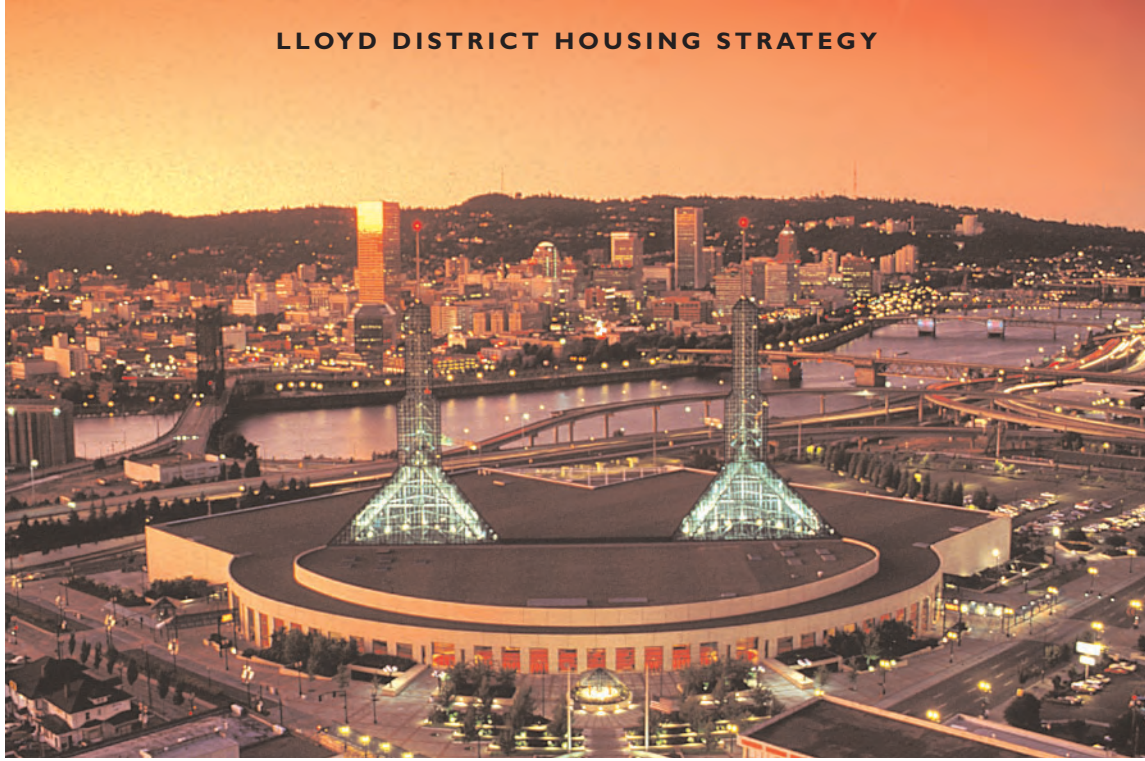


LLOYD DISTRICT HOUSING STRATEGY



JUNE 2002 LLOYD HOUSING STRATEGY
PORTLAND DEVELOPMENT COMMISSION
1900 SOUTHWEST FOURTH AVENUE, 7000 • PORTLAND, OREGON

ACKNOWLEDGEMENTS

The Lloyd District Housing Strategy represents the work of many community residents and members, Lloyd District stakeholders, local organizational representatives and City staff.

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PDC wishes to recognize many property owners employers, associations, individual residents and employees who share their ideas and vision for the District during the Lloyd District Housing Strategy process. With special thanks to Metro and Holy Rosary Parish for use of their meeting space within the District and Irvington Place homeowners for the tour of their homes and willingness to share their perspective on multi-family homeownership within Lloyd District.

EXECUTIVE SUMMARY

The Lloyd District Housing Strategy is an action plan to implement housing development through urban renewal investments in the Oregon Convention Center Urban Renewal Area (OCCURA). Adopted by City Council in 1989, the urban renewal area was planned as an area in need of economic development. The City's goal was to revitalize the area around the Convention Center while creating jobs and greater livability for visitors and residents. Housing development was identified in a specific goal: *"Foster residential and mixed-use development that serves a range of age and income within residential or mixed-use zones within OCCURA as mutually supportive of retail opportunities and the maintenance of neighborhood values."* The Lloyd District Housing Strategy provides a mechanism to implement the goal of fostering mixed-use housing development within the Lloyd District target area of the OCCURA.

The Lloyd District Housing Strategy responds to the fact that new housing development is an emerging asset to revitalization of the Lloyd District. Over 400 housing units have been built in the Lloyd District since 1996, most with private financing, and this housing has a positive impact on businesses and the atmosphere of the District. Community members involved in a recent update of urban renewal implementation plan, the 2001 Lloyd District Development Strategy, identified continued housing development as a high priority for PDC. The Rose Quarter Vision Study also identified mixed-income housing development as a key direction for that area of the Lloyd District.

The purpose of this Housing Strategy is to guide the implementation of housing development funds and activities supported by PDC and private partners until the expiration of urban renewal expected in 2013. It establishes housing goals and specific actions to accomplish the vision of a healthy, urban neighborhood. Community involvement and market research are the cornerstones of the Strategy and will guide its implementation. Following a ten-month community planning process, the Lloyd District Housing Strategy Committee established goals for the remaining life of this District.

Goal 1. Increase the **availability of housing** through the development of 3000 new housing units, produced by the efforts of both the private and public sectors, by the year 2015.

Goal 2. Increase the **range of affordability** of housing in the District, prioritizing housing opportunities to meet demand not currently served by existing housing options.

Goal 3. Increase the **diversity of housing options** to meet needs and preferences of current and future residents and employees of the District.

Goal 4. Encourage **housing development supportive of job growth** and increase the balance of housing units available to employees.

Goal 5. Improve **Lloyd District's livability** by enhancing and developing neighborhoods within the District.

Over the next ten years of urban renewal, the Housing Strategy committee will monitor progress and make recommendations to PDC on how it can adjust or improve strategies.



NEAR TERM PRIORITIES

The Housing Strategy also recommends program priorities for near-term implementation. The Committee reviewed the goals in the context of the current social, economic, demographic and market conditions identified in the housing inventory, which are contained within the Housing Strategy introduction and existing conditions sections of this report. With this data in hand, the Committee identified challenges that the Strategy must address, which include:

- Lloyd District lacks a “sense of place” and the necessary critical mass of housing and neighborhood serving retail to provide neighborhood identity.
- The cost of both rental and ownership housing has increased. New, high-density, market-rate rental and ownership development offers opportunities to some employees but is not affordable to many who work in the District. Few of these new units are built for families or middle-income, first-time homebuyers who work in the District.
- Few housing units have been built along the areas of greatest public investment such as the transit line or near amenities such as Holladay Park or the Eastbank Esplanade.
- The traffic patterns and speeds provide great access through the District but decrease the livability of the area for residents by making unpleasant walking or biking to services and neighborhood amenities such as schools, parks and community centers.

Given these challenges, the Committee prioritized the following objectives:

- Focus resources on creating and improving neighborhoods and connections between sub-districts within Lloyd.
- Increase the total housing stock by at least 3000 units by the year 2015—through both private and publicly funded housing development.
- Prioritize funds for housing affordable to households under-served by the supply of housing within the Lloyd District.
- Provide ample housing opportunity for current and future employees of the District and Central City.

PDC staff is charged with implementation and updating this Strategy. PDC will target its efforts on partnering with area stakeholders, landowners and developers in the accomplishment of these goals through urban renewal and other funding sources for the remaining life of the District. Through implementation of this Strategy, PDC and private partners will move Lloyd District closer to the policy vision of a vibrant, mixed-income, Central City neighborhood.



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INTRODUCTION

The urban renewal plan of the Oregon Convention Center area envisions Lloyd District as a vibrant, mixed-use Central City neighborhood. It sets the goal of creating this neighborhood through mixed-income housing that supports the job-growth planned through urban renewal.

The purpose of this Housing Strategy is to guide the implementation of PDC's housing development until 2013. It establishes housing goals and specific actions PDC and private partners can take to accomplish the vision of a healthy, urban neighborhood. It guides private developers, landowners, businesses and residents working in partnership with PDC by establishing a predictable business plan for PDC's involvement in housing development.

Community involvement and market research are the cornerstones of the Strategy and will guide its implementation. Over the next ten years of urban renewal, an ongoing advisory housing committee will review periodic inventories and with assistance from PDC staff will report on progress in meeting goals. The advisory body will also make recommendations to PDC on how it can adjust or improve strategies and adjust objectives and actions to meet the overarching goals.

The Strategy includes the following components:

- Introduction and Policy Overview;
- Existing Conditions—overview of housing inventory, demographics and job data;
- Strategic Recommendations—summary of housing goals, strategies and actions; and
- Ongoing Implementation.

LLOYD DISTRICT PLANNING CONTEXT

The Portland Development Commission and City Council established the Oregon Convention Center Urban Renewal Area (OCCURA) in 1989 in order to leverage public investment in the Convention Center, which opened in 1990. The urban renewal plan focused on enhancing the visitor economy emerging with the Convention Center and, in turn, supporting business and job development. PDC implemented the Plan by financing jobs-related investments such as the expansion of the Convention Center during the first ten years of urban renewal. Map A, in the Appendix, illustrates recent housing investments in the District. With the addition of over 400 housing units by the private market from 1996 to 1999, housing emerged as an important catalyst for revitalization. In 2000, PDC facilitated a new vision study, the Lloyd District Development Strategy, to guide the implementation of the plan over the next ten years. The Development Strategy, adopted by the Commission in 2001, also revealed community support for additional housing development in the District. It also tested mixed-use scenarios that had been identified in the urban design, with pro forma feasibility analysis, which identified financial constraints to implementation. PDC housing staff began research in the Lloyd District and produced a preliminary study, the 2000 Lloyd District Inventory and Policy Analysis which set the stage for the Housing Strategy.

LLOYD DISTRICT HOUSING STRATEGY PROCESS

The Lloyd Housing Strategy Committee, appointed by Commission in May 2001, reached agreement on the final goals and strategies contained in this document in April 2002. The Committee reviewed demographics, the 2000 Lloyd Inventory and Policy Analysis, public policies and developer interviews to articulate strategic recommendations for the District. The Committee also toured the District housing projects and sought the opinion of Lloyd neighbors, employees and District landowners through surveys and interviews. The results of the public outreach are contained in the Appendix A.

POLICY REVIEW

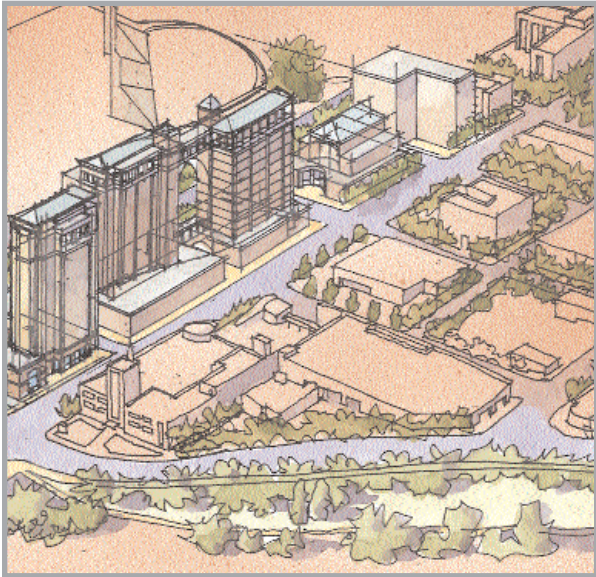
Lloyd District Housing Committee reviewed adopted city plans and policies as well as recent studies such as the Lloyd District Development Strategy and Rose Quarter Vision. The following summary of plans and policies highlights the goals related to housing development, which provided the Committee a basis for the Strategy goals and recommendations.

