

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

RESOLUTION NO. 6445

**ADOPTING INCOME GUIDELINES FOR THE TAX INCREMENT
FINANCING FOR AFFORDABLE HOUSING POLICY**

WHEREAS, the Portland Development Commission (PDC), as the designated urban renewal area (URA) of the City of Portland, currently manages 11 URAs according to plans adopted by the City Council, each URA with its own distinct sets of objectives associated with the removal of blight; and

WHEREAS, PDC plays a significant role in achieving Portland's goals for the development and rehabilitation of affordable housing; and

WHEREAS, federal support for affordable housing has declined in recent years, reducing Portland's resources such as Community Development Block Grant, putting more demands on limited local resources for affordable housing; and

WHEREAS, on April 26, 2006, through Resolution No. 36403, the Portland City Council declared its intent to establish a Tax Increment Financing (TIF) set aside for the development, preservation, and rehabilitation of housing that is affordable to households with incomes below 80 percent of median family income (MFI); and

WHEREAS, on October 16, 2006, PDC adopted Resolution No. 6398 approving the Tax Increment Financing for Affordable Housing Policy and Implementation Plan, which was later updated on October 25, 2006 with the adoption of Resolution No. 6402; and

WHEREAS, Resolutions No. 6398 and 6402 stated that Income Guidelines would be developed to guide investment of tax increment financing for affordable housing, and that the Board would consider income guidelines that include homeownership opportunities to families with incomes up at 100 percent median family income; and

WHEREAS, Resolution No. 6398 stated that a portion of the resources available as part of the TIF for Affordable Housing Policy will support efforts to decrease the gap in minority homeownership rates; and

WHEREAS, Resolution No. 6398 requested that the City of Portland continue to budget and fund affordable housing at least at present levels with no reduction to either percent or dollars expended; and

WHEREAS, Resolution No. 6398 requested that the City of Portland support PDC's efforts to ensure projects receive maximum leverage from other State and Federal resources such as low income housing tax credits to ensure maximum leverage of TIF resources for Affordable Housing; and

WHEREAS, PDC has completed a public participation effort to engage individual stakeholders and groups in a discussion of the appropriate Income Guidelines; now, therefore, be it

RESOLVED, that the TIF for Affordable Housing Income Guidelines attached hereto as Exhibit A are hereby adopted; and be it

FURTHER RESOLVED, the Board will review the Income Guidelines after four years of implementation (July 2010) to determine if they provide the appropriate parameters for spending of TIF resources for affordable housing given City priorities and the availability of non-TIF resources as leverage; and be it

FURTHER RESOLVED, the Board may also review and update the Income Guidelines at any time there is an action resulting in a substantial amendment (i.e. major boundary amendment or change in maximum indebtedness) to that district, in which case changes to the Income Guidelines will be subject to City Council adoption of the URA Amendment; and be it

FURTHER RESOLVED, that PDC requests the City of Portland add to its legislative agenda a request to the State of Oregon that the State pass legislation to allow TIF set aside resources to be spent outside URAs subject to adopted income guidelines; and be it

FURTHER RESOLVED, the Board may also review and update the Income Guidelines if changes are made to the State legislation allowing tax increment to be spent outside of a URA; and be it

FURTHER RESOLVED, that the TIF for Affordable Housing Policy and Income Guidelines will not provide sufficient resources to achieve the City's goals to decrease the gap in minority homeownership rates and requests the City of Portland show their commitment for Operation HOME and first time homeownership through financial allocation of City resources toward these efforts; and be it

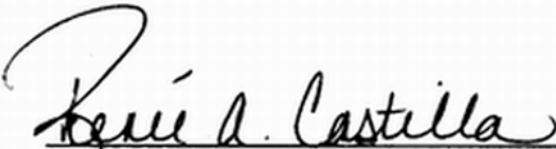
FURTHER RESOLVED, that for PDC to be successful in achieving the spending targets for rental housing affordable to extremely low income households (0-30 percent MFI) as established by the TIF for Affordable Housing Income Guidelines, additional resources will be required from the City of Portland, State of Oregon, and the Housing Authority of Portland to fill the operating, rent and services gaps required to make this housing feasible and successful; and be it

