

# **Housing Production Report Fiscal Year 2002/2003**

**March 2004**

**Portland Development Commission**



# PDC Housing Production Report – FY 2002/2003

## Executive Summary

In January 2003, the Commission adopted a resolution to increase housing production to assist an estimated 13,550 units or households from 2001-2011. PDC has committed to this goal. The resolution illustrated the Commission's focus on affordable rental housing and first-time homebuyers. Efforts are underway to identify resources to achieve an even greater affordable and market-rate production target of 20,000 units or households from 2001-2011. This aggressive target of 20,000 units or households represents an aggregate of PDC, city and regional housing production goals, policy directives, and housing implementation strategies.

The target has been broken down in the following categories that cross the spectrum of PDC programs and projects:

- 1,500 rental rehab preservation units (0-60% MFI)
  - 6,400 new low-income rental units (0-60% MFI)
  - 4,500 new market rate rental units (>60% MFI)
  - 3,000 new homeownership units
  - 3,000 first-time homebuyers
  - 1,600 homes repaired
- TOTAL= 20,000**

This report has been developed to track progress on the overall PDC housing production target. PDC will publish this report annually providing annual progress as well as the aggregate activity starting in Fiscal Year 2001/2002 through 2010/2011.

### FY02/03 Summary

In FY02/03 PDC closed financing on and/or granted an incentive to:

	% of 2011 Unit Target	% of FY02/03 Dollars
79 rental rehab preservation	5%	7%
662 new low-income rental units	10%	82%
1,239 new market rate rental units	28%	5%
759 new homeownership units	25%	0%
25 first-time homebuyers	1%	4%
116 homes repaired	7%	3%
<b>2,859 Unduplicated Units</b>	<b>14%</b>	

The total number of units receiving PDC financing and /or an incentive in FY02/03 was 2,859 (this total does not double count 21 units that received PDC financing for homeownership construction and also for homebuyer loans).

Of the FY02/03 housing units receiving PDC direct financial (excludes incentive only units):

- 263 units were between 0-30% MFI and received 46% of the FY02/03 dollars (over \$14.6 million);
- 614 units were between 0-60% MFI and received 91% of the FY02/03 dollars (over \$28.9 million);
- 68 units were above 60% MFI and received 9% of the FY02/03 dollars (over \$3 million);
- Tax Increment Financing (TIF) financed about 92% of all low income (below 60% MFI) units developed (dollars and units).

In FY02/03, nearly all of the new market rate rental and all of the new homeownership units received only an incentive and no direct PDC financing. TIF (Tax Increment Financing) was spent primarily in new low income rental units. More than half of the federal dollars went to home repair loans and the rest to new low income rental.

### FY2001/2002 through FY2002/2003 Summary

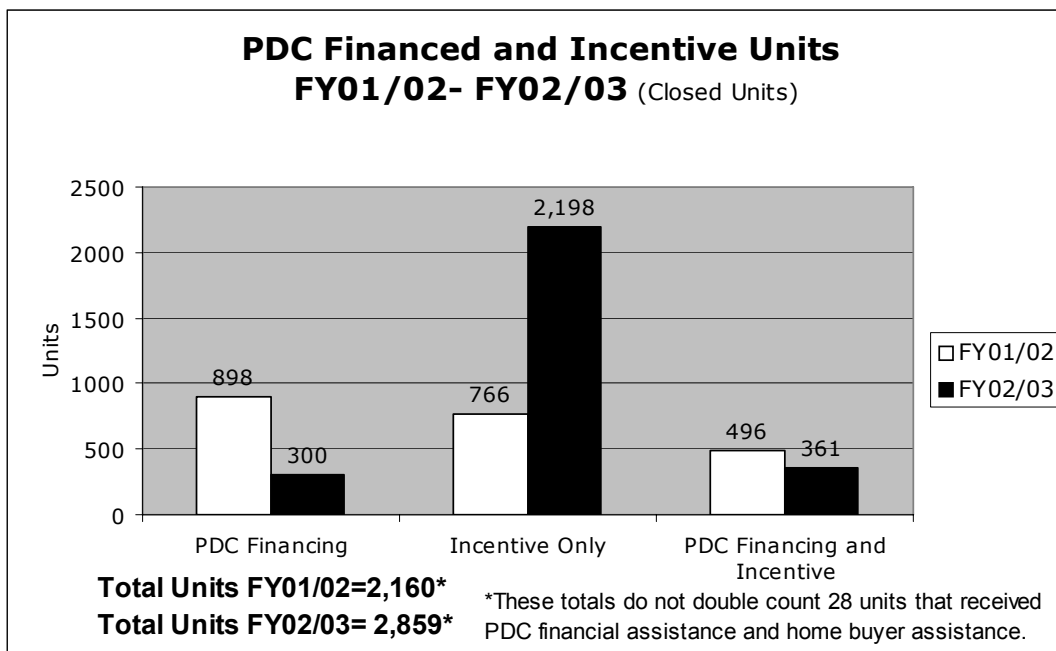
The following shows the sum total of FY01/02 and FY02/03 closed units receiving PDC financing and/or a City administered incentive:

	% of 2011 Unit Target	% of FY01/02- FY02/03 Dollars
461 rental rehab preservation	31%	21%
1,091 new low-income rental units	17%	59%
1,551 new market rate rental units	34%	7%
1,646 new homeownership units	55%	3%
65 first-time homebuyers	2%	5%
233 homes repaired	15%	5%
<b>4,928 TOTAL UNITS</b>	<b>25%</b>	

Ideally, after two years of unit production, 20% of the 2011 target should be met. All the categories meet or exceed 20% toward the target except for new low income rental units (17% of the target), home repairs (15% of the target) and first-time homebuyers (2% of the target). Efforts are currently underway to expand first mortgage products offered through PDC so the units in the first-time homebuyer category should increase significantly in the next few years.

The chart below shows the number of units receiving PDC direct financing, PDC administered incentives or a combination of both for two fiscal years (FY01/02- FY02/03). More total units received some type of assistance in FY02/03 (2859 units) than in FY01/02 (2160 units). The majority of the FY02/03 units (69%) received incentives only – most of the market rate rental units (1,213 out of 1,239 units) and all the new homeownership units (759 units). Less than half the number of units received PDC direct financial assistance in FY02/03 as in FY01/02. These differences between years are due to the cyclical nature of housing production.

### PDC Financed and Incentive Units FY01/02- FY02/03



# PDC Housing Production Report – FY 2002/2003

In January 2003, the PDC committed to a goal to increase housing production over a 10 year period. The Commission adopted a resolution to increase housing production to assist an estimated 13,550 units or households from 2001-2011. The resolution illustrated the Commission's focus on affordable rental housing and first-time homebuyers. Efforts are underway to identify resources to achieve an even greater affordable and market-rate production target of 20,000 units or households from 2001-2011. In developing this aggressive target of 20,000 units or households, PDC considered PDC, City and regional housing production goals, policy directives, and housing implementation strategies.

This report has been developed to track progress on the overall PDC housing production target. PDC will publish this report annually providing annual progress as well as the aggregate activity starting in Fiscal 2001/2002 through 2011/2012. Other annual reports complementing this report are the Annual Housing Evaluation Report and the Housing Implementation Strategy Consolidated Report. This report focuses on closed units, however committed units are also presented. PDC has a legal obligation to fund projects in the committed status and once projects reach this status they are not likely to significantly change. Reserved units are not included in this report. All units in Portland closed or committed or units with incentives received in FY02/03 are included in this report.

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

- 1,500 rental rehab preservation units
- 6,400 new low-income rental units
- 4,500 new market rate rental units
- 3,000 new homeownership units
- 3,000 first-time homebuyers
- 1,600 homes repaired

Success of achieving these targets is predicated on resource development efforts and the continued availability of tax increment financing. This report includes projects financed with Tax Increment Financing (TIF), federal funds (CDBG and HOME), the Housing Investment Fund (HIF) and Fannie Mae Homestyle loans. HIF made available \$30 million for approximately 2,800 housing units across similar housing production goals as listed above. The HIF funds have been spent and there is currently a nominal HIF income stream, therefore future housing production will rely heavily on TIF, federal funds and new resources. TIF dollars may be and are spent on housing projects however housing is not the only goal of the TIF dollars. TIF also finances revitalization and balanced community goals. TIF and federal funds are not sufficient to meet the 2011 housing production targets thus other new resources are needed.

