

CENTRAL EASTSIDE URBAN RENEWAL AREA *Housing Strategy*



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EXECUTIVE SUMMARY

The Central Eastside (CES) Urban Renewal Area (URA) was adopted in 1986 and has a 20-year planning horizon. The CES is dominated by industrial uses, historic structures, and commercial/transit corridors. More than 14,000 people work in the CES, while less than 2,000 live there. There are some pockets of older residential neighborhoods, housing in the upper floors of buildings along commercial corridors, as well as some homes scattered within the industrial areas. Commercial and Industrial zoning limits the potential for significant residential development in the CES area.

The CES has the least diverse housing stock in the Central City with virtually all residential units being rentals at or below 80% MFI. CES has approximately 8% of the total housing units in the Central City, while 23% of the Central City's homeless shelter, drug and alcohol rehabilitation service units, and other special needs housing are in the CES.

The CES URA Housing Strategy will serve as the guiding policy document for all housing expenditures administered by the Portland Development Commission within the urban renewal area.

The following goals reflect the priorities of the community and the City to have housing development that serves a wide range of household needs and is compatible with the existing neighborhoods. An overriding goal of the CES URA Housing Strategy is to ensure that existing residents have the opportunity to remain in the community, and existing workers have the opportunity to live in the community.

Goal I: Job and Housing Balance

Support job growth by providing housing opportunities for employees working within the CES URA.

Goal II: Vitality and Livability

Encourage investments in the CES URA by developing or preserving housing that supports commercial corridors and neighborhoods, and helps connect them to the waterfront.

Goal III: Rental Housing Supply

Maintain the supply of rental units that are affordable and suitable to current residents, while developing housing for emerging markets.

Goal IV: Home Ownership Opportunity

Increase home ownership opportunities affordable to current residents and emerging markets.

Goal V: Displacement Prevention

Support housing development scenarios that limit displacement of existing residents.

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INTRODUCTION

Overview

The Central Eastside Urban Renewal Area (CES URA) Housing Strategy has been developed to guide urban renewal investments in the CES URA. The Strategy will serve as the guiding policy document for all housing expenditures administered by the Portland Development Commission (PDC) within the CES URA (see *Appendix A: CES URA Map*).

A Housing Strategy Committee was established that includes members representing employers/businesses, developers, service providers, neighborhood associations, residents, and property owners. The Committee considered relevant plans, applicable policies, as well as the needs and preferences of their constituents, in developing the vision, goals, objectives, and strategies for housing in the CES area.

The Housing Strategy Committee forwarded their recommendations to the CES Urban Renewal Advisory Committee for input and review. The recommendations were also forwarded to the Housing and Community Development Commission for their review and comment. Finally, the strategy was presented to the Portland Development Commission for their review and adoption. The strategy document was adopted on October 15, 2003.

The *Introduction* is organized to provide the context in which the Housing Strategy was developed. This framework will guide the urban renewal housing activities. The *Existing Conditions* section provides the urban context of the CES, a demographic profile of residents, households, employment, and housing in the CES area, and recent revitalization projects. The *Housing Implementation Strategies* section includes the housing vision, general assumptions, housing goals and objectives and implementation strategies. The *Urban Renewal Budget Priorities* section outlines the projected budget and priorities for implementing the strategy. Finally, the *Monitoring and Evaluation* section describes the measurement tools, process and timeline for monitoring and evaluating progress on achieving specific housing goals and strategies.

Planning Framework

The policy directives established in state, regional, city, relevant neighborhood plans, and the Central Eastside Urban Renewal Plan (*Appendix B*) influenced the development of the Central Eastside Urban Renewal Housing Strategy. The following is a summary of those plans that were most relevant to housing activities in the urban renewal area.

Central Eastside Urban Renewal Plan (amended 1991) The CES Urban Renewal Area was established in 1986 and is scheduled to expire in August 2006. From that point forward, no additional bonded indebtedness can be incurred. However, there will continue to be program income, as loans are repaid or property is sold, that can be used to fund activities to support URA goals. A full copy of the plan is included as *Appendix B*)

Urban Development Goals

General Goal: Maintain Portland's role as the major regional employment, population, cultural center through public policies that encourage expanded opportunity for housing and jobs while retaining the character of established

residential, neighborhood and business center. (Comprehensive Plan Goal 2)

Specific Goals:

- *Urban Diversity: Promote a range of employment opportunities and living environments for Portland residents in order to attract and retain a stable and diversified population. (Comprehensive Plan Goal 2.2)*

Revitalization Goals

General Goal: Maintain and enhance the CES District as a near-in job center featuring a diverse industrial base with compatible, supportive and appropriately located commercial and residential activities. Encourage the vitality of existing firms, provide an attractive climate of opportunity for complimentary ventures, and offer a positive environment for adjacent neighborhoods.

Specific Goals:

- *Preserve and enhance the unique characteristics of the Central Eastside Industrial District as a near-in employment center with a diverse industrial base complimented by concentrations of commercial and residential uses in appropriately designated areas.*
- *Enhance business and development opportunities for existing firms, recognizing the importance of providing industrial sanctuaries for certain industrial activities while affording opportunities for commercial housing development with in appropriately designated areas.*

Central Eastside Industrial District: Vision for the Evolution of an Urban Industrial District (2001 DRAFT)

The business association of the CES – the Central Eastside Industrial Council – has been working on a vision for the district. The vision intends to forge a balanced approach for the evolution of the district – one that maintains and builds upon its diversity, without diminishing its industrial and employment emphasis. The document includes an implementation plan that guides the district to reach its vision and employment goals. Implementation Plan Activity # 9 – **Housing that supports an employment district** – reads:

Similar to the need for retail, housing is a key factor to success for the district. Housing needs to be available, accessible and most importantly affordable. Fortunately, the CEID not only has a substantial amount of available housing surrounding its eastern edge, but includes a considerable amount of housing within its borders including its mixed use commercial corridor. Housing within and proximate to the district shortens the commute for employees to work and a key factor for providing a strong workforce for the district. Unfortunately higher density, traffic congestion and the demand for proximate housing will eventually decrease the available housing around the district. The district needs to address this reality before it becomes an issue. Suggestions for housing for the employment district include:

- *Encourage and support affordable housing to accommodate the work force of the district.*
- *Renovate and preserve older housing in substandard condition to provide attractive and affordable housing to those working in the district.*
- *Construct and develop new housing to add to the supply. For example, new housing within the MLK/Grand retail corridor (zoned EX) would not only provide district housing but would also support retail businesses along the corridor.*
- *Continue to evolve and improve mass transit to and from the home to the*

work place.

- *Limit housing to appropriate locations and specifically where zoning allows. The purpose of the housing is to maximize the district's ability to increase urban industrial employment growth. It would not be in the city or district's best interest to turn the CEID into an Urban Housing District.*

***City of Portland
Comprehensive
Plan (amended
1999)***

The goals and policies of the City's Comprehensive Plan provide the context for land use planning, guidance for major capital projects and other funding decisions, and the policy direction for the City's housing assistance programs. State law requires major developments and urban renewal plans to be consistent with the Comprehensive Plan. Portland City Council updated and adopted in the Comprehensive Plan Housing Policy in January of 1999. Goal #4 of the City's Comprehensive Plan now reads:

Enhance Portland's vitality as a community at the center of the region's housing market by providing housing of different types, tenures, density, sizes, costs, and locations that accommodate the needs, preferences and financial capabilities of current and future residents.

The Comprehensive Plan goals and objectives highlighted in the Housing Strategy include:

- Ensure an adequate supply of housing is available
- Provide housing of different types, tenures, costs, locations
- Restore, rehabilitate and preserve existing housing
- Strive for livable, mixed-income neighborhoods
- Preserve opportunities for economic and racial integration through a range of housing options
- Stabilize neighborhoods by promoting a variety of homeownership and rental options
- Discourage the involuntary displacement of low-income residents
- Increase ownership opportunities
- Retain and create affordable housing
- Encourage the development of housing at transit-supportive densities

***Consolidated
Plan (2000)***

The Consolidated Plan is a combined housing and community development plan, as well as an application for federal funds available to the City of Portland, City of Gresham and Multnomah County. The Consolidated Plan Principle I states the priority for federal funds "*should focus on developing and preserving housing for those with the greatest needs.*" Principle III states "*there should be a direct relationship between the amount of public investment and the number of units affordable.*" And, Principle V is "*to make the best use of existing resources, a continuum of services must be available to assist individuals and families locating, obtaining, and maintaining decent, affordable housing.*"

While these principles are not directly related to the governing policies and objectives of the CES URA, they have informed the development of the Housing Strategy. The Consolidated Plan provides valuable information regarding current housing market trends and demographic information highlighting the needs of the most vulnerable residents in the urban renewal area.

***Metro 2040
Framework Plan
(1997)***

The Metro 2040 Framework Plan (2040 Plan) establishes a 50-year growth management plan and policy for the Portland metropolitan region. The 2040 Plan requires that sufficient affordable housing is made available to all households of all income levels and at the appropriate densities. The 2040 Plan directs cities and counties to provide a range of housing types with specific goals for low, moderate and market rate units to ensure that sufficient and affordable housing is available to all households. The 2040 Plan also emphasizes that housing densities support the development of the regional transportation system and a jobs-housing balance. Like the Consolidated Plan, the 2040 Plan provides a broader context in which to shape the role of all urban renewal activities within larger regional planning efforts.

***Area Specific
Plans***

In addition to planning policy affecting the region, the city and the entire CES URA, there are certain sub-areas within the URA which have been, or will be, the subject of focused redevelopment strategies. These include the *Eastbank at Burnside: The Lower East Burnside Redevelopment Plan*, CES Development Opportunity Strategy, Commercial Corridor Strategy (proposed), and Southern Triangle Strategy (proposed).

Each of these strategies may have some housing-related component which provides specific direction to the physical design and, in some cases, the programming of housing and mixed-use development. The *Eastbank at Burnside: The Lower East Burnside Redevelopment Plan*, for example, calls for creating a balance of jobs, housing, retail and offices, providing for a mix of retail and housing, and providing a balance of housing types.

***Neighborhood
Plans***

The *Kerns Neighborhood Action Plan* (1987), *Buckman Neighborhood Plan* (1991), and *Hosford-Abernathy Neighborhood Action Plan* (1988) all include goals, policies and objectives with direct and indirect relevance to housing in the CES. A complete list of the relevant policies and objectives is included in *Appendix C*.

Role of Public and Private Sector Partners in Housing Programs and Development

Role of the PDC The PDC is the designated urban renewal agency for the City of Portland and is responsible for implementation of urban renewal plans and stewardship of urban renewal resources. The CES Urban Renewal Plan outlines priorities for public action. It is PDC's responsibility to ensure that urban renewal investments:

- Benefit existing residents and businesses
- Are coordinated with the efforts of other public, private and non-profit entities
- Optimize light rail investment
- Are fairly distributed throughout the entire urban renewal area
- Attract private investment and generate tax increment dollars (return on investment)
- Strategically leverage other public and private resources

To this end, PDC is charged with implementing the Housing Strategy, as well as all related urban renewal strategies and plans in a coordinated manner that responds to community needs, stimulates quality and sustainable development, and strategically and effectively leverages other public and private investment.