THE OREGON CONVENTION CENTER URBAN RENEWAL PLAN

The Oregon Convention Center Urban Renewal Area (OCURRA) was adopted by City Council in 1989. Although most of the Plan goals target job creation and business development, the following goal specifically applies to housing. The goal states that urban renewal activities should “Foster residential and mixed-use development that serves a range of age and income within residential or mixed-use zones within OCCURA as mutually supportive of retail opportunities and the maintenance of neighborhood values.”

COMPREHENSIVE PLAN HOUSING POLICY AND CENTRAL CITY PLAN

State land use law requires major developments and urban renewal plans to be consistent with the City of Portland Comprehensive Plan. The City of Portland’s Comprehensive Plan section on housing goals, the Portland Comprehensive Plan Housing Policy, was updated and adopted in 1999 and provided direction to the Lloyd Housing Strategy Committee. The Central City Plan, adopted in 1988 and updated in 1995/1996 also must be consistent with the Comprehensive Plan and provides more direction specifically on the land use vision for the Central City.



The Housing Committee used the PDC published 2000 Lloyd District Housing Inventory and Policy Analysis to identify gaps between policy goals and current conditions. This document identified the following housing goals from the Comprehensive Housing Plan and the Central City Plan as most relevant to the Lloyd District:

COMPREHENSIVE PLAN HOUSING POLICY

- Place new residential developments at locations that increase potential ridership on the regional transit system and support the Central City as the region’s employment and cultural center.
- Support transit-supportive development and redevelopment along designated transit streets and in the vicinity of light rail stations.
- Encourage the retention and development of higher density housing and mixed-use development within commercial areas.
- Support programs and policies which serve to maintain Downtown

Portland and the Lloyd District as the major regional employment, cultural, business and government center.

Affordability and Homeownership

- Achieve a distribution of household incomes in the Central City similar to the distribution of household incomes citywide.
- Encourage housing opportunities for extremely low and very low-income households (below 50 percent MFI) in all neighborhoods to avoid concentration in one area.
- Promote the development and preservation of housing that is affordable across the full spectrum of household incomes.
- Ensure income diversity and affordability targets are maintained over the long-term.

- Expand homeownership opportunities for existing residents in neighborhoods with low homeownership rates.
- Discourage involuntary displacement of low-income residents from their community, while expanding housing opportunities.
- Promote homeownership for low and moderate-income households and expand opportunities for first-time homebuyers.
- Encourage the retention of existing rental housing at rent levels affordable to area residents.
- Increase opportunities for construction, acquisition, or preservation of housing affordable to area residents in locations where rising property values and gentrification contribute to their involuntary displacement.

CENTRAL CITY PLAN

- The Lloyd Center/Coliseum District functions as an extension of the Downtown, serving the adjacent neighborhoods and the Convention Center.
- Foster the growth of housing to help reinforce the Central City as a lively urban area, especially during evenings.
- Reinforce the Lloyd Center as the eastern anchor of Central City retailing and locate the highest density new development in areas served by light rail.

Affordability and Homeownership

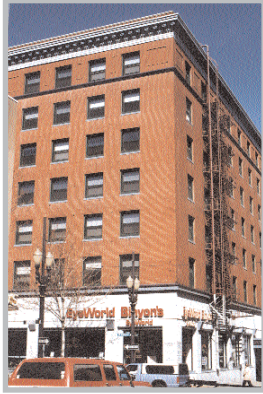
- Encourage the development of housing in a wide range of types and prices and rent levels in the Central City.
- Use urban renewal tax increment financing programs to foster the development and preservation of housing in urban renewal districts.
- Maintain the Central City's status as Oregon's principal high density housing area by keeping housing production in pace with new job creation.
- Promote the creation of housing incentive programs, by public agencies, in areas of Required Housing (a planning designation that requires housing development)

POLICY GAPS

The Committee process identified the following gaps between what the policy envisions and 2002 conditions within the Lloyd District:

- The 2002 Central City Inventory indicates that the Lloyd District has few rental units available to households below 50% of median family income (MFI) and few middle-income ownership units available between 60 percent to 120 percent MFI.
- The Comp Plan also identified the need to pursue adequate financial resources to maintain and preserve housing units that are at-risk of increased rents and loss of affordability. The Inventory identified about 100 units of affordable rental housing at or below 60 percent MFI which maybe at-risk now or in the future;
- The Lloyd District is currently under-served in low-income rental housing and special needs housing, as evidenced by the 2002 Central City housing inventory;
- The market is dominated by one-bedrooms and studios and currently lacks a diversity of housing options, including larger units or housing development serving families;
- The Lloyd District has several underutilized surface parking lots that offer redevelopment potential;
- The District has greater potential for increasing its liveliness and 24-hour environment;
- Lloyd also is served by four light rail stops, but has little transit-oriented development; and
- Housing production is not keeping pace with job growth and jobs and housing are out of balance with an estimated 980 housing units to 17,000 jobs in 2002.

RECENT CENTRAL CITY PRESERVATION AND REPLACEMENT POLICIES



■ The City has maintained a strong commitment to preservation and replacement of existing affordable housing stock in the Central City for over two decades. Two recent policy directives from City Council, Resolution 36021 and 36038, contain directives that were addressed by the Lloyd Housing Strategy.

■ Resolution 36021: City Council calls for retaining, through preservation or replacement, at least the current number, type and affordability levels of housing units for households at or below 60 percent median family income (See Appendix B for description of 2001 median family income range).

■ Resolution 36021: City Council required PDC and the Bureau of Housing and Community Development (BHCD) to establish goals, strategies and to report on progress. The Council directed PDC to conduct an inventory of all Central City housing units to determine their current affordability and to update it regularly.

■ Resolution 36038: Passed on October 18, 2001, calls for PDC and BHCD to develop a Funding Plan for the preservation or replacement of at least 1,200 units at or below 60 percent MFI rental units in the Central City by 2006.



PDC INVOLVEMENT IN CENTRAL CITY HOUSING

As part of the Central City, Lloyd District joins five other urban renewal areas in planning for housing development through tax increment funding and urban renewal. Since 1985, four new districts have been formed within the boundaries of the Central City: the Central Eastside, (1986); Oregon Convention Center, (Lloyd Target Area, 1989); the River District (1998); and North Macadam (1999). Each of these districts implements Central City policies and the specific goals of each District. Urban renewal provides funding and the synergy of revitalization to achieve the balance of the policy goals. Activities focus on creating new units, achieving a range of affordability and distribution of the No Net Loss preservation and replacement goals throughout the Central City.

Two urban renewal districts existed in Downtown before the creation of the Central City Plan in 1986: the South Waterfront and South

Park Blocks urban renewal areas, both districts will expire in the next decade. The Downtown Target Area Housing Implementation Strategy, adopted by the Commission in June of 2001, addressed the use of tax increment resources to promote housing development within the Southern portion of the Downtown Waterfront and South Park Blocks urban renewal areas. This Downtown Strategy identifies affordable rental and homeownership goals for the remaining life of those Districts.

The City has recognized the importance each urban renewal area plays in implementing the Central City goal of adding 15,000 net new housing units in the Central City by 2010. The policy of encouraging a mix of housing affordable to a range of incomes within the Central City must be balanced within the larger context of the housing of the River District, Downtown, Central Eastside and North Macadam Urban Renewal Areas. The Lloyd District Housing Strategy works within this context of policy and implementation activities.



EXISTING CONDITIONS

The Housing Strategy development was driven by the creative tension between the grand vision of City policies and the reality of current conditions. Various individual choices drive the realization of policy, whether made by owners, businesses, developers or nonprofit housing providers, but all base choices on their perception of reality. This section sets the context that the Housing Committee used to relate City policy to the District economic, demographic and physical realities. It provides a portrait of what is currently available for housing stock, what has recently been developed, who lives and works within the District and the market trends that influence housing development in the Central City. The existing conditions provide the rationale for the goals and strategies in the Strategic Recommendations. The data will be updated as part of PDC's monitoring and implementation so that the housing strategies and actions can respond to the dynamics of Lloyd land development.

The following study area map illustrates the Lloyd District boundary and the corresponding census tracts. The Lloyd District official urban renewal boundary is slightly smaller than the Census tracts and therefore the data must be viewed as a close approximation to the Lloyd District demographic conditions. The Housing Inventory used an exact boundary of the District and therefore the housing profile of 84 percent of the units provides an extremely accurate portrait of the current housing conditions.

MAP A

Lloyd District Target Area Census Tracts 23.02 and 24.02

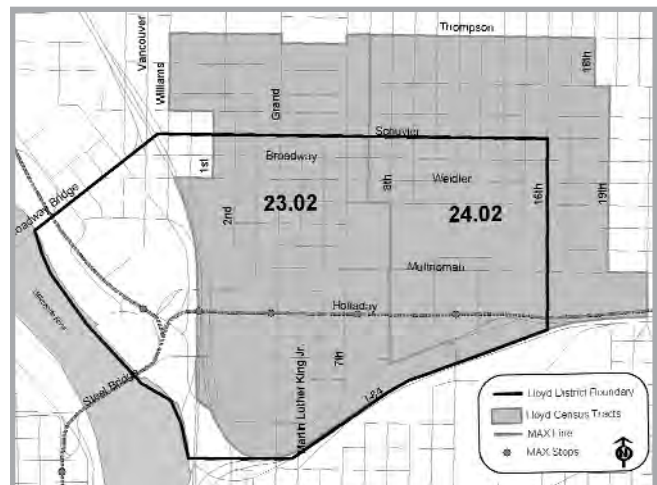
HOUSING SUMMARY: CURRENT CONDITONS

The number of housing units only tells half the story of housing conditions. The following summary of conditions represents a subjective approach to state the conditions of what it is like to live in the District based on the experience of Housing Committee members and employees and residents who contributed to this Strategy process.

Living in the Lloyd District provides a resident with an interesting area which includes a regional mall, theatres, a park next to light rail, small shops and cafes, dry cleaners, restaurants, groceries and regional entertainment. Those living within the District have easy access to transit and freeways but also struggle with peak traffic conditions and pedestrian access. Unlike Downtown, residents must use crosswalk buttons because the stoplights are timed for traffic, not for pedestrians. The Fareless Square expansion gives residents free light rail access in the Central City. Free light rail means reduced commute costs if you work in Downtown and uninhibited access to nightlife and cultural or government amenities across the river.

Living in the Lloyd District today means sharing the area with the 17,000 employees whose daily commute takes them to and from the area. Housing shares a small amount of land within the District compared to the amount of office and commercial uses. The flexible zoning and the automobile access to the area contribute to the eclectic nature of development in Lloyd. The Core area is zoned for the highest density (floor area ratios of 12 to 1) and height (250 feet) allowed in the City. Over the last decade, two new mid-rises, Class A office buildings have graced the Lloyd District skyline, contributing to its urban feel.

Living in the Lloyd District today also means sharing your neighborhood with visitors from around the City, the country and the world. The District has a distinct role in the region as a hub of regional enter-



tainment and events. The Convention Center and the Rose Garden Arena make Lloyd District a destination for millions of visitors. Residents experience both benefits and challenges of this visitor economy. Some residents appreciate the mix of people who congregate in their neighborhood—everyone from square dancers to gardeners meet at the Convention Center—while others find the parking, traffic congestion and litter that comes with events a challenge.

2002 CENTRAL CITY HOUSING INVENTORY

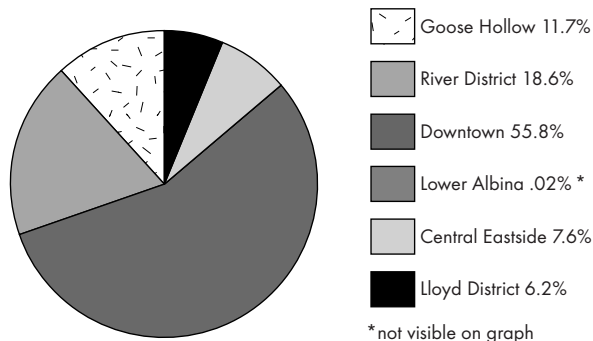


In the Fall of 2001, City Council directed PDC to conduct a 2002 Central City inventory of all housing units to establish the range of affordability and identify the number of rental units that may need to be preserved or replaced. The data for the most recent study was gathered through two methods: the inventory was mailed to all rental property owners in the District and supplemented by phone interviews. The ownership housing data was gathered from a combination of tax records and Metrosan database produced by Metro. The following inventory data should be considered preliminary since the Central City inventory is currently underway and expected to be completed by August 2002.

