Housing Production Report
Fiscal Year 2006/2007

April 2008

Portland Development Commission

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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. The resolution illustrated the Commission's primary focus on affordable rental housing and first-time homebuyers. PDC's has committed to an even greater affordable and market-rate production target of 17,000 units and 3,000 homebuyers—***20,000 units or households***—from 2001 to 2011. This aggressive target represents an aggregate of PDC, city and regional housing production goals, policy directives and urban renewal housing implementation strategies.

The 20,000 unit production 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)
12,400 Rental Housing Units

3,000 New Homeownership Units
1,600 Homes Repaired (owner-occupied)
3,000 First-Time Homebuyers
7,600 Homeownership Units and First-Time Homebuyers

This report has been developed to track progress on the overall PDC housing production by the categories listed above. PDC publishes this report annually providing both the annual progress summary, as well as the aggregate activity, starting in Fiscal Year 2001/2002 through 2010/2011. In addition to the Unit Production Report, PDC has also begun tracking progress toward the recently adopted Tax Increment Financing for Affordable Housing Policy (TIF Set Aside) which took effect for Fiscal Year 2006/2007.

FY06/07 Summary

The chart below summarizes PDC housing activity for FY06/07. This information includes projects funded with Tax Increment Financing (TIF), federal Community Development Block Grant (CDBG), federal HOME, City Housing Investment Fund, City Housing Opportunity Bond, property tax exemptions, system development charge exemptions, and pass through homeownership mortgage funds from Fannie Mae and the Oregon Residential Bond programs.

Fiscal Year 2006/2007 Totals

Units:	Total Units and Buyers	% of Total Units and Buyers	Total PDC Dollars	% of Total PDC Dollars
Rental rehab preservation	332	16%	6,987,839	22%
New low-income rental uints	626	31%	21,011,617	66%
New market rate rental units	7	0%	192,555	1%
New homeownership units	621	30%	0	0%
Homes repaired	144	7%	1,223,578	4%
Homebuyers:				
First-time homebuyers	308	7%	2,364,656	7%
Total Units and Homebuyers	2,038		31,780,245	**Total Dollars**

Highlights of PDC's housing activity in FY06/07 include:

- 2,038 units and homebuyers received direct financial assistance and/or development incentives in FY 06/07.
    - 1,073 units were homeownership housing units or buyers (53% of unit)
    - 965 units were rental housing (47% of units)
- The total amount of housing dollars (loans and grants) from all sources of funds closed in FY06/07 was $31.6 million.
    - $3.4 million went toward homeownership: first-time homebuyers and owner-occupied home repair loans (only 11% of total expenditures), and
    - $28.2 million went toward rental housing: new production and preservation (89% of total expenditures).
- Of the total dollars closed on housing loans or grants:
    - 64% were funded with tax increment financing. ($20,206,156)
    - 7% federal funds. ($2,280,969)
    - 21% came from the City of Portland, mostly from the Housing Opportunity Bond program. ($6,799,400)
    - 8% came from Fannie Mae HomeStyle and Oregon Residential Bond pass through funds.
- Of the TIF spent on housing in FY06/07, 26% went to rental rehab preservation, 69% went to new low income rentals, 1% was spent on market-rate rental, 3% to home repair, and 1% to first-time homebuyers.
- Ninety three percent of the units/buyers that received direct financial assistance in FY06/07 were below 60% median family income (MFI) – both rental and homeowner housing.
    - 44% of the units were at 0-30% MFI (305 units)
    - 44% of the units were at 31-50% MFI (302 units)
    - 5% of the units were at 51-60% MFI (37 units)

The following table shows the sum total of FY01/02 through FY06/07 closed PDC financing and/or a City administered incentives for units and homebuyers.

Year Six Progress on 10-Year 20,000 Production Goals (FY2001/2002 through FY2006/2007)

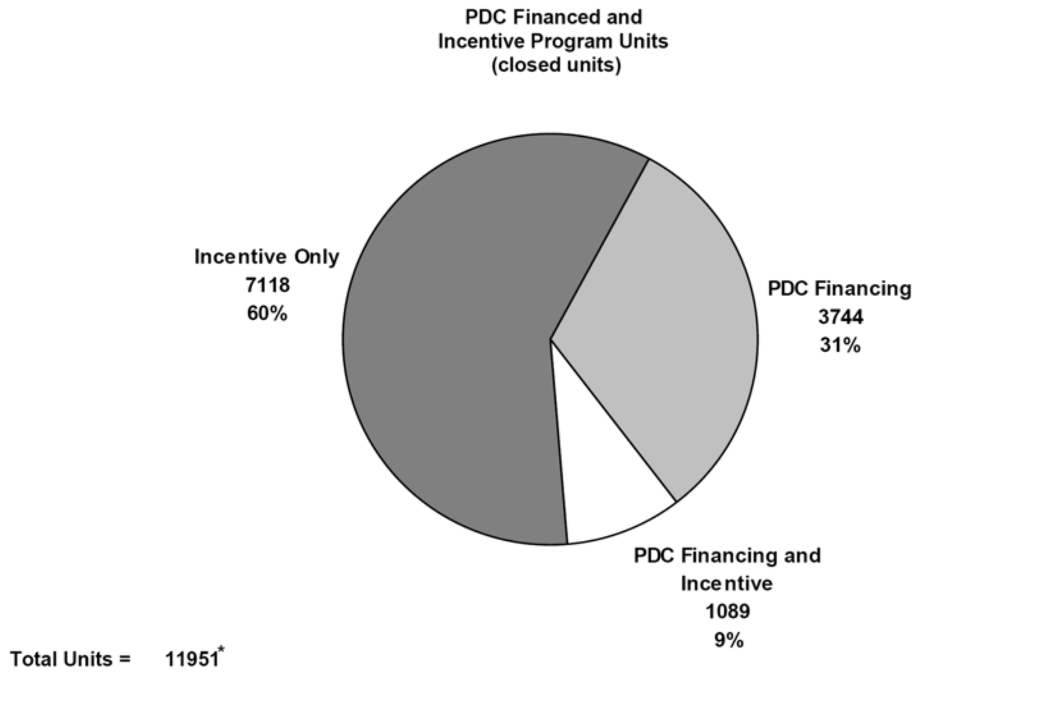
	Total Units and Buyers	% of 10 year goal
Units:		
1500 Rental rehab preservation	1,156 units	77%
6400 New low-income rental units	3,293 units	51%
4500 New market rate rental units	1,676 units	37%
3000 New homeownership units	3,786 units	126%
1600 Homes repaired	1,184 units	74%
Homebuyers:		
3000 First-time homebuyers	832 buyers	28%
Total Units and Homebuyers:	11,927	

In the sixth year of production toward the 2011 goals, ideally at least 60% of the goal should be met in total and in individual categories. The overall goal of 20,000 units is nearly 60% met as of this year but attainment levels vary dramatically by category. Below are some summary highlights of PDC's housing activity from FY01/02 through FY06/07:

- Progress on the housing production goals has ranged dramatically between the different categories:
  - PDC is behind in the following production areas with goals less than 60% complete: New Low Income Rental Housing, New Market Rate Rental Housing, and First-time Homebuyers.
  - At 77%, the Rental Rehab/Preservation goal is over 60% the total goal, but production has slowed.
  - New Homeownership unit development has exceeded the 10-Year goal, while Owner-Occupied Homes Repaired is also on track to exceed the 10-Year goal early.
- Of the total housing/homebuyers supported from FY01/02 through FY06/07:
  - 83% of the direct financial assistance dollars went toward units/buyers below 60% MFI
  - Almost one-third of the units only received PDC financing
  - 8% of the units received both an incentive and PDC financing
  - The majority of units (60%) received only an incentive and no PDC financing

The chart below shows the number of units receiving PDC direct financing, PDC administered incentives or a combination of both for six fiscal years (FY01/02- FY06/07).

FY01/02-FY06/07 PDC Financed and Incentive Program Units



*This total includes 11927 units closed and 24 units that were previously counted as incentive only units in previous fiscal years but received PDC financing in the current fiscal year. Therefore, these 24 units are included in the PDC Financing and Incentive category in this chart, but not double counted in the other cumulative charts and tables.

As this annual report expands over multiple years, the presentation of the total unit count becomes increasingly complex as approval for incentives and financing is spread over multiple fiscal years. Careful explanations are given throughout the report in the form of footnotes to explain how double counting was avoided. Each year we evaluate how production is reported and make revisions to ensure the highest level of accuracy and clarity.

PDC Housing Production Report – FY 2006/2007

In January 2003, 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 primary focus on affordable rental housing and first-time homebuyers. PDC's has committed to an even greater affordable and market-rate production target of 17,000 units and 3,000 households—***20,000 units or households***—from 2001to 2011. This aggressive target represents an aggregate of PDC, city and regional housing production goals, policy directives and urban renewal housing implementation strategies.

