Housing Production Report
Fiscal Year 2003/2004

April 2005

Portland Development Commission

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 primary focus on affordable rental housing and first-time homebuyers. PDC's commitment is part of 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 urban renewal 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
- 1,600 homes repaired
- 3,000 first-time homebuyers

TOTAL= 20,000 units and households

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

FY03/04 Summary

In FY03/04 PDC closed financing on and/or granted an incentive to:

	% of Total FY03/04 Units	% of FY03/04 PDC Dollars
80 rental rehab preservation	5%	16%
640 new low-income rental units	41%	58%
36 new market rate rental units	2%	0%
495 new homeownership units	31%	0%
242 homes repaired	15%	19%
84 first-time homebuyers	5%	7%

1,577 Unduplicated Units/Households

The total number of units and households receiving PDC financing and /or an incentive in FY03/04 was 1,577. This total does not double count 395 units that received an incentive only in FY01/02 and were counted in the FY01/02 Unit Production Report but subsequently received PDC financing in FY03/04 (the reporting methodology is described at the end of the Introduction). The total PDC housing dollars closed in FY03/04 was $14,573,083.

Of the FY03/04 multifamily housing units receiving PDC direct financial:

- 133 units were between 0-30% MFI and received 30% of the total FY03/04 financial assistance (over $3 million);
- 694 units were between 0-60% MFI and received 100% of the FY02/03 dollars (over $12 million);
- While new homeownership represented 31% of the total unit production, these units received no direct financing assistance from PDC.

- 37% of all low income (below 60% MFI) units developed were financed with TIF in urban renewal areas and accounted for 21% of all dollars closed. The remaining 63% of units were funded with dollars or incentives that are available for development citywide.

FY2001/2002 through FY2003/2004 Summary

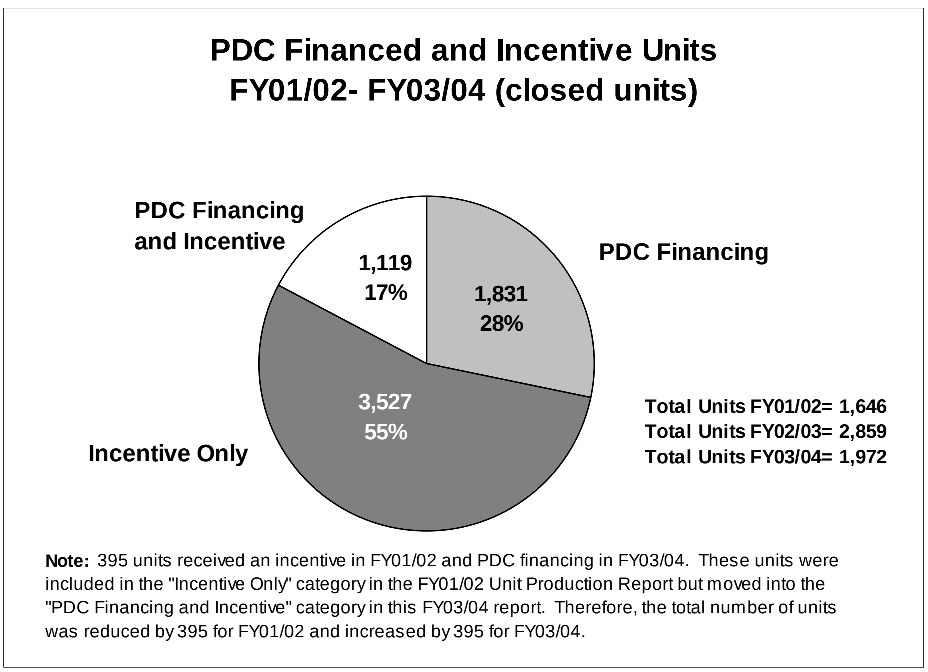
The following shows the sum total of FY01/02 through FY03/04 closed units receiving PDC financing and/or a City administered incentive:

	% of 2011 Unit Target	% of FY01/02-FY03/04 Dollars
541 rental rehab preservation	36%	22%
1,731 new low-income rental units	27%	57%
1,527 new market rate rental units	34%	5%
2,070 new homeownership units	69%	2%
475 homes repaired	30%	8%
160 first-time homebuyers	5%	6%
6,477 Total Units/Households*	**32%**	

*Does not double count 28 units receiving homebuyer loans and PDC financing.

Ideally, after three years of unit production, 30% of the 2011 target should be met. All the categories meet or exceed 30% toward the target except for new low income rental units, which was close at 27% of the target. The report shows that 283 units had funding commitments in FY03/04 but loans are not anticipated to close until FY04/05. When the first-time homebuyer target was established it was anticipated PDC would expand its first mortgage lending capabilities. At this time, funding and products are limited to purchase/renovation resources resulting in PDC having achieved only 5% of the first-time homebuyers target.

PDC Financed and Incentive Units FY01/02- FY03/04



This chart shows the number of units receiving PDC direct financing, PDC administered incentives or a combination of both for three fiscal years (FY01/02- FY03/04). 395 units were reported as receiving “incentives only” in FY01/02, but later received PDC financing. These units have been moved into the "PDC Financing and Incentive" category in this FY03/04 report. Therefore, the total number of units in the table below was reduced by 395 for FY01/02 and increased by 395 for FY03/04.

As this annual report expands over multiple years, the presentation of the total unit count becomes increasingly complex due to units receiving incentives and/or financing in more than one fiscal year. 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. For instance, this year we made some changes to how SDC Exemptions and First-Time Homebuyers are reported to more accurately reflect the range of PDC activities and who benefits. A methodology section has been added to the report to ensure clarity and transparency, as well as to highlight changes that have been made in how production is calculated and reported.

PDC Housing Resource Development Efforts:

The report acknowledges additional resources and necessary to achieve the increased affordable and market-rate housing production targets. Current approaches 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. Recent accomplishments included assisting the City in securing $9 million through a Housing Revenue Bond.
- Creating financially sustainable projects that serve those most in need in partnership with developers committed to the social housing agenda. In conjunction with our funding partners, housing resources are being more actively linked to service resources, changes in underwriting are providing more financial sustainability in project, and tenant subsidy resources are being coordinated with housing development resources.
- PDC continues discussions with private lenders to determine how to better leverage our resources to increase housing production and provide products that better serve homeowners and buyers.

PDC Housing Production Report – FY 2003/2004

In January 2003, the PDC committed to a goal to increase housing production over a 10 year period starting July 2001. 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. PDC continues 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 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 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 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, commonly reported as "reserved units," are not included in this report. All units in Portland closed or committed or units with incentives received in FY03/04 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 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 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 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.
- 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 goal of preserving or replacing 1,200 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

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) 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 will be employed to provide a range of new housing development to new and existing urban renewal areas.
- Incentive programs such as the various tax abatements, system development charge exemptions and fee waiver programs remain available.
- PDC continues to leverage federal Low Income Housing Tax Credits, Historic Tax Credits and New Market Tax Credits to support housing and mixed-use development.
- PDC identifies new resources to support the development of market rate housing and a higher level of affordable housing.
- PDC expands its homebuyer programs to include a broader range of first mortgage products.