## Production Target Directives

- The new production target brings together various approved policies and stated numeric goals into a unified housing production target. These consolidated targets enable the agency and its partners to more clearly determine direction, impacts and priorities when allocating resources.
- The City of Portland has joined other jurisdictions in committing to absorb population growth by increasing housing production to meet growth management goals established by the Metro Regional Government.
- Both the Consolidated Plan 2000-2005 and the Regional Affordable Housing Strategy (17,000 affordable units in Portland by 2017) recognize the lack of affordable housing in the region and project the shortage to continue into the next decades. PDC's increased production is a commitment to help close the gap on affordable housing by increasing preservation and production over the next decade.

- The 1996-2001 Auditor's Report on Housing Production illustrated that City incentives, programs and projects impacted 41% of new housing production during this time period. The Report demonstrated the important role PDC and the City and their partners have played in keeping housing production at levels congruent with City and regional growth management targets.
- Increased production is also supported by several City area plans such as the Central City Plan which targets the addition of 15,000 units to the Central City by 2015.
- City Council adopted a No Net Loss goal of preserving or replacing 1200 units of affordable housing within the Central City by 2006.
- As part of urban renewal planning, the Commission has adopted production targets for new and existing districts. The addition of several new urban renewal districts such as the Gateway, North Macadam, Interstate Corridor, and Lents Town Center in the last five years has created greater funding opportunities for increased housing production.
- There is a commitment to close the homeownership gap for minority and first-time homebuyers by increasing homeownership citywide.

### **Assumptions for Reaching Targets**

- Federal funds (HOME and CDBG) as well as Housing Investment Funds are programmed based on adopted resolutions of City Council and policy mandates.
- The use of urban renewal funds and incentives available, such as tax abatement, has attracted and will likely continue to attract new housing development to new and existing urban renewal areas.
- Achieving these housing production goals is predicated on development of new resources and partnerships. The Commission is pursuing new funding resources.
- PDC has partnered with the State and Portland Housing Center to create and expand first mortgage products.
- The Historic Rehabilitation Fund is being developed through a public-private investment partnership utilizing Federal Historic Rehabilitation Tax Credits and seismic retrofit funds.

### **Challenges**

PDC will continue to face challenges in meeting our housing goals. But we are committed to addressing these challenges and removing barriers whenever possible. Some challenges include:

- Strategically and effectively using TIF, HOME, and CDBG funds to leverage additional sources of funding.
- Seeking partnerships with city and regional agencies in pursuit of new and emerging resources. Success of these initiatives is necessary to achieve these aggressive production targets.
- Creating financially sustainable projects that serve those most in need in partnership with developers committed to the social housing agenda.
- Allocating limited resources to achieve all housing and revitalization goals
- Achieving housing affordability and urban density goals that require greater public subsidy.

## A. 1,500 Rental Rehab Preservation Units (0-60% MFI)

PDC has a number of policy directives toward the preservation of low-income rental housing including:

- *City Preservation Ordinance*- Preserve federally and locally subsidized low-income housing projects.
- *No Net Loss*- Preserve or replace 1,200 units at or below 60% MFI in the Central City by 2006.
- *Downtown Housing Strategy*- Preserve or replace 300-400 low-income rental housing units.
- *Lloyd District Housing Strategy*- Preserve or replace 300 units at or below 60% MFI.
- *Interstate Housing Strategy*- Maintain the existing 1,400 rental units that are subsidized (have affordability requirements).

In FY02/03, 79 rental preservation units were financed by PDC in three projects and totaled just over \$2 million. Ninety-six percent of the units were between 31-50% MFI. Fountain Place units were counted in the FY01/02 report when it was funded through Preservation Line of Credit dollars. In FY02/03 TIF was used to take out the line of credit but to avoid double counting no Fountain Place units are shown in Table 1 for FY02/03.

**Table 1: Rental Rehab Preservation Projects- PDC Financing and Incentive Programs**  
*Closed in FY02/03*

Project	Location	Fund Type			Total	Incentives
		Federal	TIF	HIF**		
Roselawn Cottage and Lodge	Citywide			\$100,000 3 units	\$100,000 3 units	Rental Rehab Tax Abatement FY01/02
Biltmore Hotel-Acquisition	Downtown Waterfront URA		\$944,900 76 units		\$944,900 76 units	
Fountain Place Apartments	South Park Blocks URA		\$1,067,857 0* units		\$1,067,857 0 units	
<b>Sub Totals</b>			<b>\$2,012,757 76 units</b>	<b>\$100,000 3 units</b>	<b>\$2,112,757 79 units</b>	

\*Fountain Place has 80 units (64 are below 60% MFI) which were included in the FY01/02 Unit Production Report total unit count. Fountain Place was purchased with a preservation line of credit and the line of credit was taken out with TIF funds in FY02/03.

\*\* Housing Investment Fund.

<b>Total Rental Rehab Preservation Closed Units (unduplicated)</b>	<b>79 units</b>
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**Table 2: Summary of Rental Rehab Preservation Units by Income Levels**  
*(incentive-only units excluded)*

	Income Level (% MFI)					Total
	0-30	31-50	51-60	61-80	81+	
<b>Units</b>		76 units	3 units			79 units
<b>Dollars</b>		\$1,219,129	\$893,628			\$2,112,757
<b>\$/unit*</b>		\$12,433	\$33,333			\$13,227
<b>Closed Total Units</b>		76 units	3 units			79 units
<b>% of Total Closed</b>		96%	4%			

\*Dollars per unit calculation excludes Fountain Place dollars.

## **B. 6,400 New Low Income Rental Units (0-60% MFI)**

Units built in this category support the following City policies and PDC strategies:

- *No Net Loss*- Preserve or replace 1,200 units at or below 60% MFI in the Central City by 2006.
- *Downtown Housing Strategy*- Preserve or replace 300-400 low-income rental housing units.
- *River District*- Assuming 6,600 units at build-out, develop 359 units at 0-30% MFI, 365 units at 31-50%, and 440 units at 51-80% [over 700 currently planned or constructed].
- *Lloyd District Housing Strategy*- Preserve or replace 300 units at or below 60% MFI, and produce an additional 320 rental units by 2011 focusing resources on 0-50% MFI rental units.
- *Interstate Housing Strategy*- Add at least 2,000 rental units at 0-60% MFI with long-term affordability requirements by 2020.
- *Lents Housing Strategy*- Foster the development of 150-250 new housing units (Five-year benchmark).
- *Gateway Housing Strategy*: Increase overall housing production to address the diverse needs of households at a range of income levels.
- Metro's *Regional Affordable Housing Strategy* set the goal of 1,791 citywide units below 50% MFI in Portland by 2005.
- Housing and Community Development Commission citywide allocation of HIF/HOME/CDBG for below 60% MFI targets include: 35% of funds for 0-30% MFI; 40% of funds for 31-50% MFI; and 18% of funds for 51-60% MFI.

In FY02/03, 662 new low-income rental units in 13 projects were funded and/or received an incentive. Four of these projects received an incentive only (226 units). The majority (89%) of PDC funding for these projects was TIF. Of the PDC financed units, 55% were below 30% MFI and 99% were below 50% MFI.