PDC will work with partners in the public and private housing development community and local property owners to implement the Housing Strategy by 1) soliciting public and stakeholder input and participation in carrying out strategic actions, 2) coordinating the development and allocation of resources needed to meet outlined objectives, and 3) monitoring, measuring and reporting strategic outcomes.

PDC generally focuses resources in areas that are not traditionally supported by the private financial and development community, either because the private sector is unable to recoup an acceptable return on their investment or is unwilling to take the risk in an uncertain market.

Other Public Sector Partners While PDC is responsible for overall coordination of urban renewal activities, success is greatly dependent on partnerships with the many public agencies, non-profit organizations, the private financial and development community, and local residents and property owners involved in housing development, services and finance.

Public partners include, but are not limited to, the Bureau of Housing and Community Development, Housing Authority of Portland, Office of Sustainable Development, Multnomah County, Oregon Housing and Community Services, U.S. Department of Housing and Urban Development and Fannie Mae. These organizations can provide important leadership and financing to enhance urban renewal resources for housing development, programs and services. Public partners will also be critical in providing resources and services for those programs and activities that are outside the scope of urban renewal (i.e. non-tax increment eligible activities).

Housing activities will also be supported by partnerships with the Portland Parks and Recreation and the Portland Office of Transportation as their activities enhance overall livability in the community. The Bureau of Planning will provide support and the regulatory infrastructure to guide new quality and sustainable housing and mixed-use development.

***Private Sector
Partners***

The private housing development community will be involved in many areas of implementation of the Housing Strategy. Private for-profit and non-profit developers will be responsible for the rehabilitation and construction of housing. These developers and partners include local community development corporations such as REACH Community Development Incorporated, non-profit housing developers such as HOST (Home Ownership a Street at a Time), Portland Community Land Trust, and Habitat For Humanity, large and small for-profit housing developers, landlords and individual property owners throughout the neighborhoods. Other organizations such as the Portland Housing Center provide additional services, education, and financial resources to residents.

Since private lending institutions will provide the bulk of financing for housing development, rehabilitation and home purchase, it will be important to develop strong relationships and partnerships with these organizations to increase commitment to CES neighborhoods and residents.

All of these organizations are integral players in the success of the Housing Strategy. PDC, as the urban renewal agency and primary implementing body of the Urban Renewal Plan, will strive to enhance existing relationships and seek new partnerships to achieve the goals outlined in the Housing Strategy.

EXISTING CONDITIONS

Urban Context

The Central Eastside is an urban renewal area, as well as a subdistrict of Portland’s Central City Plan District. The “Central City” has its roots in the 19th century merger of the cities of Portland, East Portland, and Albina. The business center for East Portland was located between SE Morrison and East Burnside west of 7th Avenue. The former city of East Portland also contained what became Portland’s first industrial district. These areas are the heart of what is now referred to as the Central Eastside (CES).

The CES remains one of the city's most important employment centers. It attracts large employers such as Portland General Electric, Portland Community College, US Bakery, and Oregon Museum of Science and Industry, as well as specialty manufacturers, business and industrial service and supply distributors serving markets throughout the Northwest.

The area is characterized by the Willamette River and Eastbank Esplanade, bridges, highways, light industry, commercial corridors, historic structures, and views of downtown and Mount Hood. Some residents describe the area’s character as “edgy” and interesting – with a rich urban fabric woven from history, industry, and commerce.

Transportation/ Access The CES includes almost two miles of Willamette riverfront. Most of the one-mile long Eastbank Esplanade, adjacent to the riverfront, is within the CES. Five bridges connect CES with the west side of the Willamette – Burnside, Morrison, Hawthorne, Marquam, and Ross Island.

Interstate highways 99, 5, and 84 provide both an opportunity and a challenge in the area. The highway systems provide an opportunity for the flow of goods and services in the area; they also provide a barrier to the flow of workers and residents within the area.

Zoning There are approximately 800 acres within the CES subdistrict of the Central City Plan – 681 acres within the CES URA.

Zone ¹	Taxlot Acres ²	% of Taxlot Area	Lots ³	% of Lots
EG1	7.4	1.90%	32	2.00%
EG2	13.9	3.60%	22	1.40%
EX	80.2	20.90%	522	32.00%
IG1	253.2	65.90%	905	55.60%
IH	19.2	5.00%	32	2.00%
OS	5.5	1.40%	37	2.30%
R1	3.8	1.00%	57	3.50%
RX	1.1	0.30%	22	1.40%
Total	384.4	100.00%	1629	100.00%

¹ EG=General Employment; EX=Central Employment; IG=General Industrial; IH=Heavy Industrial; OS=Open Space; R1=Residential 1,000; RX=Central Residential

² Excludes areas within rights-of-way and under water

³ Includes portions of lots -- lots may be counted under more than one zone

Less than half of the acreage is in tax lots, the remainder is in rights of way or under water. Almost 71% of the taxlotted acres are zoned for industrial use. Residential zoning represents only about one percent of the taxlotted acreage. Housing is allowed in the Central Employment (EX) zone (21% of total), but it can not dominate the area. Plan designations were not addressed in this section because there is no intention to rezone property as part of this housing strategy.

Demographic Profile

The *Central Eastside Urban Renewal Area Baseline Report (2002)* provides information on the existing conditions in the CES URA and the surrounding area. The information was compiled to inform the CES Housing Strategy Committee as they developed housing goals, objectives, and strategies for the CES URA.

The US Department of Housing and Urban Development defines affordable housing as rent and utilities that cost no more than 30% of gross family income. In February 2003, the Portland Area *Median Family Income* (MFI) for a family of four was \$65,800 (see *Appendix D*). This means that rent and utilities would need to be at or below \$1,645 per month to be considered affordable to a family of four who are at 100% MFI. If a family of two were at 60% MFI (\$31,600), the rent and utilities would need to be at or below \$790 per month to be considered affordable.

The following sections, unless otherwise noted, are key findings from the Baseline Report.

Please note: Much of the data in the baseline report are from the US Census. These data are only available at the Census Block level, many of which extend beyond the URA boundary. This is referred to as the “CES Area.” There are a lot of people living in the CES Area, outside the URA. Given that there are approximately 1,200 residential units within the URA, with many of them as single room occupancy and shelter beds, the population in the URA would be closer to 2,000 than the 6,000 residents in the larger CES Area.

Population

The CES population grew at a slower rate (5%) than the city’s population (21%) between 1990 and 2000. The change in population in the Inner Southeast within the same time period was practically zero percent.

Geographic Area	Number of Persons		Change 1990-2000	
	1990	2000	#	%
CES Area	5,768	6,041	273	4.7%
Inner SE	16,914	16,934	20	0.1%
City of Portland	437,398	529,121	91,723	21.0%

Source: 1990 Census and 2000 Census

Age

Overall, the population of the CES was younger than the city as a whole in 2000.

- The percentage of 18-34 year olds (45%) was greater in the CES relative to the City’s proportion (29%). Between 1990 and 2000, the proportion in this age cohort increased in the CES, yet decreased in the city overall.
- The percentage of residents 65 and older was lower in the CES in 2000 (7%) than the city as a whole (12%). However, the percentage of residents under the age of 18 was lesser in the CES (14%) than the city as a whole (22%) in 2000.

Households

A household includes all of the people who occupy a housing unit. The Census defines “housing unit” as a house, apartment, mobile home, or group of rooms as separate living quarters.

- The number of households in the CES Area grew less (6%) between 1990 and 2000 than the number in the city (20%).
- The CES Area had a greater percentage of one-person households (56%) than the city (35%) in 2000.

Families

The Census distinguishes between family and non-family households. A family includes a householder and one or more people living in the same household who are related by birth, marriage, or adoption. A non-family household is a person living alone or with non-relatives.

- The number of families declined between 1990 and 2000 by 17% in the CES Area while increasing 13% in the City.
- Thirty-eight percent of families were headed by an unmarried adult in the CES Area in 2000 compared to 28% in the City.

Group Quarters

The Census Bureau defines group quarters as “a place where people live or stay other than the usual house, apartment, or mobile home.” The bureau definition includes two types of group quarters: institutional (i.e. mental institutions, prisons, hospitals, nursing homes) and non-institutional (i.e. dorms, barracks, group homes, missions, shelters).

- The percentage of people living in group quarters in the CES was almost three times that of the City’s percentage in 2000.

Race & Ethnicity

- The CES Area had a higher percentage of whites in 2000 (84%) than the City had (78%).
- The CES Area in 2000 had lower percentages of blacks (5%) and people of Asian or Pacific Islander background (3%) compared to the City, in which both groups comprised 7% of the population each.

Income

- Median household income and median family income tended to be higher in 2000 in the southern and eastern parts of the Inner SE area than in its northern and western parts.
- The only 2000 block group with its residential tax lots exclusively within the CES URA had a median household income only 22% that of the city and a median family income 19% that of the city.
- The CES Area had almost twice (30%) the percentage of households making less than \$15,000 per year than the City had (16%) in 2000.
- The CES Area had less than half the percentage (6%) of the city’s percentage (14%) of households receiving retirement income in 2000.

Poverty

- In 2000, the poverty rate in the CES Area was 24% compared to the City’s 13%.
- The poverty rate for single men without children in the CES Area was 30% in 2000, yet this rate was only 6% in the city.

Employment

Employment Status

- While the unemployment rate in 1990 in the CES Area (5%) was slightly lower than in the City (6%), in 2000 the CES Area's rate was 12% compared to the city's 7%.

Employment Location

- The CES Area had a higher percentage of its employed residents working within the city (82%) than the city had (75%) in 2000.

Means of Transportation to Work

- Seventy-six percent of workers living in the City drove to work in 2000 while only 52% of workers living in the CES Area drove.
- Twice as many CES Area residents (24%) took public transit to work in 2000 than city residents (12%).
- Over twice as many CES Area residents (11%) as city residents (5%) walked to work in 2000.

Number of Employees

- Half of the CES URA businesses employed 5 or less people in 2000.
- There were a total of 845 businesses and 14,252 employees in the CES URA in 2000.
- The industries with the highest percentage of employees in 2000 in the CES URA were wholesale trade (22%), manufacturing (14%), and retail trade (13%).

Housing

Housing Inventory

The Portland Development Commission conducted an inventory of all the residential units in the Central City to better understand the overall housing availability in this market area. The Housing Inventory provides information on the amount, type, and affordability of housing in the Central City Plan Area of Portland. Please note that any data associated with MFI are based on a survey. The return rate in the CES was approximately 79%.

The subdistricts of the Central City Plan Area include North Macadam, Downtown, Goose Hollow, River District, Lower Albina, Lloyd District, and Central Eastside.

The following are some key findings from the *2002 Central City Housing Inventory* report:

- There were approximately 1,180 housing units in the CES. Almost 95% of the housing stock were rental units (for the purposes of the inventory, all non-ownership units were considered "rental units" – these include mission and shelter beds).
- CES has the least diverse housing stock in the Central City with virtually all rental units at or below 80% MFI.
- Approximately 92% of the CES rental units were affordable to households at or below 60% MFI. In the Central City overall, less than 62% were affordable to households in that income range.