Recent Resource Development efforts includes:

- Exploring new program opportunities with Fannie Mae to support both housing development and homebuying.
- Working with Oregon Housing and Community Services to create and expand first mortgage lending products for homeownership.
- Participating on the Regional Blue Ribbon Committee on Housing Resources Development convened to address the critical and long-standing need for additional resources to increase the regional supply of affordable housing.
- Supporting the City of Portland in the implementation of an $11million Housing Revenue Bond for affordable housing development (approx $9.8M net).
- Creating financially sustainable projects that serve those most in need in partnership with developers committed to the social housing agenda.

Reporting Methodology

Each year the method for tabulating and reporting progress toward the housing production targets is refined. The allocation of funding and incentives toward housing projects is complex and often spans many years and phases for an individual project. The 20,000 unit production target was intended to be an “unduplicated” goal meaning that no unit or household is counted toward more than one goal. This section is intended to outline how and when units and households are counted. This section of the report has been added to provide clarity on the reporting process.

- **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. The exception is when a project receives an incentive in one year and in that same year has PDC dollars committed but not closed. In this case the units will not be counted until the PDC financing closes even though the incentive was approved previously. These units would then be reported as PDC Financed and Incentive Units. In some cases a project receives an incentive and it is unknown whether or not it will also receive PDC dollars. If that project does receive dollars in a future year it will be noted but will not be double counted in the grand totals.

- **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 sells, 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 many 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 that also qualify for the New Homeownership or Owner Rehab categories are counted in all categories for which they qualify but are only counted as First Time Homebuyers in the final summary of units counted toward the 20,000 goal. Thus, double counting is avoided. From FY01/02 through FY03/04 there were 34 such units that were reported against multiple unit production categories, but only counted in the First Time Homebuyer target for the 20,000 unit/household tabulation..

- **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.

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* – Preserve or replace 1,200 units at or below 60% MFI in the Central City by 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.

In FY03/04, PDC financed the acquisition of the Century Plaza Hotel (aka Hotel Alder). The property will be significantly rehabbed resulting in 99 rental preservation units. The Biltmore and Russet/Morris received permanent financing. The units for these projects were counted in previous Unit Production Reports and are not included in the FY03/04 grand totals at the end of this report to avoid double counting units. In addition, two Rental Rehab Preservation units received only an incentive and 41 units received a Lead Grant. FY03/04 funds spent on rental rehab preservation projects totaled $3.5 million with the majority of funding from TIF.

Table 1: Rental Rehab Preservation Projects- PDC Financing and Incentive Programs
Closed in FY03/04

Project	Location	Fund Type: Federal	Fund Type: TIF	Total	Incentives
Biltmore Hotel Rehab	Downtown Waterfront URA		$1,524,889 76 units*	$1,524,889 76 units	
Hotel Alder-Acquisition	Downtown Waterfront URA		$1,430,000 99** units	$1,430,000 99** units	
Lead Grant	Citywide	$679,230 57 units		$679,230 57 units	
Lead Grant	Interstate URA	$106,069 14 units		$106,069 14 units	
Lead Grant	Lents URA	$17,120 3 unit		$17,120 3 unit	
Lead Grant	CES URA	$45,941 2 units		$45,941 2 units	
Lead Grant	Gateway URA	$2,800 1 unit		$2,800 1 unit	
Lead Grant	Oregon Convention Center URA	$5,200 1 unit		$5,200 1 unit	
Incentive Only	Citywide				Rental Rehab Tax Abatement 1 unit FY03/04
Incentive Only	Interstate URA				Rental Rehab Tax Abatement 1 unit FY03/04
Subtotals		**$856,360** **78 units**	**$2,954,889** **175 units**	**$3,811,249** **253 units**	**Unduplicated Incentive Units** **2 units**

*Biltmore units (76 units) were reported in the FY02/03 report with acquisition dollars. These units are included in this table but are not double counted in the grand total at the end of this report.
**Hotel Alder construction dollars closed in FY04/05, therefore, those 99 units will be counted in the FY04/05 Unit Production Report and are not included in the grand total unit count of this report.

Total Rental Rehab Preservation Closed Units (unduplicated)	**255 units**

Table 2 presents PDC financed units by income level. Although the units for the Biltmore were already counted in previous Unit Production Reports, these units are included in this table to accurately depict the relationship between dollars and actual units. Therefore, the unit totals in Table 2 double count units reported in previous Unit Production Reports. Hotel Alder is not included because only acquisition dollars were closed in FY03/04.

Table 2: Summary of Rental Rehab Preservation Units by Income Level (incentive-only units excluded), FY03/04 Closed Units

	Income Level (% MFI)					
	0-30	**31-50**	**51-60**	**61-80**	**81+**	**Total**
Units	36 units	85 units	1 unit			122 units
Dollars	$411,919	$1,603,268	$11,310			$2,026,497
$/unit	$11,442	$18,862	$11,310			$16,611
% of Total Closed	30%	70%	1%			100%

*Thirty-two units did not have specific income information available but were Section 8 or Community Development Corporation rental units and assumed to be below 60% MFI.

Table 3 contains information on five projects financially restructured in FY03/04. New units were not created in these projects, however 169 units were preserved as affordable units. These 169 units are not counted toward the 1,500 unit goal since they are not new units.

Table 3: Preservation of Existing Projects (Restructures), *FY03/04*

		Fund Type		
Project	**Location**	**Federal**	**HIF**	**Total**
Garfield Gardens		$0 11 units		$0 11 units
Nelson Court		$77,579 7 units		$77,579 7 units
Ceel Ochs Manor		$34,103.00 3 units		$34,103 3 units
Tistilal Village		$644,937.00 15 units		$644,937 15 units
Villa De Clara Vista		$3,887,584 129 units	$117,299 4 units	$4,004,883 133 units
Subtotals		**$4,644,203 165 units**	**$117,299 4 units**	**$4,761,502 169 units**

Total Existing Preservation Units (unduplicated)	**169 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* – Preserve or replace 1,200 units at or below 60% MFI in the Central City by 2006.
- *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, Interstate, Lents, Gateway and the Central Eastside.
- Metro's *Regional Affordable Housing Strategy* set the goal of 1,791 citywide units below 50% MFI in Portland by 2005.