**Table 3: New Low Income Rental Units- PDC Financing and Incentive Programs**  
*Closed in FY02/03*

Project	Location	Fund Type			Total	Incentives
		Federal	TIF	HIF		
Buka's Place	Interstate URA	\$384,317 7 units			\$384,317 7 units	SDC Rental FY0102
Clinton Ridge Apartments	Citywide			\$877,579 28 units	\$877,579 28 units	SDC Rental FY01/02
Douglas Meadows	Citywide	\$599,313 8 units			\$599,313 8 units	SDC Rental FY01/02
Lents Scattered Site Rental	Lents URA		\$893,000 30 units	\$145,260 5 units	\$1,038,260 35 units	SDC Rental 30 units FY02/03
McCarthy Place-Group Home	Citywide	\$216,000 10 units			\$216,000 10 units	
PCRI - FAB 4 Scattered Site	Interstate URA (3) Citywide (1)	\$399,833 5 units			\$399,833 5 units	
Plaza De Cedro	Citywide	\$307,744 6 units			\$307,744 6 units	SDC Rental FY01/02
Danmoore	Downtown Waterfront URA		\$10,000,000 180 units		\$10,000,000 180 units	SDC Rental 180 units FY02/03
Station Place	River District URA		\$12,362,970 157 units		\$12,362,970 157 units	Tax Abatement 157 units FY02/03
Incentive Only	Gateway URA					SDC-Rental/TOD 51 units FY02/03
Incentive Only	Citywide					Fee Waiver Rental 53 unit FY02/03
Incentive Only	Citywide					SDC Rental 95 units FY02/03
Incentive Only	Citywide					SDC Rental/Fee Waiver Rental 27 units FY02/03
<b>Sub Totals</b>		<b>\$1,907,207</b> <b>36 units</b>	<b>\$23,255,970</b> <b>367 units</b>	<b>\$1,022,839</b> <b>33 units</b>	<b>\$26,186,016</b> <b>436 units</b>	<b>Unduplicated Incentive Units</b> <b>226 units</b>

<b>Total New Low-Income Rental Closed Units (unduplicated)</b>	<b>662 units</b>
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**Table 4: New Low Income Rental Units- PDC Financing and Incentive Programs  
Committed in FY02/03**

Project	Location	Fund Type		Incentives
		Federal	Total	
Fenwick Apartments- HAP	Interstate URA	\$1,380,420 27 units	\$1,380,420 27 units	
Villas De Mariposas	Citywide	\$1,000,000 71 units	\$1,000,000 71 units	SDC Rental 34 units FY02/03
<b>Sub Totals</b>		<b>\$2,380,420 98 units</b>	<b>\$2,380,420 98 units</b>	<b>Unduplicated Incentive Units</b>

<b>Total New Low-Income Rental Committed Units (unduplicated)</b>	<b>98 units</b>
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**Table 5: Summary of Low-Income Rental Units by Income Levels  
(incentive-only units excluded)**

	Income Level (% MFI)					Total
	0-30	31-50	51-60	61-80	81+	
<b>Units</b>	254 units	242 units	38 units			534 units
<b>Dollars</b>	\$15,315,392	\$13,249,097	\$2,114,704			\$30,679,193
<b>\$/unit</b>	\$60,297	\$54,748	\$55,650			\$57,452
<b>Closed Total Units</b>	240 units	192 units	4 units			436 units
<b>% of Total Closed</b>	55%	44%	1%			100%
<b>Committed Total Units</b>	14 units	50 units	34 units			98 units
<b>% of Total Committed</b>	14%	51%	35%			100%

Table 6 below shows the total PDC-financed units under 60% (Rental Rehab Preservation and Low-Income Rental units). Nearly half (47%) were under 30% MFI and 99% were under 50% MFI.

**Table 6: Summary of Rental Rehab Preservation and Low-Income Rental Units by Income Levels**

	Income Level (% MFI)					Total
	0-30	31-50	51-60	61-80	81+	
<b>Rehab Units</b>		76 units	3 units			79 units
<b>% Total Rehab Units</b>		96%	4%			100%
<b>New Units</b>	240 units	192 units	4 units			436 units
<b>% Total New Units</b>	55%	44%	1%			100%
<b>Total Units</b>	240 units	268 units	7 units			515 units
<b>% Total Units</b>	47%	52%	1%			100%

### **C. 4,500 Market Rate Rental Units (above 60% MFI)**

As part of larger revitalization, transit oriented development and growth management goals, PDC supports the development of market rate rental housing. Many of these market rate units are within mixed-income projects that include low-income units as well. PDC generally finances market rate units with amortizing debt, therefore funds are expected to be repaid.

Units built in this category support the following City policies and PDC strategies:

- *Downtown Housing Strategy*- Develop 400-500 new middle- and mixed-income rental housing units.
- *River District Housing Strategy*- Assuming 6,600 units at build-out, develop 440 51-80% units, 797 81-120% MFI units, and 1,389 121%+ units (over 1,300 currently planned or constructed).
- *Lloyd District Housing Strategy*- Develop 3,000 new housing units by 2015 (above and below 60%).
- *Interstate Housing Strategy*- Increase the total housing stock by 4,000 units by 2020.
- *Gateway Housing Strategy*: Increase overall housing production to address the diverse needs of households at a range of income levels.
- *Lents Housing Strategy*- Foster the development of 150-250 new housing units (Five-year benchmark).

Nearly all of the new market rate rental units received an incentive and no PDC financing (10 out of 15 projects). Half of the incentive only projects were in the River District URA. All of the PDC financing was TIF. Of the 26 PDC financed units, 77% were between 61-80% MFI and 23% were over 80% MFI while all of the dollars went towards 61-80% MFI units. The 19 Station Place units have affordability agreements and are income restricted. Roselawn has 5 market rate unrestricted units and 3 units with 60 year affordability restrictions.

**Table 7: Market Rate Rental Units- PDC Financing and Incentive Programs**  
*Closed in FY02/03*

Project	Location	Fund Type			Incentives
		Federal	TIF	HIF	
Clinton Ridge Apartments*	Citywide			\$0 1 unit	SDC Rental FY01/02
Fountain Place Apartments*	Downtown Waterfront URA		\$282,643 0** units		
Gateway Arbors	Gateway URA				TOD Tax Abatement 22 Units FY02/03
Russellville Phase 2	Gateway URA				TOD Tax Abatement 153 Units FY02/03
Lents Scatter Site Rental*	Lents URA		\$0 1 unit		
Multnomah Street Apartments	Oregon Convention Center URA				Multi -Family Tax Abatement 184 Units FY02/03
The Burlington	River District URA				Multi -Family Tax Abatement 163 Units FY02/03
The Lexis	River District URA				Multi -Family Tax Abatement 139 Units FY02/03
10 <sup>th</sup> @ Hoyt	River District URA				Multi -Family Tax Abatement 175 units FY02/03
Station Place*	River District URA		\$1,193,078 19 units		Multi -Family Tax Abatement 19 units FY02/03
South Pearl	River District URA				Multi -Family Tax Abatement 244 units FY02/03
Bookmark Apartments	Citywide				TOD Tax Abatement 51 units FY02/03
Roselawn Cottage and Lodge*	Citywide			\$0 5 units	Rental Rehab Tax Abatement FY01/02
Incentive Only	Lents URA				SDC Rental 58 units*** FY02/03
Incentive Only	Citywide				SDC Rental 24 units*** FY02/03
<b>Sub Totals</b>			<b>\$1,475,721</b> <b>20 units</b>	<b>\$0</b> <b>6 units</b>	<b>\$1,475,721</b> <b>26 units</b> <b>Unduplicated Incentive Units</b> <b>1,213 units</b>

\* These are mixed income projects and affordable units for these projects appear in either section A or B of this report.

\*\*Fountain Place has 80 units (16 are above 60% MFI) which were included in the FY01/02 Unit Production Report total unit count. Fountain Place was purchased with a preservation line of credit and the line of credit was taken out with TIF funds in FY02/03.

\*\*\*These units received a Parks SDC which has an income limit of 80% MFI.

<b>Total Market Rate Rental Closed Units (unduplicated)</b>	<b>1,239 units</b>
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**Table 8: Summary of Market Rate Rental Units by Income Levels**  
(incentive-only units excluded)

	Income Level (% MFI)					Total
	0-30	31-50	51-60	61-80	81+	
Units				20 units	6 units	26 units
Dollars				\$1,475,721	\$0	\$56,759
\$/unit				\$73,786		\$56,759
<b>Closed Total Units</b>				20 units	6 units	26 units
<b>% of Total Closed</b>				77%	23%	100%

### D. 3,000 New Homeownership Units

PDC supports the development of homeownership in a number of ways, with the majority of units receiving incentives only. All of the FY02/03 new homeownership units received an incentive but no direct financing from PDC. The total number of units was 759.

Units built in this category support the following City policies and PDC strategies:

- *Downtown Housing Strategy*- Develop 500-600 new middle- and mixed-income condominiums.
- *River District Housing Strategy*- Assuming 6,600 units at build-out, develop 797 81-120% MFI units, and 1,389 121%+ units [over 1,300 currently planned or constructed].
- *Lloyd District Housing Strategy*- Develop 3,000 new housing units by 2015; produce an additional 230 ownership units by 2011 and focus resources on 60-100% MFI ownership.
- *Interstate Housing Strategy*- Increase the total housing stock by 4,000 units by 2020, expand the stock of homeowner buying opportunities, and increase the supply of long-term or permanent affordable homeownership stock.
- *Lents Housing Strategy*- Foster the development of 150-250 new housing units (Five-year benchmark).
- *Gateway Housing Strategy*: Encourage housing options for homeownership for a range of households and incomes.
- *Citywide*- Increase homeownership rate citywide by one percent (1,250 homeowners).