- Approximately 89% of the open market rents were at or below 60% MFI. In the Central City overall, approximately 41% of the units were within that income range.
- Approximately 25% of the CES rental units were in mission/shelter or special needs housing. In the Central City overall, approximately 8% of the units were in these categories.

No Net Loss (0-60% MFI) and special needs housing are often tracked separately in order to allow for monitoring and evaluation toward achieving goals in these areas. Baseline numbers were estimated for these two housing categories, as well as total housing units. The methodologies for these estimates are described below:

- The total number of units, for which rents are collected in the CES, is estimated at 911 units. This number is based on a combination of data sources, including addresses, land use, assessment and taxation records, and the Central City Housing Inventory.
- The inventory's return rate was approximately 79% – 100% for restricted units, and 70% for unrestricted units. The number of restricted rental units at 0-60% MFI was 160. Since the return rate for the *unrestricted* rental units was not 100%, we needed to estimate the number of unrestricted rental units serving 0-60% MFI. To do this, we determined the percent of units at 0-60% MFI from the surveys that were returned and applied this percentage to the total number of unrestricted units. For example, 89.4% of the unrestricted units in the returned surveys were 0-60% MFI. The total number of unrestricted units is estimated at 749. Therefore, the estimated number of unrestricted rental units at 0-60% MFI would be 670. This number was added to the restricted rental units serving 0-60% MFI to get a total of 830 units.
- The total number of special needs housing is estimated at 75 units and 205 beds. These numbers are based on the Housing Inventory survey with a 100% return rate. It should be noted that there is also a significant special needs population living in unrestricted housing. We do not have estimates for this population.

The following are key findings from the *Central Eastside Urban Renewal Area Baseline Report (2002)*:

Unit Size and Distribution

- In 2001, while 42% of rental buildings in the CES URA were single-family, these comprise only 5% of the rental units.
- Almost half (49%) of multi-family rental units in the CES URA were either single room occupancy or studio units.
- There were 190 shelter units in the CES URA.
- Nearly all of CES URA rental units were affordable to households earning 80% median family income or less, compared to 80% of the

units in the Central City as a whole.

- Ninety-two percent of the units were affordable to households at 60% median family income.

Vacancy

- The CES Area had a higher 2000 vacancy rate (7%) than the City (4%).

Tenure

- The 2000 homeownership rate in the CES Area was only 18% compared to 56% in the city.
- Homeownership rates were highest in the southeastern part of the Inner Southeast area.
- In 2000, no Blacks or Native Americans owned their own homes in the CES Area.
- Asians had a 2000 homeownership rate higher than whites in the CES Area (40% compared to 19% respectively), while whites had a slightly higher rate in the City (59% compared to 55% for Asians).

Housing Costs

- In 1990, the CES Area had a higher rate of residents spending over 30% of their income on housing (22%) compared to the City (18%), but in 2000 the opposite was true (19% in the CES Area and 28% in the City).

Revitalization Projects

The following is a summary of recent or planned revitalization projects in the CES URA.

<i>Eastbank Esplanade</i> <i>(completed)</i>	The Eastbank Esplanade was completed in 2001. Stretching from the Steel Bridge to the Hawthorne Bridge, the mile-long esplanade features a 1,200-foot floating walkway (the longest in the United States), a new public boat dock, river overlooks and cantilevered walkways, plazas, riverbank restoration, urban markers with lighting and interpretive panels, public art, and a new boat dock for the Eastbank fire station. The esplanade provides pedestrian access to the riverfront for neighbors and visitors and is a regional asset.
<i>Lower Burnside Redevelopment Plan</i> <i>(completed; implementation ongoing)</i>	The Lower Burnside Redevelopment Plan has been completed for the area along East Burnside Street from SE 2nd to SE 12 Avenues and between Ankeny and Couch Streets. The vision and strategy calls for a strong employment center supported by a mix of retail/commercial/housing and leisure/cultural uses.
<i>Storefront Improvements</i> <i>(ongoing)</i>	The Storefront Improvement Program is a simple, low-cost way for business and property owners to finance storefront improvements that benefit their properties and adjacent properties. The Storefront Improvement Program is being offered to business and property owners in the designated target area.
<i>Development Opportunity Strategy along SE Water Avenue</i> <i>(completed; implementation ongoing)</i>	A vision and redevelopment strategy were developed for 30 acres of underutilized land along Water Avenue between Caruthers and the Morrison bridgehead. The main objective is to redevelop the area to increase the density with employment intensive “cutting edge” businesses. A major component of the DOS process is to create an implementation strategy for the DOS area. This includes land use, transportation, infrastructure, parking and design.
<i>Eastside Streetcar Feasibility Study</i> <i>(underway)</i>	A study to determine an alignment for the proposed extension of the Streetcar to the east side. This is a joint project with the Oregon Convention Center and CES Urban Renewal District.
<i>Southern Triangle Redevelopment Strategy</i> <i>(planned - 2004)</i>	Plan for the development of an infill and redevelopment strategy for this area in the district zoned primarily industrial. Issues are access, large underutilized parcels, vacant land, public facilities and services, and possible greenway redevelopment.

HOUSING IMPLEMENTATION STRATEGIES

Housing implementation strategies were developed within the context of relevant city and neighborhood plans, CES URA Development Plan, and baseline data for the CES URA, as well as the vision, goals, and objectives developed by the CES Housing Strategy Committee.

Vision

The CES housing committee envisions an area where housing is stable and affordable for area workers and residents and where housing development promotes the economic vitality of its business corridors.

- Employees in the CES will have the opportunity to live close to where they work and current residents with a range of incomes and needs will have housing that is affordable and suitable.
- At the same time, market rate rental and ownership housing will be developed on vacant and underutilized sites for new residents including small families, creative service workers and empty nesters.
- New and redeveloped housing will exist along the commercial corridors and support neighborhood businesses, enliven and revitalize the area and increase safety.
- Traditional CES neighborhoods will benefit from housing that is renovated, and all residents will enjoy easy access to the waterfront, transportation options, services and other amenities to meet their daily needs.

General Assumptions

There are a few assumptions that were an integral part of the strategy development process. They are stated here rather than being repeated throughout the Goals, Objectives and Strategies.

- Job creation and retention is the primary goal of the CES URA, and housing is intended to play a supporting role.
- Redevelopment of underutilized property will maximize the use in existing buildings and lots. It is not intended that existing residents or businesses will be displaced.
- All strategies assume that development will maximize current zoning, without the need to rezone.
- It is not intended that federal Community Development Block Grant and HOME funds will be used to implement the Housing Strategy.
- The order of the following goals, objectives, and strategies does not imply level of priority.

Housing Goals, Objectives, and Implementation Strategies

Building upon the vision, and the general principles articulated in the CES Urban Renewal Plan, the Housing Strategy Committee developed five specific housing goals that will drive the implementation of housing programs and projects.

Goal I: Job and Housing Balance

Support job growth by providing housing opportunities for employees working within the CES URA.

Goal II: Vitality and Livability

Encourage investments in the CES URA by developing or preserving housing that supports commercial corridors and neighborhoods, and helps connect them to the waterfront.

Goal III: Rental Housing Supply

Maintain the supply of rental units that are affordable and suitable to current residents, while developing housing for emerging markets.

Goal IV: Home Ownership Opportunity

Increase home ownership opportunities affordable to current residents and emerging markets.

Goal V: Displacement Prevention

Support housing development scenarios that limit displacement of existing residents.

The goals set forth the priorities for all housing activity (both publicly and privately initiated and financed). Each goal has a number of underlying strategy statements defining the various elements within the goal and how PDC will work with housing partners to achieve the goal. More specific information on various housing programs and financial resources is available in *Appendix E: Summary of Implementation Tools*.

The Monitoring and Evaluation section will describe the responsibility of PDC to evaluate the effectiveness of urban renewal programs, and establishes the process by which PDC will report on housing activity within the CES URA and how the community will be involved in the monitoring and evaluation. PDC will continue to work with the Bureau of Housing and Community Development, Housing and Community Development Commission, CES Urban Renewal Advisory Committee and community groups to effectively evaluate the impact of urban renewal efforts.

Goal I: Job and Housing Balance

Support job growth by providing housing opportunities for employees working within the URA.

In 2000, there were over 14,000 people working, and approximately 2,000 people living, within the CES URA. Job creation and retention is a high priority in the CES, as well as providing housing opportunities for the workforce, thereby improving the area's jobs/housing balance.

The majority of jobs in the CES are within the wholesale trade (22%), manufacturing (14%), retail trade (13%), health care and social assistance (11%), and construction (10%) employment sectors. The range of salaries within these sectors is approximately \$25,000-\$50,000. While we can not infer the specific household incomes from these salaries, housing needs for this workforce will include housing appropriate for households within the range of 50-100% of median family income (see *Appendix D*).

Housing supports job growth by providing a range of choices including homeownership opportunities and stable neighborhoods for existing employees. In turn, job growth supports housing by creating a range of new, potential residents. This goal recognizes the importance of economic vitality to the development of the CES as a thriving and diverse area and articulates the many shared gains of increasing both housing and jobs in the URA. PDC will encourage the development of new housing opportunities appropriate for employees currently working within the CES URA.

Objective A: Provide additional housing options affordable and available to people who work in the area.

- Strategy 1: Support the development of housing affordable to the range of incomes of employees working in the CES URA through activities such as identifying potential sites, conducting feasibility analyses, and assisting developers.
- Strategy 2: Explore options for workforce housing, such as housing above commercial (mixed use).
- Strategy 3: Encourage and inform CES employers about employer-assisted housing programs, and identify non-TIF funded incentives for providing housing assistance to employees, such as employee IDAs (Individual Development Account).

Financial Assistance

PDC will support at least one redevelopment project that rehabilitates the inactive upper floors of an historic building to an active housing use along a commercial corridor. This housing will be targeted to the income range of the existing CES workforce.

PDC will also look for opportunities to develop new housing appropriate for the current CES workforce.

***Employer
Assisted
Housing
Programs***

PDC, in partnership with Fannie Mae, will provide information and technical assistance to employers interested in developing employer assisted housing programs that provide financial assistance to employees for home buying costs, such as down payments, closing costs or buying down interest rates.

PDC will also work with existing employer assisted housing programs to explore methods to increase the participation of qualified CES residents. Some of the larger employers in the City of Portland offering homebuyer assistance include:

- Multnomah County
- City of Portland
- Emanuel Hospital
- University of Portland
- Portland Police Bureau

Goal II: Vitality and Livability

Encourage investments in the URA by developing or preserving housing that supports commercial corridors and neighborhoods, and helps connect them to the waterfront.

Approximately two miles of Willamette riverfront comprises the western boundary of the CES URA. Despite the prominence of the Willamette River in the CES, traffic on major thoroughfares serves as a barrier to the flow of residents and workers from neighborhoods and businesses down to the waterfront. There are also visual barriers that obstruct views down to the river. For these reasons, much of the area does not feel well connected to the river.

Historically, the CES area has been primarily industrial uses, with several major commercial corridors – Martin Luther King, Grand, and Sandy (north-south), and Burnside, Alder, Morrison, Belmont, Hawthorne and Powell (east-west).