PDC generally uses the definition of affordability provided by the Housing and Urban Development (HUD) department that states that housing is affordable if a household pays no more than 30 percent of their income on their housing costs. The housing inventory was used to categorize units by income level based on imputing an income level from rents, not actual tenants' income data. Since actual household size information is not available, the number of people was assumed by number of bedrooms. Every year HUD releases new standards of median income for the Portland metropolitan area. PDC is required to use this HUD table on the median family income and to plan for and distribute affordable housing funding. Appendix B lists out the 2002 affordability table by MFI and household size.

The Central City Inventory estimates of the 13,360 units exist in the Central City plan district which include the River District; Lloyd, North Macadam, Central Eastside, Downtown, Lower Albina and Goose Hollow.

Rental Units in Central City Subareas
2002 Central City Housing Inventory



LLOYD DISTRICT HOUSING INVENTORY

As of March 2002, there were a total of 980 units within the Lloyd District, including 847 rental units and 133 ownership units. The Lloyd District has six percent of the Central City rental stock compared to 56 percent within the Downtown. The Central City inventory gathered rent data from 708 units, for a total of 84 percent of the units in the Lloyd District. Of these 708 units, 202 of the units were in a senior high rise project with rent levels that include amenities and, therefore, are not comparable to the rest of the data. The majority of the units within the Lloyd District are contained in larger buildings—three buildings with over 100 units have 61 percent of the District rental units. Nonetheless, there remains a fair amount of diversity in building size and style with 28 percent of the units contained in buildings ranging from 5 to 39 units and nine single-family homes.

Housing Options and Amenities

Lloyd has a 14 percent homeownership rate compared to a citywide homeownership rate of 56 percent, offering fewer homeownership options than traditional neighborhoods. The Lloyd District offers limited size and bedroom options for renters and owners. Over 75 percent of the rental units are one-bedroom or studios. There are few housing options for families that contain three or more people.

Affordability of Current Supply

The following table illustrates the estimated affordability based on the Central City inventory that is currently underway. Housing cost data (gross rent) was collected for 708 units for a total of 84 percent of the study area rental units. Affordability of the housing units was calculated based on inputting the income levels from rents, not actual tenant income data or household size. Estimates for the number of people within the units was made based on bedroom size. There was one exceptional property, Calaroga Terrace, which contains 202 units of apartments with rents that include transportation, medical access, some meals and activities for the senior residents. The table illustrates the remaining 507 units after Calaroga is subtracted from the total units surveyed.

Total Rental Housing Units Surveyed by Median Family Income 2002 Housing Inventory

Lloyd Target Area	Total Units	0–30% MFI	31–50% MFI	51–60% MFI	61–80% MFI	81–100% MFI	101–120% MFI
Inventory Units	507	0	4	93	108	221	81
% of Total Units		0	1 %	18%	21%	44%	16%

For the 507 units in which rent data was available, excluding Calaroga Terrace senior units.

The rental inventory confirmed trends identified within the 1999 inventory by pointing out specific gaps with the rental market such as the complete lack of units below 30 percent MFI. The two highlighted and italicized number under 60 percent MFI units represent the units that will be considered for preservation and replacement under the No Net Loss policy of the Central City. The chart does not reflect that Calaroga Terrace units which rent for over 150 percent MFI, including services and amenities. The table reflects that recent development has been targeted primarily on achieving rents of 60 percent to 100 percent MFI with the majority of new units renting from \$850 to \$1,280 for a one-bedroom.

Homeownership Affordability

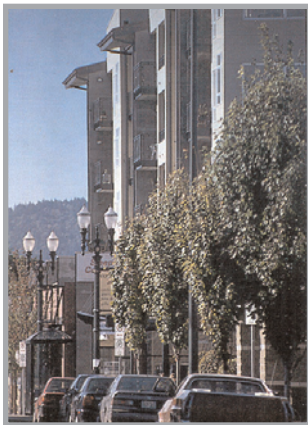
The preliminary homeownership data within Lloyd identifies a small market of 133 units of ownership housing—122 of which are condominiums built since 1998. Only five single-family homes continue to be owner-occupied homes and there has been one six-unit condo-conversion. Sales data

was reviewed for the two most recent products and the affordability of those products by year sold or offered is summarized in the following table.

Homeownership Trends by Median Family Income
1998 and 2001 Sales Trends

Range of MFI	No. of Units	60%–80% MFI	81%–100% MFI	101%–115% MFI	116%–140% MFI	141%–180% MFI	181% and over MFI
Range of Prices		\$60,000-\$85,000	\$86,000-\$108,000	\$110,000-\$125,000	\$126,000-\$155,000	\$156,000-\$200,000	\$200,000 and over
Irvington Place							
1998 sales	43			6	20	6	9
2001 sales	5*			4		1	
Cascadian	<i>Asking Price</i>						
1 bedroom	41	1	12	12	13	3	
2 bedroom	17				2		15

*Irvington Place sold most units in 1998 when it opened so these 2001 units are most likely resale.



While these two projects targeted slightly different ranges of buyers, both project offer a majority of units as one-bedrooms and a smaller portion of larger units over \$200,000. The Irvington Place condominiums and townhomes are the only sample of the appreciation of condominiums in the Lloyd market since 1998. From 1998 to 2001, there was resale information for eight one-bedrooms that were resold with an average appreciation of \$10,000. The amount of appreciation likely depends on the size of the unit, location and other factors that influence the market. There was information for only three sales of two-bedroom units in this project and only one of these units actually appreciated – by \$22,000 – the other sold for near or below the previous sales price. These trends indicate that one-bedrooms may be able to retain and gain value more easily in this marketplace, which would be an important factor for first-time homebuyers seeking a good investment in Lloyd District. However, considering the short timeframe of these sales, this data should be understood as limited and preliminary, not a definitive analysis of the current and future market trends for Lloyd condominiums.

The Cascadian was brought onto the market in July 2001 and began with strong sales commitments—over half of the units were committed until September 11th. The national tragedy of September 11th impacted the Cascadian as several buyers backed out of agreements. The lower range of units in the Cascadian is due in part to PDC’s financing assistance in the project which allowed the developer to widen the range of units to include 13 units affordable to households between 60 percent and 100 percent MFI. Updates of this Strategy will reveal actual sales trends.

SENIOR HIGH RISE HOUSING MARKET

The first new high density housing development in and adjacent to the District were senior high rises built in the 1960s. Grace Peck Plaza and the Calaroga Terrace, together offer 571 apartments to the senior population. The Calaroga Terrace offers a continuum of 202 rental options for seniors including independent apartments to fully supported assisted living with shared meal plans. Other services at Calaroga include activities, transportation, banking, postal services and medical support. The Housing Authority of Portland operates a 115-unit, high-rise senior facility just outside the boundary of the District. The project serves low-income seniors with incomes below 50 percent MFI with rental units. These senior high rise apartments also may explain some of the usual demographics of the Lloyd census tracts, including the higher percentage of older adults and widowers.

RECENT RENTAL DEVELOPMENT

Over one-third of the 847 rental housing units available within the District are relatively new construction, built since 1994. These 318 rental units were developed in two buildings, Lloyd Place and Cornerstone apartments, that are located on opposite ends of the District but both within a few blocks of light rail. Both of these projects are close to local-serving retail and both have underground parking. The design and mix of units of these projects indicates a targeted market of single or couple professionals without children drawn to the central location and access to MAX. However, the Lloyd Place does have an independently owned childcare facility on its ground floor commercial space and 15 units that rent at 60 percent median family income, both of which satisfy the requirement of receiving the transit-oriented development tax abatement. The following table illustrates the range of affordability and the size of the units within these new developments.

LLOYD RENTAL DEVELOPMENT SINCE 1996

Name of Project	Number of Units	Studios	One Bedroom	Two Bedrooms	Location
Lloyd Place	202	0	15 units 61-80% MFI <i>Rents start \$680/mo.</i>	96 units 81-100% MFI <i>Rents start \$1,137/mo.</i>	15th & Weidler
			83 units 81-100% MFI <i>Rents start \$807/mo.</i>	8 units 101-120% MFI <i>Rents start \$1,357/mo.</i>	
The Cornerstone	116	1 unit 61-80% MFI	68 units 61-80% MFI <i>Rents start \$614/mo.</i>	24 units 101-120% MFI <i>Rents start \$1,077/mo.</i>	7th & Halsey
		15 units 81-100% MFI	8 units 81-100% MFI <i>Rents start \$807/mo.</i>		

Source: 2002 Central City inventory

RECENT OWNERSHIP

Two projects have been built in the Lloyd District since 1996—Irvington Place and the Cascadian. Irvington Place is a 69-unit mixed-use building that mixes townhomes and condominiums with commercial space. It is located across from the Safeway grocery store and within the Irvington neighborhood. The design maximized outdoor space with oversized decks and an internal parking courtyard. The parking, which is hidden behind gates, is a combination of a structure and open, upper deck. The Cascadian is a 59-unit condominium project, partially financed by PDC. This project includes units from small studios at \$74,900 to \$500,000 to two-level, view penthouses. This mixed-income project does not include parking but offers leased parking offsite. The Irvington Place townhomes, like other Lloyd District developments, blend with nearby neighborhoods. With front stoops and separate entrances, the townhomes offer an ownership alternative to the apartment style living of condominium developments.



LLOYD DEMOGRAPHIC PROFILE

The population profile of residents is based on 2000 Census data when available and the 1996 American Community Survey (ACS), an inter-census survey for income and employment variables, which have not yet been released for the 2000 Census. The data provides a profile of demographic changes between 1990 and 2000, and provides a better understanding of who is living in the available housing. Data was gathered for Census tracts 23.02 and 24.02, which encompass the majority of the Lloyd District, and extends beyond the urban renewal boundary by four blocks to the North to Thompson Street. The Lloyd area is smaller than the area covered by Census tracts so all the information provided should be understood as a larger sample that includes these four blocks North of the District in the Irvington neighborhood.

POPULATION

In 2000, the Lloyd Study area defined as Census tracts 23.02 and 24.02, contained 4,385 people. From 1990 to 2000, the study area population grew by 16 percent. The Lloyd District increased by 440 housing units from 1996 to 2001, which likely accounts for some of the population growth in these tracts. With Lloyd's smaller average household size, PDC estimates that there are less than 1,500 people living within 980 units in the urban renewal boundary.

The Lloyd District study area is an urban neighborhood with few children and a large senior population. As shown in the following table, 10 percent of the study area population are under 18, compared to 21 percent for the City of Portland. Similarly, the age 65 and over population comprises 22 percent of the study population compared to 12 percent for the City of Portland.

Age of Residents in 2000
Census Tracts 23.02 and 24.02

AGE	2000 POPULATION	% of TOTAL POPULATION	CITY OF PORTLAND
Under 18	447	10 %	21 %
18-49	2434	56 %	53 %
50-64	544	12 %	14 %
65 and Over	960	22 %	12 %

Source Data: 1996 American Community Survey, US Census Bureau



*Cornerstone Apartments,
NE 7th and Halsey*

The Lloyd District study area mirrors the City of Portland in terms of the race and gender composition, with a few exceptions. There are slightly more women (55 percent of total Lloyd population) than in the City where only 51 percent of the population are women. African Americans are also a larger percentage of the population in the Lloyd District, where 12 percent of the population is African American, than the City where African Americans make up 7 percent of the total population.