**Table 9: New Homeownership Units- PDC Financing and Incentive Programs**  
Closed in FY02/03

Project	Location	Incentives
Center Commons	Citywide	TOD Tax Abatement 26 units FY02/03
Incentive Only	Lents URA	Tax Abatement, SDC Ownership, and/or Fee Waiver 105 units FY02/03
Incentive Only	Interstate URA	Tax Abatement, SDC Ownership, and/or Fee Waiver 61 units FY02/03
Incentive Only	Citywide	Tax Abatement, SDC Ownership, and/or Fee Waiver 567 units FY02/03
<b>Total</b>		<b>Unduplicated Incentive Units 759</b>

<b>Total New Homeownership Closed Units (unduplicated)</b>	<b>759 units</b>
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## E. Assist 3,000 First Time Homebuyers

PDC recognizes homeownership as an effective tool for resident wealth creation and asset building, as well as increasing neighborhood stability and diversity. PDC focuses its homebuyer assistance on helping people purchase their first home.

First-time homebuyer assistance was mainly in the form of Shared Appreciation Mortgages (SAMs) in condo projects. The majority of units were funded with TIF. Four loans were Fannie Mae Homestyle loans. Twenty-eight percent of the loans were between 61-80% MFI and the rest were above 80% MFI. PDC has a goal to increase minority homeownership. In FY02/03, 16% of the homebuyer loans went to minority households and 84% to white households.

The SAMs for Old Town Lofts had an income restriction of 80% MFI and the SAMs for Marshall Wells were restricted at 120% MFI. Both of these projects as well as the other 2 homebuyer units also received construction financing in a previous fiscal year and at that time the SAMs were awarded. These 21 units are not double counted in the 2 year total at the end of this report.

Units built in this category support the following City policies and PDC strategies:

- Citywide- Increase homeownership rate citywide by one percent (1,250 homeowners). Assist 2,500 first-time, minority homebuyers by 2010.
- *Downtown Housing Strategy*- Target 100-150 homeownership units affordable at or below 120% MFI.
- *River District Housing Strategy*- Assuming 6,600 units at build-out, develop 797 81-120% MFI units, and 1,389 121%+ units [over 1,300 currently planned or constructed].
- *Lloyd District Housing Strategy*- Produce an additional 230 ownership units by 2011, focusing resources on 60-100% MFI.
- *Interstate Housing Strategy*- Increase purchase opportunities and buying power for first-time homebuyers, increase the homeownership rate in neighborhoods that have homeownership rates below the city average.
- *Lents Housing Strategy*- Foster the development of 100-170 new homebuyers in five years. (Five-year benchmark).
- *Gateway Housing Strategy*: Support the development of long-term as well as permanent affordable homeownership options for first-time homebuyers.

**Table 10: First Time Homebuyer Loans- PDC Financing and Incentive Programs**  
Closed in FY02/03

Project	Location	TIF	Fund Type	
			Federal	Total
Homebuyer Assistance	Citywide		\$96,455 2 units	\$96,455 2 units
SAM (Old Town Lofts)	Downtown Waterfront URA	\$171,243 3 units		\$171,243 3 units
SAM (Marshall Wells)	River District URA	\$405,628 16 units		\$405,628 16 units
<b>Sub Totals</b>		<b>\$576,871 19 units</b>	<b>\$96,455 2 units</b>	<b>\$673,326 21 units</b>

**Table 11: Fannie Mae Home Style Loans**  
*Closed in FY 02/03*

<b>Location</b>	<b>Fannie Mae Home Style Loan</b>
Citywide	\$132,000 1 unit
Interstate URA	\$239,300 2 units
Lents URA	\$203,000 1 unit
<b>Total</b>	<b>\$574,300</b> <b>4 units</b>

<b>Total Home Buyer Assistance Closed Loans (unduplicated)</b>	<b>25 units</b>
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**Table 12: Summary of Home Buyer Assistance Loans by Income Levels**  
*(includes Fannie Mae Home Style Loans)*

	<b>Income Level (% MFI)</b>					<b>Total</b>
	<b>0-30</b>	<b>31-50</b>	<b>51-60</b>	<b>61-80</b>	<b>81+</b>	
<b>Units</b>				7 units	18 units	25 units
<b>Dollars</b>				\$464,998	\$782,628	\$1,247,626
<b>\$/unit</b>				\$66,428	\$43,479	\$49,905
<b>Closed Total Units</b>				7 units	18 units	25 units
<b>% of Total Closed</b>				28%	72%	100%

## F. 1,600 Homes Repaired

More than 90% of the loans were made with federal dollars and the remainder with TIF. Two loans were Fannie Mae Homestyle loans. Home repair loans made outside Portland but within Multnomah County totaled 21 homes and \$142,582 and are not included in Table 13. Eighty-five percent of the loans were made to households with incomes at or below 60% MFI.

Units built in this category support the following City policies and PDC strategies:

- *Interstate Housing Strategy*- Increase the ability of new and existing homeowners to maintain their home for the long-term; preserve the existing single-family ownership and rental.
- *Lents Housing Strategy*- 100-200 Home Repair Loans; Assist 250 senior and disabled owner households with repairs (five-year benchmark).
- *Citywide*- The single-family annual target is 100 units repaired per year.

**Table 13: Home Repair Loans- PDC Financing and Incentive Programs**

*Closed in FY02/03 (excludes loans made outside of Portland)*

Project	Location	Fund Type		Total
		Federal	TIF	
Home Rehab Loans	Interstate URA	\$ 68,900 15 units	\$ 10,168 2 units	\$ 79,068 17 units
Home Rehab Loans	Lents URA	\$ 14,125 5 units	\$ 42,495 4 units	\$ 56,620 9 units
Home Rehab Loans	OR Convention Center URA	\$ 15,871 3 units		\$ 15,871 3 units
Home Rehab Loans	Citywide	\$ 556,416 84 units	\$ 4,018 1 unit	\$ 560,434 85 units
<b>Sub Totals</b>		<b>\$ 655,312 107 units</b>	<b>\$ 56,681 7 units</b>	<b>\$ 712,993 114 units</b>

\* These loans include 18 loans for lead-based paint removal which do not appear in the Annual Housing Evaluation Group report.

**Table 14: Fannie Mae Home Style Loans**

*Closed in FY 02/03*

Location	Fannie Mae Home Style Loan
Citywide	\$ 232,600 2 units
<b>Total</b>	<b>\$ 232,600 2 units</b>

<b>Total Home Repair Closed Loans</b> (unduplicated and excludes loans outside Portland)	<b>116 units</b>
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**Table 15: Summary of Home Repair Loans by Income Levels**

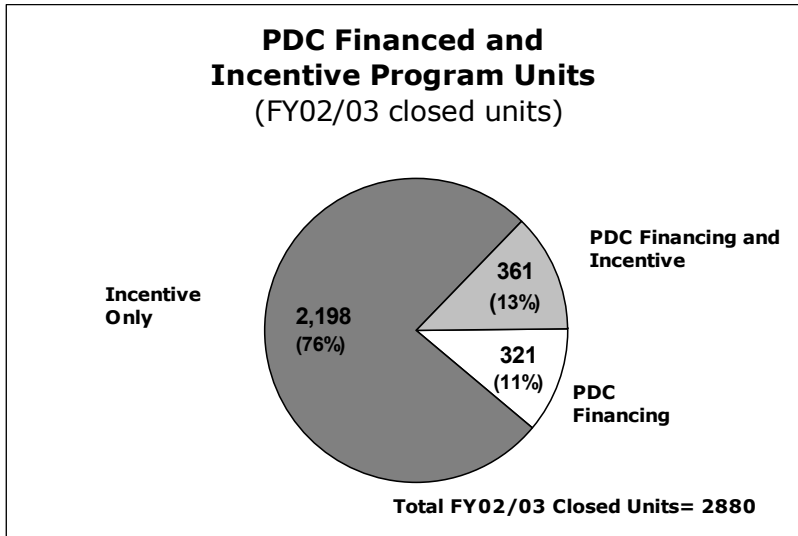
*(includes Fannie Mae Home Style loans and excludes loans outside Portland)*

	Income Level (% MFI)					Total
	0-30	31-50	51-60	61-80	81+	
<b>Units</b>	23 units	60 units	16 units	17 units		116 units
<b>Dollars</b>	\$133,351	\$372,329	\$100,191	\$338,722		\$944,593
<b>\$/unit</b>	\$5,798	\$6,205	\$6,262	\$19,925		\$8,143
<b>Closed Total Units</b>	23 units	60 units	16 units	17 units		116 units
<b>% of Total Closed</b>	20%	52%	14%	15%		100%

## G. FY02/03 Summary of Production and 2011 Production Targets

Chart 1 shows the majority of FY02/03 units received only an incentive and no PDC direct financing (78%). The remaining 24% of the units were split almost equally between receiving PDC financing only and receiving both PDC financing and an incentive.