This report has been developed to track progress on the overall PDC housing production target. PDC publishes this report annually providing both an annual progress summary, as well as the aggregate activity, starting in Fiscal 2001/2002 through 2011/2012. This report summarizes units in which financing has closed ("closed units"). Projects that have received a formal commitment for financing are also presented as "committed units". 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. Units that have received a reservation or are in early predevelopment, commonly reported as "reserved units," are not included in this report. All units in that are closed or committed or units with incentives received in FY06/07 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
- 1,600 homes repaired
- 3,000 first-time homebuyers

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 and Oregon Residential Bond home mortgage loans. Future housing production will rely heavily on TIF, federal funds and new resources such as the Housing Opportunity Bond. TIF dollars are spent on housing projects, however housing is not the only goal of the TIF dollars. TIF also finances revitalization and economic development projects and programs. We recognize that TIF and federal funds alone are not sufficient to meet the 2011 housing production targets thus other new resources are needed.

Production Target Directives

The production target brings together various approved policies and stated numeric goals into a unified housing production target for the Commission. A goal of establishing consolidated targets is to enable the agency and its partners to more clearly determine direction, impacts and priorities when allocating resources. The 20,000 unit and household target is intended to address the following goals and priorities:

- 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 2005-2010 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.

- Increased production is 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 Central City No Net Loss policy with a specific goal of preserving or replacing 1,200 units of affordable housing within the Central City by 2006.
- As part of the “10-Year Plan to End Homelessness,” the City Council set a goal of developing 2,200 new permanent supportive housing units for chronically homeless individuals and homeless families with special needs.
- 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. In contrast, two long standing Downtown urban renewal areas, South Park Blocks and Downtown Waterfront which have contributed significant resources to affordable housing in their final years.
- There is a commitment to close the homeownership gap for minority and first-time homebuyers by increasing homeownership citywide.

Tax Increment Financing For Affordable Housing Policy

In October both the PDC Board of Commissioners and the City Council adopted the Tax Increment Financing for Affordable Housing (TIF Set Aside) Implementation Plan which established a 30% set aside in the new districts (Interstate Corridor Urban Renewal Area, Gateway Regional Center Urban Renewal Area, Lents Town Center Urban Renewal Area and North Macadam Urban Renewal Area) and South Park Blocks Urban Renewal Area, and includes separate percentages for Downtown Waterfront Urban Renewal Area, Oregon Convention Center Urban Renewal Area and the Central Eastside Urban Renewal Area. This policy establishes minimum spending requirements for low-income rental housing and affordable homeownership programs.

Subsequently, in February 2007, the PDC adopted income guidelines for the TIF Set Aside. The City Council adopted the same guidelines in April 2007. The income guidelines set minimum and maximum spending levels for 0-30 MFI Rental Housing, 31-60% MFI Rental and Ownership Housing, and 61-80%/100% Ownership Housing programs.

The policy was retroactive to July 1, 2006. FY2006/2007 is the first year in which progress on the TIF Set Aside was reported.

Assumptions for Reaching Targets

Achieving the housing production targets is predicated on the continued availability of existing local and federal resources, as well as the development of new resources and partnerships. Primary assumptions for reaching the productions targets include:

- Federal funds (HOME and CDBG), Housing Investment Funds and Housing Opportunity Bond are programmed based on City Council policy mandates.
- The use of urban renewal funds and incentives will be employed to provide a range of new housing development in urban renewal areas.
- Incentive programs such as the various tax abatements, system development charge exemptions and fee waiver programs remain available for affordable housing.
- PDC continues to leverage federal Low Income Housing Tax Credits, and Historic Tax Credits to support housing and mixed-use development.
- PDC and the City identify new resources to support the development of affordable housing.

- Incentive programs remain available for market-rate and mixed-income transit oriented development and Central City rental housing.
- PDC identifies resources and tools for the development of market rate rental housing in the Central City.
- PDC expands its homebuyer programs to include a broader range of first mortgage products and leverage private resources.
- PDC expands its urban renewal spending to support first-time homeownership goals.
- PDC and the City identify new resources to support first-time homeownership goals.

PDC and the City have had some accomplishments in developing new resources included assisting the City in securing $9 million through a Housing Revenue Bond (Housing Opportunity Bond), receiving a new Lead Grant for home repair totaling $3 million from the federal government, and securing $844,040 of HUD grants for affordable housing development in North Macadam.

PDC also supported the Housing Alliance's efforts to establish long-term funding mechanisms at the State level. In 2007, the State appropriated over $26 million new resources for Affordable Housing.

Additional resource development activities include:

- Working with our funding partners to coordinate capital, service and operating subsidies to ensure long-term sustainable permanent affordable housing is developed and resources are more effectively leveraged.
- Working with the City to identify new City resources in support of affordable rental housing, specifically developing a preservation strategy.
- The City recently adopted the expansion and extension of the River District Urban Renewal Area which will bring in additional resources for affordable housing in the Central City.

In contrast, the City has also either altered or put programs on hold that had previously supported the development of market rate rental housing. In October 2005, the City put a moratorium on the New Multiple Housing Unit/Central City Housing Tax Exemption program which had been the primary tool for new market rate rental housing development over the last ten or more years. The City has not reauthorized this program. In addition, there has been a lack of support for PDC directly investing in the development of market rate rental housing. Since the moratorium has been in place, no new "incentive-only" market rate rental housing units have been developed in the Central City.

Resource development has also focused on how to increase the activity and effectiveness in achieving the first-time homebuyer goals. PDC has expanded its authority to do first mortgage lending allowing PDC to leverage private resources to serve more first-time homebuyers, created new homebuyer assistance programs (JumpStart), and made revisions to its homebuyer assistance program to make them more effective in the current market environment. The City also re-established the Single Family Limited Tax Abatement Program reinstating an important tool for first-time homebuyers.

PDC continues to focus efforts on increasing activity and effectiveness in achieving the first-time homebuyer goal including:

- Partnering with BHCD to staff the City of Portland on Operation HOME-- a comprehensive citywide homeownership initiative to close Portland's minority homeownership gap and to expand first-time homebuyer opportunities.
- Continued evaluation of the products and services PDC and partners provide and how they can be expanded or modified to better serve community needs.

- Exploring opportunities to leverage New Market Tax Credits and establishing a construction revolving loan fund to leverage private resources to develop new affordable homeownership units targeted to first-time homebuyers.

As federal funding cuts continue and the City is forced to make some hard decisions related to housing priorities, PDC will face challenges in achieving the aggressive unit production goals. The reduction of federal funding has resulted in the elimination of the PDC home repair program available citywide. The effects are evident in this fiscal year as the program is discontinued and home repair is only available in urban renewal areas. In addition, the continued focus on permanent supportive housing (PSH) serving extremely low income households will result in reduced unit production, because PSH units require a greater per unit subsidy.

A) 1,500 Rental Rehab Preservation Units

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.
- *Central City No Net Loss* – Maintain through preservation or replacement the existing number of housing units affordable to households at 60% MFI and below. Preserve or replace 1,200 units at or below 60% MFI in the Central City by 2006 (2001-2006).
- *Urban Renewal Housing Strategies* – PDC has adopted the Downtown Housing Strategy, Lloyd District Housing Strategy, Interstate Corridor URA Housing Strategy and Central Eastside Housing Strategy that all establish goals to preserve or replace affordable rental housing for residents with household incomes of 0-60% MFI. The Lents Town Center Urban Renewal Area has established a priority to rehabilitate existing low income housing.

In FY06/07, $7 million was spent on 332 Rental Rehab Preservation units. The majority of those dollars were tax increment financing (TIF). $1,200,000 of Housing Opportunity Bond funds were was spent on one projects, Howard House preserving 12 units.

PDC administers a grant from the U.S. Department of Housing and Urban Development to identify and reduce lead-based paint hazards in Multnomah, Clackamas, Washington and Clark (Washington State) counties and the cities of Beaverton, Gresham and Portland. Grants are awarded to owner-occupied homes and Section-8 rental properties. Owner occupied units are eligible if the household income is at or below 80% MFI. There are no long term affordability requirements attached to the grants. In FY 06/07, 107 low income rental units received Lead Paint Grants.