Household Composition

The District has a large number of one person households, some of which can be accounted for by the large number of widowers (16 percent compared to the city average of 7 percent) according to 1996 American Community Survey. The existing housing stock, with a large number of one-bedrooms and studios, also limits the number of people whom typically would seek housing within the District and, therefore, limits the demographics of the area. Persons who have never been married constitute 37 percent of all persons over the age of 15 years old, compared to the City rate of 32 percent in 1996. The majority of households in the District have only one person, 58 percent compared to 35 percent for all of Portland.

Household Size in 2000

Census Tracts 23.02 and 24.02 and City of Portland

Household Size	Total HH	1	2	3	4	5 +	1 & 2 Person
Lloyd Study Area							
1990	2251	1438	556	113	72	72	88%
2000	2653	1539	773	203	94	44	87%
Change 1990-2000		7%	28%	44%	23%	-39%	-1%
% of Total Households		58%	29%	8%	4%	2%	87%
City of Portland		35%	33%	14%	10%	8%	68%

Households and Families

The 1996 ACS also revealed that Lloyd study area has more single persons. The 2000 Census data further revealed that Lloyd District households tend to be smaller than the City average, contain fewer families and fewer married couples than the City's households. The U.S. Census defines a family as a household in which at least two people living in the same household who are related by birth, marriage, or adoption. In 2000, there were 2653 households in the Lloyd study area with only 691 family households.

Only 17 percent of all households are married couples in Lloyd compared to 38 percent of City households as married households in 2000. Family households were only 26 percent of the total households in Lloyd compared to 53 percent of the households within the City in 2000. However, Lloyd District experienced an increase of 15 percent in the number of family households from 1990 to 2000. The 2000 Census revealed that of the 691 Lloyd family households, 460 (67 percent) were married couples.

In 2000, Lloyd District households averaged only 1.65 person per households compared to the City average of 2.3 persons per household.

1990 AND 1996 EMPLOYMENT STATUS

Both employment and income data have not been released for the 2000 Census, therefore, the data really illustrates 1996 survey data and does not reflect the new residents of the area. The employment status of residents within the study area closely mirrors the citywide rate. Although

there is a large senior population in the District, 62 percent of the residents are employed and only 36 percent are “not in the labor force,” which is not significantly higher than the citywide rate of 33 percent. The largest change between 1990 and 1996 was the increase in the number of people living in the District who were employed and the decrease of people deemed “not in the labor force.” This may reflect the increase in dual income households and more seniors working.

Change in Employment Status between 1990 and 1996

Census Tracts 23.02 and 24.02 and City of Portland

EMPLOYMENT STATUS	1990	1996
Study Area Employed	56%	62%
City of Portland	63%	65%
Study Area Unemployed	3%	2%
City of Portland	4%	3%
Not in the Labor Force	41%	36%
City of Portland	33%	32%

Source Data: 1996 American Community Survey and 1990 Decennial Census, US Census Bureau



INCOME

Median family and median household incomes in the Lloyd District are lower than Portland medians. The following table lists median family and household incomes by dollar amount and percent of the City of Portland median, as well as the number of households receiving supplemental income from specific sources in 1996.

1996 Income Levels and Income Sources of Lloyd District Residents

Census Tracts 23.02 and 24.02 and the City of Portland

INCOME LEVEL SUPPLEMENTAL				
CENSUS TRACT	Median Family Income (1)	Median Household Income (2)	Social Security	Public Asst.
Tract 23.02	\$43,330	\$21,548	54.2%	5.7%
% of Portland median	107.5%	68.6%		
Tract 24.02	\$30,671	\$23,233	31.0%	2.5%
% of Portland median	76.1%	74.0%		
City of Portland	\$40,314	\$31,396	25.9%	17.2%

Source Data: 1996 American Community Survey, US Census Bureau

NOTES: (1) Family Income includes the income of related persons 15 years old or over in a household in which two or more persons in the household are related.

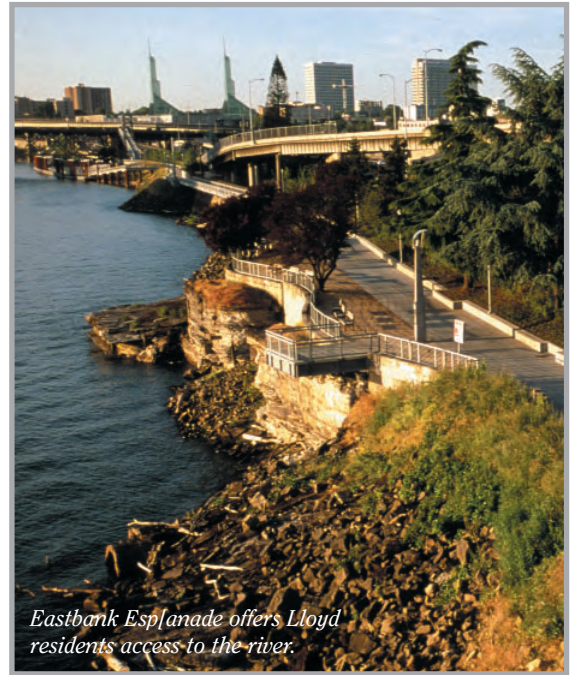
(2) Household Income includes the income of all persons 15 years old or over in a household.

The 1996 data revealed that, with the exception of family incomes in Census Tract 23.02, Lloyd District residents are predominantly below the area median income. Tract 23.02 has the largest ratio of a senior population largely due to the high-rise Calaroga Terrace, therefore it is not surprising that over half of the residents are receiving social security. Tract 24.02 also has a significant senior population with the large retirement center Holladay Park Plaza. Although the district is lower income, few residents are receiving supplemental income in the form of public assistance. The small household size (many one-person households) in the Lloyd District may also account for the low median household income.

ECONOMIC TRENDS

This section summarizes District's economic base and employment trends, as identified in the Lloyd District Jobs Strategy completed in 2002. It also contains an example of potential housing demand resulting from job development, as evidenced in the Lloyd employee outreach and the 1999 Residential Preference survey of Lloyd employees.

The Lloyd District economic strengths are symbolically represented in the three large areas of the District: the Rose Garden Arena and Convention Center—visitor services cluster; the Office District—finance, insurance and real estate cluster; and the Lloyd Mall—specialty retail cluster. These clusters have defined a large portion of job growth and the land development patterns of the district. The District has not fared as well as the region in job growth and in fact experienced a slight decline in jobs from 1996 to 2000 from 17,821 to 17,018. In contrast, the region job base grew by 17 percent for the same period. Some of the clusters grew faster such as Visitor Services that grew by 23 percent in OCCURA compared to growing by only 10 percent within the City. Other sectors that support office development—FIRE (finance, insurance and real estate), (11 percent); and professional services (0 percent); grew less than they did in the City as a whole—12 percent and 16 percent respectively.



JOBS AND HOUSING

The Lloyd District Jobs Strategy lists four strategic targets for job retention, attraction and expansion: Finance, Insurance and Real estate; Visitor and Entertainment Services; Creative Services; and Environmental Services. This Strategy will work within the context of the overall Economic Development Strategy for the City. Together these strategies are likely to succeed at bringing more jobs to the Lloyd District and the Central City, further reinforcing the need for housing supportive of jobs development.

The following table illustrates how the average wage of Lloyd job clusters translates into housing affordability for a one-person household. Average wage does not reflect the number of jobs at actual wages or take account for employee household size so it is not an accurate gauge of actual employee housing affordability needs so much as a snapshot of potential need based on assumptions.

OREGON CONVENTION CENTER URA PRINCIPLE EMPLOYMENT SPECIALIZATIONS

Principle Specialization Sectors	Number of Lloyd Employees	Average Wage	Approximate MFI for One-Person Hshld	Leading Firms in Oregon Convention Center URA
FIRE (Finance, Insurance, Real Estate)	1,800	\$31,500	80% MFI	Kaiser Permanente PacifiCorp
Specialty Retail	1,100	\$15,300	39% MFI	Nordstrom, Nike Retail
Visitor Services	2,200	\$26,800	68% MFI	Holiday Inn, Stanfords

JOB AND NEW HOUSING CONSTRUCTION

■ 24 percent of new rental units are between \$600 to \$1000/month or 61% to 80% MFI:

AFFORDABILITY	RENTS	POTENTIAL LLOYD JOBS
60% MFI:	Studio apt. \$600	<ul style="list-style-type: none"> • Full-time file clerk or bank teller at \$9.25/hr. • Full-time, single medical secretary. • Two minimum wage workers working 32 hours a week • Senior on a limited income (social security/retirement). • Full time security guard and waitress with one child.
	1 bedroom \$643	
	\$24,000 1 person 2 bedroom \$773	
	\$34,300 4 person	
80% MFI	Studio apt. \$ 801	<ul style="list-style-type: none"> • Full time stock clerk and counter clerk with children. • Single food service or lodging manager. • Full-time hotel maid with fulltime retail sales clerk. • Single highway maintenance worker.
	1 bedroom \$ 848	
	\$32,050 1 person 2 bedroom \$1,030	
	\$45,750 4 persons	
<p>■ 71% of new units or 226 units rent for households at 81% to 100% MFI with rents of \$800 and \$1000 for a one bedroom. Eight units rent for more than \$1200 per month.</p>		
100% MFI	1 bedroom \$1,073	<ul style="list-style-type: none"> • Full-time worker at \$17.00/hr • Computer programmer with two children • Full-time electrical engineer, one stay at home parent and two children
	\$40,050 1 person 2 bedroom \$1,288	
	\$57,200 4 persons 3 bedroom \$1,488	
120% MFI	1 bedroom \$1,287	<ul style="list-style-type: none"> • Full-time professional consultant. • Two full-time workers at \$12/hr • Professional manager and four person household
	2 bedroom \$1,545	
	\$48,050 1 person 3 bedroom \$1,785	
	\$68,650 4 persons	

JOB AND HOUSING DEMAND

In 1999, questions on housing preference were added to the Lloyd District Transportation Management Association (TMA) annual transportation survey. This survey and other job trends indicate a potential pool of housing users who will need a wide spectrum of affordable owner and rental housing. The TMA survey was sent to employers with 50 people or more and was used to determine if employees were interested in living in the District. With a 17 percent response rate to the 4,980 surveys distributed, half of the 830 returned housing surveys were randomly sampled. Of these surveys, 69 respondents were deemed "potential residents"—which the survey administrators defined as "those respondents that could consider living in a multi-story structure if they were to move to the Lloyd District." Of these potential residents, 42 percent were renters but 58 percent currently own. Assuming an average household size of two person, 66.2 percent of "potential residents" would pay rent levels associated with 50 percent to 120 percent MFI (1999 affordability) of \$750 to \$1,250 a month. Considering homeownership, the survey results indicate that one-third of potential residents expect to pay \$100,000 to \$150,000 and half would expect to pay \$150,000 to \$200,000, assuming a two-bedroom condominium. In terms of bedroom size, 83 percent of potential residents wanted 2-bedroom or 3-bedroom housing. The "potential resident" identified within the survey reported incomes of between \$20,000 and \$60,000 annually. The survey must be understood as limited in that it may reflect employees' sense of the market rather than their ability to afford actual housing within the District.

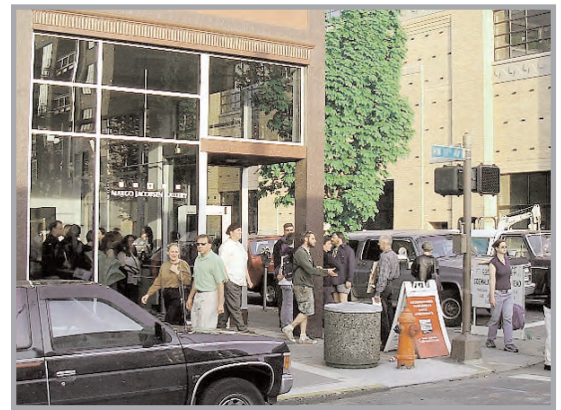
CENTRAL CITY SUB-MARKET

The growth of high-density ownership housing in the Central City has enjoyed a renaissance during the 1990s with Downtown housing development. Downtown revitalization is a trend capturing the increasing number of retiring adults in the “babyboom” generation. Demographers note that these downsizing households are a key market for Central City condominiums, especially as the middle-age households continue to define their lifestyles for this increasingly longer middle-life, childless period of their lives. Young professionals who are choosing urban locations for the lifestyle it offers and the close proximity to work offer another potential demographic group that may be increasingly attracted to ownership housing in the Central City. Portland has been successful in positioning itself to capture these markets, particularly in the fast-growing Pearl District.