Table 4: New Low Income Rental Units- PDC Financing and Incentive Units
Closed in FY03/04

Project	Location	Fund Type: Federal	TIF	Total	Incentives
Sitka Apartments – Acquisition	River District URA		$750,000 202 units*	$750,000 202 units	
Columbia Knoll	Citywide	$3,000,000 326 units**		$3,000,000 326 units	SDC Rental 326 units in FY01/02
Emerson Duplexes	Citywide	$125,000 4 units**		$125,000 4 units	SDC Rental 4 units FY01/02
Fenwick Avenue	Interstate URA	$1,380,211 27 units		$1,380,211 27 units	SDC Rental 27 units FY03/04
Springwater Commons	Citywide	$750,000 36 units		$750,000 36 units	
Hazelwood Station Apartments	Citywide	$750,000 60 units**		$750,000 60 units	SDC Rental 60 units FY01/02
Russet / Morris	Citywide	$297,000 5 units**		$297,000 5 units	SDC Rental 5 units FY03/04
Midland Commons Apartments	Citywide	$1,161,000 44 units		$1,161,000 44 units	
Villas De Mariposas	Citywide	$1,000,000 71 units		$1,000,000 71 units	
Incentive Only	Interstate URA				SDC-Rental 167 units FY03/04
Incentive Only	Citywide				Fee Waiver-Rental 9 units FY03/04
Incentive Only	Citywide				SDC-Rental 231 units FY03/04
Ventura Park-Incentive Only	Citywide				TOD 55 units FY03/04
Subtotals		**$8,463,211** **573 units**	**$750,000** **202 units**	**$9,213,211** **775 units**	**Unduplicated Incentive Units** **462 Units**

*Sitka Apartments funding is for acquisition dollars and will not count toward the grand total at the end of the report until construction/permanent financing dollars close.
** Columbia Knoll (326 units), Emerson Duplex (4 units), Russet/Morris (5 units) and Hazelwood Station (60 units) all received SDC-Rental incentives in FY01/02 and those units were counted in the FY01/02 Unit Production Report. Those 395 units are included in this table but are not double counted in the grand total at the end of this report

Total New Low Income Rental Closed Units (unduplicated)	**1,237 units**

Table 5 presents PDC financed units by income level. Although the units for Columbia Knoll, Emerson Duplex, Russet/Morris and Hazelwood Station were already counted in previous Unit Production Reports, their units are included in this table to accurately depict the relationship between dollars and actual units. Therefore, the unit totals in Table 5 double count units reported in previous Unit Production Reports. The acquisition dollars and units for Sitka Apartments are not included in Table 5.

Table 5: Summary of New Low Income Rental Units by Income Level (incentive-only units excluded), *FY03/04 Closed Units*

	Income Level (% MFI)					
	0-30	**31-50**	**51-60**	**61-80**	**81+**	**Total**
Units	57 units	118 units	397 units			572 units
Dollars	$2,696,535	$1,780,246	$3,986,430			$8,463,211
$/unit	$47,308	$15,087	$10,041			$14,796
% of Total Closed	10%	21%	69%			100%

Table 6 summarizes Committed Units which include projects that received funding commitment from PDC during FY03/04. Over $10 million was committed to the construction of 291 units. Over 70% of these units received commitment of TIF.

Table 6: New Low Income Rental Units- PDC Financing and Incentive Units
Committed in FY03/04

		Fund Type			
Project	**Location**	**Federal**	**TIF**	**Total**	**Incentives**
Sitka Apartments- Construction /Permanent Loan	River District URA		$9,000,000 210 units	$9,000,000 210 units	SDC Rental 210 units in FY03/04
Halsey Terrace	Citywide	$320,000 15 units		$320,000 15 units	SDC Rental 15 units FY03/04
Kateri Park	Citywide	$500,000 49 units		$500,000 49 units	
Willow Tree	Gresham	$200,000 17 units		$200,000 17 units	
Subtotals		**$1,020,000 81 units**	**$9,000,000 210 units**	**$10,020,000 291 units**	

Total New Low Income Rental Committed Units (unduplicated)	**283 units**

Summary of Low Income Rental Units (Rental Rehab Preservation and New Low Income Rental units)

Table 7 presents all closed units under 60% MFI (Rental Rehab Preservation and New Low Income Rental units) by income level for FY03/04. All the projects that received an incentive in a previous year and were included in an earlier Unit Production Report (Columbia Knoll, Emerson Duplex, Hazelwood Station and Russet/Morris) are included in this table. Because these projects received an incentive in past years and incentives are not included in the income level tables, these units were not previously reported by income level.

Table 7: Summary of Rental Rehab Preservation and New Low-Income Rental Units by Income Level
Closed in FY03/04

	Income Level (% MFI)					
	0-30	**31-50**	**51-60**	**61-80**	**81+**	**Total**
Rehab Units	36 units	85 units	1 unit			122 units
% Rehab Units	30%	70%	1%			100%
New Units	57 units	118 units	397 units			572 units
% New Units	10%	21%	69%			100%
Total Units	93 units	203 units	398 units			694 units
% Total Units	13%	29%	57%			100%

Three Year Summary of Low Income Rental Units, FY01/02 – FY03/04

Table 8 shows a three year summary of units at or below 60% MFI for FY01/02 – FY03/04. The split across income level categories is fairly even with about 32% at or below 30% MFI, 35% between 31-50% MFI, and 33% between 51-60% MFI.

Table 8: FY01/02- FY03/04 Summary of Rental Rehab Preservation and New Low-Income Rental Units by Income Level from (3 Fiscal Years Closed Units)

	Income Level (% MFI)					
	0-30	**31-50**	**51-60**	**61-80**	**81+**	**Total**
Rehab Units	183 units	259 units	59 units			501 units
% Rehab Units	37%	52%	12%			100%
New Units	418 units	387 units	552 units			1,357units
% New Units	31%	29%	41%			100%
Total Units	601 units	646 units	611 units			1,858 units
% Total Units	32%	35%	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.

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 and Central Eastside Housing Strategy that all establish goals for new housing including market rate rental housing.
- *Metro's 2040 Growth Management Goals* – The City of Portland has committed to accommodating new housing in support of 2040 growth management goals.

PDC closed financing for 4 units in FY03/04. Midland Commons Apartments is part of a larger mixed-income project in which all the PDC financial assistance supported the low-income units.

Table 9: Market Rate Rental Units – PDC Financing and Incentive Units
Closed in FY03/04

Project	Location	Fund Type Federal	TIF	Total	Incentives
Midland Commons Apartments*	Citywide	$0 2 units		$0 2 units	
Raven Apartments	Citywide				TOD 32 units in FY03/04
Lead Grant	Interstate	$5,255 1 unit		$5,255 1 unit	
Lead Grant	Central Eastside	$20,175 1 unit		$20,175 1 unit	
Subtotals		**$0 4 units**		**$25,430 4 units**	**Unduplicated Incentive Units 32 units**

* This is a mixed income project and affordable units for this project appear in section B of this report.

Total Market Rate Rental Closed Units (unduplicated)	**36 units**

Table 10: Summary of Market Rate Rental Units by Income Level (incentive-only units excluded), *FY03/04 Closed Units*

	Income Level (% MFI) 0-30	31-50	51-60	61-80	81+	Total
Units				2 units	2 units	4 units
Dollars				$25,430	$0	$25,430
$/unit				$12,715	-	$6,358
% of Total Closed				50%	50%	100%

Table 11: Market Rate Rental Units – PDC Financing and Incentive Units
Committed in FY03/04

Project	Location	Fund Type Federal	TIF	Total	Incentives
Halsey Terrace*	Citywide	$0 1 unit		$0 1 unit	SDC Rental 1 units FY03/04
Kateri Park*	Citywide	$0 1 unit		$0 1 unit	
Willow Tree*	Gresham	$0 1 unit		$0 1 unit	
Subtotals		**$0** **3 units**		**$0** **3 units**	

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

Total Market Rate Rental Committed Units (unduplicated)	**3 units**

D) 3,000 New Homeownership Units

PDC supports the development of homeownership in a number of ways, including development financial assistance 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 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.
- PDC has established a goal as part of our Strategic Plan to increase the homeownership rate citywide by one percent. One strategy to achieve this goal is by increasing the supply of homeownership opportunities.