Table 1: Rental Rehab Preservation Projects - PDC Financing and Incentive Programs
Closed in FY06/07

		Fund Type				
Project	Location	Federal	TIF	City	Total	Incentives
ESTATE BUILDING	Downtown Waterfront		$5,308,596 194 units		$5,308,596 194 units	33 units
HOWARD HOUSE	Citywide			$1,200,000 12 units	$1,200,000 12 units	4 units
TRYON MEWS	Citywide	$173,630 19 units			$173,630 19 units	0
LBP GRANT	None	$305,613 107 units			$305,613 107 units	
Subtotals		$479,243 126 units	$5,308,596 194 units	$1,200,000 12 units	$6,987,839 332 units	37 units

Total Rental Rehab Preservation Closed Units (unduplicated)	**332 units**

Table 2 shows PDC financed units by median income level. All 332 units preserved were below 60% Median Family Income (MFI). The majority of the units (61%) and dollars (93%) went to rehabilitate/preserve units below 50% MFI.

Table 2: Summary of Rental Rehab Preservation Units by Income Level - (incentive-only units excluded)
Closed in FY06/07

	Income Level (%MFI)					
	0-30	31-50	51-60	61-80	81+	Total
Units	165 units	38 units	129 units			332 units
Dollars	$2,904,226	$3,604,370	$479,243			$6,987,839
$/unit	$17,601	$94,852	$3,715			$21,048
% of Units Closed	50%	11%	39%			100%

Table 3 contains information on projects financially restructured in FY06/07. New units were not created in these projects; however, 326 units were preserved as affordable units. These units are not counted toward the 1,500 unit goal since they are not new units, nor were significantly rehabilitated in a manner where the public investment was used for capital improvements, though $2.2 million did go towards rehabilitation for these projects.

Table 3: Preservation of Existing Projects (Restructures)
Closed in FY06/07

Project	Location	Fund Type Federal	TIF	City	Total	Incentives
CAROLYN GARDENS RESTRUCTURE	Citywide	$55,300 12 units	$0 0	$0 0	$55,300 12 units	
COLUMBIA VIEW RESTRUCTURE	Citywide	$45,100 7 units	$0 0	$0 0	$45,100 7 units	
DOUGLAS MEADOWS RESTRUCTURE	Citywide	$59,300 8 units	$0 0	$0 0	$59,300 8 units	
FOUNTAIN PLACE APARTMENTS RESTR	South Park Blocks	$0 0	$1,375,000 80 units	$0 0	$1,375,000 80 units	
HARRIET COURT/PISGAH COLONY	Citywide	$646,900 31 units	$0 0	$0 0	$646,900 31 units	
IVON COURT	Citywide	$30,300 8 units	$0 0	$0 0	$30,300 8 units	
MACDONALD CENTER ASSISTED LIVING	Citywide	$0 0	$0 0	$0 0	$0 54	
OAK APARTMENTS RESTRUCTURE	Downtown Waterfront	$0 0	0	$0 0	90	
PCRI RESTRUCTURE- 20 SCATTERED SI	Citywide	$0 0	0	$0 0	36	
Subtotals		$836,900 66 units	$1,375,000 80 units	$0 0 units	$2,211,900 326 units	

Total Existing Preservation Units (unduplicated)	**326 units**

B) 6,400 New Low Income Rental Units

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

- *Central City No Net Loss* – Maintain through preservation or replacement the existing number of housing units affordable to households at 60% MFI and below. Preserve or replace 1,200 units at or below 60% MFI in the Central City by 2006 (2001-2006).
- *10-Year Plan to End Homelessness* – Develop 2,200 new permanent supportive housing units for chronically homeless individuals and homeless families with special needs.
- *Urban Renewal Housing Strategies* – New affordable rental housing construction is a stated goal in each of the adopted urban renewal housing strategies. Strategies have been adopted for Downtown, River District, Lloyd District, North Macadam, Interstate, Lents, Gateway and the Central Eastside.

In FY06/07, $21 million was spent to create 340 New Low Income Rental Units. 396 units received SDC waivers. As discussed in the methodology section, most of the SDC only units have either received public financing that was reported in previous years or that will be reported next year. The New Columbia project also received 14 SDC waivers in the Interstate Corridor URA. The entire New Columbia Project (including parks and infrastructure improvements) was funded with other City revenue including Tax Increment Financing from the Interstate Corridor URA.

Table 4: New Low Income Rental Units - PDC Financing and Incentive Programs
Closed in FY06/07

Project	Location	Fund Type: Federal	TIF	City	Total	Incentives
JEFFREY APARTMENTS	South Park Blocks		$9,010,725 78 units		$9,010,725 78 units	
LEANDER COURT	Citywide	$576,560 36 units		$600,000 36 units	$1,176,560 36 units	37 units
ROSE QTR HSG-RAMADA INN	Oregon Convention Center		$5,000,000 176 units	$3,680,000 176 units	$8,680,000 176 units	
THE WATERSHED AT HILLSDALE AKA B	Citywide	$824,932 50 units			$824,932 50 units	51 units
*CLARK CENTER ANNEX	Central Eastside			$1,319,400 22 units	$1,319,400 22 units	22 units
SDC	None					148 units
SDC	Interstate					138 units
Subtotals		$1,401,492 86 units	$14,010,725 254 units	$5,599,400 212 units	$21,011,617 340 units	286 units

Total New Low Income Rental Closed Units (unduplicated)	626 units

*The units in these projects were counted in a previous year so only the dollars are included in the totals

Table 5 summarizes new low income units by median family income. The majority (36%) of New Low Income Rental units and dollars in FY06/07 were between 0-31% MFI. 63% of the units were between 31-50% MFI.

Table 5: Summary of New Low Income Rental Units by Income Level - (incentive-only units excluded)
Closed in FY06/07

	Income Level (%MFI)					
	0-30	31-50	51-60	61-80	81+	Total
Units	131 units	231 units	0 units			362 units
Dollars	$7,812,783	$13,198,834	$0			$21,011,617
$/unit	$59,640	$57,138				$58,043
% of Units Closed	36%	63%	0%			100%

Table 6 summarizes projects that PDC has committed funding towards in FY06-07, but has not closed. There were none.

Summary of Low Income Rental Units

(Rental Rehab Preservation and New Low Income Rental units)

Table 7 represents all closed units under 60% MFI including both Rental Rehab Preservation and New Low Income Rental units by income level for FY06/07. A total of 694 units affordable to households below 60% MFI were either preserved or created. The majority of units (81%) were under 50%MFI.

Units located in the Central City contribute directly to the City's Central City No Net Loss policy, including the Jeffery Apartments and the Estate Building.

Table 7: Summary of Rental Rehab Preservation and New Low Income Rental Units by Income Level
Closed in FY06/07

	Income Level (%MFI)					
	0-30	31-50	51-60	61-80	81+	Total
Rehab Units	165 units	38 units	129 units			332 units
% of Rehab Units	50%	11%	39%			100%
New Units	131 units	231 units	0 units			362 units
% of New Units	36%	64%	0%			100%
Total Units	296 units	269 units	129 units			694 units
% of Total Units	43%	39%	19%			100%

Six Year Summary of Low Income Rental Units, FY01/02 – FY06/07

Table 8 shows a five year summary of units at or below 60% MFI for FY01/02 – FY06/07. A total of 3,487 units have been rehabilitated or built between 2001-2007. The split across income level categories was fairly equal with each category receiving about one-third of the units. Thirty two percent of the units affordable to households below 60% MFI were rehab/preservation units. The remaining 68% were newly constructed units.

Table 8: FY01/02- FY06/07 Summary of Rental Rehab Preservation and New Low-Income Rental Units by Income Level *(6 Fiscal Years Closed Units)*

	Income Level (%MFI)					
	0-30	31-50	51-60	61-80	81+	Total
Rehab Units	547 units	340 units	245 units			1132 units
% of Rehab Units	48%	30%	22%			100%
New Units	611 units	846 units	898 units			2355 units
% of New Units	26%	36%	38%			100%
Total Units	1158 units	1186 units	1143 units			3487 units
% of Total Units	33%	34%	33%			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 with accrued interest.

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

- *Urban Renewal Housing Strategies* – PDC has adopted the Downtown Housing Strategy, Lloyd District Housing Strategy, Interstate Corridor URA Housing Strategy, Lents Housing Strategy, Gateway Housing Strategy, North Macadam Housing Strategy and Central Eastside Housing Strategy that all establish goals for new housing including market rate rental housing. The River District Housing Strategy also has goals for housing above 60% MFI, but does not distinguish between rental and ownership goals.
- *Metro's 2040 Growth Management Goals* – The City of Portland has committed to accommodating new housing in support of 2040 growth management goals.
- *Downtown Retail Strategy, South Park Blocks Urban Renewal Plan* and *Central City Plan* – Calls for the development of new market rate housing to support economic development and revitalization goals for Downtown Portland.