**Chart 1: PDC Financed and Incentive Program Units**



The category with the most units was Market Rate Rental with 43% of the units and nearly all of these units received only an incentive. New Homeownership was the next highest category with 26% of the total units and all of these units received only an incentive. All of the home Repair and Rental Rehab Preservation units were PDC financed.

**Chart 2: PDC Financed and Incentive Program Units by Target Category**

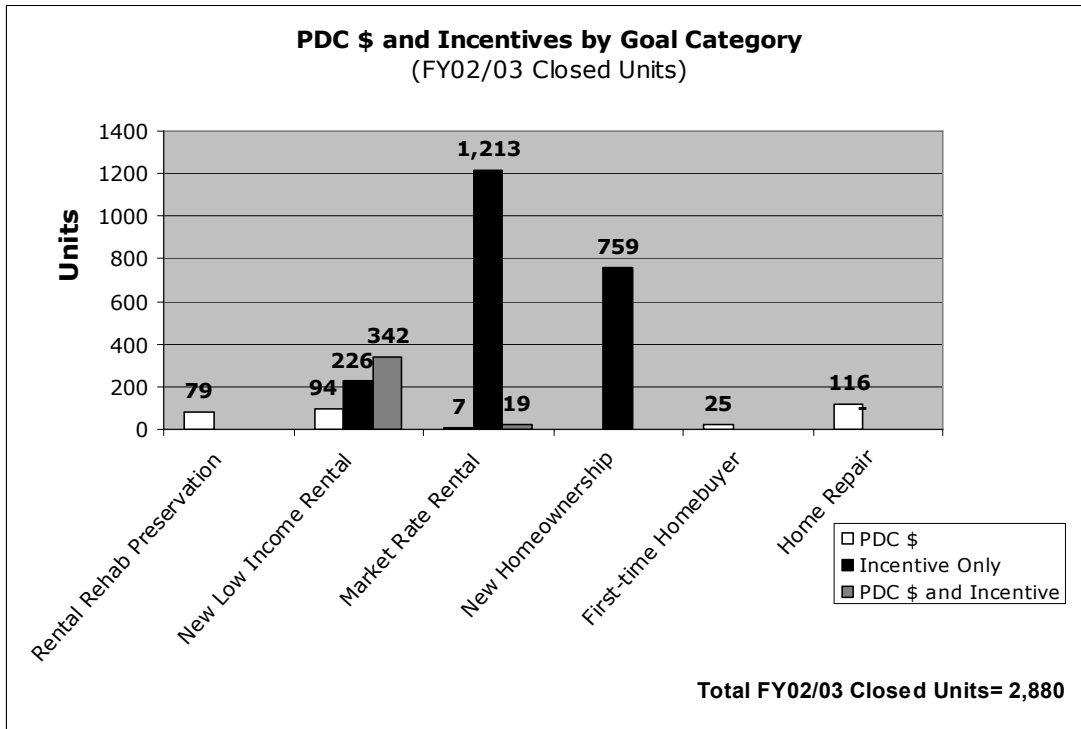
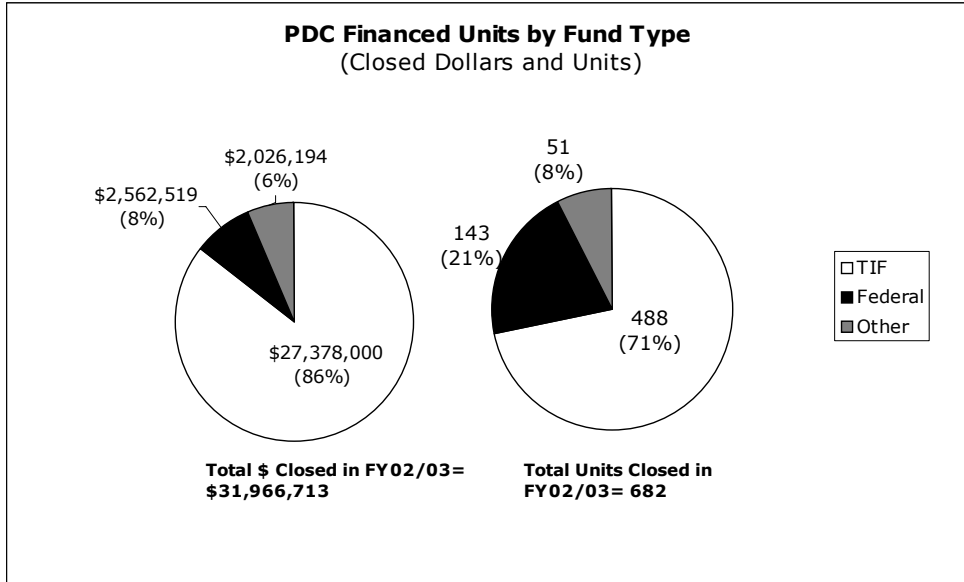


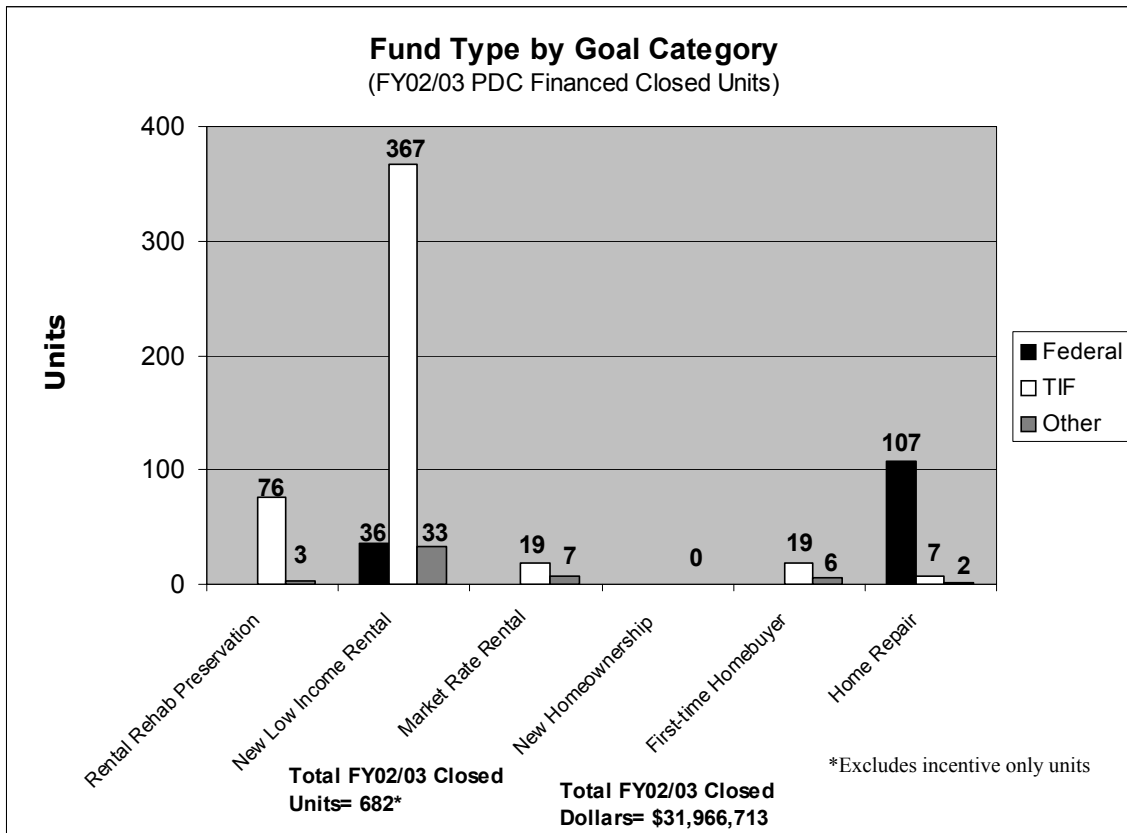
Chart 3 shows a break down of the units and dollars by fund type. The majority of units (71%) and dollars (86%) were tax increment financing. Twenty-one percent of the units were funded with federal dollars which accounted for 8% of the dollars spent. The “other” category was Housing Investment Fund dollars and accounted for 8% of the units and 6% of the dollars.