Most of the existing buildings in the CES were initially constructed for warehouse and industrial uses. They tend to be multi-story structures with unreinforced masonry, or single-story warehouses. In the commercial corridors, the structures tend to multi-story with commercial uses on the ground floor and housing or offices on the upper floors. Many of these buildings are in disrepair, with upper floors that have been vacant or underutilized for many years. Due to the age and construction of the historic structures, most will need to have seismic issues addressed, resulting in a relatively higher cost per unit for rehabilitation. These buildings are a key component of the CES Housing Strategy because they represent the greatest potential for adding housing units in the CES. In addition, the historic structures are an integral part of the unique character of the area.

PDC assistance will preserve, bring back into use, or develop housing with the intent of stimulating revitalization in the area.

Objective A: Support street level activity.

Strategy 1: Target new housing development near or in commercial corridors.

Strategy 2: Support development that enhances the connection of neighborhoods to the waterfront, such as along east-west corridors.

Objective B: Encourage mixed-use development (housing/commercial) on or near commercial corridors.

Strategy 1: Identify opportunities for mixed use development.

Strategy 2: Market existing Central City and TOD (Transit-Oriented Development) incentives for housing development near transit routes.

Financial Assistance

PDC will target resources to housing rehabilitation and new development in mixed use structures, on or near commercial corridors that have easy access to transit.

Outreach and Marketing

PDC will market existing TOD incentives within the CES URA.

Objective C: Preserve historic and unique structures.

Strategy 1: Support efforts to rehabilitate or repair historic housing stock through existing programs.

Strategy 2: Support rehabilitation of historic structures that are appropriate for mixing residential with commercial or industrial uses.

Financial Assistance

There is no PDC financial assistance directly related to historic structures. There are two programs that can be accessed under some circumstances – federal tax incentives and state special assessments (property tax freeze). The federal program requires that the structure be listed in the national register, while the state program requires that the structure be listed as a city landmark.

Since many historic structures also have seismic issues, it is possible that the seismic upgrade loan program can be used to help in preservation efforts. To be eligible for this flexible term low-interest loan program, the structure either needs to be made of unreinforced masonry, or on the national register.

Otherwise, traditional repair and rehabilitation programs can be used to assist in the preservation of historic structures.

Outreach and Marketing

PDC staff will conduct targeted outreach to selected areas in the CES URA with concentrations of historic housing.

Goal III: Rental Housing Supply

Maintain the supply of rental units that are affordable and suitable to current residents, while developing housing for emerging markets.

Over 64% of the greater CES Area households (based on 2000 Census) have yearly incomes of less than \$35,000 per year, and 30% make less than \$15,000 per year. In 2000, the poverty rate in the greater CES Area (24%) was nearly double the rate of the city as a whole (13%).

Maintaining and improving existing rental housing available to current residents is important in the CES URA because it is currently very affordable.

Based on the 2000 Central City Housing Inventory survey, 91% of the CES rental units were affordable to households with incomes at or below 60% MFI. The estimated baseline for rental housing currently affordable at 0-60% MFI is 830 units. The following table summarizes the estimated number of rental units by MFI ranges:

MFI Ranges	Estimated Number of Units	Percent of Total Units
0-30%	88	9.6%
31-50%	494	54.2%
51-60%	248	27.2%
61-80%	77	8.5%
81-120%	3	0.3%
121-150%	0	0.0%
151%+	1	0.2%
TOTAL	911	100.0%

A profile of the median family incomes of existing residents, relative to affordable housing income bands, would be useful in understanding the existing population and their potential housing needs. This information is not directly available, however data can be constructed from existing sources that will give us some indication of the incomes in the area.

The following table compares income data from the 2000 Census with HUD’s adjusted 1999 MFI. **Please note** that the table represents the estimated number of individuals (not households) within each income range. Also, the geographic area is the broader “CES Area” not the CES URA. We do not know if the population of the broader geographic area is representative of the URA population. Anecdotal information indicates that the residents in the CES URA have lower incomes overall than the greater population in the broader CES Area.

Number of Residents	Estimated MFI Range	Income Range	Percent of Population
1,396	0-30%	very low	23%
987	31-50%	low	16%
1,103	51-80%	low/moderate	18%
1,957	81-100%	moderate/middle	32%
598	above 100%	other	10%
6,041			100%

Source: BHCD (HUD and US Census)

There is a concentration of housing in the CES targeted to people with special needs, as well as a special needs population living in unrestricted housing. The estimated baseline for special needs

housing is 75 units and 205 beds. The existing special needs housing includes supportive housing for people with severe mental illness, substance abuse disability, developmental disabilities, or serious physical disabilities, as well as shelter beds for people who are homeless.

In addition to the ongoing need to maintain current rental housing it is important to attract and retain residents who will add to the economic vitality and livability of the URA.

Objective A: Assist in preserving or replacing affordable rental housing for residents with household incomes of 0-60% MFI.

Strategy 1: PDC will assist in the preservation or replacement of existing units in the CES URA, maintaining at current or greater levels of affordability.

Strategy 2: Identify gaps in housing affordable to current residents.

Financial Assistance

PDC will work with local housing partners, and invest to maintain the existing number of rental units in the URA that are currently subsidized and serve low-income households. Maintaining the existing affordability requirements of these units at current or greater levels of affordability will enable the city to leverage these critical past investments in the long-term preservation of low-income housing.

Objective B: Assist in preserving housing throughout the URA for residents with special needs.

Strategy 1: Maintain the level of housing units with services that are currently available to people with special needs.

Financial Assistance

PDC will work with local housing partners to maintain the existing number of rental units in the URA that are currently subsidized and serve residents with special needs. Maintaining the existing affordability requirements of these units at current or greater levels of affordability will enable the city to leverage these critical past investments in the long-term preservation of low-income housing.

Objective C: Increase housing stock appropriate for emerging markets, such as families, knowledge workers, creative services, and empty nesters.

Strategy 1: Support housing designs with interior space conducive to home-based employment.

Strategy 2: Support housing rehabilitation and development appropriate for families.

Strategy 3: Support mixed use development near transit and amenities.

Financial Assistance

PDC will pursue mixed use/mixed income housing development on vacant or underutilized property in or near commercial corridors, targeting resources to housing appropriate for CES workforce and emerging markets.

Goal IV: Home Ownership Opportunity

Increase home ownership opportunities affordable to current residents and emerging markets.

The homeownership rate in the greater CES Area was significantly below that of the city in 2000 (18% versus 56%). All of the neighborhoods within the CES URA extend beyond the URA boundary and most of the residents in the CES Area live outside the CES URA boundary. Some of these neighborhoods have a homeownership rate as low as 3% while others have rates up to 41%. Many homes along the north side of the URA suffer from disrepair, which threatens their long-term viability. Currently, there is not sufficient housing to attract and retain residents in emerging markets who will add to the economic vitality and livability of the URA.

The Portland Development Commission and its partners will provide financial and technical assistance to homeowners and new homebuyers to rehabilitate existing single family housing. Programs will assist existing homeowners to stay in their homes and current renters to purchase homes in their neighborhood.

Objective A: Increase purchase opportunities and buying power for first-time homebuyers.

Strategy 1: Market affordable homeownership programs to renters wanting to own in the URA.

Strategy 2: Partner to create affordable homebuyer programs

Financial Assistance

PDC has developed new homebuyer programs to increase access for existing residents to affordable homeownership, and to provide financing for the rehabilitation of the older housing stock. These programs combine tax increment funds with private first mortgage financial funds to provide home purchase and rehabilitation financing to new homebuyers. Although most programs are targeted to households at or below 80% MFI, some products do not have income restrictions. These new programs include:

- Interest Rate Buydown Loan for purchase/rehab and refinance/rehab used in conjunction with the Fannie Mae HomeStyle Mortgage (maximum of \$5,000-no income restrictions)
- State Residential Loan Program paired with a Shared Appreciation Mortgage (maximum of \$30,000-households at or below 80% MFI)
- Portland Community Land Trust Buyer Initiated Program (maximum of \$50,000-households at or below 80% MFI)

PDC can also combine homebuyer assistance programs in the financial package for new homeownership construction. For instance, PDC may provide construction financing to a multi-family housing developer that is later converted into homebuyer assistance for specific housing units, such as the Shared Appreciation Mortgage Program and the Portland Community Land Trust.

Other Resources and Programs

PDC will work with local housing partners to explore new mechanisms and programs to increase homeownership among existing residents in the CES, such as the HUD Section 8 vouchers as mortgage payments for low-income homebuyers, rent-to-own programs, and other public and private first and second mortgage products.

PDC will also work with local housing organizations, financial institutions and developers to increase education and outreach to existing residents about available homebuyer programs. In addition, PDC will work with private and public lenders to increase their presence and activity in CES neighborhoods, and leverage resources to provide more home mortgage products available to and appropriate for CES residents.

In an effort to leverage additional resources for homeownership, PDC will pursue opportunities to establish new, and bolster participation in existing, employer assisted housing programs available to local employees as previously described in Goal I.

Objective B: Increase the ability of new and existing homeowners to maintain their home for the long-term.

Strategy 1: Support rehabilitation or repair housing stock through existing programs.

Strategy 2: Support home buyer/home owner education, counseling, services

Financial Assistance

Tax increment funds will be leveraged with other public and private resources to provide a variety of loan products, including low-interest loans and market-rate repair loans to assist existing homeowners to make repairs to their home, and new homebuyers to purchase and make repairs to their home. PDC will offer refinance products that help homeowners finance repairs and restructure mortgage debt to make it more affordable for the homeowner to make necessary repairs and remain in their home.

Current programs designed to preserve single-family ownership housing include:

- PDC Home Repair Loan Programs for homeowners
- Fannie Mae HomeStyle Loan for homebuyers
- Interest Rate Buydown Loan for homebuyers
- State Residential Loan Program/Shared Appreciation Mortgage for homebuyer

PDC will also provide specialized assistance to homeowners and homebuyers accessing these loan programs in determining repair and renovation needs, helping coordinate with the contractors, and monitoring to ensure the work is done satisfactorily.

Outreach and Marketing

As part of the urban renewal efforts, PDC will explore ways in which a greater number of existing residents have timely knowledge of and access to the home repair and homebuyer programs available in the CES. PDC and local housing partners will educate homeowners and homebuyers on resources available for rehabilitation and repairs, and the impact of rehabilitation activities on housing stability, home values, property taxes and safety.

PDC will work with BHCD and other housing service providers and assistance to develop outreach and education programs to increase awareness of actions that could lead to displacement, such as predatory lending and speculative buying practices, and how they might be avoided. Explore how refinance products, such as those offered by PDC and others, can assist residents at risk of foreclosure or predatory lending. Work with existing service providers and lenders to link residents to longer term mortgage assistance and foreclosure prevention programs. Continue to seek additional resources and community partners to provide financial assistance, education and case management services to residents in need.

Objective C: Expand the stock of affordable ownership units in the URA.

Strategy 1: Support the development of ownership units through financial assistance and incentives for households up to 100% MFI.

Strategy 2: Support innovative programs for long-term affordable homeownership

Objective D: Increase housing stock appropriate for emerging markets, such as families, knowledge workers, creative services, and empty nesters.

Strategy 1: Support housing designs with interior space conducive to home-based employment

Strategy 2: Support housing development appropriate for families.