In FY06/07 PDC closed financing on 5 market rate rental units totaling $192,555. All the units listed are "manager units" for projects that include affordable housing units. Table 10 displays that all of the 5 Market Rate Rental units were above 80% MFI.

Table 9: Market Rate Rental Units – PDC Financing and Incentive Units
Closed in FY06/07

		Fund Type				
Project	Location	Federal	TIF	City	Total	Incentives
JEFFREY APARTMENTS **	South Park Bl		$141,617 2 units		$141,617 2 units	
LEANDER COURT **	Citywide	1 unit		1 unit	$0 1 unit	
THE WATERSHED AT HILLSDALE AKA BERTHA STATION **	Citywide	$41,800 1 unit			$41,800 1 unit	
TRYON MEWS **	Citywide	$9,138 1 unit			$9,138 1 unit	
SDC	Citywide					2 units
Subtotals		$50,938 3 units	$141,617 2 units	1 unit	$192,555 5 units	2 units

Total Market Rate Rental Closed Units (unduplicated)	**7 units**

*The units in these projects were counted in a previous year.

**These are mixed income projects and affordable units for these projects appear in sections A and B of this report. Refer to tables 1 and 4.

If units received financial assistance and incentives in the same year the incentives are not counted in the total.

Table 10: Summary of Market Rate Rental Units by Income Level (incentive-only units excluded)
Closed in FY06/07

	Income Level (%MFI)					
	0-30	**31-50**	**51-60**	**61-80**	**81+**	**Total**
Units				1 units	4 units	5 units
Dollars				$41,800	$150,755	$192,555
$/unit				$41,800	$37,689	$38,511
% of Units Closed				20%	80%	100%

D) 3,000 New Homeownership Units

PDC supports the development of homeownership in a number of ways through direct financial assistance (long and short-term financing) and incentives.

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

- *Urban Renewal Housing Strategies* – PDC has adopted the Downtown Housing Strategy, Lloyd District Housing Strategy, Interstate Corridor URA Housing Strategy, Lents Housing Strategy, Gateway Housing Strategy, North Macadam Housing Strategy and Central Eastside Housing Strategy that all establish goals for new housing including ownership housing.
- *Metro's 2040 Growth Management Goals* – The City of Portland has committed to accommodating new housing in support of 2040 growth management goals.
- There is a commitment by the City and PDC to close the homeownership gap for minority and first-time homebuyers by increasing homeownership citywide. One strategy to achieve this goal is to increase the number of affordable homeownership units in the City.

In FY06/07, all of the 621 New Homeownership units received no direct PDC financing, only limited tax abatements, SDC waivers, and other fee waivers.

Fee waivers are granted only to nonprofit organizations. At the time of purchase the unit must be sold to a family at or below 100% MFI. LTAs, SDCs, and Fee waivers include affordability requirements. At the time of purchase PDC will track whether the affordability target has been met. If the affordability target was not met, the properties are assessed taxes in full and the developer must pay the SDC.

Table 11: New Homeownership Units- PDC Financing and Incentive Programs

Closed in FY06/07

		Fund Type				
Project	**Location**	**Federal**	**TIF**	**City**	**Total**	**Incentives**
Limited Tax Abatement	Lents					4 units
Limited Tax Abatement	Interstate					12 units
Limited Tax Abatement	Citywide					35 units
SDC	Lents					64 units
SDC	Interstate					91 units
SDC	Citywide					411 units
Fee Waiver	Interstate					4 units
Subtotals						621 units

Total New Homeownership Closed Units (unduplicated)	**621 units**

SDC's from this category and added to the First Time Homowner category due to purchase by First Time Homebuyers: **160**

*The units in these projects were counted in a previous year so only the dollars are included in the totals

E) 1,600 Homes Repaired

PDC finances home repair loan and grant programs citywide and in urban renewal areas. PDC administers the City's home repair and lead-based paint programs using federal funds and has established specific urban renewal programs for home repair that include direct lending and contracting with local community organizations.

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

- *Urban Renewal Housing Strategies* – In urban renewal areas with a significant number of single family homes—specifically Interstate Corridor and Lents Town Center--home repair and renovation goals have been established to increase neighborhood revitalization and help homeowners stay in their home.
- *Anti-Displacement*--Home repair is recognized as an anti-displacement tool for many lower income homeowners.

The majority (94) of the units that received a home repair loan were financed with TIF dollars ($644,218). $349,296 Federal dollars were used to finance 51 Home Repair Loans. The majority (65%) of home repair loans were given to households earning less then 60% MFI.

FY05/06 was the last year in which federal funds were available for the PDC Home Repair Loan program citywide. Home repair loans are now only available in the Interstate Corridor and Lents Town Center urban renewal areas where tax increment financing has been budgeted for this program. PDC continues to administer a home repair program for the City of Beaverton and Portland's federally funded Lead Based Paint Grant program.

PDC is also a qualified lender of the Fannie Mae HomeStyle Loan program which has brought in additional outside resources. These loans enable existing homeowners to refinance and renovate their homes. By doing this PDC is able to offer loan products that are otherwise unavailable with local resources. These resources are private resources (not local subsidies) that are only available for home mortgages. In FY06/07, PDC leveraged $222,100 of private investor resources to fund first mortgages for moderate and middle income homeowners who refinanced and renovated their homes.

Table 12: Home Repair Loans - PDC Financing and Incentive Units
Closed in FY06/07

Project	Location	Fund Type: Federal	TIF	City	Investor	Total	Incentives
BEAVERTON - CDBG	Citywide	$31,695 3 units				$31,695 3 units	
BEAVERTON - CDBG M/H	Citywide	$34,910 7 units				$34,910 7 units	
BEAVERTON - HOME	Citywide	$15,227 1 unit				$15,227 1 unit	
FANNIE MAE - STANDARD REFI	Citywide				$222,100 1 unit	$222,100 1 unit	
GENERAL	Lents Town Center		$177,144 10 units			$177,144 10 units	
GENERAL	Interstate Corridor		$289,074 18 units			$289,074 18 units	
GENERAL	Citywide	$4,977 1 unit		$7,964 1 unit		$12,941 2 units	
LAND TRUST GRANT	Lents Town Center		$53,000 1 unit			$53,000 1 unit	
LEAD PAINT PROGRAM	Lents Town Center	$16,370 5 units				$16,370 5 units	
LEAD PAINT PROGRAM	Interstate Corridor	$82,460 10 units				$82,460 10 units	
LEAD PAINT PROGRAM	Citywide	$163,657 24 units				$163,657 24 units	
REACH Grant	Citywide		$125,000 65 units			$125,000 65 units	
Limited Tax Abatement	Interstate						1 unit
Limited Tax Abatement	Citywide						5 units
Subtotals		$349,296 51 units	$644,218 94 units	$7,964 1 unit	$222,100 1 unit	$1,223,578 147 units	6 units

Total Home Repair Closed Loans (unduplicated)	144 Units

This total subtracts units double counted in the above table in the amount of 9

Table 13: Summary of Home Rehab Loans by Income Level (Includes HomeStyle Loans and excludes REACH grants),
Closed in FY06/07

	Income Level (%MFI): 0-30	31-50	51-60	61-80	81+	Total
Units	8 units	31 units	14 units	24 units	5 units	82 units
Dollars	$56,787	$346,067	$205,808	$239,894	$250,022	$1,098,578
$/unit	$7,098	$11,163	$14,701	$9,996	$50,004	$13,397
% of Total Closed	9.8%	37.8%	17.1%	29.3%	6.1%	100%

F) Assist 3,000 First Time Homebuyers

This category is set apart from the others in that the goals are *buyers* and not *units*. The difference is important because it allows for units in this category to qualify for other categories (New Homeownership Units and Home Repair). In FY06/07, one unit/ buyer was counted toward both home repair and first-time homebuyer goals, both were Portland Community Land Trust units. This category also includes units that receive a Homeowner SDCs, requiring the buyers to be first-time homebuyers. Further information about the SDC is available in Appendix A.

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

- *Operation HOME: Minority Homeownership*--Both PDC and the City of Portland have adopted goals to decrease the minority homeownership gap. PDC has established a specific goal to assist 2,500 first-time, minority homebuyers by 2010. A strategy to achieve this goal is by helping existing renters become homeowners.
- *Urban Renewal Housing Strategies* – In urban renewal areas with a significant number of single family homes, first-time homebuyer goals have been established to help new and existing residents become homeowners to promote housing stability and wealth creation.

PDC brings in outside resources and originates loans that are sold to either Fannie Mae (HomeStyle Loans) or the Oregon Residential State Bond program on the secondary market. By doing this PDC is able to offer loan products that are otherwise unavailable with local resources. These funds are only available as first time homebuyer loans, renovation loans, or refinances. PDC also offers shared appreciation mortgages (SAM). A SAM is gap financing that makes up the difference between what a homebuyer will support and the higher sales price of a property.