**Chart 3: FY02/03 PDC Financed Units by Fund Type**



The majority of units were funded with TIF and those units were predominantly in the New Low Income Rental and Rental Rehab Preservation categories. The Home Repairs were funded predominantly with federal funds.

**Chart 4: Fund Type by Target Category**



Of the units receiving TIF dollars, three quarters were in the New Low Income Rental category and 16% were Rental Rehab Preservation units. Of the TIF dollars spent, 86% were in the New Low Income Rental category and 7% were rental rehab preservation.

**Chart 5: Tax Increment Dollars and Units by Target Category**

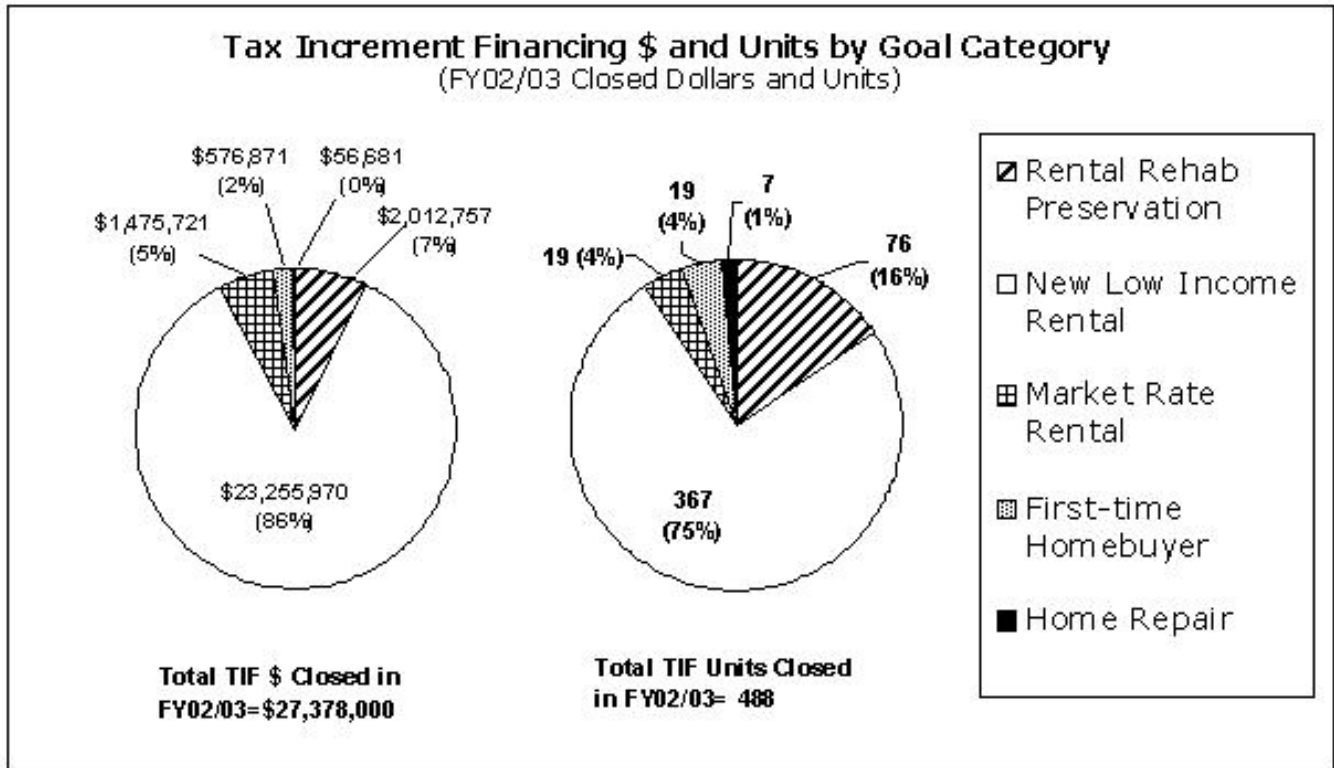


Table 16 presents the multifamily PDC financing units by income level for FY02/03 (excludes homebuyer and home repair loans which are presented in Table 17). Two hundred and forty units were between 0-30% MFI and received 49% of the FY02/03 multifamily dollars (over \$14.6 million); 515 units were between 0-60% MFI and received 95% of the FY02/03 multifamily dollars (over \$28.9 million); 26 units were above 60% MFI and received 5% of the FY02/03 multifamily dollars (over \$3 million).

**Table 16: Summary of FY02/03 Closed Projects by Income Level**  
(incentive-only units excluded)

	Income Level (% MFI)					Total
	0-30	31-50	51-60	61-80	81+	
<b>Rental Rehab Preservation Units (below 60% MFI)</b>						
Units	76 units		3 units		79 units	
Dollars	\$1,219,129		\$893,628		\$2,112,757	
\$/unit	\$12,433		\$33,333		\$13,227	
% of Sub Total Closed	96%		4%		100%	
<b>New Low-Income Rental Units (below 60% MFI)</b>						
Units	240 units	192 units	4 units		436 units	
Dollars	\$14,548,856	\$11,320,115	\$317,045		\$26,186,016	
\$/unit	\$60,620	\$58,959	\$79,261		\$60,060	
% of Sub Total Closed	55%	44%	1%		100%	
<b>Market Rate Rental Units (above 60%)</b>						
Units			19 units	7 units		26 units
Dollars			\$1,475,722			\$1,475,722
\$/unit			\$77,670			\$56,759
% of Sub Total Closed			73%	27%		100%
<b>New Homeownership Units</b>						
Units						
Dollars						
\$/unit						
% of Sub Total Closed						
<b>Total Closed Units</b>	240 units	268 units	7 units	19 units	7 units	541 units
<b>% Total Closed Units</b>	44%	50%	1%	4%	1%	100%
<b>Total Closed Dollars</b>	\$14,548,856	\$12,539,244	\$1,210,673	\$1,475,722		\$29,774,495
<b>% Total Closed Dollars</b>	49%	42%	4%	5%	0%	100%

Seventy percent of the homeowner loans and 28% of the dollars were below 60% MFI.

**Table 17: Summary of FY02/03 Closed First-Time Homebuyer and Home Repair Units by Income Levels**

	Income Level (% MFI)					Total
	0-30	31-50	51-60	61-80	81+	
Units	23 units	60 units	16 units	24 units	18 units	141 units
Dollars	\$133,351	\$372,329	\$100,191	\$803,720	\$782,628	\$2,192,219
\$/unit	\$5,798	\$6,206	\$7,157	\$34,944	\$43,479	\$15,548
% of Closed Units	17%	43%	10%	17%	13%	100%