All of the FY03/04 new homeownership units received an incentive but no direct financing from PDC. The total number of units was 495.

Table 12: New Homeownership Units- PDC Financing and Incentive Programs
Closed in FY03/04

Project	Location	Incentives
Incentive Only	Citywide	328 units Tax Abatement, SDC Ownership, and/or Fee Waiver
Incentive Only	Interstate URA	68 units Tax Abatement, SDC Ownership, and/or Fee Waiver
Incentive Only	Lents URA	50 units Tax Abatement, SDC Ownership, and/or Fee Waiver
Incentive Only	OR Convention Center URA	1 unit Tax Abatement, SDC Ownership, and/or Fee Waiver
Incentive Only	Gateway URA	48 units Tax Abatement, SDC Ownership, and/or Fee Waiver
Total		**Unduplicated Incentive Units 495**

Total New Homeownership Units Closed (unduplicated)	**495 units**

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 built 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, 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.

Table 13: Home Repair Loans – PDC Financing and Incentive Units
Closed in FY03/04 (excludes loans made outside of the city of Portland)

		Fund Type			
Project	**Location**	**Federal**	**TIF**	**Total**	**Incentives**
Home Rehab Loan	Citywide	$916,710 123 units		$916,710 123 units	
Home Rehab Loan	Interstate URA	$222,909 26 units*	$51,941 6 units*	$274,850 31 units	
Home Rehab Loan	Lents URA	$36,041 6 units**	$125,519 10 units**	$161,560 14 units	
Boise-Humbolt Home Repair Program	Interstate URA		$7,899 3 units***	$7,899 1 units	
REACH Community Builders Program	Lents URA		$100,000 55 units	$100,000 55 units	
Owner Rehab Tax Abatement	Citywide				6 units Owner Rehab Tax Abatement
Owner Rehab Tax Abatement	Interstate				4 units Owner Rehab Tax Abatement
Owner Rehab Tax Abatement	Lents URA				2 units Owner Rehab Tax Abatement
Subtotal		**$1,175,660 155 units**	**$285,359 74 units**	**$1,461,019 224 units**	**Unduplicated Incentive Units 12 units**

* One of these Interstate units received Federal and TIF dollars is therefore double counted in the Federal Fund column and the TIF column of this table but not in the total.
** Two of these Lents units received Federal and TIF dollars are therefore double counted in the Federal Fund column and the TIF column of this table but not in the total.
*** Two of these units received a Boise-Humboldt grant and a Home Repair Loan and are therefore double counted in the Interstate Home Loans row and the Boise-Humboldt Home Rehab grant row of this table but not in the total.

The REACH Community Builders Program organizes volunteers and in-kind materials to repair houses for low-income senior and low income disabled homeowners in Lents URA who need assistance. The form of this assistance is a grant. The Boise-Humboldt Home Repair Program organizes home volunteers and contractors to provide home repairs for low income households in the Boise and Humboldt Neighborhood within the Interstate URA. The form of this assistance is a grant. Often the grant is coupled with the PDC providing a higher level of home repair.

In addition, PDC is also a qualified lender of the Fannie Mae HomeStyle Loan program. These loans enable existing homeowners to refinance and renovate their homes. Loans are originated by PDC and sold to Fannie Mae on the secondary market. The following table summarizes Fannie Mae activity.

Table 14: Fannie Mae HomeStyle Loans for Home Repair
Closed in FY03/04

Location	Fannie Mae HomeStyle Loans
Citywide	$1,245,750 6 units
Total	**$1,245,750 6 units**

Total Home Repair Closed Units (unduplicated and excludes loans outside Portland)	**242 units**

Table 15: Summary of Home Rehab Loans by Income Level (Includes HomeStyle Loans and excludes REACH grants), *FY03/04*

	Income Level (% MFI)					
	0-30	**31-50**	**51-60**	**61-80**	**81+**	**Total***
Units	40 units	66 units	26 units	35 units	8 units **	175 units
Dollars	$269,822	$579,366	$245,284	$250,467	$1,261,830	$2,606,769
$/unit	$6,746	$8,778	$9,434	$7,156	$157,729	$14,896
% of Total Closed	23%	38%	15%	20%	5%	100%

*Of the total units financed, the 55 Reach Community Builder Grants did not have specific income level information available and are excluded from this income level table. However, these grants were all under 80% MFI.
** Six of these units were Fannie Mae HomeStyle loans.

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 slight but important because it allows for units in this category to qualify for other categories (New Homeownership Units and Home Repair). 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 that also qualify for other categories are counted in all categories for which they qualify but not double counted toward the 20,000 target at the end of the report (from FY01/02- FY03/04 there were 28 such units). The exception is for units that receive a Water Bureau Homeowner SDC and are required to be first-time homebuyers. Once the SDC is approved these units appear in the New Homeownership Units category. However, once the SDC is verified and found to meet first-time homebuyer and affordability requirements, these units are shifted to this First-time Homebuyer category (further explanation appears in Table 19).

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

- PDC has established a goal as part of our Strategic Plan to increase the homeownership rate citywide by one percent (estimated as 1,250 homeowners new homebuyers). Another strategy to achieve this goal is by helping existing renters become homeowners.
- *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.
- *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 originates loans that are sold to either Fannie Mae (see Table 18) or the Oregon Residential Loan (ORL) program on the secondary market. In Table 16, six ORL loans were closed and each loan also received a Shared Appreciation Mortgage (SAM).

Table 16: First Time Homebuyer Loans- PDC Financing and Incentive Programs
Closed in FY03/04

		Fund Type			
Project	**Location**	**TIF**	**Oregon Residential Loan**	**Total**	
SAM and Oregon Residential Loan	Interstate URA	$30,000 1 unit*	$130,694 1 unit*	$160,694 1 unit	
SAM and Oregon Residential Loan	Lents URA	$142,000 5 units*	$481,700 5 units*	$623,700 5 units	
Portland Community Land Trust	Lents URA	$212,000 4 units		$212,000 4 units	
Incentive Only	Citywide				SDC-Homeowner 58 units** in FY03/04
Incentive Only	Lents				SDC-Homeowner 13 units** in FY03/04
Incentive Only	Interstate				SDC-Homeowner 3 units** in FY03/04
Sub Total		**$384,000 10 units**	**$612,394 5 units**	**$996,394 10 units**	**Unduplicated Incentive Units 74 Units**

* These units received both a SAM and ORL. In the grand total number of units for FY03/04 at the end of this report, these units are not double counted.
** These units were approved in FY03/04 and in the same year verified as having meet the Water Bureau SDC requirements (first-time homebuyer and 100% MFI or below). See Table 19.