As illustrated in Table 14, four SAM loans, one land trust loans, eleven ORL loans, and one Fannie Mae loans totaling $2.4 million were closed. Table 15 highlights that the majority of buyers were over 80% MFI. All of the locally funded homebuyer assistance programs (SAMs) were provided to households with incomes at or below 80% MFI. The Land Trust home had a buyer with an income at or below 60% MFI.

Table 14: First Time Homebuyer Loans - PDC Financing and Incentive Programs

Closed in FY06/07

Project	Location	Fund Type: Federal	TIF	City	Investor	Total	Incentives
FANNIE MAE - COMMUNITY PURCH	Lents Town Center				$178,400 1 unit	$178,400 1 unit	
LAND TRUST GRANT	Lents Town Center		$53,000 1 unit			$53,000 1 unit	
OR STATE BOND	Lents Town Center				$852,306 5 units	$852,306 5 units	
OR STATE BOND	Interstate Corridor				$318,000 2 units	$318,000 2 units	
OR STATE BOND	Citywide				$683,350 4 units	$683,350 4 units	
SHARED APPRECIATION MORTGAGE	Lents Town Center		$61,000 2 units			$61,000 2 units	
SHARED APPRECIATION MORTGAGE	Interstate Corridor		$40,000 1 unit			$40,000 1 unit	
* OR STATE BOND	Interstate				$149,600 1 unit	$149,600 1 unit	1 unit
* SHARED APPRECIATION MORTGAGE	Interstate		$29,000 1 unit			$29,000 1 unit	1 unit
SDC	Lents						2 units
SDC	Interstate						4 units
SDC	Citywide						15 units
LTA	Lents						14 units
LTA	Interstate						36 units
LTA	Citywide						62 units
Subtotals			$183,000 5 units		$2,181,656 13 units	$2,364,656 18 units	135 units

Total First Time Homebuyer Closed Loans (unduplicated)	**149 units**

SDC's counted in the New Homeownership Units category and added to this category due to purchase by First Time Homebuyers: **159**

*The units in these loans were counted in a previous year so only dollars are included in totals
*1 borrower received a Shared Appreciation Mortgage and a loan

Table 15: Summary of Home Buyer Assistance Loans by Income Level (Includes HomeStyle Loans
Closed in FY06/07

	Income Level (%MFI)					
	0-30	**31-50**	**51-60**	**61-80**	**81+**	**Total**
Units	1 units	2 units	1 units	9 units	5 units	18 units
Dollars	$40,000	$228,320	$53,000	$1,010,536	$1,032,800	$2,364,656
$/unit	$40,000	$114,160	$53,000	$112,282	$206,560	$131,370
% of Total Closed	5.6%	11.1%	5.6%	50.0%	27.8%	100%

G) FY06/07 Summary of Production and 2011 Production Goals

In FY06/07, the majority of units (59%) received only an incentive and no direct PDC financing. 26% of the units received PDC financing and no incentive during this fiscal year although may have been granted an incentive in a previous year (or possibly will receive an incentive in a later year). Fifteen percent of the total units received both PDC financing and an incentive.

Chart 1: PDC Financed and Incentive Program Units

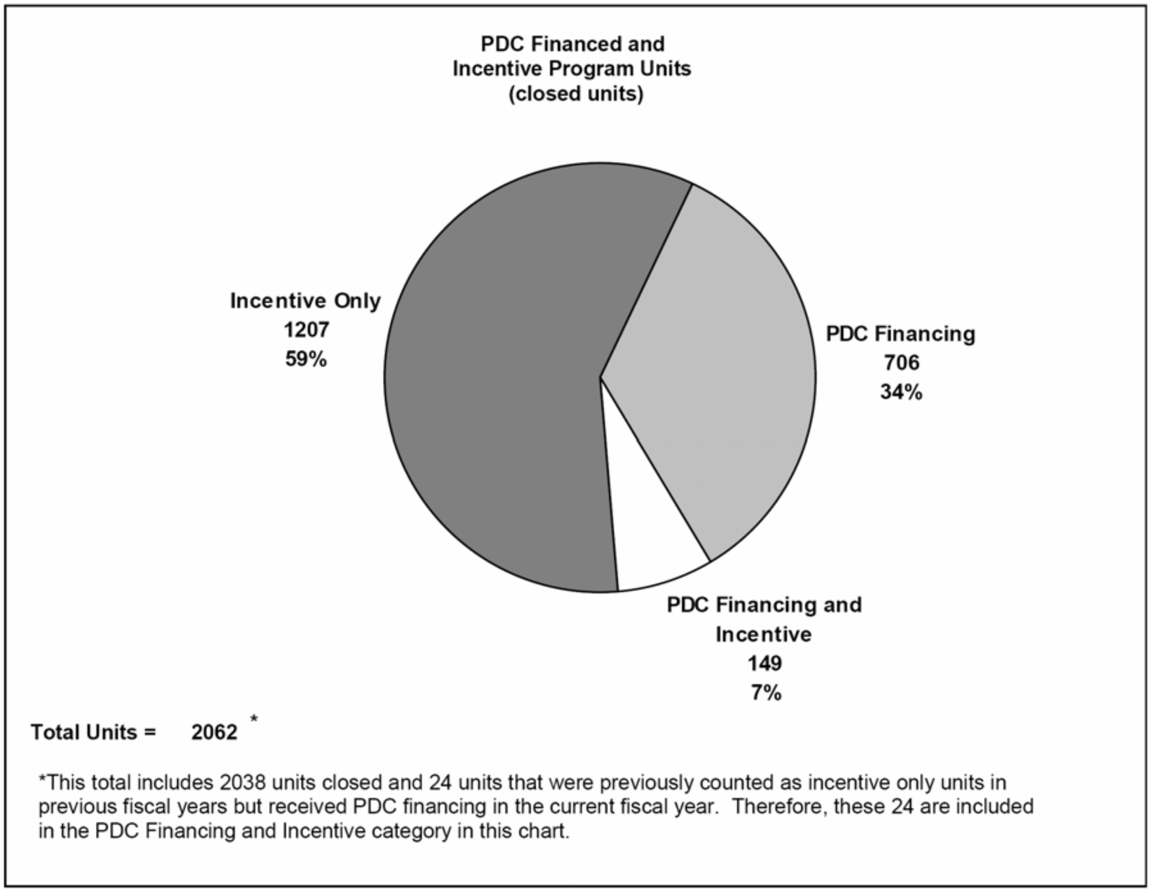
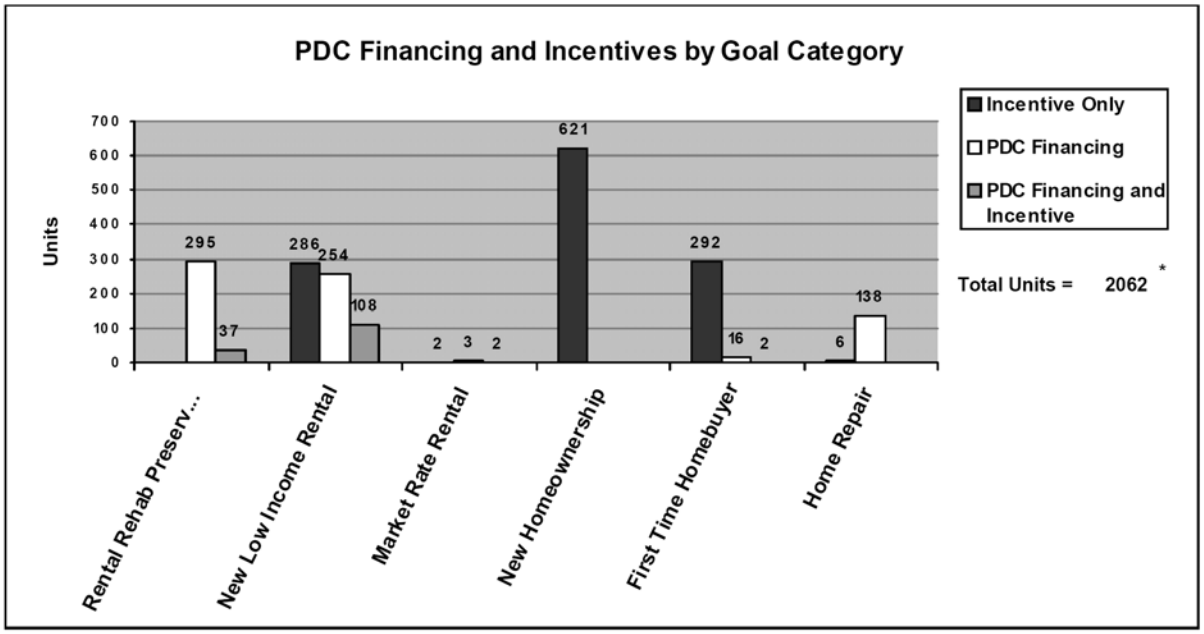


Chart 2 shows PDC financed and incentive units and buyers by category. With 621 units, new homeownership units had the majority of incentive only units. Nearly all rental rehab preservation and home repair units were PDC financed.