The market for Lloyd District housing also must be understood within the context of the rapid housing appreciation of Portland neighborhoods. In the early 1990s, the City and region experienced dramatic gains in values.

These trends shaped a renewal and redevelopment of most of inner Northeast and Southeast neighborhoods. Lloyd District was affected not only as a Central City area but also primarily due to its proximity to the neighborhoods of Irvington, Sullivan's Gulch and Eliot—all of which experienced increased values and gentrification in the 1990s. Lloyd District has been spared some of the effects of gentrification due to its mix of housing stock and lack of traditional homeownership but the new development reflects the renewed market. In the area surrounding the Lloyd District, older apartments were converted to condominiums that reduced the availability of quality rental stock that had served these

neighborhoods for decades.



MARKET TRENDS: WHO WILL MOVE TO THE LLOYD DISTRICT?

The trends of the past decade provide an indication of the type of housing products that developers and banks may find profitable in the District. Recently, PDC helped fund a market survey of multifamily ownership projects to provide direction for a potential development opportunity within the Lloyd District. The market survey provided an interesting suggestion based on the comparison of Lloyd District product to-date with products in other neighborhoods. The key findings of this survey conducted by Hobson Ferrarini Associates suggest a profile of condominium buyers:

- The Lloyd District is an emerging residential market, offering lower cost, urban condominiums in comparison to the Pearl District and Northwest Portland. Prices in the District are lower because it is further removed from downtown and Northwest, which has the greatest concentration of retail, entertainment and job opportunities of the region.
- The three primary markets for Lloyd and Pearl District condominiums include: (1) young professionals with no children; (2) empty nesters (some of which will live part-time elsewhere); and (3) single adults, many of whom are divorced.



IMPLEMENTATION STRATEGIES

Over the last two years, PDC staff has led two major planning processes to develop implementation plans for the Lloyd District and the Rose Quarter. The work involved hundreds of citizens and prepared the way for the new Housing Strategy by highlighting the importance of housing for the future of urban renewal in these areas. The Rose Quarter Vision, which hinged on a decision about the future of the Memorial Coliseum, envisioned the return of the street grid to the area and an infusion of housing and office. The Lloyd District Development Strategy was developed to guide PDC's investments in the district over the remaining life of the urban renewal district and identified housing as a new emphasis for PDC. Both of these documents are available online at www.portlanddev.org.

These processes have engaged citizens and stakeholders in deciding what they want the District to become. Citizens told PDC to promote Lloyd District as a place to live while strengthening its role as a place to work. They stressed the importance of encouraging housing close to jobs and to the public investment in transit. Property owners and business owners recognized that offering a great place to live is a powerful job development strategy and will likely improve their property values and the atmosphere of the District for employees. Developers described housing as having strong potential in the emerging Portland market for condominiums and apartments for Central City workers. Housing emerged as a key publicly supported directive for urban renewal.

THE LLOYD DISTRICT HOUSING STRATEGY COMMITTEE

In April of 2001, the Lloyd District Housing Strategy Committee was appointed by the Portland Development Commission and was charged with providing recommendations to PDC in how best to use tax increment funds for implementation of the housing policy. The Committee began by reviewing the Lloyd District Housing Inventory and Policy Analysis, February 2000 which contained three recommendations and supporting findings of the inventory and analysis.

Recommendation: Support development of low-income rental housing (0-50% MFI) within the Lloyd District.

■ Development of housing in a wide range of types and prices and rent levels (Central City Plan) and, more specifically, a goal for the Central City to achieve an income distribution similar to that found citywide Comprehensive Plan Housing Policy (CPHP). *The Lloyd District Housing Inventory shows a gap in housing for households at or below 50% median family income (MFI).*

Recommendation: Support new multi-family construction of homeownership units for moderate-income households between 81-120% MFI.

■ Expanded homeownership opportunities for existing residents in neighborhoods with low ownership rates (CPHP). *The Lloyd District Housing Inventory shows few housing opportunities in the urban renewal area for households below 120% MFI.*

Recommendation: Support high-density, mixed-use, residential development in this transit-oriented District.

■ Residential development that is mutually supportive of job growth (OCCURA Plan) and keep housing production in pace with new job creation (Central City Plan). *A study by E.D. Hovee of residential preferences of Lloyd District employees indicated that the profile of employees that could potentially live in the District are between 50-120% MFI and the majority are interested in homeownership.*

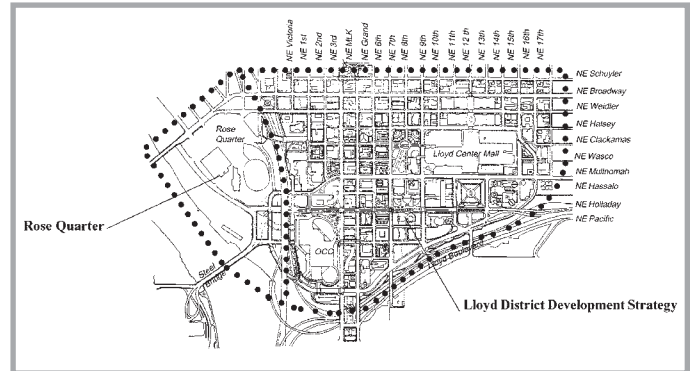
■ Development of high-density development near light rail (Central City Plan) and at transit-supportive densities near transit streets (CPHP). *There are few housing units near the light rail line in the Lloyd District.*

Based on these findings and their own review of policy and existing conditions, the Committee began by coming to consensus on the overarching approach to the Lloyd District Housing Strategy

through a set of Guiding Principles. These seven guiding principles will direct the overall approach to Lloyd District housing development by PDC and its partners.

GUIDING PRINCIPLES

- 1) Enhance the vitality of the Lloyd District as a mixed-income neighborhood by encouraging the development of a wide range of housing.
- 2) Focus resources on developing housing that rents or sells at income levels that are currently lacking in the District, using mixed-income projects whenever feasible to realize a balanced range of housing opportunities for all income levels.
- 3) Prioritize investments based on the housing needs of the District's workforce and residents as well as those low-income residents who most need or use transit for work and services. Leverage future job development efforts to encourage employers to provide housing assistance to their employees.
- 4) Expand homeownership opportunities, particularly for those households at income levels that don't allow them to own homes within the District.
- 5) Develop innovative approaches and partnerships for ownership and rental housing, leveraging the excellent transit, central location, and targeting landowners and employers to increase their interest in housing for employees.
- 6) Create an environment that is housing friendly by increasing the livability of the area as a whole with leveraged capital improvements, well-designed projects and marketing of the District.
- 7) Develop partnerships to mitigate barriers for the development of high density and affordable housing near the light rail within the District (land costs, parking, pedestrian access, lending and perception barriers).



The Committee also identified five goals that describe what PDC should accomplish over the life of the urban renewal district. The following Goals are long-term accomplishments that will implement the vision for housing in the District—all goals will be pursued for the life of the urban renewal area. Objectives, strategies and actions are specific specific commitments to accomplish these goals and may be adjusted over time. PDC and an advisory group will monitor and report on these strategies and adjust them as necessary to meet goals.

Housing Strategy Goals

- Goal 1.** Increase the availability of housing through development of 3000 new housing units, produced by the efforts of both the private and public sectors by the year 2015.
- Goal 2.** Increase the range of affordability of housing in the District, prioritizing housing opportunities to meet demand not currently served by existing housing options.
- Goal 3.** Increase the diversity of housing options to meet needs and preferences of current and future residents and employees of the District.
- Goal 4.** Encourage housing development supportive of job growth and increase the balance of housing units available to employees.
- Goal 5.** Improve Lloyd District's livability by enhancing and developing neighborhoods within the District.

GOAL I HOUSING AVAILABILITY

Increase the availability of housing through the development of 3000 new housing units, produced by the efforts of both the private and public sectors, by the year 2015.

PDC staff identified the potential for at least 4000 additional housing units within the Lloyd District, using a formula applied to existing zoning on some of the under-utilized properties within the District. The Lloyd District housing strategy committee's aggressive goal of 3000 units is based on recent development trends in the Lloyd District and the long-term policy goal of an additional 15,000 units in the Central City by 2010. The recent activity within the District illustrates that some developers have identified the Lloyd District's appeal as a neighborhood. Both residents and employees want more housing development, particularly for employees of the District. Market analysts indicate the market niche for ownership development and continued rental development within the area. Lloyd District has developable land, community support and market demand for housing—all the ingredients for partnerships to produce more housing units in the District. The Committee set the 3000 unit goal based in part of the commitment of the Housing Strategy that PDC will assist with the development of 900 new units and 300 No Net Loss preservation or replacement units within the District. The remaining 1,800 units must be produced by private market activity.

In terms of policy, increasing housing availability is important both in the Lloyd District and the larger Central City. The Lloyd District has strong transit and a lot of underutilized land—two conditions that policies specify for high density housing development. In addition, the Lloyd District's 17,000 jobs are a strong basis for increasing housing availability—the City encourages working towards a balance between housing and jobs in the Central City. When people live near work and transit they are more likely to reduce automobile trips, and thus reduce congestion and road usage. Affordable, quality housing near jobs is also part of a larger economic development strategy in which the City seeks to attract qualified workers, who in turn support local businesses. Central City policies also point to the importance of housing for creating a safer, 24-hour environment where residents and employees add to the vitality of the Central City.

Objective A: PDC shall increase the availability of affordable housing within the District by preserving and replacing existing at-risk affordable housing for workers and residents with household incomes below 60% MFI (median family income);

Strategy 1: Prepare a plan for preservation or replacement of the rental units which serve households below 60% MFI, as identified in the 2002 Central City inventory.

Strategy 2: Assist in the preservation and replacement of 300 affordable housing units for households at or below 60% of median income to meet the goal of preserving or replacing 1200 units in the Central City by 2006.

The Lloyd District Housing Committee agreed to set a goal of building 300 units of No Net Loss preservation or replacement housing in Lloyd District by 2006. PDC will leverage funding from all partners as it pursues implementation of the goal of preservation and replacement of 300 units below 60 percent MFI rental housing.

Housing preservation will be accomplished through a combination of acquisition and replacement projects. Funds for development may be distributed through the rental housing competitive RFP process for PDC-controlled sites or through periodic offerings of funds through RFP. Funds may also

be allocated outside of the RFP process to take advantage of an immediate opportunity for preservation of projects within the District and may include replacement units in privately developed mixed-income projects as long as 60-year affordability is assured. In mixed-income projects, PDC will require that the developer restrict the affordable portion of the units so there may be projects that have a mix of rent restricted units for 60 years with unrestricted units.

Tax increment resources will fund a variety of loan products, including low-interest loans, market-rate loans, and equity gap contributions to help finance the development and preservation of low-income housing units. These loans and other forms of long-term financial assistance will carry affordability agreements requiring units to be maintained as affordable for a period of 60 years, as required for PDC funded low-income rental units.

Objective B: PDC shall increase housing stock by assisting in the development of 900 net new units by the year 2015, in addition to No Net Loss units.

Strategy 1: Ensure the development of high density, mixed-use and mixed-income housing along the transit corridors and light rail and in neighborhoods.