Total Home Buyer Assistance Closed Loans (unduplicated)	**84 units**

Table 17: Summary of Home Buyer Assistance Loans by Income Level
(Includes HomeStyle Loans), *FY03/04*

	Income Level (% MFI)					
	0-30	**31-50**	**51-60**	**61-80**	**81+**	**Total**
Units		5 units	1 units	4 units		10 units
Dollars		$402,900	$30,000	$563,494		$996,394
$/unit		$80,580	$30,000	$140,873		$99,639
% of Total Closed		50%	10%	40%		100%

The Fannie Mae HomeStyle loans in Table 18 were not made to first-time homebuyers but show other home repair activity. These four units are not included in the grand total. These loans are originated by PDC and sold to Fannie Mae on the secondary market.

Table 18: Fannie Mae HomeStyle Loans
Closed in FY03/04

Location	Fannie Mae HomeStyle Loan	TIF	Total
Citywide	$425,100 3 units		$425,100 3 units
Lents URA	$166,250 1 unit*	$5,00 0 1 units*	$171,250 1 unit*
Total	**$591,350** **4 units**	**$5,000** **1 unit**	**$596,350** **4 units**

* This one unit received both a Homestyle loan and an Interest Rate Buy Down.

Adjustments are made annually to the New Homeownership Units and First-time Homebuyer sections of the report. The table below outlines: 1) units that were verified as First-Time Homebuyer, 2) units that did not meet the program guidelines and must repay the SDC exemption, and 3) whether eligibility has been verified.

Table 19: Water Bureau Homeowner SDCs Verification, FY01/02-FY03/04

Year	Location	# Approved and Reported*	Homebuyer Met Program Requirements**	Homebuyer Did Not Meet Program Requirements***	Not Verified
FY01/02	Citywide	172	6	4	162
	South Park Blocks URA	20	1	1	18
	Interstate URA	36			36
	Lents URA	37			37
	Subtotal	**265**	***7***	***5***	***253***
FY02/03	Citywide	382	5	23	354
	Lents URA	29		1	28
	Interstate URA	17			17
	Subtotal	**428**	***5***	***24***	***399***
FY03/04	Citywide	218	58	39	121
	Interstate URA	37	3	9	25
	Lents URA	37	13	6	18
	Oregon Convention Center URA	1			1
	Gateway URA	2			2
	Subtotal	**295**	***74***	***54***	***167***
Total		**988**	**86**	**83**	**819**

* The number approved is reported in the New Homeownership Units category in the Unit Production Reports. Beginning with the FY03/04 report, the approved Water Bureau Homeowner SDCs are updated annually with verification information and those units verified as meeting the program requirements are shifted to the First-time Homebuyer category.
**To maintain a Homeowner SDC the buyer must have an income at or below 100% MFI and be a first time homebuyer. PDC receives verification from the title company involved in the sale of the home.

***Developers are required to refund the SDCs for these units.

G) FY03/04 Summary of Production and 2011 Production Goals

Several charts in this section include 395 units that received an SDC in FY01/02 and were counted in the unit total for that year. However, these 395 units received PDC direct financing in FY03/04 and are therefore included in several of the following charts in order to give an accurate representation of housing activity. These units are excluded from the total unit count at the end of this report and the summary of progress toward the 2011 goals so as not to double count units.

As illustrated in Chart 1, the majority of units in FY03/04 received only an incentive and no PDC financing. A quarter of the units received PDC financing only and 21% received a combination of incentives and PDC financing.

Chart 1: PDC Financed and Incentive Program Units

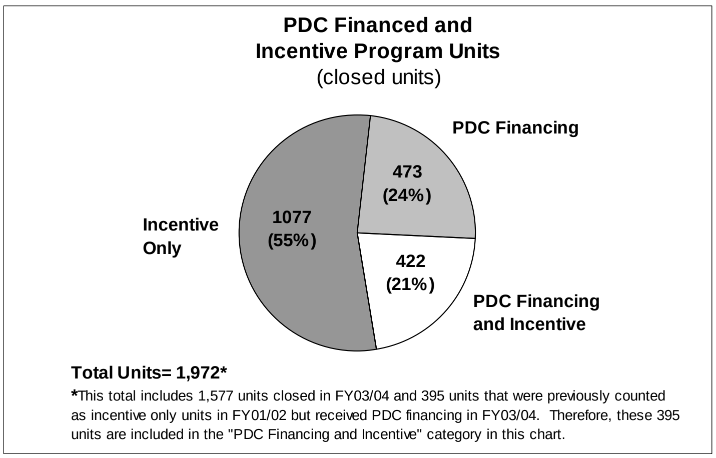


Chart 2 shows PDC financed units by goal category. New Homeownership units had the most incentive only units (495). New Low Income Rental had the most units receiving both PDC financing and an incentive (422 units). The category with the most total units was New Low Income Rental. Home Repair had the most PDC financed units with no incentives (230 units). The Rental Rehab Preservation units were predominately PDC financed with no incentives.

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

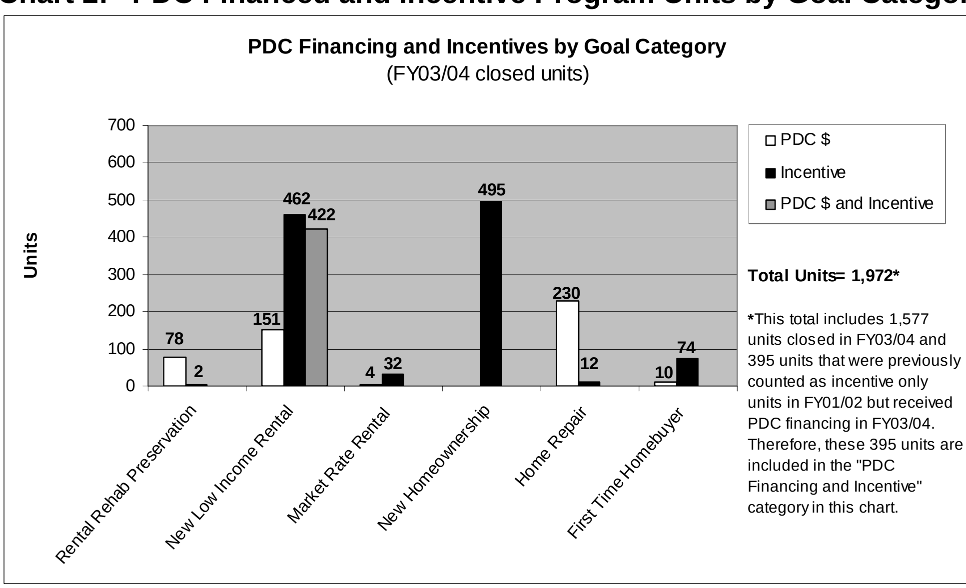


Chart 3 illustrates the type of funding used to finance FY03/04 units. The majority (72%) of dollars and units (90%) closed in FY03/04 were funded with federal dollars. Fifteen percent of the dollars were from TIF and 13% from other sources (which were Fannie Mae HomeStyle loans and Oregon Residential Loans). Nine percent of the units were funded with TIF and 1% with other sources.