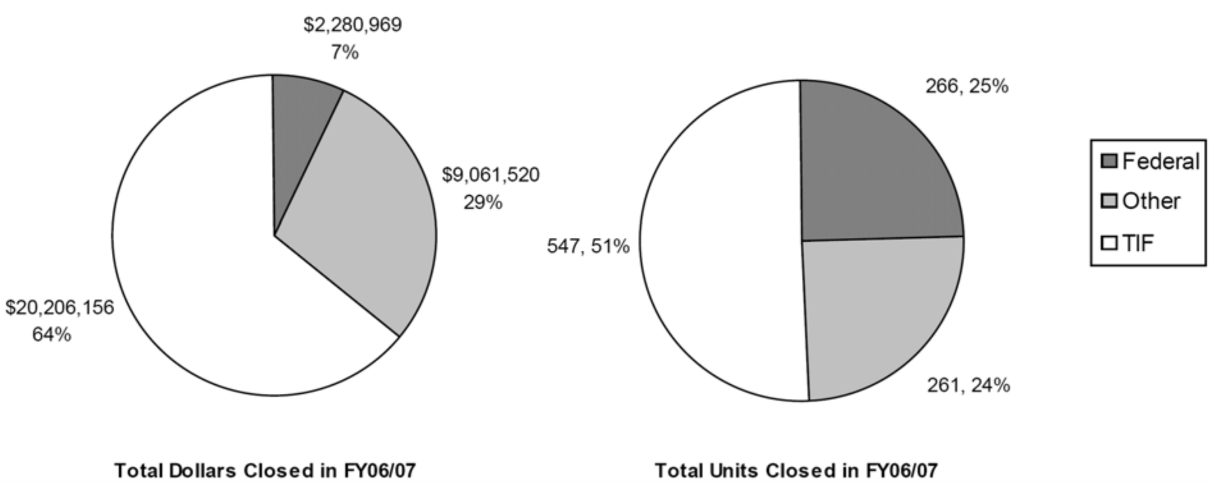
Chart 2: PDC Financed and Incentive Program Units by Goal Category



*This total includes 2038 units closed and 24 units that were previously counted as incentive only units in previous fiscal years but received PDC financing in the current fiscal year. Therefore, these 24 are included in the PDC Financing and Incentive category in this chart."

Chart 3 shows the type of funds used to finance the FY06/07 units. Twenty five percent of the units were financed with federal dollars, totaling 7% of the total dollars. Sixty four percent of the total dollars were TIF and 51% of the total units were funded with TIF. Other sources of funds (Housing Investment Fund, Fannie Mae HomeStyle Loans and Oregon Residential Loans) accounted for 29% of the dollars and 24% of the units.

Chart 3: FY06/07 PDC Financed Units by Fund Type



There are 224 units in the above chart that are categorized in all three Fund Types as Rose Quarter Housing, Leander Court, and some single family projects had multiple funding sources.

Chart 4: Fund Type by Goal Category

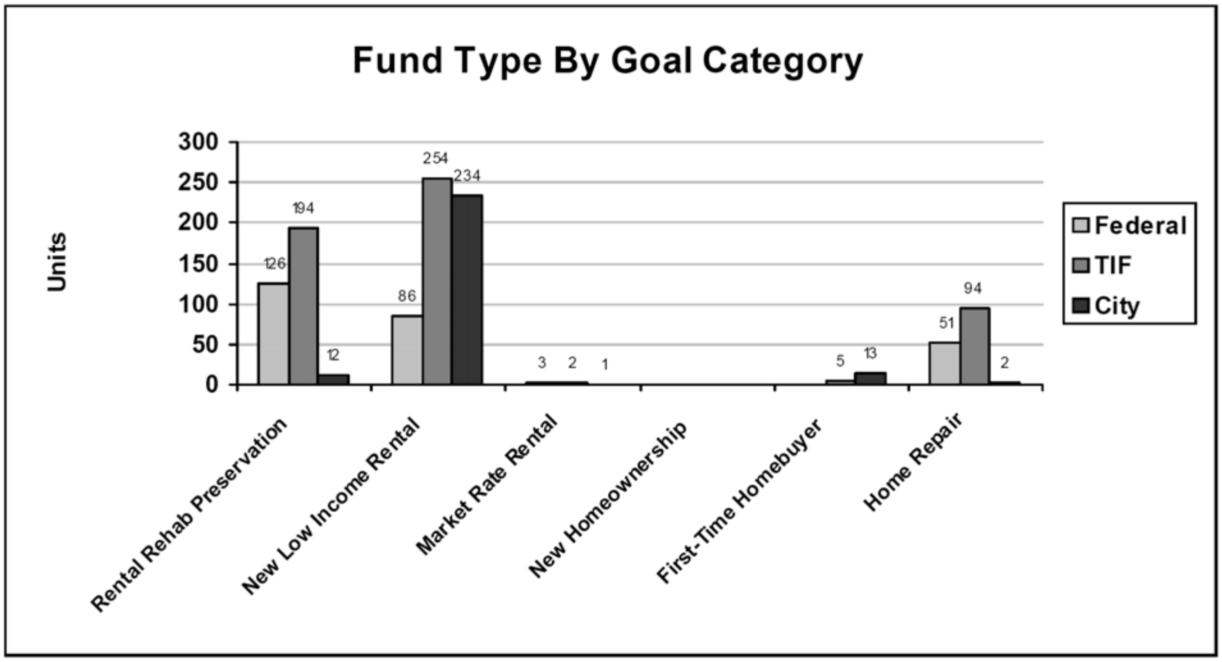


Chart 5 illustrates the TIF dollars by goal category. Of the $20.3 million TIF dollars, 51% funded Rental Rehab Preservation projects units and 44% went towards New Low Income Rental units. Home repair received 3% of the TIF dollars. The remaining 2% of TIF went to First-Time Homebuyers and Market Rate Rental units.