It is anticipated that private and non-profit developers will contribute at least 1800 units of new housing within Lloyd District to reach the overall goal of 3000 units. PDC plans to assist in the production of the remaining 1200 units through 900 net new units of housing development and 300 units of No Net Loss preservation and replacement units. Over the life of the District, PDC will attempt to assist in the production 900 units by 2015. These units will be directly responsive to the gaps formed with new market production and increasing rents. For example, recent projects have produced rental units between 60% to 100% MFI with the majority in the 80% to 100% MFI rent range. PDC will pursue production through land development through RFP, partnerships in private or nonprofit led housing development and being a catalyst for housing development.

The Portland Development Commission and its partners will provide direct financial assistance or incentives to housing developers for the construction or preservation of at least 1200 units of high-density, mixed-income housing. PDC will assess new development based upon the goals of the strategy and the financing needs of the developer to determine the level of financial participation. PDC may use funds to assist in the acquisition of property for mixed-use housing developments. Tax increment funds may provide a variety of loan products, including low-interest construction or permanent loans, market-rate loans, and equity gap contributions. Funds will be distributed through various processes including:

- Rental and Homeownership Housing Request For Proposal
- Site-Specific Request For Proposal
- Site-Specific Acquisition or Development Opportunity

Objective C: PDC shall target staff efforts on improving the environment for housing development to increase the development of privately funded and planned housing and mixed-use projects.

Strategy 1: Assist with planning and financing for capital improvements within the District to improve the housing environment and neighborhood livability.

Strategy 2: Facilitate partnerships between landowners and interested developers to encourage housing and mixed-use projects and support predevelopment planning.

Each of the Lloyd developments of the 1990s faced financing challenges that are typical when a neighborhood has not had market-rate housing development in over 25 years. The main challenge was the lack of comparable development for decades, leaving banks and financiers little to go on for estimating how well housing would sell or rent. Lloyd also lacked a marketable identity for housing development—developers did not know if people would choose to live there and any projects would have to develop strong marketing to appeal to residents. PDC will assist private, market rate or mixed-income projects in overcoming these barriers to build upon recent market activity.



PDC will fund infrastructure improvements to enhance the sense of neighborhood. PDC will assist housing developers and owners in developing housing and mixed-use projects through technical assistance and predevelopment grants and loans. PDC will also administer the existing property tax abatement, fee waiver, and system development charge exemption programs for new housing development projects deemed eligible and where tax increment funding is available. PDC will work with the City bureaus and nonprofits such as the Transportation Management Association to increase the transportation options within the District and improve pedestrian facilities and conditions.

GOAL 2: HOUSING AFFORDABILITY

Increase the range of affordability of housing in the District, prioritizing housing opportunities to meet demand not currently served by existing housing options.

The 2002 Central City Rental housing inventory shows that the Lloyd District has 847 rental units that are primarily clustered in three markets: high-rise senior facilities in which rents are higher but include services; older, more affordable units between 50% to 80% of median income and new units at 60% to 100% of median income. The Lloyd District, with its excellent location and access to light rail, has new rental projects that are renting at higher rates than historically captured in the Lloyd market. The two projects developed since 1996 offer a total of 318 units with rents ranging from \$700 to over \$1200 per month—between 60% and 100% MFI. Targeted to professionals and singles with onsite exercise and structured parking, the projects are filling the need for affordable housing for some employees. Homeownership development is also being marketed to higher income households, most sales over 140% of median income. Considering these trends, the Housing Strategy Committee recommends that PDC prioritize providing affordable ownership and rental housing to increase the range of options for employees and residents of the District. PDC should focus resources on achieving a distribution of housing units that are affordable to a range of incomes. The Lloyd District can assist in accomplishing the Central City goal of achieving a mix of housing units within the Central City that are affordable to a range of incomes that reflects the distribution of incomes citywide. As the market continues to develop, future housing Lloyd inventories will be used to calibrate the gaps in affordability and the objectives will be adjusted as necessary to accomplish a range of housing affordability.

Long-term affordability and preservation are important concerns for the Lloyd District specifically since it has experienced significant higher-end development in recent years. PDC specifically requires long-term affordability in exchange for financing on units below 80% MFI, as specified in underwriting agreements. The Committee recommends that PDC assist in the preservation of existing affordable units while also producing additional units to fill in the gaps. The following objectives

focus on mixed-income solutions that continue to add affordable units of different target rents within mixed-income projects.

Objective A: Create and maintain a diverse mix of housing, affordable across the spectrum of incomes by prioritizing funds to meet gaps in affordability identified with each housing inventory.

Strategy 1: Increase the range of affordability of rental housing, adjusting the following rental housing unit targets to strive to create rental options for households with a full range of household incomes. These targets may be adjusted based on future inventories and market activity.

Target PDC resources on meeting the following unit production targets:

2002 to 2006 Produce 100 units

2007 to 2011 Produce 220 units

2011 to 2015 Produce 220 units

Action 1: Develop rental housing for households with range of incomes at or below 50% of median family income, as identified in the 2002 Central City Housing Inventory.

The Portland Development Commission will partner with public, private and nonprofit housing providers and housing developers to increase the number of rental housing units that are permanently affordable or have long-term affordability restrictions. Funds for development may be distributed through a competitive rental housing RFP or by periodically distributing PDC funds for a specific program. Funds may also be allocated outside the RFP process to take advantage of immediate opportunity for preservation or new development with a private partner in a position to meet policy goals through negotiation and underwriting. PDC may also use funds to acquire property for preservation or new development.

PDC will also seek opportunities to acquire vacant or underutilized property identified as potential sites for low- and mixed-income housing that serve households at or below 50% MFI. PDC will either acquire these properties, or provide financial assistance to local housing partners to acquire them, for affordable and mixed-income housing development. In addition, PDC will seek to partner with landowners that wish to retain control of their land to encourage long-term lease options for affordable rental housing development.

Strategy 2: Increase the range of homeownership affordability within the District, adjusting the following ownership production goals to achieve ownership options for households with a full range of household incomes. These targets may be adjusted based on future inventories and market activity.

Target PDC resources on meeting the following unit production targets:

2002 to 2006 Produce 100 units

2007 to 2011 Produce 130 units

2011 to 2015 Produce 130 units

Action 1: Develop ownership housing for a range of households between 60% and 100% median family income, as identified in the 2002 Central City inventory.

PDC will work with partners to increase the availability of homeownership units through innovative, new multifamily housing developments. PDC will prioritize resources for units priced for low and middle-income and first time homebuyers to increase the homeownership rate within the

urban renewal area. The agency will focus efforts on models that are able to recapture or retain funds for homeownership or long-term affordable homeownership models such as the land trust. Because of limitations on tax increment funding and the lack of existing ownership stock, the strategies and programs target homeownership opportunities in new development. PDC will attempt to provide direct homebuyer assistance, as it's made available. The strategies for assisting homebuyers in Lloyd are described in greater detail in the Housing Diversity section of this document.

Objective B: Encourage a mix of rental or homeownership units affordable to households at various incomes to reduce the concentration of one income level in any particular area.

Strategy 1: Provide technical and financial assistance to increase the mixed-income housing projects within the District, including long-term affordability in some mixed-income projects.

Strategy 2: Support the development of a mix of incomes in different projects throughout the District so that all sub areas offer opportunity across the spectrum of income.

The Lloyd District is a high density housing area most appropriate for larger, multi-family projects. PDC recognizes that within this zoning environment, it is particularly important to support the development of a mix of affordable units available throughout the District. PDC staff will work with project sponsors to determine the appropriate mix of unit affordability within housing developments, and encourage the development of new housing units within mixed-income projects so that no one project or area concentrates households of a similar income level.



GOAL 3: HOUSING DIVERSITY

Increase the diversity of housing options to meet needs and preferences of current and future residents and employees of the District.

Diversity of housing stock is less likely in a nontraditional housing market environment such as the Central City where housing development faces more challenges. Over 75 percent of current housing stock is one-bedrooms or studios and over 90 percent of the units are rental. The Housing Committee recognized that current housing doesn't offer a great deal of diversity of housing options. The District jobs and transit make it an ideal neighborhood for people with special needs and other populations not currently served in the area. Special needs includes community members who are mentally or physically disabled, have behavioral disabilities, seniors, victims of domestic violence and other crimes, those fighting alcohol and drug addictions, those living with HIV/AIDS, and many other adults and youths. Diversity also includes increasing the balance between rental and ownership and increasing the diversity of

incomes that are able to live within the District.

Objective A: Increase the variety of rental and ownership opportunities

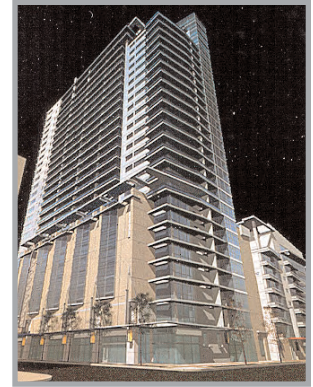
Strategy 1: Expand the stock of homeownership opportunities, particularly for those currently not served by the market.

Action 1: Develop multi-family homeownership projects, particularly emphasizing mixed-income ownership projects.

Action 2: Support innovative housing pilot projects including cooperative housing, land trust housing and employer-assisted housing programs.

PDC will increase the diversity of projects by enhancing the number of ownership opportunities as well as ensuring a wider variety of housing projects. The agency will pursue innovative homeownership strategies including buildings with less parking or with shared parking facilities as well as employer-assisted housing programs or land trust partnerships that retain homeownership affordability over the long-term. PDC will facilitate the development of innovative programs by bringing private partners together.

At larger redevelopment sites, PDC may encourage that projects include a mix of owner and rental housing. When reviewing project proposals, PDC will consider the composition of the neighborhood and how each project will increase housing diversity. PDC will work with project sponsors receiving financing assistance to ensure that projects are appropriate in terms of scale, unit type and mix, population and income levels served, and that projects are financially feasible. The agency will also strive to increase the diversity of populations served by the projects the agency sponsors through underwriting agreements and negotiations within PDC-financed developments. When appropriate and feasible, PDC will seek projects that have a mix of unit sizes and types so as to serve a diversity of household sizes within the projects developed with PDC funds.



Objective B: Increase the diversity of housing styles and products to meet the needs of those who currently are not served by Lloyd District housing options.

Strategy 1: Encourage the development of special needs housing and units for larger households to increase the diversity of housing options within the Lloyd District.

Strategy 2: Encourage housing projects with a diversity of project amenities and designs that are able to support residents with a variety of lifestyles.

The Lloyd District Housing Strategy Committee recommended that PDC assist in the development of special needs housing and larger units, two categories of housing currently underserved in the area. PDC will facilitate dialogue with landowners, service providers, non-profit developers and managers of special needs housing when providing assistance to these projects. The agency will help finance the development of a range of housing for populations underserved in Lloyd. PDC will leverage tax increment funding with other public resources available for the development of special needs housing, and work with local service providers to ensure that newly developed housing is appropriately linked with support services. PDC will encourage special need housing providers to work with neighborhood groups to provide accurate information and address siting concerns.

The Lloyd District is an area that does not have the traditional amenities and services to support neighborhood development. For this reason, PDC will encourage building and site design that integrates small parks, water fountains, green spaces, benches and mixed-use development with local serving retail space within all housing development funded with PDC assistance.

GOAL 4: JOB AND HOUSING BALANCE

Encourage housing development supportive of job growth and increase the balance of housing units available to employees.

The Lloyd District has a history as a neighborhood composed largely of working people who were living in the District because it was close to either Downtown or the industrial waterfront. City policies recognize the benefits of housing to job development and the reduced impact on transportation demand when people can live close to work. This urban renewal area was established to leverage the public investment in the Convention Center and eastside light rail in order to stimulate job creation. The urban renewal plan recognizes the symbiotic relationship between jobs and housing. Quality housing attracts employers and quality jobs attract residents.