Chart 3: FY03/04 PDC Financed Units by Fund Type

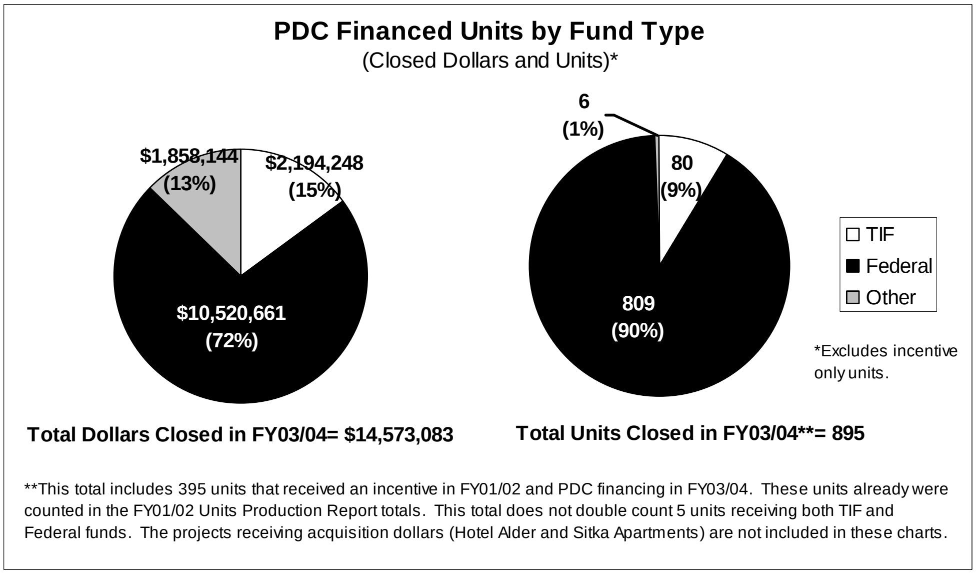


Chart 4 shows the type of funding by goal category. The majority of federally funded units (71%) were New Low Income Rental units. The TIF units were Home Repair and First-time Homebuyer. All of the New Low Income Rental units were financed with federal dollars. The majority (69%) of the Home Repair units were financed with federal dollars.

Chart 4: Fund Type by Goal Category

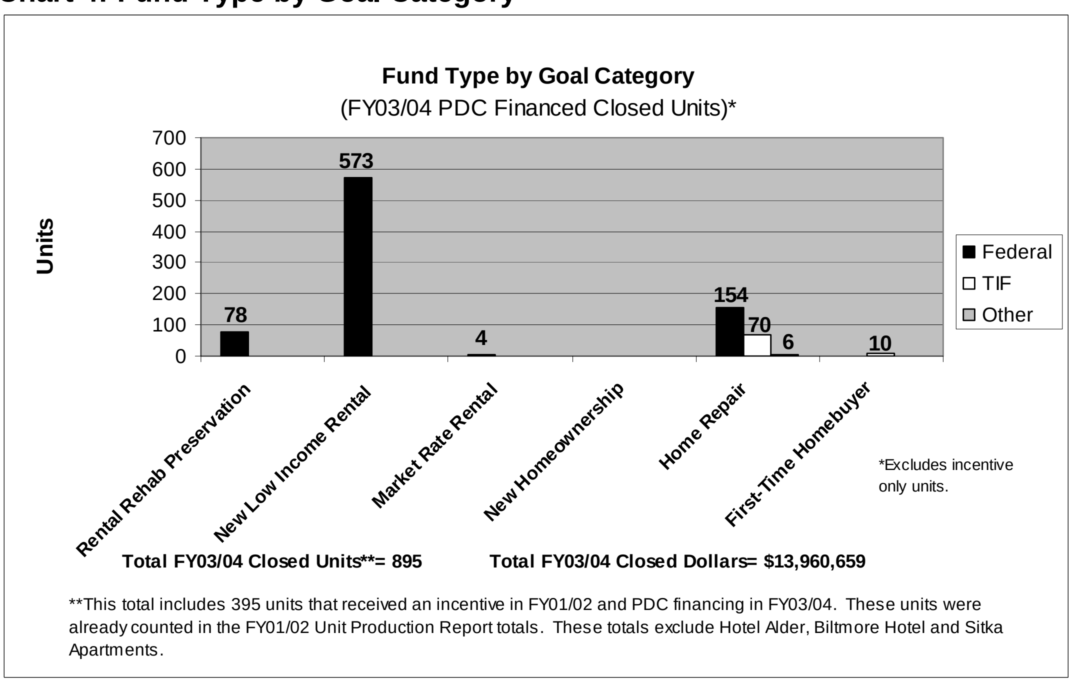


Chart 5 shows the distribution of TIF dollars among the goal categories. Sixty-nine percent of the TIF dollars went to Rental Rehab Preservation units and all these units were in the Biltmore Hotel. The rest of the dollars went to either first-time homebuyers or home repair units.

Chart 5: Tax Increment Dollars and Units by Goal Category

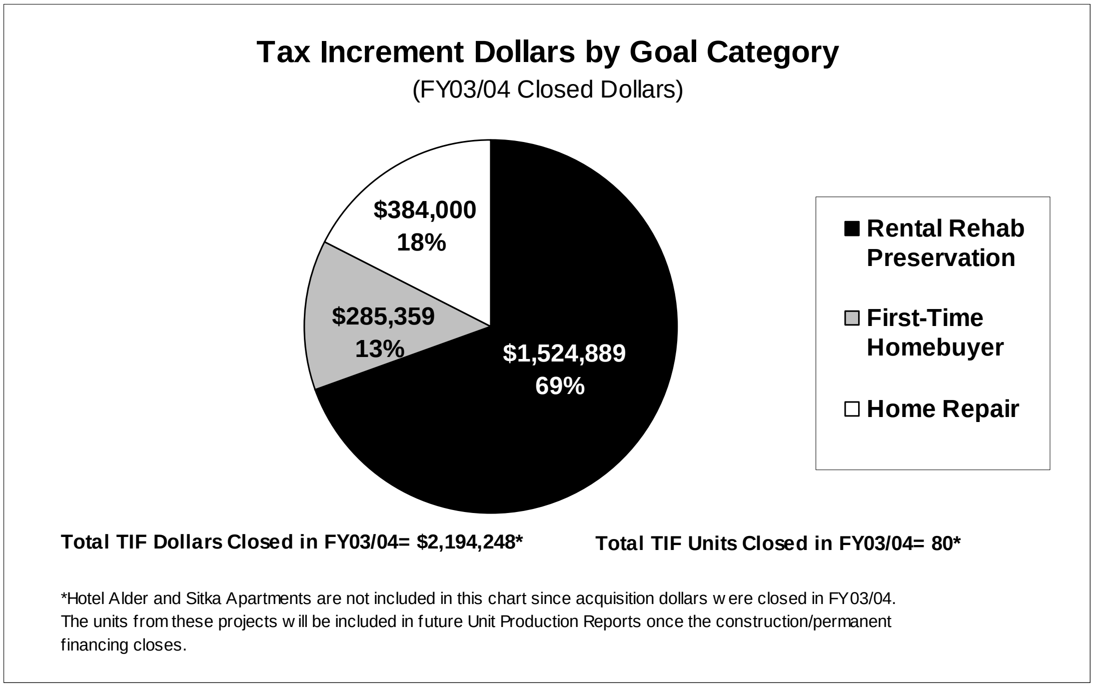


Table 21 presents the multifamily PDC financed units by income level for FY03/04 (the homebuyer and home repair loans are reported in Table 22 below and incentive only units are excluded from both tables). Nearly all of the units and dollars were at 60% MFI or below. Of the units, over half were between 51-60% MFI, almost a third were between 31-50%, and 13% were below 30% MFI. Of the dollars, 30% were between 0-30%, almost a third between 31-50% and 38% between 51-60%.