Chart 5: Tax Increment Dollars by Goal Category

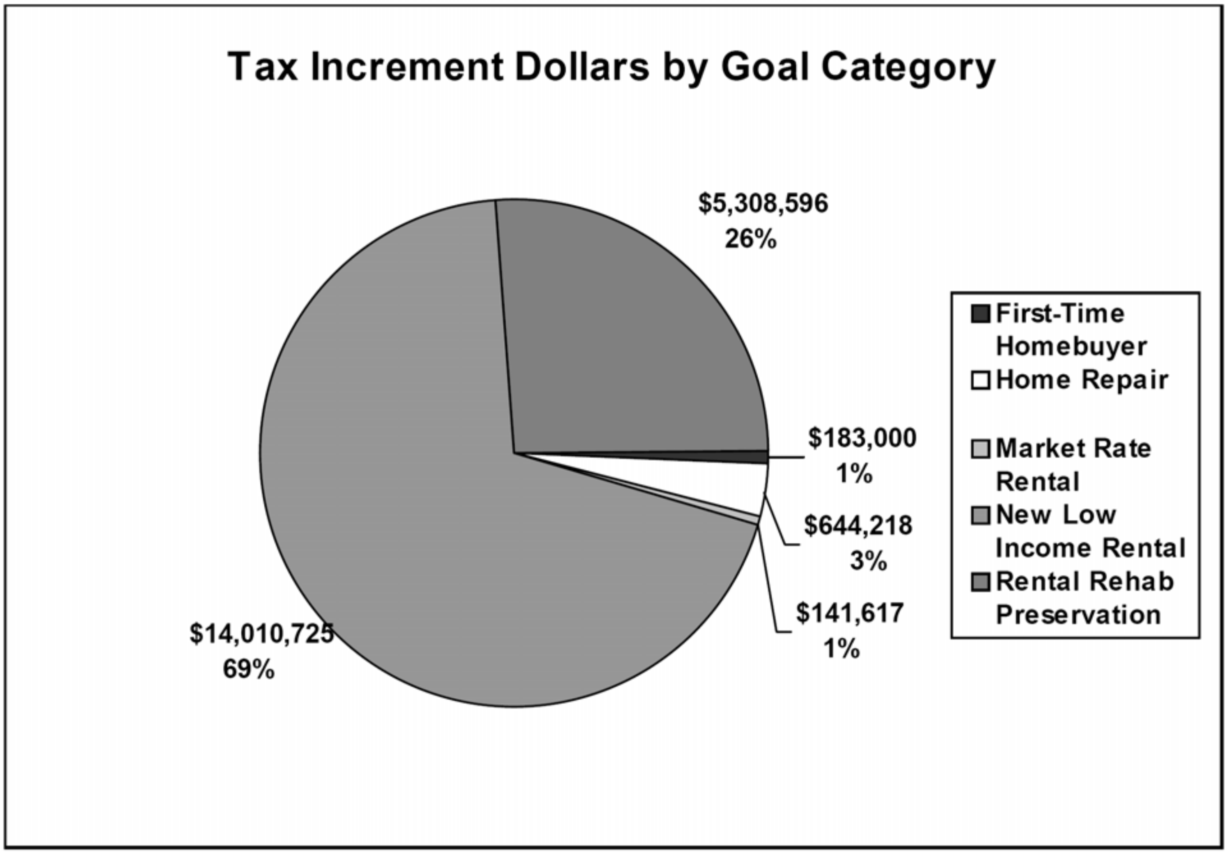


Table 16 is a summary of all units/buyers that received direct financial assistance in FY06/07 by income level. Ninety three percent of the units/buyers that received assistance in FY06/07 were below 60% MFI. Eighty eight percent of PDC direct financial assistance dollars supported the development and renovation of low-income rental housing and the remaining resources supported low and moderate income homeowners and first time homebuyers.

Table 16: Summary of FY06/07 Closed Loans and Grants by Income Level*
(incentive-only units excluded)

	Income Level (%MFI)					
	0-30	31-50	51-60	61-80	81+	Total
Rental Rehab Preservation (below 60% MFI)						
Units	165	38	129			332
Dollars	$2,904,226	$3,604,370	$479,243			$6,987,839
$/unit	$17,601	$94,852	$3,715			$21,048
% of Subtotal Units Closed	50%	11%	39%			100%
New Low Income Rental (below 60% MFI)						
Units	131	231	0			362
Dollars	$7,812,783	$13,198,834	$0			$21,011,617
$/unit	$59,640	$57,138				$58,043
% of Subtotal Units Closed	36%	64%	0%			100%
Market Rate Rental (below 60% MFI)						
Units				1	4	5
Dollars				$41,800	$150,755	$192,555
$/unit				$41,800	$37,689	$38,511
% of Subtotal Units Closed				20%	80%	100%
Home Repair						
Units	8	31	14	24	5	82
Dollars	$56,787	$346,067	$205,808	$239,894	$250,022	$1,098,578
$/unit	$7,098	$11,163	$14,701	$9,996	$50,004	$13,397
% of Subtotal Units Closed	10%	38%	17%	29%	6%	100%
First-Time Homebuyer						
Units	1	2	1	9	5	18
Dollars	$40,000	$228,320	$53,000	$1,010,536	$1,032,800	$2,364,656
$/unit	$40,000	$114,160	$53,000	$112,282	$206,560	$131,370
% of Subtotal Units Closed	6%	11%	6%	50%	28%	100%
Total Closed Units	305	302	37	34	14	692
Total Closed Dollars	$11,013,796	$17,377,591	$685,051	$1,292,230	$1,433,577	$31,802,245
$/unit	$36,111	$57,542	$18,515	$38,007	$102,398	$45,957
% Total Units Closed	44%	44%	5%	5%	2%	100%

Unit counts include duplicates due to multiple loans to the same project or homeowner/homebuyer.

Table 17: FY06/07 Closed Projects/ Loans and Production Targets

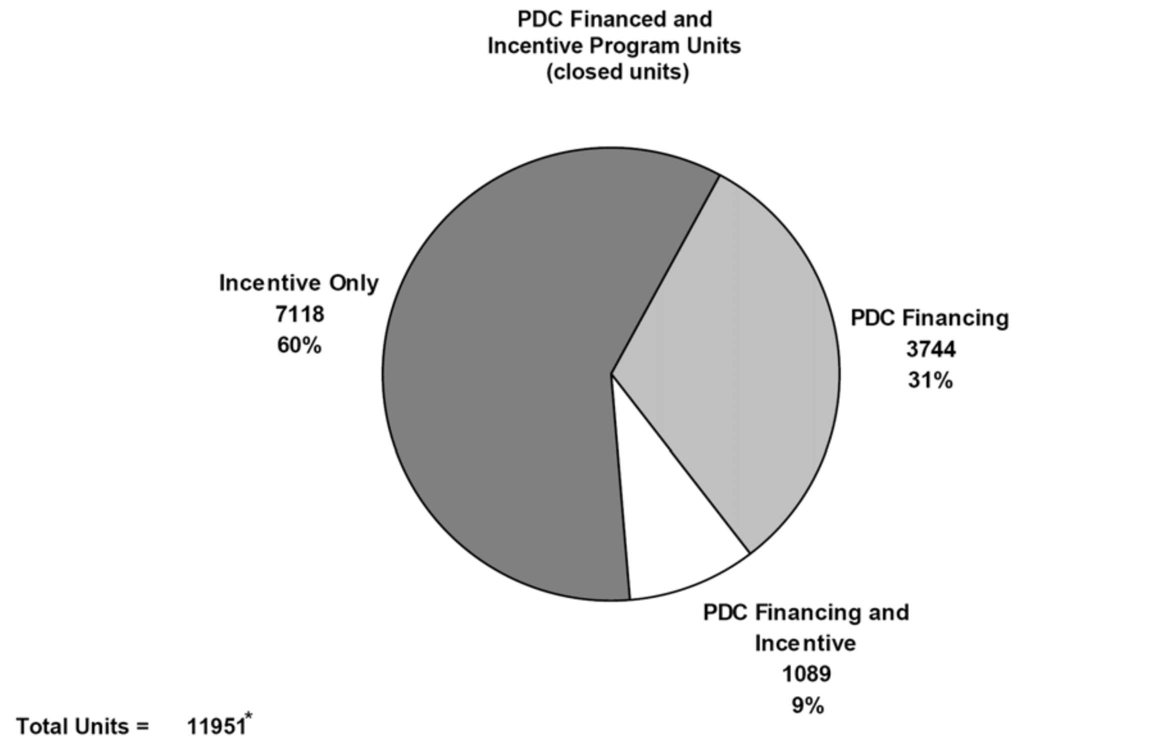
Projects Closed in FY06/07	Production Targets 1. 1,500 Rental Rehab Preservation Units	2. 6,400 New Low Income Rental Units	3. 4,500 Market Rate Rental Units	4. 3,000 New Homeownership Units	5. 1,600 Homes Repaired	6. Assist 3,000 First Time Homebuyers
TRYON MEWS	19	0	1	0	0	0
THE WATERSHED AT HILLSDALE AKA BERTHA	0	50	1	0	0	0
ROSE QTR HSG-RAMADA INN	0	176	0	0	0	0
LEANDER COURT	0	36	1	0	0	0
JEFFREY APARTMENTS	0	78	2	0	0	0
HOWARD HOUSE	12	0	0	0	0	0
ESTATE BUILDING	194	0	0	0	0	0
*CLARK CENTER ANNEX	0	22	0	0	0	0
Owner Rehab Loans	107	0	0	0	138	16
Incentive Only	0	286	2	621	6	294
Total Units (excluding incentive only units)						
Total Units	332	340	5	0	138	16
% Total	40%	41%	1%	0%	17%	2%
Total Units (including incentive only units)						
Total Units	332	626	7	621	144	310
% Total	16%	31%	0%	30%	7%	15%

H) Summary of FY01/02- FY06/07 Production and Progress Toward 2011 Goals

The following tables include summary information for the first six years of reporting on the 2011 goals: from FY01/02- FY06/07.

Chart 6 presents the units for all six years. Well over half of the total units developed had incentives only which were predominantly new homeownership units. A total of 40% of the units/buyers received PDC financing.

Chart 6: FY01/02-FY06/07 PDC Financed and Incentive Program Unit



*This total includes 11927 units closed and 24 units that were previously counted as incentive only units in previous fiscal years but received PDC financing in the current fiscal year. Therefore, these 24 units are included in the PDC Financing and Incentive category in this chart, but not double counted in the other cumulative charts and tables.

Chart 7 shows the percentage of each goal completed through FY06/07. In the sixth year of production toward the 2011 goals, ideally at least 60% of the goal should be met.

- Rental Rehab Preservation is 77% of the goal, well ahead of the 10 year target of 1,500 units preserved.
- New Low Income Rental was just over the 50% goal.
- New Market Rate Rental was well below the goal.
- New Homeownership Units has surpassed the 10-year goal largely impart due to city incentive programs.