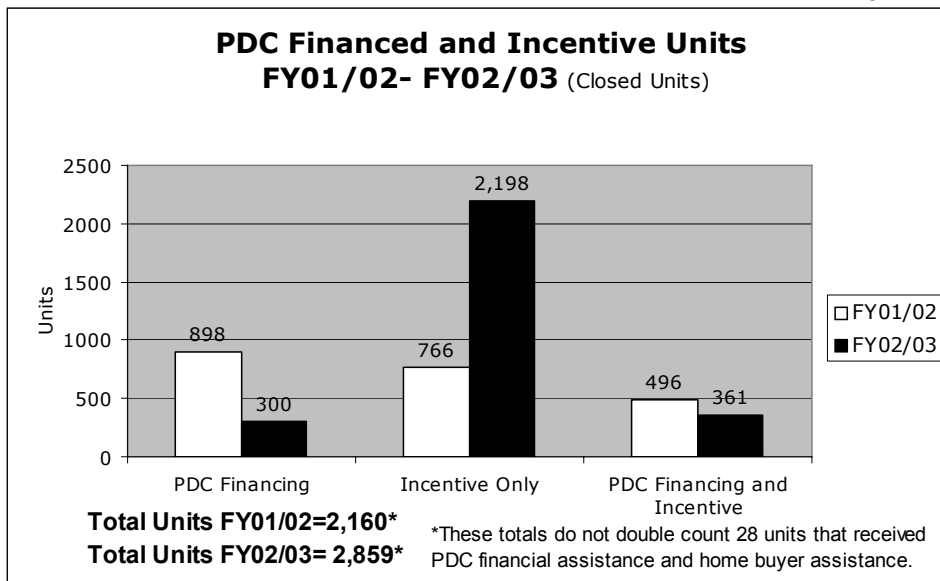
## H. Summary of FY01/02- FY02/03 Production and Production Targets

The following tables include total units and dollars for FY01/02 and FY02/03 combined. The FY01/02 unit information in this report includes 119 units that were not included in the FY01/02 Unit Production Report. The FY01/02 Report only included incentives from PDC administered programs, however, it was decided, in order to reflect a more accurate picture of City-influenced production, to include in the FY02/03 report units receiving any City-administered incentives (which expanded the programs to include Multifamily and Transit Oriented Development (TOD) Tax Abatements). Therefore the following changes were made to the original FY01/02 data:

- Museum Place South and Old Town Lofts were listed in the FY01/02 report as receiving PDC financing only however both also received a Multifamily Tax Abatement. Therefore, the units in both projects (160 combined) were shifted from the “PDC financing only” category to the “PDC financing and incentive” category.
- 59 units in the Cascadian that received a Multifamily Tax Abatement were added to the “New Homeownership Units” category.
- 60 units in the Center Village Apartments received a TOD and were added to the “Market Rate Rental” category.

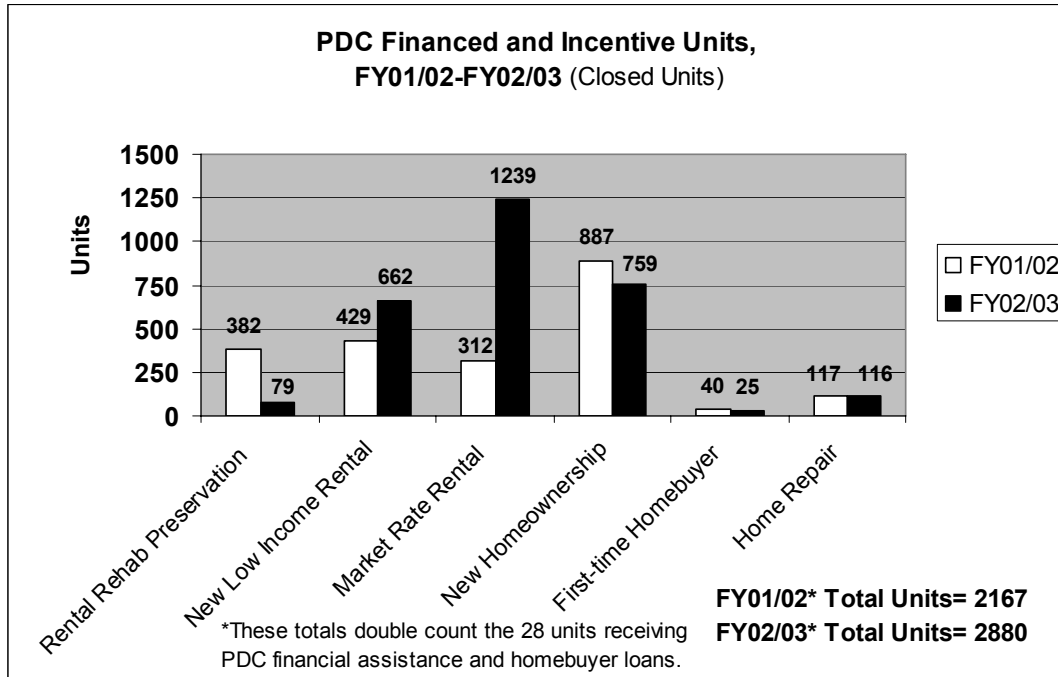
Overall, about seven hundred more units received PDC financing and/or an incentive in FY02/03 as in FY01/02. In FY02/03 the majority of units were incentive only while in FY01/02 the majority were PDC financed only units.

**Chart 6: FY01/02- FY02/03 PDC Financed and Incentive Units by Fund**



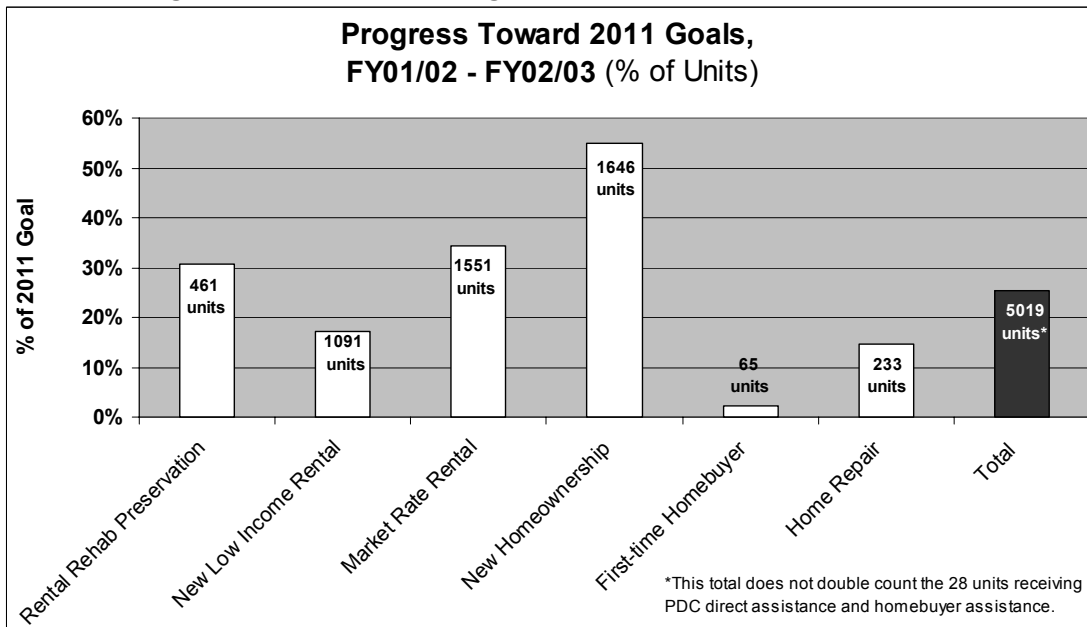
In FY02/03 slightly less New Homeownership units and about the same number of Home Repair units were funded as in FY01/02. FY01/02 saw significantly more Rental Rehab Preservation units funded as in FY02/03 and significantly less Market Rate Rental units funded.

**Chart 7: FY01/02- FY02/03 PDC Financed and Incentive Units by Target Category**



In the second year of production toward the 2011 Targets, ideally 20% of each target should be met. Chart 8, Table 18 and Table 19 show the progress toward the 2011 Targets. At least 20% of the target units have been completed in the Rental Rehab Preservation, Market Rate Rental and New Homeownership categories. Almost 20% was reach in the New Low Income Rental and Home Repair categories. Loans in the First-time Homebuyer category are significantly below the 20% marker, however, efforts are underway to expand first mortgage products administered by PDC.

**Chart 8: Progress Toward 2011 Targets, FY01/02- FY02/03**



**Table 18: FY01/02- FY02/03 Summary**

	Production Targets					
	1. 1,500 Rental Rehab Preservation Units	2. 6,400 New Low Income Rental Units	3. 4,500 Market Rate Rental Units	4. 3,000 New Homeownership Units	5. Assist 3,000 First Time Homebuyers	6. 1,600 Homes Repaired
<b>Total Units</b>	<b>461</b>	<b>1091</b>	<b>1,551</b>	<b>1,646</b>	<b>65</b>	<b>233</b>
<b>% Total Units (FY01/02- FY02/03)</b>	<b>9%</b>	<b>22%</b>	<b>31%</b>	<b>33%</b>	<b>1%</b>	<b>5%</b>

**Two Year Grand Total, FY01/02- FY02/03                      5,019 units\***

\*26 units in the Streetcar Lofts, Marshall Wells, Old Town Lofts and 2 homebuyer loans are listed as homebuyer assisted units (28 SAMs) and also as homeowner units (received PDC financial assistance). These 28 units are not double counted in this total.