Strategy 3: Support mixed use development near transit and amenities

Financial Assistance

PDC will support the development of new ownership housing and rehabilitation of existing ownership housing that will be maintained as permanently or long-term affordable. Assistance may include land acquisition, short-term construction financing, fee waivers, tax abatements, or eligible homebuyer assistance (as described earlier in this goal).

PDC will continue to explore other mechanisms for maintaining long-term or permanently affordable homeownership in the CES.

Tax increment funds may be used to provide low-interest and market-rate loans for the development of a range of ownership housing to meet the needs of the population in the URA. Innovative homeownership models that do not have affordability requirements but meet other urban renewal goals or provide opportunities for an under-served population may receive assistance in the

form of site assembly or short-term, interest-bearing construction loans.

PDC will also administer the existing property tax abatement, fee waiver, and system development charge exemption programs for new homeownership development projects to defray some of the costs to the developer, as well as costs to the eventual homeowner.

***Partnering with
Other Agencies***

PDC will support the development of a housing stock that continues to be affordable to low- and moderate-income households even after the initial homebuyer sells the home. The land trust model and Habitat for Humanity are the primary programs in which homes are developed and/or preserved as affordable to homebuyers permanently or long-term. These programs provide opportunities for low- and moderate-income renters to purchase homes in which they can afford the mortgage responsibilities

***Green Building
and Sustainable
Practices***

PDC will require the use of quality, durable materials and green building and sustainable practices in new ownership housing development projects receiving financial assistance from PDC to:

- Promote quality housing development
- Increase energy efficiency
- Reduce ongoing maintenance and utility costs

Goal V: Displacement Prevention

Support housing development scenarios that limit displacement of existing residents.

Many CES residents are concerned about the negative effect of housing and business gentrification on other neighborhoods in Portland. The effect has been the “pricing out” of long-standing business and residents due to rising market forces and pressures. Many would like to see these effects mitigated through targeted development in vacant or underutilized properties and through efforts to support ownership by current residents. The strategies below support these approaches.

PDC will prioritize projects on vacant and underutilized sites that will not result in the temporary or permanent displacement of existing residential units. In the event that a residential property is redeveloped, PDC will replace the housing unit at equal or greater affordability levels within or near the new development. PDC also will seek to mitigate displacement of low and moderate income residents from the CES by acquiring unrestricted affordable units and applying long-term affordability requirements (see Goal III).

Objective A: Increase the ability for homeowners and renters to stay in their current location.

Strategy 1: Give priority to development that does not displace existing residents.

Strategy 2: Support assistance to homeowners at risk of losing their home.

Financial Assistance

The Portland Development Commission will leverage tax increment funds with other public and private resources to lessen the risk of displacement from the community by:

- Assisting homeowners make necessary repairs to their home by providing low and no-interest loans, deferred loans and construction oversight
- Helping low- and moderate-income renters become homeowners by providing affordable homebuyer assistance as described in Goal IV.
- Providing affordable rental housing through rehabilitation and development of new units as described in Goals III.

In all rental rehabilitation projects receiving public funding, PDC will work with housing providers to minimize the displacement of existing tenants while the rehabilitation work is being conducted and ensure residents have the opportunity to move back into units once the work is completed.

Outreach and Marketing

PDC will expand outreach, marketing, and technical assistance related to housing programs and opportunities in a manner that ensures residents at risk of displacement are aware of housing options and choices.

URBAN RENEWAL BUDGET PRIORITIES

The CES Urban Renewal Advisory Committee set job creation and retention as its highest priority in the CES URA. Therefore most of the expected URA Tax Increment Finance (TIF) revenues were allocated to revitalization and job creation. Housing, while still considered important to the vitality and livability of the area, is expected to play a supporting role in revitalization and job creation.

Housing projects and programs in the CES URA will be implemented to the degree in which the Portland Development Commission and project and program partners are able to leverage tax increment funds with the various other public and private resources available.

The Housing funding projections and priorities, as presented, are intended to provide some degree of flexibility for achieving the CES URA Housing Goals. This flexibility is critical to the success of the Housing Strategy implementation, given the limited budget and timeframe of the URA.

Four-Year Housing Funding Projections

**Central Eastside Urban Renewal Area
Projected Housing Tax Increment Capital Funds FY 2004-2007**

Housing Activity Areas	FY03/04 <i>budgeted</i>	FY04/05- FY06/07 <i>estimated</i>	TOTAL <i>estimated</i>
Housing Opportunity	\$1,000,000	\$3,000,000	\$4,000,000
Preservation	\$1,000,000	\$1,500,000	\$2,500,000
Homeowner		\$250,000	\$250,000
TOTAL	\$2,000,000	\$4,750,000	\$6,750,000

The following funding priority options represent TIF-funded activities intended to implement the housing goals, objectives, and strategies. In most cases, the “Estimated Maximum...” monetary totals for each activity area are greater than the estimated budgets in the previous table. This difference recognizes the possibility that some implementation activities may use less resources, so additional funds may be expended in other activity areas, while maintaining a balanced approach to expenditures across housing goals.

If the TIF funds exceed the projections, other opportunities will be sought that directly address CES housing goals, objectives and strategies. In addition, other PDC administered resources, such as limited property tax abatement, systems development charge exemptions, bond financing, and tax credits, may be used to support activities that implement the housing strategy.

Funding Priority Options and Implementation Activities

<p>Housing Opportunity Options (50-100% MFI – workforce, emerging markets)</p>	<p><u>New Development</u></p> <ul style="list-style-type: none"> Pursue mixed use/mixed income housing development on vacant or underutilized property in or near commercial corridors, targeting resources to support development projects that serve a range of incomes between 50-100% MFI (Goals I, II, III, IV) <p><i>Performance Estimate: Approximately 2-3 new mixed use/mixed income developments totaling 60-120 units.</i></p> <p><u>Mixed Use Rehabilitation</u></p> <ul style="list-style-type: none"> Bring back into use the upper floor housing units over ground floor commercial on commercial corridors, targeting resources to support development projects that serve a range of incomes between 50-100% MFI (Goals I, II, III, IV, V) Add housing stock by converting existing vacant or underutilized buildings to mixed use (add housing) , targeting resources to support development projects that serve a range of incomes between 50-100% MFI (Goals I, II, III, IV, V) <p><i>Performance Estimate: Approximately 2-4 rehabilitated or converted structures totaling 40-100 units.</i></p>	<p><i>Estimated Maximum: \$2,500,000</i></p> <p><i>Estimated Maximum: \$2,500,000</i></p>
<p>Homeowner Options</p>	<p><u>Existing Properties</u></p> <ul style="list-style-type: none"> Provide second mortgage loans to homebuyers to purchase and rehab existing homes (Goals I, II, IV, V) (<i>note: first mortgages also available with non-TIF funds</i>) Target assistance for homeowners at risk of losing their homes (Goal V) Rehabilitate single family owner-occupied structures on key residential streets (Goals I, II, IV, V) <p><i>Performance Estimate: Approximately 20 rehabilitated houses, and 10 homebuyer loans.</i></p>	<p><i>Estimated Maximum: \$500,000</i></p>
<p>Preservation Options (0-60% MFI – workforce, low-income, special needs)</p>	<p><u>Multi-Family Rental Rehabilitation</u></p> <ul style="list-style-type: none"> Renovation of existing rental units that serve a range of incomes between 0-60% MFI, targeting resources to preserving key buildings with high revitalization benefits (Goals II, III, V) <p><i>Performance Estimate: Approximately 2 structures preserved, totaling 80-150 units.</i></p>	<p><i>Estimated Maximum: \$2,500,000</i></p>
<p>Additional Opportunities</p>	<p>As additional resources (TIF and other) become available, seek other opportunities that address the CES housing goals, objectives, and strategies.</p>	

Note: The housing goals addressed by each implementation activity are cited – those in bold are impacted directly, those not bolded would be affected indirectly. Goal I: Job and Housing Balance; Goal II: Vitality and Livability; Goal III: Rental Housing Supply; Goal IV: Home Ownership Opportunity; Goal V: Displacement Prevention

MONITORING AND EVALUATION

Regular evaluation and monitoring of the Housing Implementation Strategy will be critical to its success, ensuring responsiveness to the needs, conditions and vision of the residents of the CES URA.

An annual report prepared by the Portland Development Commission staff will detail how the year's activities contribute to the achievement of the established urban renewal goals, including progress on implementing specific projects and programs. The report will demonstrate how the selected projects and programs advance the guiding principles of the CES Urban Renewal Plan.

Progress will be evaluated on five levels:

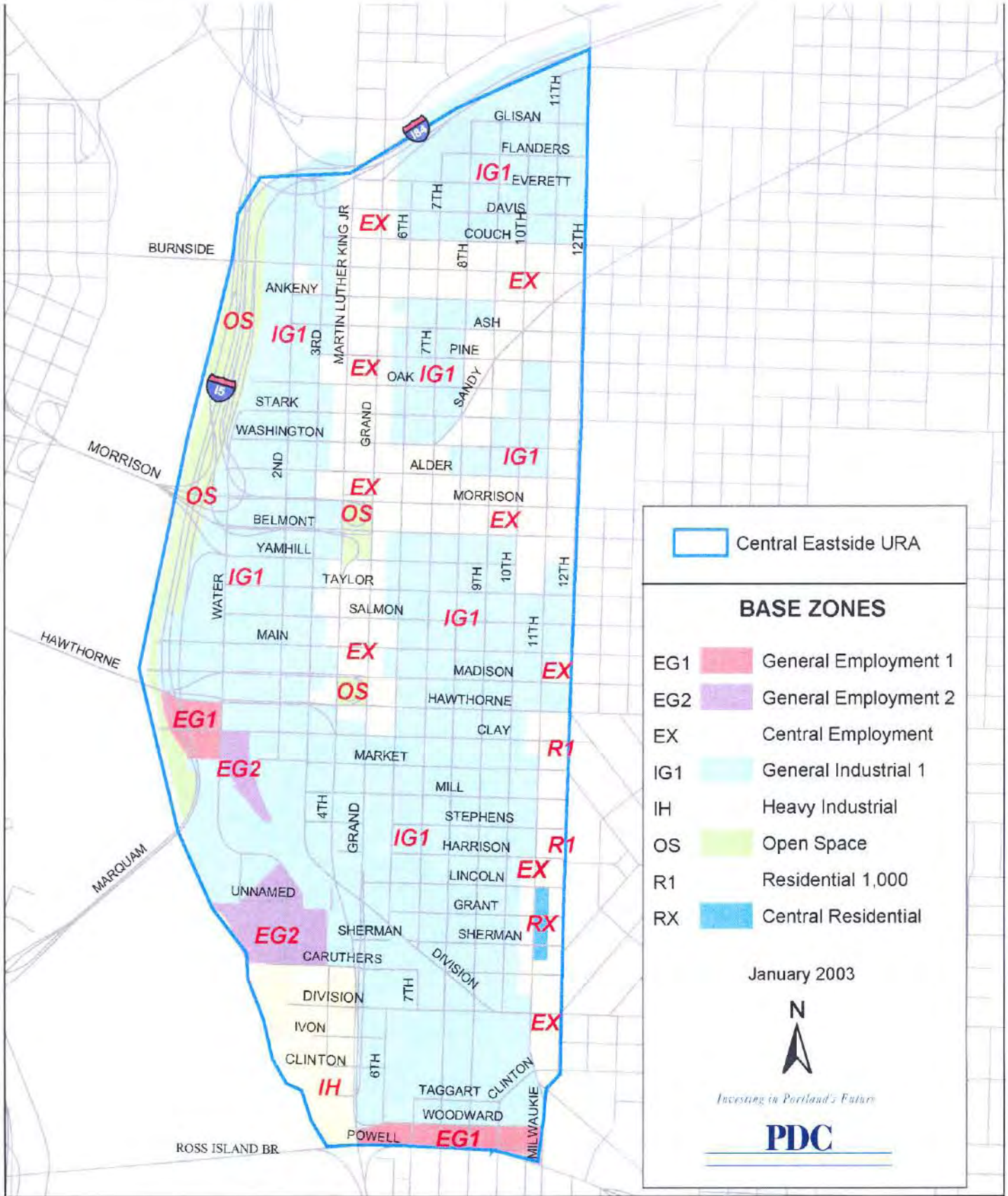
- **Housing expenditures:** measure the level of tax increment spending, public and private funds leveraged, and average subsidy amounts
- **Housing units production/ preservation:** report on number of units by housing type, income level served and geographic location
- **Housing program performance:** customer loans made, income level served, demographic served (race/age/family size/special needs) and geographic location
- **Housing availability:** measure and track the supply and level of affordability for both rental units and ownership purchase prices for available housing stock provided by the public, non-profit and market sectors.