FURTHER RESOLVED, that the TIF for Affordable Housing Policy and Income Guidelines will not provide sufficient resources to achieve middle income housing in the Central City, and the Board requests the City Council reassess incentive programs such as the Central City Multifamily Housing Tax Abatement as part of the Central City Plan Update to ensure there are a range of housing opportunities and incomes in the Central City; and be it

FURTHER RESOLVED, that the Board requests that the City Council set a worksession date to include the Board in a discussion to develop a comprehensive approach for addressing all of the City housing goals, including those goals not explicitly included in the TIF for Affordable Housing Policy and Income Guidelines included in Exhibit A; and be it

FURTHER RESOLVED that this resolution shall become effective on March 29, 2007.

Adopted by the Portland Development Commission on February 28, 2007.



Renee A. Castilla
Renee A. Castilla, Recording Secretary

EXHIBIT A: TAX INCREMENT FINANCING FOR AFFORDABLE HOUSING INCOME GUIDELINES

PDC Staff Recommendation 2-14-2007

This document outlines Income Guidelines for the Tax Increment Financing for Affordable Housing policy proposed for adoption by the Portland Development Commission Board of Directors. The guidelines establish spending criteria for the funding established by Resolution 6402 adopted on October 25, 2006.

Resolution 6402 established the following funding requirements for Affordable Housing beginning July 1, 2006:

- Interstate Corridor Urban Renewal Area: a minimum of 30% of all tax increment resources
- Gateway Regional Center Urban Renewal Area: a minimum of 30% of all tax increment resources
- Lents Town Center Urban Renewal Area: a minimum of 30% of all tax increment resources
- River District Urban Renewal Area: a minimum of 30% of all tax increment resources
- North Macadam Urban Renewal Area: a minimum of 30% of all tax increment resources
- South Park Blocks Urban Renewal Area: a minimum of 30% of all tax increment resources
- Oregon Convention Center Urban Renewal Area: a minimum of 26% of all tax increment resources
- Downtown Waterfront Urban Renewal Area: a minimum of 22% of all tax increment resources
- Central Eastside Urban Renewal Area: a minimum of \$5,100,000 of all tax increment resources of the first \$35 million of debt issued and a minimum of 30% of all tax increment resources for any additional debt beyond \$35 million.

The Resolution further stated that the Commission would develop Income Guidelines that would establish eligible homeowner and rental housing funding levels for the Tax Increment Financing for Affordable Housing resources, including that consideration of homeownership opportunities for families with incomes up to 100% median family income.

The following Income Guidelines are proposed to take effect for the budget year FY2006/2007 through the remaining life of the individual urban renewal areas. The Income Guidelines will be reviewed:

- After four years of implementation (July 2010) to determine if they provide the appropriate parameters for spending of tax increment financing (TIF) resources for affordable housing given City priorities and the availability of non-TIF resources as leverage;
- If changes are made to the State legislation allowing tax increment to be spent outside of urban renewal area; and
- At any time there is an action resulting in a substantial amendment (i.e. major boundary amendment or change in maximum indebtedness) to that district, in which case changes to the Income Guidelines will be subject to City Council adoption of the URA Amendment.

TAX INCREMENT FINANCING FOR AFFORDABLE HOUSING

Proposed Income Guidelines

1. Neighborhood Urban Renewal Areas: The Neighborhood urban renewal areas include:

- Interstate Corridor Urban Renewal Area (ICURA)
- Lents Town Center Urban Renewal Area (LTCURA)
- Gateway Regional Center Urban Renewal Area (GWURA)
- Oregon Convention Center Urban Renewal Area (OCCURA)

Proposed Income Guidelines: Resource allocations will meet the following criteria:

Income/Spending Category (MFI/housing type)	Proposed Income Guidelines	Estimated Unit Potential FY06/07 – FY11/12 ¹
0-30% MFI Rental Housing	35% - 50%	ICURA - 60-85 units LTCURA - 50-70 units GWURA - 20-30 units OCCURA - 35-50 units
31-60% MFI Rental & 0-60% Homeownership	20% - 45%	ICURA - 65-150 units LTCURA - 55-125 units GWURA - 20-50 units OCCURA - 30-75 units
61-80% (100% ²) Homeownership	20% - 40%	ICURA - 65-140 units LTCURA - 55-115 units GWURA - 20-45 units OCCURA - 50-100 units
Low Income Community Facilities	0% - 10%	Not applicable

¹ Estimated unit potential was based on the following assumptions:

- 0-30% MFI Rental Housing Subsidy: In Neighborhood URAs, assumes \$80,000 - \$120,000 per unit subsidy required. Lower subsidy for rehabbed unit and higher subsidy for family sized units. (unit range \$100,000/unit)
- 31-60% MFI Rental Housing or Homeownership Subsidy: In Neighborhood URAs, assumes \$25,000 - \$100,000 per unit subsidy required. Lower subsidy for homeowner home repair and higher subsidy for new construction rental and homeownership. (unit range based on averaged \$50,000/unit)
- 61-100% MFI Homeownership Subsidy: In Neighborhood URAs, \$20,000 - \$75,000 per unit subsidy required. Lower subsidy for 100% MFI units and home repair and higher subsidy for 61-80% MFI homeownership. (unit range based on averaged \$50,000/unit)

² 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.

2. River District and North Macadam Urban Renewal Areas: The following guidelines apply to the River District Urban Renewal Area (RDURA) and North Macadam Urban Renewal Area (NMURA).

Proposed Income Guidelines: Resource allocations will meet the following criteria:

Income/Spending Category (MFI/housing type)	Proposed Income Guidelines	Estimated Unit Potential FY06/07 – FY11/12 ¹
0-30% MFI Rental Housing	50% - 70%	RDURA - 140-195 units NMURA - 135-190 units
31-60% MFI Rental & 0-60% Homeownership ³	20% - 40%	RDURA - 90-180 units NMURA - 85-175 units
61-80% (100% ²) Homeownership	0% - 20%	RDURA - 0-70 units NMURA - 0-65 units
Low Income Community Facilities	0% - 10%	Not applicable

¹ Estimated unit potential was based on the following assumptions:

- 0-30% MFI Rental Housing Subsidy: In River District and North Macadam URAs, assumes \$100,000 - \$140,000 per unit subsidy required for new construction. (unit range based on averaged \$120,000/unit)
- 31-60% MFI Rental Housing or Homeownership Subsidy: In River District and North Macadam URAs, assumes \$60,000 - \$100,000 per unit subsidy required for new construction rental. (unit range based on \$75,000/unit)
- 61-100% MFI Homeownership Subsidy: In River District and North Macadam URAs, assumes \$75,000-\$130,000 per unit subsidy required for new homeownership. Lower subsidy for 100% MFI and higher subsidy for 61-80% MFI. (unit range based on \$100,000/unit)

² 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.

³ 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.

⁴ If resources allowed in this category in North Macadam are not spent, they can be reallocated to the other spending categories in excess of the allowed maximums.

3. Central Eastside Urban Renewal Area: The following guidelines will apply to the Central Eastside Urban Renewal Area (CESURA)

Proposed Income Guidelines: Resource allocations will meet the following criteria:

Income/Spending Category (MFI/housing type)	Proposed Income Guidelines	Estimated Unit Potential FY06/07 – FY11/12 ¹
0-30% MFI Rental Housing	35% - 50%	CESURA - 35-50 units
31-60% MFI Rental & 0-60% Homeownership ³	20% - 50%	CESURA - 25-70 units
61-80% (100% ²) Homeownership	10% - 30%	CESURA - 15-40 units
Low Income Community Facilities	0% - 25%	Not applicable

¹ Estimated unit potential was based on the following assumptions:

- 0-30% MFI Rental Housing Subsidy: In the Central Eastside URA, assumes \$60,000-120,000 per unit subsidy required. Lower subsidy for rehabbed unit and higher subsidy for new construction. (unit range based on 35% of funds at \$120,000/unit to 90% of funds at \$80,000/unit)
- 31-60% MFI Rental Housing or Homeownership Subsidy: In the Central Eastside, assumes \$50,000-100,000 per unit subsidy required. Lower subsidy for rehabbed units and higher subsidy for new construction rental or homeownership. (unit range based on \$75,000/unit)
- 61-100% MFI Homeownership Subsidy: In the Central Eastside URA, \$50,000-\$100,000 per unit subsidy required. Lower subsidy for 100% MFI and higher subsidy for 61-80% MFI and family sized units. (unit range based on \$75,000/unit)

² 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.

³ 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.

4. Downtown Waterfront Urban Renewal Area: The following income guidelines will apply to the Downtown Waterfront Urban Renewal Area DTWURA:

Proposed Income Guidelines: Resource allocations will meet the following criteria:

Income/Spending Category (MFI/housing type)	Proposed Income Guidelines	Estimated Unit Potential FY06/07 – FY11/12 ¹
0-30% MFI Rental Housing	50% - 70%	DTWURA - 250-375 units
31-60% MFI Rental & 0-60% Homeownership ³	20% - 40%	DTWURA - 90-120 units
61-80% (100% ²) Homeownership	0% - 20%	DTWURA - 0-40 units
Low Income Community Facilities	0% - 25%	Not applicable

5. South Park Blocks Urban Renewal Area: The following income guidelines will apply to the South Park Blocks Urban Renewal Area (SPBURA):

Proposed Income Guidelines: Resource allocations will meet the following criteria:

Income/Spending Category (MFI/housing type)	Proposed Income Guidelines	Estimated Unit Potential FY06/07 – FY11/12 ¹
0-30% MFI Rental Housing	75% - 90%	SPBURA - 300-400 units
31-60% MFI Rental & 0-60% Homeownership ³	10% - 25%	SPBURA - 25-70 units
61-80% (100%*) Homeownership ²	0% - 10%	SPBURA - 0-20 units
Low Income Community Facilities	0% - 10%	Not applicable

¹ Estimated unit potential was based on the following assumptions:

- 0-30% MFI Rental Housing Subsidy: In the Downtown Waterfront and South Park Blocks URAs, per unit subsidy required and unit production based on actual projects in progress.

- 31-60% MFI Rental Housing or Homeownership Subsidy: In the Downtown Waterfront URAs, assumes \$50,000-100,000 per unit subsidy required. Lower subsidy for rehabbed units and higher subsidy for new construction rental or homeownership. (unit range based on \$75,000/unit); In the South Park Blocks URA, per unit subsidy required and unit production based on actual projects in progress.
- 61-100% MFI Homeownership Subsidy: In the Downtown Waterfront and South Park Blocks URAs, assumes \$75,000-\$130,000 per unit subsidy required. Lower subsidy for 100% MFI and higher subsidy for 61-80% MFI and family sized units. (unit range based on \$100,000/unit)

² 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.

³ 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.

PDC

PORTLAND DEVELOPMENT COMMISSION

Resolution Number 6445

TITLE: ADOPTING INCOME GUIDELINES FOR THE TAX INCREMENT FINANCING FOR AFFORDABLE HOUSING POLICY

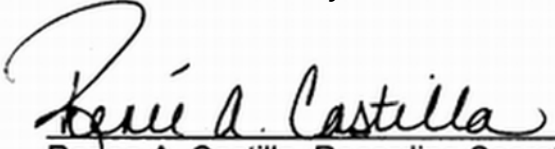
Adopted by the Portland Development Commission on February 28, 2007

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Mark Rosenbaum, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Sal Kadri	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Bertha Ferrán	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Charles Wilhoite	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	John Mohlis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Regular Agenda		

Certification

The undersigned hereby certifies that:

The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Portland Development Commission and duly recorded in the official minutes of the meeting.


Renee A. Castilla, Recording Secretary

Date: March 5, 2007