The Lloyd District has a strong and growing employment base of over 17,000 jobs—some employers chose to move to Lloyd because of its nearby housing. Having a strong business district in your neighborhood also helps residents. For example, property owners and employers have invested in the expansion of Fareless Square, transportation improvements and crime abatement, all of which makes Lloyd District a better place for residents as well as employees. The Transportation Management Association (TMA) and Business Improvement Districts (BID) are two organizations made up largely of Lloyd businesses that support the improvements of the District. The option of “Flexcar”, renting cars to use by the hour in a membership club so that you do not need to own a car, is an example of a benefit that residents can take advantage of that was brought to the District by the TMA.

Objective A: Provide ample housing opportunity for current and future employees of the District and Central City.

Strategy 1: Support the development of housing affordable to the range of incomes of jobs available in the District.

Current jobs within the Lloyd District vary between lower-wage service and entertainment sector jobs to high-wage professional jobs. The primary specialization include FIRE (Finance, Insurance and Real Estate) offering an average wage of \$31,500; Specialty Retail offering an average wage of \$15,300; and Visitor Services offering an average wage of \$25,800. Current rental and ownership options do not meet the needs of this range of employees—most rental is targeted above the income of a retail or service worker, for example, at the level of the finance sector and other office workers.

PDC will encourage a mix of housing types and affordability to ensure housing options are available to employees at various income levels and with varying household needs. PDC will work with existing employers to determine the type, size and affordability needs of area employees.

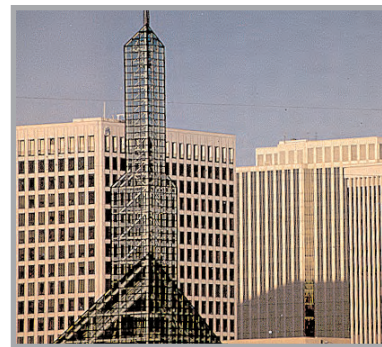
Strategy 2: Encourage, educate and provide incentives for Lloyd District businesses and employers interested in providing housing assistance to employees.

PDC will work with employers and property developers to connect area workers to housing opportunities. PDC will help developers determine the market demand and need of Lloyd District employees. When developing guidelines for rental housing, PDC will seek to identify the needs and market of low-wage workers and their families and program housing to meet their needs.

The Portland Development Commission will partner with Fannie Mae to provide information and technical assistance to employers interested in developing employer assisted housing programs that provide financial assistance to employees for homebuying costs, such as down payments, closing

costs or buying down interest rates. PDC will also work with existing employer assisted housing programs to explore linking this assistance with new development opportunities in the District.

The agency will also actively market homebuyer assistance programs when available in the Lloyd District to existing residents and employees. Particular attention will be given to leveraging the strong employer interest in homeownership to develop employer-assisted housing programs. PDC will target employers who have expressed interest in the advantages of employee attraction and retention offered by employer-assisted housing.



Objective B: Increase the opportunities for local business participation in housing development projects.

Strategy 1: Develop strategies for linking jobs and housing development when using public funds to attract new and prospective employers.

Strategy 2: Encourage workforce training and business development and the use of local and minority contractors on housing development projects.

The Oregon Convention Center URA was formed to develop job and business opportunities. PDC will develop strategies to address the opportunity for new employers to provide housing education and assistance when recruiting businesses to the District. PDC will use existing contracting guidelines to encourage workforce training of local and minority business contractors on housing projects.

GOAL 5: NEIGHBORHOOD LIVABILITY

Improve Lloyd District's livability by enhancing and developing neighborhoods within the District.

The future of housing development hinges on developing neighborhoods within Lloyd District. People want to live in identifiable neighborhoods and neighborhoods become the basis for working on livability issues. The Committee concluded that Lloyd District is a collection of neighborhoods that needs to be better connected rather than an entire neighborhood unto itself. The Strategy must enhance existing neighborhoods while also developing new neighborhood pockets in locations that are the most livable. The Committee recommends that PDC target resources and efforts on places where a critical mass of housing development can promote a sense of community rather than scattered development. Simultaneously, PDC's revitalization effort must make better connections and increase the open space, parks and wayfinding across the District and between neighborhoods.

Objective A: Focus resources on creating and improving neighborhoods and connections between subdistricts within Lloyd.

Strategy 1: Encourage existing residents and businesses to improve the physical environment of the neighborhood and offer local-serving businesses and services.

Lloyd District stakeholders and landowners have already invested in the safety and revitalization of the area. PDC will continue to partner with stakeholders to encourage their reinvestment in physical improvements to buildings and vacant land. PDC has the capacity to administer programs that offer incentives to owners and developers to develop design and feasibility analysis for potential mixed-use developments within Lloyd District.

Strategy 2: Prioritize public improvements to strengthen the neighborhoods of the District and improve the identity of the District for housing.

Many public investments can maximize both housing and job-creation/visitor services goals by making the District a better place to walk, shop and recreate. New crosswalks, for example, benefit

all users by improving access to services and making it easier to take advantage of transit, restaurants and shopping. PDC's Lloyd District Development Strategy outlines key improvements that will enhance the overall livability of the District. PDC may utilize improvements such as benches, street trees, bulb-out pedestrian corners, traffic lights, traffic calming, signage, narrow streets where appropriate, plazas, public art, and wayfinding signs to enhance livability. PDC may also focus on development design features that improve the visual reception of development for the pedestrian.



Strategy 3: Support mixed-use housing development that combines neighborhood business services with housing and commercial development.

PDC plans to support mixed-use development that enhances the services and character of Lloyd neighborhoods and creates a sense of place. PDC will encourage development of restaurants and other neighborhood gathering places that allow for informal community activity while also creating a better environment for visitors and employees.

Strategy 4: Strengthen pedestrian connections between the emerging neighborhoods of the District and the services, parks, schools and transportation of the District.



PDC may also select investments that improve the connections between neighborhoods within and adjacent to the District. Improvements will help overcome the challenge of disconnected services and neighborhoods divided by four-lane roads. PDC will also encourage other City agencies to adjust the timing of traffic lights for pedestrians. Working with the TMA, PDC will continue to advocate for increased bicycle, pedestrian and accessible amenities throughout the District.

Objective B: Support housing and commercial development that is sustainable, well designed and built with community facilities or amenities.

Strategy 1: Provide technical assistance and funding through projects and programs for property owners and developers to enhance the quality of development with Lloyd District.

PDC regularly provides technical design assistance to developers working with PDC for financial assistance on projects. The agency will encourage developers and business owners to take advantage of PDC architectural assistance and greenbuilding programs for the improvement of existing buildings and new projects.



Strategy 2: Encourage community feedback on design elements of new development.

PDC will work with nonprofit and for-profit developers in pre-development planning and encourage the presentation and review of development plans with nearby businesses, community members, and stakeholder and neighborhood associations.

Strategy 3: Encourage the inclusion of open space and plazas as part of housing developments, particularly those supported by PDC.

The Lloyd District will become a more livable neighborhood with the assistance of high quality housing and mixed-use developments that provide plazas and open spaces. PDC will work to include these amenities in PDC sponsored or assisted projects.

IMPLEMENTATION & MONITORING

The Lloyd District faces immediate opportunities and challenges to future housing development. This Housing Strategy recognizes the creative tension of an emerging housing market where the current conditions are just beginning to develop into the vision of a mixed-income, livable neighborhood. PDC will commit resources strategically to accomplish the most with limited resources. The agency will seek to accomplish the priorities outlined in the Strategy by leveraging housing and other PDC urban renewal resources along with private, public and non-profit resources available beyond urban renewal. The Housing Strategy Committee recognized the need to target resources on areas of the greatest needs and direct PDC to achieve the goals by the following near term objectives taken directly from the Strategy.

- Focus resources on creating and improving neighborhoods and connections between sub-districts within Lloyd. (Goal 5 Objective A)
- Increase the total housing stock by 3000 units by the year 2015—through both private and publicly funded housing development. (Goal 1 Objective A)
- Prioritize funds for housing affordable to households under-served by the supply of housing within the Lloyd District. (Goal 2 Objective B)
- Provide ample housing opportunity for current and future employees of the District and Central City. (Goal 4 Objective A)

PDC will use its resources, time and energy to accomplish these near term priorities while also furthering all the housing goals of this strategy.

FUNDING AND PROGRAM DIRECTIVES

The Strategy clearly sets the following funding and program directives for the accomplishment of the housing goals.

- Increase the livability of the Lloyd District neighborhoods;
- Increase the availability of housing developed by the market with incentives and partnerships;
- Preserve and replace existing Lloyd and Central City affordable rental housing – 300 units by 2006;
- Develop new mixed-income housing focusing on below 50 percent MFI rental and 60-100 percent MFI ownership;
- Market homeownership programs and new rental developments to existing employees.

The PDC budget for the District reflects these priorities in direct housing expenditures while also working within the larger urban renewal district budget to improve overall development conditions and the neighborhoods of the District.

MONITORING AND EVALUATION

Regular evaluation and monitoring of the Housing Strategy will be critical to its success, ensuring responsiveness to the needs, conditions and vision of the residents of the Lloyd District throughout the life of the urban renewal area.

Portland Development Commission staff will detail how the achievement of the established urban renewal goals, including progress on implementing specific projects and programs and meeting unit production goals on a regular basis. PDC staff expects to be able to use the Central City inventory, planned to be updated every two to three years, for unit affordability reporting. The strategy report updates will demonstrate how the selected projects and programs advance the guiding principles and goals and objectives of the Lloyd District Housing Strategy as well as where PDC needs to refocus funding and attention. Since the Strategy uses an approach of funding housing development

based on the gaps in the range of incomes, it will be particularly important for PDC to update the Strategy based on current market and inventory data. The unit production progress will be reported by range of affordability reflected in this report (refer to the Rental Housing Units Surveyed by Median Family Income, on page 8). The Lloyd District Housing Strategy Committee or designated advisory bodies will be responsible for working with PDC staff in reviewing progress and making recommendations for funding priorities for the coming years.