PDC staff will monitor progress on specific goals and strategies in the Housing Implementation Strategy. Housing expenditure, housing unit production and preservation, and housing program performance can be measured annually. PDC will track housing availability and affordability in the urban renewal area to monitor the housing spectrum and inform urban renewal development and program decisions.

The annual monitoring and evaluation will provide the foundation for establishing urban renewal housing program and budget priorities on a year-to-year basis, for recommending changes to existing programs, and for suggesting new housing programs. Updated information will also be reported to the Housing and Community Development Commission in an annual consolidated URA housing report.

The public will have the opportunity to provide recommendations on how urban renewal funds and programs are prioritized through the CES Urban Renewal Advisory Committee process. Recommendations from the CES URAC will be forwarded to the Portland Development Commission for approval.

APPENDIX A: URBAN RENEWAL AREA ZONING MAP



APPENDIX B: GOALS AND OBJECTIVES FROM THE CENTRAL EASTSIDE URBAN RENEWAL PLAN

SECTION 400 - GOALS AND OBJECTIVES FOR THE CENTRAL EASTSIDE URBAN RENEWAL AREA

The primary goal of the Plan is to improve the condition and appearance of the Area, eliminate blight and blighting influences, to expand and improve public facilities and to stimulate private investment and economic growth in the Central Eastside Urban Renewal Area.

The Plan is supportive of the City of Portland Comprehensive Plan, Central Eastside Revitalization Program (CERP) and other adopted City policies, programs and objectives.

I. Urban Development

A. General Goal

Maintain Portland's role as the major regional employment, population, cultural center through public policies that encourage expanded opportunity for housing and jobs while retaining the character of established residential, neighborhood and business centers. (Comprehensive Plan Goal 2)

B. Specific Goals

1. Urban Diversity: Promote a range of employment opportunities and living environments for Portland residents in order to attract and retain a stable and diversified population. (Comprehensive Plan Policy 2.2)
2. Utilization of Vacant Land: Provide for full utilization of existing vacant land except in those areas designated as open space. (Comprehensive Plan Policy 2.18)
3. Other Urban Renewal Areas: Coordinate, support and provide ability to integrate goals and activities of adjacent renewal areas with this renewal area.

II. Business Retention and New Business Development

A. General Goal

Improve the level, distribution and stability of jobs and income for resident industry, business and people in accordance with the Economic Development Policy adopted by the City Council. (Comprehensive Plan Goal 5)

B. Specific Goals

1. Public/Private Partnership: Foster a development partnership between the public and private sectors that is responsive to the economic needs of Portland's business and residents. (Comprehensive Plan Policy 5.1) (CERP Objective 5)

2. **Jobs and Income:** Encourage long-term employment opportunities that enhance broad vocational and income opportunities, decrease unemployment, and increase the disposable income of City residents. (Comprehensive Policy 5.2) (CERP Objective 7)
3. **District Economic Development:** Encourage the development and maintenance of business and industrial district organizations where such organizations' help meet the City's economic development objectives and are compatible with neighborhood livability. (Comprehensive Plan Policy 5.4)
4. **Business and Industry:** Encourage in-city business to remain and expand and promote the recruitment of new business and industry by keeping Portland competitive with other regional and national centers. (Comprehensive Plan Policy 5.3)

III. Central Eastside Revitalization Program

A. General Goal

Maintain and enhance the Central Eastside District as a near-in job center featuring a diverse industrial base with compatible, supportive and appropriately located commercial and residential activities. Encourage the vitality of existing firms, provide an attractive climate of opportunity for complimentary ventures, and offer a positive environment for adjacent neighborhoods.

B. Specific Goals

1. Preserve and enhance the unique characteristics of the Central Eastside Industrial District as a near-in employment center with a diverse industrial base complimented by concentrations of commercial and residential uses in appropriately designated areas. (CERP 1*)
2. Increase the attractiveness of the Central Eastside as an industrial center, particularly for specialty manufacturing and distribution firms desiring convenient access to regional transportation network. (CERP 2)
3. Enhance business and development opportunities for existing firms, recognizing the importance of providing industrial sanctuaries for certain industrial activities while affording opportunities for commercial housing development within appropriately designated subareas. (CERP 3)
4. Create an attractive environment featuring high quality design standards for new and existing businesses in a manner which is complimentary to the overall business climate while recognizing the CEID is both the "front door" to nearby residential neighborhoods and highly visible to Portland's Central Business District. (CERP 4)

5. Maintain and bolster the function of the CEID as a business incubator for new industrial and commercial business. (CERP 10)
 6. Intensify property utilization at locations not suitable for industry (on a conditional basis) and increase the number of compatible businesses and retail services along commercial corridors (CERP 8)
 7. Improve the transportation system and parking resources to meet the CEID's business needs and redevelopment objectives while respecting the traffic concerns of adjacent neighborhoods. (CERP 9)
- * Central Eastside Revitalization Program Objectives

IV. Riverfront Access

Willamette River Greenway Plan and Esplanade Development: Implement the Willamette River Greenway Plan which preserves a strong working river while promoting recreation, commercial and residential waterfront development along the Willamette - South of the Broadway Bridge. (Comprehensive Plan Policy 2.7) Increase accessibility to the river and enhance Greenway areas as a public resource and improve the environmental quality of life for adjacent and nearby neighborhoods. (CERP Objective 6)

APPENDIX C: NEIGHBORHOOD PLANS – HOUSING GOALS AND OBJECTIVES

The *Kerns Neighborhood Action Plan*, *Buckman Neighborhood Plan*, and *Hosford-Abernathy Neighborhood Action Plan* include policies and objectives with direct and indirect relevance to housing. The relevant policies and objectives from these plans are listed below.

Kerns Neighborhood Action Plan (1987)

Policy 1: Neighborhood Quality and Livability- Improve the quality and livability of Kerns by insuring an environment which contributes to the safety, welfare and education of those who live, work and own property in the neighborhood.

Objective 1.2: Strengthen community identity within Kerns by taking advantage of all opportunities to upgrade appearance of both residential and commercial properties.

Objective 1.5: Ensure that Kerns will not be overburdened with city-wide social service facilities such as detoxification centers and residential care facilities.

Policy 5: Business and Industry

Objective 5.5: Support growth of existing business and industry while ensuring compatibility with residential areas.

Policy 7: Institutional Expansion

Objective 7.1: Discourage new institutional uses, or the expansion of existing uses in residential zones which would increase traffic or cause a loss of housing.

Policy 11: Central Eastside Industrial District- Maintain and promote the area as an industrial, manufacturing, and distribution employment center.

Objective 11.4: Retain the viability and maintenance of the existing housing stock and commercial structures until such time as they are converted to other uses allowed by underlying zoning.

Buckman Neighborhood Plan (1991)

Policy 2: Preserve and improve housing and maintain the availability of quality, affordable housing to attract and keep long-term, responsible residents.

Objective 2.1 Provide safe and appealing housing to attract and keep families with children.

Objective 2.2 Protect, renovate and maintain single-family homes and increase the percentage of single-family homes.

Objective 2.3 Advocate increasing the percentage of owner-occupied single-family and multifamily housing through a variety of ownership options to enhance residential stability.

Objective 2.4 Preserve residential areas that are predominately in single-family use and of single-family building style to: retain structures of historic character and maintain the limited single-family housing stock of the neighborhood.

Objective 2.5 Urge rental property owners to maintain, landscape and manage properties to foster long-term tenancy.

Objective 2.6 Enforce zoning and building codes to eliminate illegal apartment units in single-family dwellings.

Objective 2.7 Support the improvement of unkempt properties.

Objective 2.8 Discourage the demolition of residentially zoned housing for the purpose of providing surface parking.

Objective 2.9 Encourage zoning that will improve housing opportunities in commercial districts.

Objective 2.10 Buffer residential uses, especially on the northern edge of the neighborhood, from negative impacts of commercial development.

Objective 2.11 Maintain the land along SE 11th and 12th Avenues as a transitional area between the industrial and the residential areas of Buckman.

Policy 7: Encourage and support businesses that enhance the neighborhood and provide needed goods and services to local residents.

Objective 7.9 On residentially-zoned sites with nonconforming commercial uses that are not in neighborhood or storefront commercial-type buildings, consider mixed-uses residential/commercial development.

Objective 7.11 Encourage effective buffers, both physical and functional, between industrial/commercial and residential land uses to mitigate noise, traffic, unsightliness and patron impact.

Objective 7.13 Support the development of artisan's lofts in underutilized industrial/ warehouse buildings, when conflicts of use are not anticipated.

Policy 8: Ensure that social service agencies and institutions, which provide needed services to the neighborhood and the broader community, do not cause adverse impacts.

Objective 8.1 Advocate an equitable redistribution of social service agencies throughout the city of Portland to reduce the concentration of these services in Buckman.

Objective 8.2 Advocate quality, affordable health care, child care, counseling services, substance abuse programs and other needed social services for all residents of Buckman.

Objective 8.3 Foster better communication among neighbor and social service organizations or institutions.

Objective 8.4 Encourage owners, managers, and residents of group living facilities to actively work toward improving the livability of the neighborhood.

Objective 8.5 Discourage the expansion of existing or new institutional uses which increase traffic, reduce on-street parking or cause a loss of housing.

Objective 8.6 Ensure that the appearances, bulk and height of new and expanded institutional development is compatible with the surrounding neighborhood.

Objective 8.7 Encourage solutions to parking and traffic problems associated with institutional uses.

*Hosford-
Abernathy
Neighborhood
Action Plan
(1988)*

Goal: To build upon the historic sense of community and create a better place to live, work, play and prosper.

Policy 2: Housing- Protect and improve existing housing while providing the opportunity of new housing for people of all ages and income levels.

