Per Unit Subsidy Analysis for different housing types (affordability, population, size, tenure)
- Subsidy Analysis to achieve Income Distribution with new Build Out Projections,
- TIF Set Aside Analysis – how much is projected to be available; required spending per adopted policy

This group will provide input to the PDC Project Manager on policy issues and potentially develop preliminary strategies as it relates to members areas of expertise to be presented to and considered by the Project Advisory Group. Underlying policies guiding work will include:

- Goal to Achieve Citywide Income Distribution in the River District Sub Area of the Central City Plan District.
- Minority Homeownership/Operation HOME
- 10 Year Plan to End Homelessness
- Schools/Family Housing
- Central City No-Net-Loss
- Workforce Housing
- TIF Set-Aside

Meetings: 4-6 meetings. The first meetings will be to review the current River District Report, and to agree on the goals and process for future meetings. Future meetings will be convened to review the technical analysis. The final meetings will be designed to package the research data so the Project Advisory Group (PAG) can offer informed recommendations to the PDC staff drafting the River District Housing Strategy Update. The City resolution asking for an update to the River District Housing Strategy will give a context for the scope of research.

The PAG will include the neighborhood associations, lenders, property owners, social service and housing development agencies and government.

Scope of the PAG: Work with PDC Project Manager to evaluate the housing production and affordability goals in the River District Target Area and update the 1999 Strategy. The PAG will not make recommendations to change the adopted City policy that the housing in the River District should serve a variety of household incomes which reflect the diversity of the City of Portland as a whole, as determined by the decennial census.

The PAG will review and give input to the PDC Project Manager based on the information provided by the TAG in the context of the City Resolution to update the River District Housing Strategy. Consider recommendation related to the following:

- Housing for specific populations including PSH, families, workforce, seniors,
- Housing mix including type and tenure of units
- The spatial distribution of housing within the River District Target Area
- Strategies for achieving unit production targets (especially those not eligible for TIF Set Aside funding)

All recommendations will be consistent with achieving the Citywide Income Distribution and Adopted TIF Set Aside Policy.

The recommendations may also include as appropriate:

- Recommendations for consideration in Central Portland Plan
- Recommendations for consideration in the River District URA expansion process.
- Recommendations to the sub-district plans for Old Town/China Town and North Pearl.
- Acknowledgement of areas where the goals may be difficult to achieve without further resource development
- Recommendations to explore additional resource development

A resolution to be adopted by the City Council will affirm current housing policy to encourage development that reflects the city wide income profile and that further defines strategies to accomplish more recent housing policy goals referring to Permanent Supportive Housing (PSH), the TIF set-aside, Minority Homeownership, Schools/Family Housing, Workforce Housing and Central City No Net Loss. PDC to inquire to Mayor's Office and Commissioner Sten's Office regarding whether City Council would a) like a briefing on the Strategy before Commission action and b) like to formally adopt the Strategy Update.

Housing Strategy Topics

The Updated River District Housing Strategy will offer recommendations on the following topics:

- Housing development that reflects the city-wide income profile
- Affordability strategies through design, unit size
- Funding sources, Federal and State partnerships
- Financial Incentives such as tax abatement, bonus height
- Central City No-Net-Loss Policy
- Minority Homeownership, Operation H.O.M.E
- Family/School Housing Initiative
- 10 year plan to end homelessness

- Workforce Housing
- Tax Increment Financing

Tax Increment Set Aside For Affordable Housing

In October 2006 both the PDC Board and City Council adopted the Tax Increment Financing Set Aside Implementation Plan (TIF Set Aside) for all urban renewal areas which established a 30% set aside in River District Urban Renewal Area and separate percentages for South Park Blocks and Downtown Waterfront urban renewal areas. In February 2007, the PDC Board and City Council also adopted income guidelines for these urban renewal areas.

The following policy for the expenditure of tax increment financing (TIF) and income guidelines apply to the River District URA. It is anticipated these guidelines will also apply to an expanded River District URA.

- **30% of all TIF expenditures must be spent on affordable housing**
- The Income Guidelines for the River District require that spending of the total TIF Set Aside comply with the following distribution:

Income/Spending Category (MFI/housing type)	Adopted Income Guidelines
0-30% MFI Rental Housing	50% - 70%
31-60% MFI Rental & 0-60% Homeownership	20% - 40%
61-80% (100% ¹) Homeownership	0% - 20%
Low Income Community Facilities	0% - 10%

- Homeownership investments are restricted to 80% median family income (MFI) and below, except for the development of or homebuyer assistance to units with three bedrooms or more, which are restricted to 100% MFI and below.
- Subsidies for housing above 80% MFI (unless a 3-bedroom homeownership unit) must come from resources outside of the TIF Set Aside.
- It is not anticipated that 0-60% MFI Homeownership will be achieved in the Central City due to the cost, but the Income Guidelines do not preclude this investment if new innovative models are developed.

The policy took effect for expenditures beginning fiscal year 2006/2007. Per the adopted policy, the income guidelines are to be reviewed at any time there is an action resulting in a substantial amendment (i.e. major boundary amendment or change in maximum indebtedness) to an urban renewal area plan. Therefore, it is expected the income guidelines will be reviewed as part of the Urban Renewal Advisory Group’s discussion. Any changes to the income guidelines will be subject to City Council adoption of the URA amendment.

A table of metro area median income is provided on the following page.