Table 21: Summary of FY03/04 Closed Multifamily Projects 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	36	85	1			122
Dollars	$411,919	$1,603,268	$11,310			$2,026,497
$/unit	$11,442	$18,862	$11,310			$16,611
% of Subtotal Units Closed	30%	70%	1%			100%
New Low Income Rental (below 60% MFI)						
Units	57	118	397			572
Dollars	$2,696,535	$1,780,246	$3,986,430			$8,463,211
$/unit	$47,308	$15,087	$10,041			$14,796
% of Subtotal Units Closed	10%	21%	69%			100%
Market Rate Rental (above 60% MFI)						
Units				2	2	4
Dollars				$25,430	$0	$25,430
$/unit				$12,715	$0	$6,358
% of Subtotal Units Closed				50%	50%	100%
New Homeownership						
Units						
Dollars						
$/unit						
% of Subtotal Units Closed						
Total Closed Units	93	203	398	2	2	698
% Total Closed Units	13%	29%	57%	0%	0%	100%
Total Closed Dollars	$3,108,454	$3,383,514	$3,997,740	$25,430	$0	$10,515,138
% Total Closed Dollars	30%	32%	38%	0%	0%	100%

* This table includes projects whose units were counted in previous Unit Production Reports because they received an incentive or other PDC financing in earlier years in addition to PDC financing in FY03/04. Those projects include Russet/Morris (5 units), Biltmore (76 units), Columbia Knoll (326 units), Hazelwood Station (60 units) and Emerson Duplexes (4 units).

Seventy-five percent of the homebuyer/ home repair loans and 42% of the dollars were below 60% MFI. Twenty-two percent of the units were at or below 30% MFI and 38% were between 31-50%.

Table 22: Summary of FY03/04 First-Time Homebuyer and Home Repair Loans by Income Level (incentive-only units excluded)

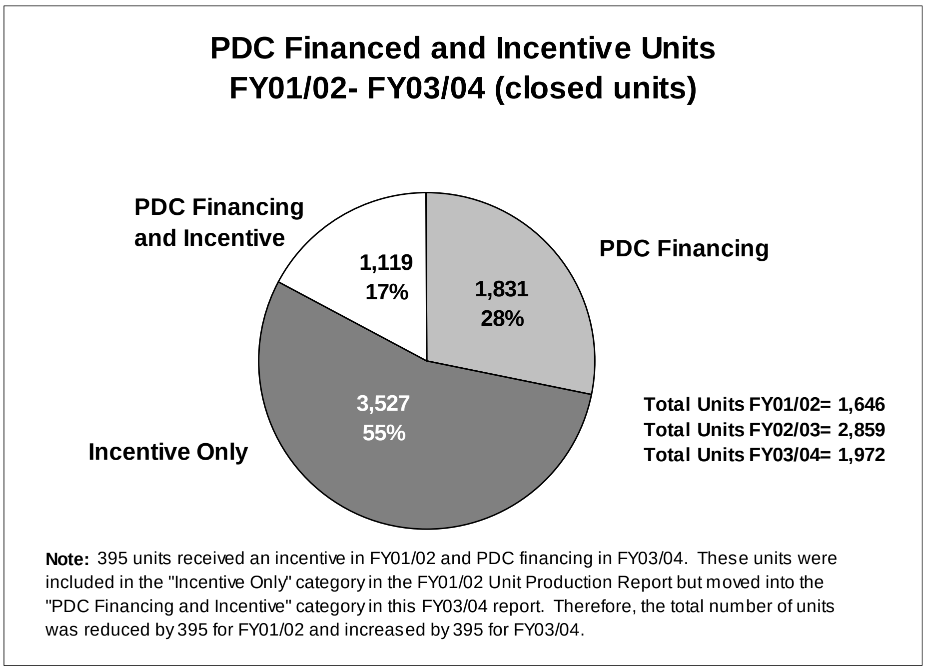
	Income Level (% MFI)					
	0-30	**31-50**	**51-60**	**61-80**	**81+**	**Total**
Units	40 units	71 units	27 units	39 units	8 units	185 units
Dollars	$269,822	$982,266	$275,284	$813,960	$1,261,830	$3,603,163
$/unit	$6,746	$13,835	$10,196	$20,871	$157,729	$19,477
% of Total Closed Units	22%	38%	15%	21%	4%	100%
% of Total Closed Dollars	7%	27%	8%	23%	35%	100%

H) Summary of FY01/02- FY03/04 Production and Progress Toward 2011 Goals

The following tables include summary information for the first three years of reporting on the 2011 goals: FY01/02, FY02/03 and FY03/04.