Objective 2.1: Encourage the improvement and maintenance of residential properties, especially those that are nonowner-occupied.

Objective 2.2: Encourage effective buffers, such as setbacks and landscaping,

between commercial or industrial and residential uses.

Objective 2.3: Ensure that the “Western Edge Strategy” along SE 11th and SE 12th includes pedestrian amenities, landscaping and traffic improvements.

Objective 2.4: Preserve the housing along SE 11th and 12th in order to emphasize the residential edge of the neighborhood.

Objective 2.5: Encourage restoration, rehabilitation and preservation of the older housing stock.

Objective 2.6: Promote the opportunity for owner occupancy of single-family homes and cooperative or condominium ownership of multifamily dwellings.

Objective 2.7: Protect the fragile residential area bounded by Powell, 11th, Division and 21st from further commercial or industrial encroachment.

Objective 2.8: Recognize the need for multifamily housing, in appropriately zoned areas, as a means of providing affordable housing in the neighborhood.

The “Western Edge” refers to 11th and 12th Avenues between Hawthorne and Powell, and area of transition which lacks a clear direction. A strong edge would clearly identify where the commercial district ends and the residential district begins. The neighborhood believes that the designation of M3 zoning obscures this boundary. Housing between 11th and 12th Avenues south of Hawthorne is zoned M3, light manufacturing, and R1, medium density multifamily residential. This zoning division down the middle of the block creates conflicts between land uses.

Policy 4: Livability, Identity and Public Safety- Develop a strong neighborhood identity that unifies the residents and industrial and commercial interests in order to foster a safe and caring community.

Policy 5: Commercial/ Industrial

Objective 5.10: Promote a consistent system of zoning which reduces the conflicts between residential and commercial/industrial land uses.

Objective 5.10: Encourage residential development on the upper floors of commercial buildings along Division and Hawthorne.

BLANK

Median Income for a Family of Four:

65,800

Median Income Percentages

FY 2003

Household Size	30%	50%	60%	80%	100%	120%	150%
1	13,800	23,050	27,650	36,850	46,050	55,250	69,100
2	15,800	26,300	31,600	42,100	52,650	63,150	78,950
3	17,750	29,600	35,550	47,400	59,200	71,050	88,850
4	19,750	32,900	39,500	52,650	65,800	78,950	98,700
5	21,300	35,550	42,650	56,850	71,050	85,300	106,600
6	22,900	38,150	45,800	61,050	76,350	91,600	114,500
7	24,500	40,800	48,950	65,250	81,600	97,900	122,400
8	26,050	43,450	52,100	69,500	86,850	104,250	130,300

(Based on the HUD Portland Area Median Income as of February 20, 2003:
\$65,800 for a family of four. Figures are rounded to the nearest \$50.00).

**2003 Housing Affordability: Maximum Monthly Rent Including Utilities
by Median Family Income With a Housing Burden of 30%***

# of Bedrooms	Household Size	30%	50%	60%	80%	100%	120%	150%
Grp Home	0.75	259	432	518	691	863	1,036	1,296
0	1	345	576	691	921	1,151	1,381	1,728
1	1.5	370	617	741	987	1,234	1,480	1,851
2	3	444	740	889	1,185	1,480	1,776	2,221
3	4.5	513	856	1,027	1,369	1,711	2,053	2,566
4	6	573	954	1,145	1,526	1,909	2,290	2,863
5	7.5	632	1,053	1,263	1,684	2,106	2,527	3,159

(Based on the HUD Portland Area Median Income as of February 20, 2003:
\$65,800 for a family of four. Figures are rounded to the nearest \$1.00)

* Rents can be set below the median family income % threshold. For instance a residential unit may be restricted to households at or below 50% MFI, but have one-bedroom rents (and utilities expenses) that are below \$617/month.

APPENDIX E: SUMMARY OF IMPLEMENTATION TOOLS

Below is a summary of the tools currently available to housing consumers and developers in the Central Eastside Urban Renewal Area. These tools include products and services offered by the Portland Development Commission, as well as financial products and services administered by other public and private organizations and institutions. Many PDC products and services are able to leverage tax increment resources with other public and private resources, while other resources are provided by community partners using different funding sources.

The ability to leverage resources and build strong partnerships between and among housing consumers and producers will be critical to effectively addressing housing needs. Ongoing efforts will work toward identifying new opportunities within the Central Eastside to leverage new resources or provide products that meet the needs of residents and housing providers and developers.

NOTE: Available housing programs and resources are constantly evolving as new resources are identified and programs are altered to better meet changing and emerging needs. Complete and up-to-date information on specific tools and programs listed herein can be obtained from the administering agencies and organizations.

PDC-Administered Tools and Programs

First-Time Homebuyer Products

The following products are currently available directly to prospective homeowners. These products are designed to increase the purchasing power of new homeowners in the Central Eastside and provide assistance with the financing of necessary rehabilitation.

- **Fannie Mae HomeStyle Loan** – These loans are amortized loans that can be used in two ways. Homeowners can refinance existing liens against their property and pay for home repairs with the same loan. They can also be used by a new homebuyer to purchase a home and pay for home repairs needed at the time of purchase. PDC provides the underwriting for this first mortgage product but does not provide the financing.
- **Interest Rate Buydown Loan** – This loan reduces the interest rate on Fannie Mae HomeStyle mortgages by 1.0 to 1.5% to allow the borrower to finance a greater amount for necessary renovations. The maximum loan amount is \$5,000 and is fully recaptured if the home is sold or refinanced within the first five years. (TIF eligible expenditure)
- **State Residential Loan Program/Shared Appreciation Mortgage** – This loan provides financing for acquisition and rehabilitation of existing properties to households with incomes at or below 80% MFI. The first mortgage is the State Residential Loan (which is underwritten by PDC and funded by the State) that is fully amortizing, below market rate, and has subsidy recapture provisions during the first nine years. It is

combined with a non-amortizing Shared Appreciation Mortgage (SAM), which is a second mortgage product that reduces the principal of the first mortgage financing. The maximum SAM is \$30,000 per property. (TIF eligible expenditure if for new construction or rehabilitation)

- **Portland Community Land Trust Buyer Initiated Program** – This program offers a cash grant that enables households at or below 80% MFI to purchase a home. In exchange for the cash grant the land in each purchase will be permanently held in trust by the Portland Community Land Trust. The amount ranges between \$30,000 and \$50,000 depending on the income and housing needs for a particular household. Part of the cash grant can be used to fund rehabilitation work. (TIF eligible expenditure if for new construction or rehabilitation)
- **Limited Property Tax Abatement Program (ORS 308.450 & ORS 58.005)** – This is a ten-year tax abatement on the improvement value for new homes that meet the following criteria: a) the property is located within a Designated Distressed Area, b) the property is less than 2-years old (single family homes and condominiums are eligible), and c) the sales price must be no greater than \$159,000 in 2001 (adjusted annually). The homeowner will not pay taxes on the assessed value of the new construction for 10 years. The homeowner will, however, continue to pay taxes on the assessed value of the land. There are currently no restrictions as to the income of the recipient, but changes to these restrictions are pending approval. (No direct TIF expenditure)

Homeowner Products

- **PDC Deferred Payment Home Repair Loans** – These are home repair loans offered at below market interest, which are due upon the sale or transfer of the property. Deferred payment loan funds may be used to remedy major and minor code violations and incipient conditions, and also may include funding for general property improvements. Eligible families may earn no more than 50% of median family income. Mortgage payments, property taxes, and insurance must be current. (TIF eligible expenditure)
- **PDC Amortized Home Repair Loans** – These loans are home repair loans upon which a customer makes a monthly payment. Amortized loan funds may be used to remedy major and minor code violations and incipient conditions, and general property improvements. There is a maximum of \$5,000 for the general property improvements. Eligible families may earn no more than 80% of median family income. Interest rate varies between 3% to 6% and is determined on a sliding scale based on median income. Mortgage payments, property taxes, and insurance must be current. (TIF eligible expenditure)

Housing Developer Products

- **PDC Housing Development Loan Products** – PDC provides low-interest loans for use in property acquisition, refinancing, rehabilitation and new construction of rental and ownership housing units. Loans may be used for gap financing and/or bridging the temporary financial need

between acquisition, construction, permanent loans and equity to fund total development costs. These loans are often subordinated to private construction and permanent financing. (TIF eligible expenditures) PDC accepts applications for these financial assistance products in two ways:

- PDC issues Request for Proposals (RFPs) to solicit proposals from developers of projects that will provide public benefits as defined by city policy and Central Eastside Urban Renewal Area goals. Each RFP outlines the specific housing threshold criteria to be achieved and preference criteria that will guide in choosing between qualifying projects. The city may have site control or developers may select and demonstrate site control.
- PDC also accepts applications for direct financial assistance. Developers with site control who are interested in developing a project that furthers the objectives outlined in city policy and the Central Eastside Urban Renewal Plan and strategies should contact PDC to discuss potential funding availability and application process. There could be cases where time is critical, a crisis needs to be averted, or where significant public benefit will be achieved and funds are allocated outside of the RFP process. PDC will reserve the right to allocate funding under these circumstances.
- **PDC Predevelopment Loans – (For Non-Profits) – Non-Profit Predevelopment Loan Program-** The PDC Housing Department, together with the Enterprise Foundation provides predevelopment financing for projects sponsored by eligible non-profit organizations through the loan program. These funds are available to fund technical and professional services necessary to explore the feasibility of low or moderate income, mixed use, mixed income housing development. Interest rates of the Predevelopment Loan are either 0% or a blend of low interests depending on the loan amount. Loans have a maximized term for 24 months, or the close of construction financing, whichever is sooner. Predevelopment loans are not intended for the purchase of property, except for option payments. (TIF eligible expenditure)
- **Non-Profit Acquisition Financing Loan –** PDC and the Enterprise Foundation offer non-profit acquisition financing loans to eligible non-profits to fund the acquisition of property or to fund a portion of the cost of a contract purchase. The property must be intended for the development of low or moderate income, mixed use and/or mixed income housing. The interest rate for the loan program is generally 6% and has a maximum term of 24 months or the close of construction financing, whichever is sooner. (TIF eligible expenditure)
- **PDC Predevelopment Loans (For-Profits) –** PDC provides direct loans for pre-development activities to projects located in the urban renewal areas which have tax increment financing available for housing. Loans are available to fund technical and professional services necessary to explore the project feasibility of rental housing, for-sale properties with multiple units or mixed-use developments that meet the programmatic objectives of the Urban Renewal Area or the special initiative of PDC. (TIF eligible expenditure)
- **PDC Direct Finance Acquisition Loans –** PDC provides loans to

project sponsors to fund the acquisition of property for projects located in the urban renewal areas which have tax increment financing available for housing. Loan funds are available to fund the acquisition of property or to fund a portion of the cost of a contract purchase of property for rental housing, for sale properties with multiple units or mixed-use developments that meet the programmatic objectives of the Central Eastside Urban Renewal Area. (TIF eligible expenditure)