**Table 19: Percentage of 2011 Target Reached**

	Production Targets					
	1. 1,500 Rental Rehab Preservation Units	2. 6,400 New Low Income Rental Units	3. 4,500 Market Rate Rental Units	4. 3,000 New Homeownership Units	5. Assist 3,000 First Time Homebuyers	6. 1,600 Homes Repaired
<b>FY02/03 % of 2011 Target</b>	<b>5%</b>	<b>10%</b>	<b>28%</b>	<b>25%</b>	<b>1%</b>	<b>7%</b>
<b>2 Year Total % of 2011 Target (FY01/02- FY02/03)</b>	<b>31%</b>	<b>17%</b>	<b>34%</b>	<b>55%</b>	<b>2%</b>	<b>15%</b>

<b>FY02/03 of 2011 Target</b>	<b>14%</b>
<b>2 Year % of 2011 Target- FY01/02- FY02/03</b>	<b>25%</b>

**Table 20: FY02/03 Closed Projects/ Loans and Production Targets**

Projects Closed in FY02/03	Production Targets					
	1. 1,500 Rental Rehab Preservation Units	2. 6,400 New Low Income Rental Units	3. 4,500 Market Rate Rental Units	4. 3,000 New Homeownership Units	5. Assist 3,000 First Time Homebuyers	6. 1,600 Homes Repaired
Biltmore Hotel-Acquisition	76					
Buka's Place		7				
Clinton Ridge Apartments		28	1			
Danmoore		180				
Douglas Meadows		8				
Fountain Place Apartments						
Lents Scattered Site Rental		35	1			
McCarthy Place- NE 165th Group Home		10				
PCRI - FAB 4 Scattered Site		5				
Plaza De Cedro		6				
Roselawn Cottage and Lodge	3		5			
Station Place		157	19			
Homebuyer Assistance						
SAMs					21	
Fannie Mae Homes Style Loans- Buyers					4	
Owner Rehab						114
Fannie Mae Homes Style Loans- Rehab						2
Incentive Only		226	1,213	759		
<b>Total Units (excluding incentive only units)</b>						
<b>Total Units</b>	<b>79</b>	<b>436</b>	<b>26</b>	<b>0</b>	<b>25</b>	<b>116</b>
<b>% Total</b>	<b>12%</b>	<b>64%</b>	<b>4%</b>	<b>0%</b>	<b>4%</b>	<b>17%</b>
<b>Total (including incentive-only units)</b>						
<b>Total units</b>	<b>79</b>	<b>662</b>	<b>1,239</b>	<b>759</b>	<b>25</b>	<b>116</b>
<b>% Total</b>	<b>3%</b>	<b>23%</b>	<b>43%</b>	<b>26%</b>	<b>1%</b>	<b>4%</b>

<b>Grand Total of Closed Units (excluding incentives), FY02/03</b>	<b>661* units</b>
<b>Grand Total of Closed Units (including Incentives), FY02/03</b>	<b>2,859* units</b>

\* These totals do not include the 21 homebuyer units that received a homebuyer loan in FY02/03 and PDC direct financial assistance in a previous fiscal year.

## **Appendix A: PDC Direct Financing Sources and Incentive Programs**

### **PDC Direct Financing Funding Sources**

PDC programs are funded by several sources, the most common are listed below (see Appendix C for a complete listing of PDC housing products, including incentives programs):

- *Tax Increment Financing*- These funds are available only in Urban Renewal Areas (URA) and only for capital expenditures in the specific URA.
- *Federal Funds*- These include HOME and the Community Development Block Grant (CDBG). The Bureau of Housing and Community Development applies for these funds on an annual basis and contracts with PDC to administer them. These funds are available citywide and as a general rule are not used in the URAs because of the availability of TIF in those areas. However, newer URAs with insufficient TIF resources have used CDBG and HOME resources for projects consistent with the established citywide housing priorities.
- *Housing Preservation Line of Credit*- These funds are a revolving line of credit established by the City and primarily used for acquisition and taken out with other funds at the time of permanent financing.

Housing projects generally have several sources of funding which may include tax credits, state housing funds, private equity, or bond financing to name a few. PDC works to maximize all resources before committing PDC direct financial assistance or incentives. The level of PDC investment in projects is directly correlated with the ability of a project to leverage other resources and the extent to which it meets the housing goals of the URA.

### **Incentive Programs**

The City of Portland offers several incentives for housing production or rehabilitation. Below are the programs included in this report.

- *Limited Property Tax Abatement Program, Single Family New Construction*- This is a ten-year tax abatement on the improvement value for new homes that meet the following criteria: a) the property is located within a Homeownership Opportunity Areas, b) the property is less than 2-years old (single family homes and condominiums are eligible), and c) the sales price must be no greater than an annually adjusted minimum.

The Single Family New Construction Limited Tax Abatement Program had a sunset date of January 1, 2003. A bill to extend the program was sent to the Legislature during the 2001 and 2003 legislative sessions. Unfortunately, the bill was not passed, therefore, PDC is not accepting applications until further notice.

- *Limited Property Tax Abatement, Owner-Occupied Rehabilitation*- This exemption was created to encourage the rehabilitation of owner-occupied housing in Homeownership Opportunity Areas of Portland. This product offers a property tax exemption for ten years on the increased property tax assessment value resulting from approved rehabilitation of the property.

- *Limited Property Tax Abatement, Rental Rehabilitation*- This program was created to preserve rental housing in the City. Under this program, property owners are not taxed for ten years on increases in property tax assessment value resulting from an improvement of existing rental housing or conversion of existing structures to rental housing. The property owner must designate a number of units to remain affordable to low-income households for the duration of the exemption period.
- *Limited Property Tax Abatement Program for Transit Oriented Development*- The City of Portland has a limited property tax abatement program for qualifying transit oriented developments within one-quarter mile of a light rail stations. Projects receiving the abatement are exempted from ad valorem taxes on the value of the improvement for a 10-year period. The purpose of the tax exemption is to encourage the development of high density housing and mixed-use projects affordable to a broad range of households on vacant or underutilized sites near light rail or fixed route transit service. Eligibility is dependent on a variety of public benefits included in the project as outlined in the city code, including but not limited to affordable housing units, day care, ground floor commercial, community meeting space and transit amenities.
- *New Multiple-Unit (Central City) Housing Property Tax Abatement*- This abatement provides a property tax exemption for the newly constructed housing or conversion of existing structures into housing in the Central City and Urban Renewal Areas for ten years.
- *PDC Development Fee Waiver Program*- This program is available to non-profit affordable housing projects in the City of Portland. It is intended to reduce development costs by waiving a portion of the development fees associated with rehabilitation or new construction of affordable housing units (rental or homeownership). Fee waivers are subject to the availability of PDC funds and the program is funded at \$100,000 per year.
- *System Development Charge (SDC) Exemption Program*- New Development within the City of Portland generates the need for capacity increases for transportation systems, parks and recreation facilities and water works systems, and the System Development Charges (SDC) fund a portion these increases in capacity. SDC Exemptions are intended to reduce the development costs for residential units that are made affordable to first time homeowners and low-income renter households by exempting developers from paying SDC fees levied by the City of Portland. Rental units must be at or below 60% MFI and homeowner units must be at or below 100% MFI. Only those units meeting the requirements will receive the exemption. PDC has been charged with the administration and monitoring of the SDC Exemption Program for Affordable Housing for the City's Office of Transportation, Bureau of Water Works and Bureau of Parks and Recreation. PDC also administers a Parks Credit Pool which grants credits to projects that prove financial necessity and either satisfy the requirements of Innovative Design guidelines or receive target area team approval. (TIF eligible expenditure, except Parks SDC for which the source is PDC's credit pool. The income limits for the credit pool are 80% MFI for rental and 120% MFI for homeownership).