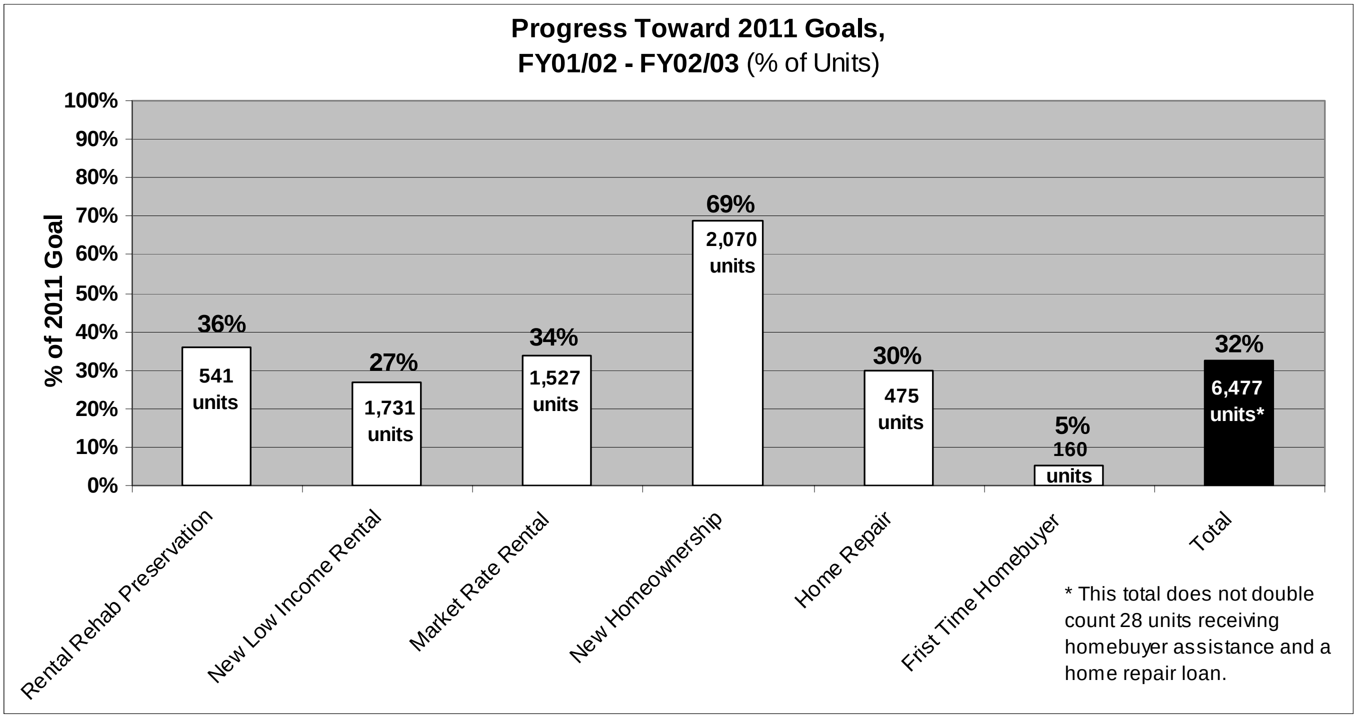
Chart 6 presents the units for all three years (FY01/02-FY03/04). The 395 units that received an SDC in FY01/02 and PDC financing in FY03/04 were shifted from the FY01/02 "incentive only" category to the FY03/04 "PDC financing and incentive category." The greatest difference between years was in the Incentive Only category. FY03/04 saw an almost 50% reduction in the number of incentive only units compared to the year before. In FY02/03 and FY03/04 the category with the most units was incentive only; in FY01/02 this category was PDC financing.

Chart 6: FY01/02- FY03/04 PDC Financed and Incentive Units by Fund



In the third year of production toward the 2011 goals ideally 30% of each goal should be met. Chart 7 shows the progress toward the 2011 goals. At least 30% of the goal has been completed in Rental Rehab Preservation, Market Rate Rental, New Homeownership and Home Repair. The 30% marker has nearly been reached in the New Low Income Rental which is 27% completed. The First-time Homebuyer category is significantly below the 30% marker at 5% complete. New Homeownership is the closest to reaching its goal at 69% complete. In terms of the 20,000 unit overall goal, PDC has reached 32% of this goal which is on track for reaching the 2011 goal.

Chart 7: Progress Toward 2011 Goals, FY01/02 – FY03/04



Three Year Grand Total Closed Units, FY01/02- FY03/04=	**6,477 units***
3 Year Total Percent of 2011 Goal (FY01/02- FY03/04)=	**32%**

*This total does not double count 28 units receiving both homebuyer assistance to the buyer and a homeowner loan to the developer.

Table 23 is a summary of the three years of reporting by income (MFI level) for units receiving PDC financing (incentive only units are excluded). Of the total units, 75% were at or below 60% MFI and 83% of the dollars went to units at this MFI level.

Table 23: Summary of FY01/02- FY03/04 Closed Units by Income (excludes incentive only units)

	Income Level (% MFI)					**Total**
	0-30	**31-50**	**51-60**	**61-80**	**81+**	
1. Rental Rehab Preservation						
Units	183	259	59			501
Dollars	$5,206,789	$5,020,373	$3,298,830			$13,525,992
$/unit	$28,452	$19,384	$55,912			$26,998
2. New Low Income Rental						
Units	418	387	552			1,357
Dollars	$23,651,460	$16,479,102	$7,410,703			$47,541,265
$/unit	$56,582	$42,582	$13,425			$35,034
3. Market Rate Rental						
Units				64	177	241
Dollars				$2,537,203	$1,891,212	$4,428,415
$/unit				$39,644	$10,685	$18,375
4. Homeownership						
Units				2	302	304
Dollars				$68,340	$1,800,000	$1,868,340
$/unit				$34,170	$5,960	$6,146
5. Home Repair Loans						
Units	95	168	58	72	15	408
Dollars	$858,382	$1,438,516	$581,722	$755,517	$2,263,354	$5,897,491
$/unit	$9,036	$8,563	$10,030	$10,493	$150,890	$14,455
6. First-Time Homebuyer Assistance						
Units		8	3	27	37	75
Dollars		$472,900	$75,000	$2,041,580	$1,622,371	$4,211,851
$/unit		$59,113	$25,000	$75,614	$43,848	$56,158
Total Closed Units	696	822	672	165	531	2,886*
% of Total Units	24%	28%	23%	6%	18%	100%
Total Closed $	$29,716,631	$23,410,891	$11,366,255	$5,402,640	$7,576,937	$77,473,354
%Total Closed $	38%	30%	15%	7%	10%	100%

*This total excludes 64 units in FY03/04 for which income information was unavailable. However, of these units, 55 were REACH Grants to low income homeowners, in addition, nine were nonprofit housing developer units or Section 8 units with income at or below 80% MFI. This total also excludes acquisition dollars and units.

Table 24 includes all projects with dollars closed and/or that received an incentive in FY03/04.

Table 24: FY03/04 Closed Projects/ Loans and Production Targets

Projects Closed in FY03/04	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
Biltmore Hotel						
Hotel Alder-Acquisition						
Russet/ Morris		*5**				
Sitka Apartments-Acquisition						
Columbia Knoll		*326**				
Emerson Duplexes		*4**				
Fenwick Apartments		27				
Springwater Commons		36				
Hazelwood Station Apartments		*60**				
Midland Commons Apartments		44	2			
Villas De Mariposa		71				
Homebuyer Loans						10
Owner Rehab Loans					169	
REACH Community Builder Home Repair Grants					55	
Fannie Mae HomeStyle Loans-Owner Rehab					6	
Rental Lead Grant	78		2			
Incentive Only	2	462	32	495	12	74
Total Units (excluding incentive only units)						
Total Units	**78**	**178**	**4**	**0**	**230**	**10**
% Total	**16%**	**36%**	**1%**		**46%**	**2%**
Total (including incentive-only units)						
Total units	**80**	**640**	**36**	**495**	**242**	**84**
% Total	**5%**	**41%**	**2%**	**31%**	**15%**	**5%**

*These 395 units received an incentive only in FY01/02 and were counted in that year's Unit Production Report. In FY03/04 these units also received PDC financing. To avoid double counting units these 395 units are not included in the FY03/04 total unit count.

Grand Total Closed Units (excluding incentives), FY03/04	**500 units**
Grand Total Closed Units (including incentives), FY03/04	**1,577 units**