- **Limited Property Tax Abatement Program for New Rental Housing (ORS 307.600.PCC 3.104)** – The City of Portland has a limited property tax abatement program for qualifying multi-family rental new construction with ten or more units in urban renewal areas. Projects receiving the abatement are exempted from ad valorem taxes on the value of the improvement for a 10-year period. In return for the tax abatement, the developer must provide public benefits such as affordable housing, open space, day care, etc. (No direct TIF expenditure)
- **Limited Property Tax Abatement Program for Transit Oriented Development (PCC 3.103.005)** – The City of Portland has a limited property tax abatement program for qualifying transit oriented developments within one-quarter mile of a light rail stations. Projects receiving the abatement are exempted from ad valorem taxes on the value of the improvement for a 10-year period. The purpose of the tax exemption is to encourage the development of high density housing and mixed-use projects affordable to a broad range of households on vacant or underutilized sites near light rail or fixed route transit service. Eligibility is dependent on a variety of public benefits included in the project as outlined in the city code, including but not limited to affordable housing units, day care, ground floor commercial, community meeting space and transit amenities.
- **Charitable, Non-Profit Property Tax Abatement** – A low-income project under the ownership or control of a qualified non-profit agency, can receive property tax exemption on the value of land and improvements from the County Assessor, renewable annually, for the units occupied by households with incomes below 60% of the median family income for the area. Likewise, if ownership is held by the City of Portland (through the Housing Authority, for example) it will also be exempt from taxes. (No direct TIF expenditure)
- **PDC Development Fee Waiver Program** – This program is available to Non-Profit Affordable Housing projects in the City of Portland. It is intended to reduce development costs by waiving a portion of the development fees associated with rehabilitation or new construction of affordable housing units. The Fee Waiver benefit amount is derived from the number of affordable units created for any given project. Fee waivers are subject to the availability of PDC funds. Unless tax increment funds are made available, PDC will cease to issue funds when the annual allocation has been reserved and/or expended or when a non-profit organization has reserved up to their annual maximum of \$50,000. (TIF

eligible expenditure)

- **System Development Charge (SDC) Exemption Program** — New Development within the City of Portland generates the need for capacity increases for transportation systems, parks and recreation facilities and water works systems, and the System Development Charges (SDC) fund a portion these increases in capacity. SDC Exemptions are intended to reduce the development costs for residential units that are made affordable to first time homeowners and Low-Income renter households by exempting developers from paying SDC fees levied by the City of Portland. Only those units meeting the requirements will receive the exemption. PDC has been charged with the administration and monitoring of the SDC Exemption Program for Affordable Housing for the City's Office of Transportation, Bureau of Water Works and Bureau of Parks and Recreation. PDC also administers a Parks Credit Pool which grants credits to projects that prove financial necessity and either satisfy the requirements of Innovative Design guidelines or receive target area team approval. (TIF eligible expenditure, except Parks SDC for which the source is PDC's credit pool)
- **City Light Revenue Bond Program** — The purpose of the City Lights Housing Program is to stimulate production of new housing units that are not currently being built due to market financial constraints. Its function is to demonstrate the viability of new forms of housing development in areas of the city which have been under-served by current development, and/or to produce housing which contributes to public purposes such as commercial revitalization and transit-oriented development. Types of projects developed with the program include middle and moderate income housing which is a gap in current housing development in the city, mixed-use development that is difficult to finance because few comparable projects exist, and housing development in parts of the city where it has been slow to occur. According to the Federal Tax Code, the City cannot lend its credit to a private entity and, therefore, must own any housing developed with this tool.

Other Community Housing Products and Programs

- **Other Public and Foundation Financing Programs** – A variety of other local, state, and federal programs are available for housing serving low-income families, for example, the Oregon Affordable Housing Tax Credit for Low-Income Housing, Housing Trust Fund, Tax-Exempt Bonds, Elderly and Disabled and Private Activity Bonds and the Oregon Residential Loan Program. Many of these programs are only available to non-profit developers. They are administered by the Oregon Housing and Community Services Department, the Portland Development Commission, Multnomah County, and the Bureau of Housing and Community Development or HUD. There are also a number of federal grant programs and charitable foundation opportunities for which non-profits may qualify. For example, local governments have reached agreements with the Enterprise Foundation to utilize the Foundation’s Smart Growth Fund.
- **Federal Low-Income Housing Tax Credit** – The Federal Low-Income Housing Tax Credit (LIHTC) provides a federal income tax credit for new construction and rehabilitation of residential units for low-income individuals. The credits are purchased by corporations with anticipated tax liabilities and are claimed for ten consecutive years following the date that the qualified property is placed in service. Projects must meet rent restrictions that require that either 20% of the units be occupied by households with incomes below 50% of the area’s median income or 40% or more of the units be occupied by household whose incomes do not exceed 60% of median. Residents in eligible units may not pay more than 30% or the applicable income limitation for rent and utilities. Generally, properties receiving tax credits must remain in compliance with the set-aside and rent restriction tests outlined above for an extended use period of at least 30 years, but commonly up to 50 years. The tax credit is either 9% or 4% of the eligible basis (i.e. qualified expenses) of the project. Using these credits is complex, but may be used to raise significant equity for a project. The complexity of the tool results in the use of consultants, attorneys, and accountants familiar with the process. The credits are awarded through an application process conducted by the Oregon Housing and Community Services Department. The process is a highly competitive one for most credits.
- **Private Financing** – The private financing community will continue to finance market rate housing projects and these projects will help to meet growth management goals for the area and serve to generally improve the area. Typically, with low-income projects, private financing is but one of many sources necessary to complete the funding package.
- **Mortgage Foreclosure Assistance** – The Portland Housing Center provides Mortgage Foreclosure Assistance targeted for homeowners within the Central Eastside Urban Renewal Area. The program offers small, emergency, no interest loans as a last resort to prevent foreclosure,

Other Homeowner Resources

counseling services on ways to identify resources and strategies for resolving the problem, and assistance negotiating with lenders.

Other Resources Available to First-Time Homebuyers

- **Project 20 Percent** – The Portland Housing Center provides a second mortgage loan product for first-time homebuyers to receive a loan of up to 20% of sales price at an interest rate of 3-7%. The property must be located within eligible neighborhoods and the borrower must meet residency eligibility within those neighborhoods. Ongoing funding for this program is uncertain at this time.
- **Project Down Payment** – This home purchase assistance program provides for down payment and closing cost assistance making the purchaser's first mortgage more affordable. Maximum assistance is \$4,000. This is a five year second mortgage with an interest rate of 5%. It is designed for first time homebuyers and borrowers must contribute a minimum of 2% of the sales price from their own funds. Eligible households must be at 100% of median income or less. The homebuyer completes an educational program through the Portland Housing Center. This is a revolving loan fund funded in large part by local lenders.
- **Portland Community Land Trust (CLT)** — A CLT is a community based nonprofit corporation that holds land for community benefit. It is primarily a homeownership model, in which the PCLT acquires land and/or buildings and sells the improvements (home) on the land at a price that is below market value. PCLT retains ownership of the land and when the homeowner is ready to sell, the home is then sold to another household of low to moderate income. Homeowners enter into a long-term lease (99 years) for the land that grants them secure and exclusive use of the land under their homes. Investment in the land ensures affordability of the housing is retained over time by restricting the price at which the home can be resold. When selling, the homeowner receives the amount that they have paid down on their mortgage, their down payment, and a share of the net appreciation, which is often around 25%.
- **Habitat for Humanity** – Portland Habitat for Humanity provides homeownership opportunities for low income families in Portland. Homes are built with volunteer labor and are sold to the families for \$65,000 to \$75,000. The homeowners are chosen according to current living conditions, ability to repay a no interest mortgage and a willingness to work closely with Habitat, contributing 500 hours of sweat equity toward their future home.
- **HUD's FHA Loans** – HUD insures mortgage loans to help people buy homes with a low down payment. Qualified homebuyers may be eligible for a down payment loan with an interest rate as low as 3 percent. Closing costs and fees can also be included in the mortgage. HUD-insured loan homebuyer loans are available through HUD-approved banks, mortgage companies, or savings and loan associations.
- **HUD Homeownership Section 8 Mortgage Subsidy**— If approved by the Housing Authority of Portland's Board, this housing benefit may be

available to first-time homebuyers. The program allows a person or family who is receiving HUD Section 8 assistance to use the subsidy toward home mortgage costs. Recent changes in the regulations bring no new funding of this program. Homeownership vouchers subsidy would require use of the existing supply of Tenant-Based vouchers.

Other Resources Available to Renters

- **Private Investors and Developers** — The largest stock of single and multi-family rental units affordable to people of most incomes who choose to live in the Central Eastside Urban Renewal Area are available through private landlords and developers.
- **Community Development Corporations** — Private non-profit organizations are a large provider of affordable housing in the Central Eastside Urban Renewal Area. One of their missions is to provide stable housing stock, both rental and ownership, that is affordable to low- and moderate-income households or specific populations with special needs. Some of the organizations active in the Central Eastside include the REACH, Central City Concerned, and other nonprofit housing-related service providers. Most of these organizations are members of the Community Development Network which supports and organizes the CDC affordable housing providers throughout the region.
- **Tenant Based Section 8**— Renters apply for housing vouchers and search for a housing unit to rent from private or non-profit landlords. Landlords enter agreement with the Housing Authority of Portland (HAP). The landlord receives a subsidy rent payment from HAP, which allows low income people to pay no more than 30% of their monthly income on rent.
- **Project Based HUD Rent Subsidy**— This housing benefit, attached to the housing structure, is a fifteen year subsidy between an owner and HUD providing a stable source of funds for subsidizing rent. While recent changes in regulations brings no new funding to this program, project basing of subsidy would require HAP to use vouchers from its existing supply of Tenant-Based vouchers.
- **BHCD Housing Connections**— A one-stop housing center accessible through the Internet that assists Portland area low-income housing consumers who are facing barriers in accessing or retaining appropriate housing or shelter. This affordable housing locator, scheduled to be on-line in October 2001, will be used by staff at housing agencies who assist low-income housing consumers in securing and retaining appropriate housing and housing services. Service will be expanded in Spring 2002 to include a housing services database which will provide information and referral to services that people need in order to obtain and retain housing.
- **NE Workforce Center**— Housing-related assistance is being offered on a one-time basis to Inner Northeast area residents in imminent danger of displacement due to rising housing costs and limited housing choices. Limited financial assistance is provided on a first-come, first served until

funds are exhausted. To receive assistance households must participate in financial management classes. This program was funded on a one-year allocation in 2001 and will operate until funding is depleted.

- **Community Alliance of Tenants Renter Rights Hotline**—The Community Alliance of Tenants is a grassroots, tenant-controlled, tenant-membership organization that provides information to renters about rights on issues such as evictions, repairs, deposits, rent increases and more.

NOTE: Relocation Assistance Requirements – PDC does not intend to involuntarily displace residential tenants, homeowners or businesses. In the event that a business or residential tenant is required to move as a result of a PDC-funded project, the tenants are protected by state and/or federal laws, and will be eligible to receive services and/or payments under PDC's Relocation Policy. These policies and laws are specifically designed to protect the rights and interests of persons who are unwillingly adversely affected by public improvement projects. Every affected business and resident will be carefully assisted to ensure that the specific needs of those individuals are met. These benefits may include services, including help in finding a new location and assistance with the transition. Business, homeowners and renters can also receive cash payments to cover eligible moving costs, reestablishment expenses, rent differences, and/or down payments to help purchase another home.