- Home Repair is at least one year ahead on achieving the goals, although it is expected home repair activity will decline in the following years with the Home Repair and Sewer on Site Citywide programs no longer available.
- First-time Homebuyers is extremely below the production goal.
- The overall target of 20,000 units is over half met with 65% of the unit production goal achieved.

Chart 7: Progress Toward 2011 Goals, FY01/02 – FY06/07

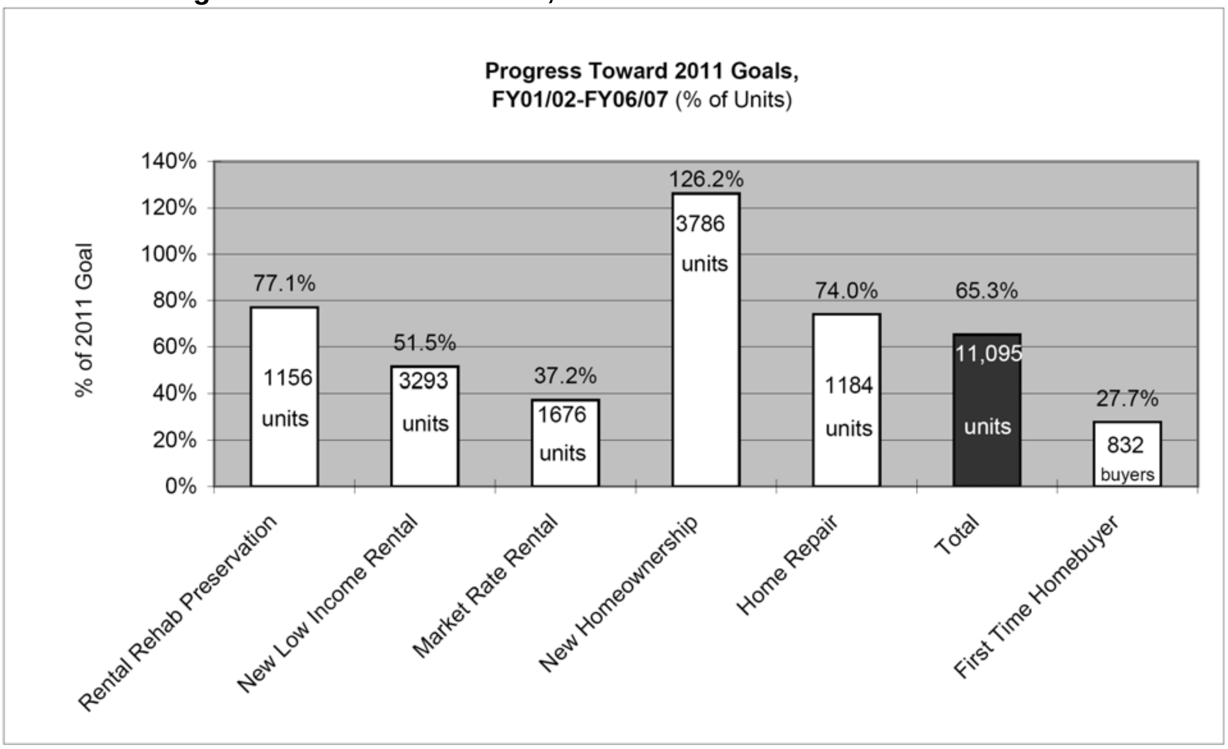


Table 18 is a summary of the six years of reporting by income (MFI level) for units receiving PDC financing (incentive only units are excluded). Of the total units, 78% were at or below 60% MFI and 83% of the dollars supported units at this MFI level. 26% of the units/homeowners were at 30% MFI or below.

Table 18: Summary of FY01/02-FY06/07 Closed units that received direct financial assistance by Income Level (incentive-only units excluded)

	Income Level (%MFI)					
	0-30	31-50	51-60	61-80	81+	Total
1. Rental Rehab Preservation						
Units	547	340	245			1132
Dollars	$14,754,583	$10,049,088	$4,918,439			$29,722,110
$/unit	$26,974	$29,556	$20,075			$26,256
% of Subtotal Units Closed	48%	30%	22%			100%
2. New Low Income Rental						
Units	611	846	898			2355
Dollars	33808914	37725194	16678016			$88,212,124
$/unit	$55,334	$44,592	$18,572			$37,457
% of Subtotal Units Closed	26%	36%	38%			100%
3. Market Rate Rental						
Units				66	329	395
Dollars				$2,594,607	$4,574,091	$7,168,698
$/unit				$39,312	$13,903	$18,149
% of Subtotal Units Closed				17%	83%	100%
4. Homeownership						
Units				4	304	308
Dollars				$93,770	$1,800,000	$1,893,770
$/unit				$23,443	$5,921	$6,149
% of Subtotal Units Closed				1%	99%	100%
5. Home Repair Loans						
Units	253	366	133	173	31	956
Dollars	$1,951,645	$3,425,720	$1,469,812	$1,690,298	$3,965,841	$12,503,316
$/unit	$7,714	$9,360	$11,051	$9,771	$127,930	$13,079
% of Subtotal Units Closed	26%	38%	14%	18%	3%	100%
6. First-Time Homebuyer Assistance						
Units	1	14	5	43	53	116
Dollars	$40,000	$1,049,815	$181,000	$4,138,201	$5,068,568	$10,477,584
$/unit	$40,000	$74,987	$36,200	$96,237	$95,633	$90,324
% of Subtotal Units Closed	1%	12%	4%	37%	46%	100%
Total Closed Units	1159	1200	1148	286	717	4510
Total Closed Dollars	$48,603,497	$48,824,097	$21,777,455	$8,516,876	$15,408,500	$143,130,425
$/unit	$41,936	$40,687	$18,970	$29,779	$21,490	$31,736
% Total Units Closed	26%	27%	25%	6%	16%	100%

Appendix A: Reporting Methodology

How PDC Financed Units are counted toward the 2011 goals:

Units are counted toward the unit goals in the year the construction/permanent financing closes. Each goal section of the report includes a table on committed dollars to give an indication of the upcoming pipeline of projects. But, these units do not count toward the goals until their financing closes. A project is considered closed when the loan has been closed in escrow and a project is considered committed when the PDC Loan Committee approves the loan.

In order to avoid double counting, when a project receives acquisition dollars the units are not counted until the construction/permanent financing closes. The acquisition dollars will still be report in the year they close and the number of units noted in the report. However, in order to accurately represent the relationship between dollars and actual units, Acquisition Units are included in the Income Level tables throughout the report.

How Incentive Units are counted toward the 2011 goals:

Incentive units (tax abatements, SDCs and fee waivers) are counted toward the unit goals in the year they are approved. When a project receives an incentive in one year and in another year PDC dollars are closed, the units is counted in both categories for the annual report but the units are not double counted in the cumulative report..

What goal do the Water Homeowner SDCs (requires first-time homebuyer status) count toward, First-time Homebuyer or New Homeownership Units?

Water SDCs require that the owner be a first-time homebuyer and that the buyer have an income at or below 100% MFI. Once a unit with an approved Water Homeowner SDC is sold, the title company involved in the sale supplies PDC with verification of the homebuyer’s income and first-time homebuyer status. If the homebuyer does not meet both requirements the SDC must be repaid. In terms of how to count these units for the purposes of the 2011 goals, once a unit is approved for a Water Homeowner SDC it is counted toward the New Homeownership goal. However, as PDC collects verification information on these units and the buyer meets both requirements then that unit will be shifted from the New Homeownership category and counted toward the First-Time Homebuyer goal. Therefore, each year a table showing verification status will be included in the report and updated with the numbers shifted between categories as appropriate.

In FY01/02 and FY02/03 the system for verifying the Water Homeowner SDCs was not consistent. A new system was recently established providing a more dependable tool for tracking these units. Therefore, adjustments will be made annually to the New Homeownership Units and First-Time Homebuyer sections of the report.

How are First Time Homebuyers counted toward goals:

The housing production target includes a range of homeownership targets: 1) new homeownership *units*, 2) owner rehab *units*, and 3) first-time *homebuyers*. In some cases a unit may have been purchased by a first time homebuyer and also received PDC financing as a new homeownership or owner rehab unit. First-Time Homebuyer Units are counted in all categories for which they qualify and applied toward the17,000 unit production goal and/or the 3,000 first-time homebuyer goal as appropriate. Thus, some units will be counted toward both the unit goal and the first-time homebuyer goal.

Mixed Income Rental Units

Rental projects with units at income levels above and below 60% MFI appear in more than one category. The units at or below 60% MFI are counted toward the Rental Rehab Preservation goal or the New Rental Units goal and the units above 60% MFI are counted toward the Market Rate Rental goal.