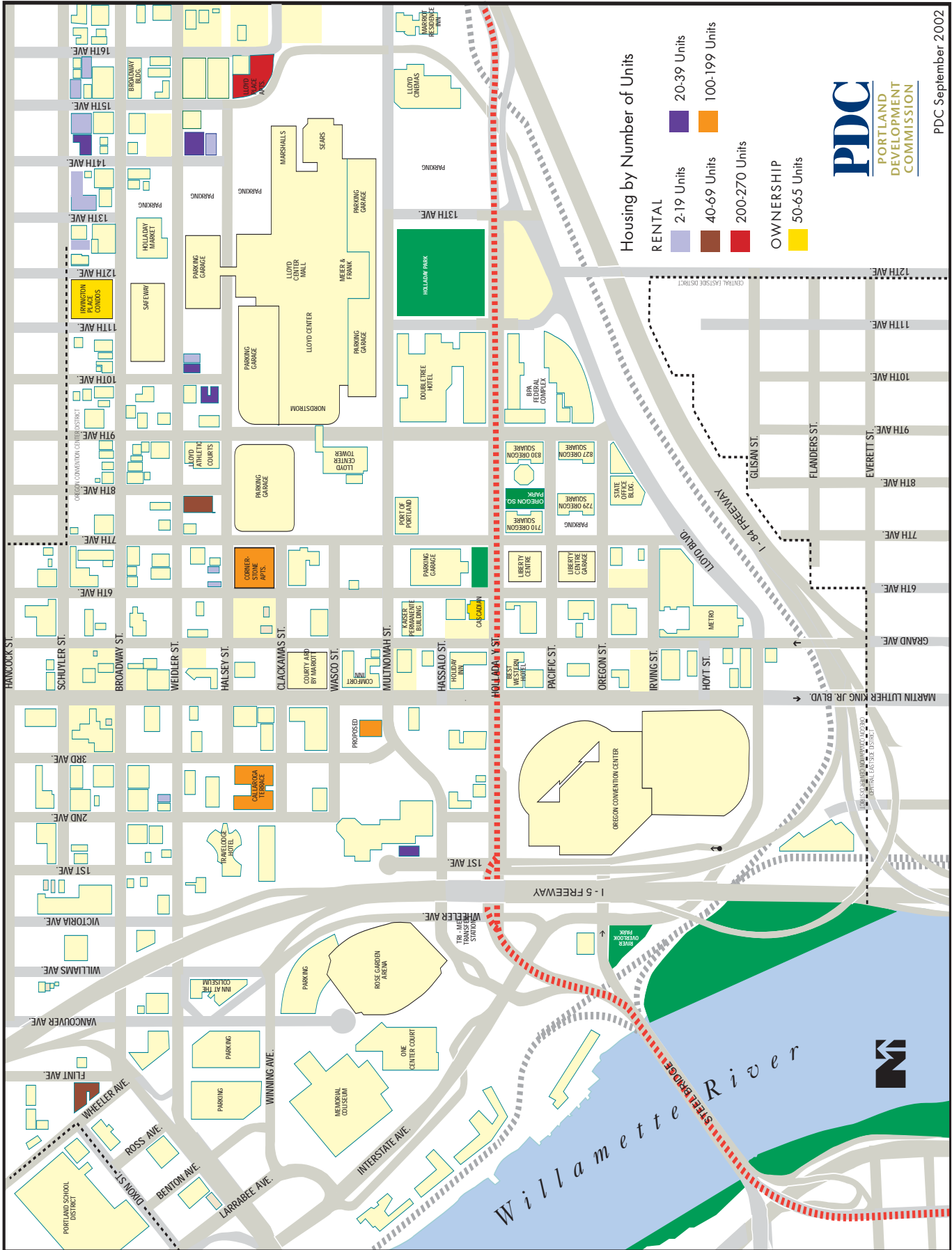
MEASUREMENT TOOLS

The Housing Strategy Committee or designated advisory bodies will evaluate progress on four levels when data is available, which may be on a biannual or longer-term basis:

- Housing expenditures: measure the level of tax increment spending, public and private funds leveraged, and average subsidy amounts
- Housing units production: report on unit targets 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; and
- Demographic and economic trends: measure long-term community impact through key benchmarks to include: homeownership rate and change in the number of homeowners, overall housing development (market and PDC-assisted) and general neighborhood composition (race, income, household type).

PDC staff, in conjunction with the Housing Strategy Committee or designated advisory body, will collect specific data from housing partners such as housing developers, residents, employees and businesses to evaluate the effectiveness of the Housing Strategy. Housing expenditure, housing unit production and housing program performance can be measured biannually, while key demographic and economic trends will be documented as reliable information is made available by the U.S. Census Bureau, either through the Decennial Census or the American Community Survey.

LLOYD DISTRICT HOUSING MAP



APPENDICES

APPENDIX A:

Summary of Lloyd District Public Outreach Conducted during the Summer of 2001

CONTACTS	CONTACTED	APPROACHES
EMPLOYERS	<ul style="list-style-type: none"> • Oregon Convention Ctr. • Meier and Frank • NE Business Association • Kaiser • Calaroga Terrace • Lloyd Center Mall 	Personal interviews with major employers. <ol style="list-style-type: none"> 1. How does housing relate to your business? 2. How might it positively or negatively affect your work in District? 3. How does it effect you employees?

BUSINESS AND HOUSING

- Housing is important to the Central City—we need a mix of uses and a balance of uses.
- Small businesses are highly dependent on local customers—housing helps our bottom line.
- Housing nearby, not necessarily in District, helps attract and retain employees.

1. Positive or Negative Impact on Business

- Housing may energize the District with a true 24hr/7 day a week atmosphere.
- It will feel much safer and give visitors/customers a sense of place/flavor of City.
- Can only contribute to increased sales, better restaurants and shops.

2. Impact on Employees

- Living close to work lowers the costs for employees and helps district as well.
- Hosing options are key to keeping employees—they often ask for housing opportunities.
- Employer assisted housing program would help us keep good people.
- Housing should match the jobs in the District—see why we need for rental.
- May serve my workers to have housing—need a mix of incomes to match jobs.

PROPERTY OWNERS	<ul style="list-style-type: none"> • Ashforth Pacific • Calaroga Terrace • Kaiser Permanente • Glimcher (Lloyd Center) • Legacy Health Systems • Oregon Convention Center 	PERSONAL INTERVIEWS WITH MAJOR PROPERTY OWNERS <ol style="list-style-type: none"> 1. How will new housing affect you? 2. Have you considered developing housing? 3. Will you support low income or special needs housing in the District?
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PROPERTY OWNER COMMENTS

1. General Housing

- Housing adds to the sense of place and will increase value of my property.
- Adding housing will make this a better place, stabilize the area, create 24hr. atmosphere.
- Promotes intergenerational neighborhood, which is good for my business.
- Quality housing will bring in customers and provide employees more options.
- This is a live/work District—we need more opportunities to live here to match jobs.
- More housing can help create demand for better restaurants, shops, and entertainment.

2. Your property and housing development: Have you considered housing on your land?

- Housing will add to my property value and increase the value of our portfolio.
- Low income housing but high quality housing that is attractively designed is important.
- Housing isn't what we do but maybe we would consider innovative partnerships.
- We've considered housing will be looking at the potential for some of our land.

3. Opinions on role of Lloyd in Central City needs for special needs/low-income?

- Service enriched or special needs housing has to be available everywhere—I don't see how it negatively effects us if it can be well designed and well managed.
- Support it as long as it doesn't compromise safety or quality of design—should consider carefully where it is built and should consider mixed-income so not to concentrate.
- We have to acknowledge the social responsibility to provide a mix of incomes but type of housing must be handled properly because of our businesses and employees.
- Lloyd should not have to shoulder disproportionate share of special needs or low-income housing development—its fair share YES, but not more than other Central City areas.
- We should be asking what populations with special needs or low-income can the Lloyd District best serve. Especially since it is an entertainment hub with a million visitors a year.
- How can we mix the incomes in the District in a responsible way? Can you make it a stronger neighborhood, then it is a good thing to do.
- Lloyd District has always had a negative perception as “unsafe” which we've worked very hard to overcome with community policing. We have to continually market against this perception and I don't want to return to negative image.
- I will support mixed-income if you can prove to me that there people won't increase crime or won't compromise security for employees, tenants and visitors.

ORGANIZATION OUTREACH	<ul style="list-style-type: none"> • Community Development Network • Portland Community Land Trust • Portland Community Land Trust • Eliot Neighborhood Association • Transportation Mgmt. Assoc. • Lloyd District Community Assoc. • N/NE Business Assoc. • Association for Portland Progress • MLK Advisory Committee (OCCURA) 	PRESENTATIONS TO BOARD OF DIRECTORS OR GENERAL MEMBERSHIP MEETINGS BRIEFLY DESCRIBING STRATEGY <ul style="list-style-type: none"> • PDC staff met with APP staff.
	<ul style="list-style-type: none"> • Overall interest and support for housing development in Lloyd District. Several groups interested in seeing final results of strategy. • Land Trust interested in the need for homeownership below 80% MFI not just 80% to 120% . They may be able to partner in future with multi-family lease ownership projects—not 2001. 	
GENERAL PUBLIC AND RESIDENTS	Public info at Lloyd Center. Mailing of Newsletter with Housing Opinions Survey. Public meeting on Housing Strategy	Spoke with/gave info. or surveys to 50+ people in 2 hrs. Mailed newsletters with surveys to residents and surrounding area. Over 100 people contacted.

APPENDIX B:

Portland Metro Area Median Family Income and Rents by Household Size Issued by Housing and Urban Development for the Portland area

2002 Median Income for a Family of Four: **\$57,200**

Household Size	30%	50%	60%	80%	100%	120%	150%
1	\$ 12,000	\$ 20,000	\$ 24,000	\$ 32,050	\$ 40,050	\$ 48,050	\$ 60,050
2	\$ 13,750	\$ 22,900	\$ 27,450	\$ 36,600	\$ 45,750	\$ 54,900	\$ 68,650
3	\$ 15,450	\$ 25,750	\$ 30,900	\$ 41,200	\$ 51,500	\$ 61,800	\$ 77,200
4	\$ 17,150	\$ 28,600	\$ 34,300	\$ 45,750	\$ 57,200	\$ 68,650	\$ 85,800
5	\$ 18,550	\$ 30,900	\$ 37,050	\$ 49,400	\$ 61,800	\$ 74,150	\$ 92,650
6	\$ 19,900	\$ 33,200	\$ 39,800	\$ 53,100	\$ 66,350	\$ 79,600	\$ 99,550
7	\$ 21,300	\$ 35,450	\$ 42,550	\$ 56,750	\$ 70,950	\$ 85,100	\$ 106,400
8	\$ 22,650	\$ 37,750	\$ 45,300	\$ 60,400	\$ 75,500	\$ 90,600	\$ 113,250

Based on the HUD Portland Area Median Income as of December 10, 2001: \$57,200 for a family of four. Figures are rounded to the nearest \$1.00.

2002 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	\$ 225	\$ 375	\$ 450	\$ 601	\$ 751	\$ 901	\$ 1,126
0	1	\$ 300	\$ 500	\$ 600	\$ 801	\$ 1,001	\$ 1,201	\$ 1,501
1	1.5	\$ 322	\$ 536	\$ 643	\$ 858	\$ 1,073	\$ 1,287	\$ 1,609
2	3	\$ 386	\$ 644	\$ 773	\$ 1,030	\$ 1,288	\$ 1,545	\$ 1,930
3	4.5	\$ 446	\$ 744	\$ 892	\$ 1,189	\$ 1,488	\$ 1,785	\$ 2,231
4	6	\$ 498	\$ 830	\$ 995	\$ 1,328	\$ 1,659	\$ 1,990	\$ 2,489
5	7.5	\$ 549	\$ 915	\$ 1,098	\$ 1,464	\$ 1,831	\$ 2,196	\$ 2,746

Based on the HUD Portland Area Median Income as of December 10, 2001: \$57,200 for a family of four. Figures are rounded to the nearest \$1.00.

APPENDIX C:

The Oregon Convention Center Urban Renewal Plan Goals, as amended through June 19th, 1996 (sixth amendment).

Goal 1: Maximize the regional job potential of the Oregon Convention Center.

1.1 Recruit at least one headquarters hotel in the immediate vicinity of the OCC to capitalize on the convention center's capacity.

1.2 Encourage other support industries and businesses to locate in the Area or to upgrade existing facilities.

Goal 2: Target jobs and businesses created through urban renewal financed activities to first benefit North and Northeast Portland residents and then all Portland residents.

2.1 Support job development programs that assist in the recruitment, training, and placement of North/Northeast and Portland residents.

2.2 Adopt criteria or goals for jobs development program participation based on direct tax increment public development assistance.

2.3 Direct investment assistance for the jobs development program to commercial and industrial districts within the area closest to economically disadvantaged neighborhoods.

Goal 3: Create opportunities within the area for businesses to expand and service the convention trade.

3.1 Encourage lodging, entertainment, restaurant, and retail development in the corridor between the Convention Center and Lloyd Center.

3.2 Foster the opportunity for office development in the area as mutually supportive of the job growth goal, hotel market, and retail opportunity.

3.3 Ensure that adequate infrastructure is in place to support the levels of development proposed.

Goal 4: Integrate the OCC area with the west side of the Central City and the Lloyd Center, reinforcing the expansion of the central city and the economic expansion of the eastside.

4.1 Upgrade the transportation and pedestrian linkages within the Central City and between facilities in the Area, such as the Oregon Convention Center and Memorial Coliseum.

4.2 Encourage the development of cultural amenities, entertainment and retail support both downtown and within the area along transit and pedestrian corridors, particularly Holladay Street.

4.3 Support the development of design guidelines and public works improvements to establish a distinct visual identity and relationship with the central city area and adjacent neighborhoods within the urban renewal area.

4.4 Encourage complementary and diverse land use activities in the Convention Center area.

4.5 Support residential, mixed-use and free-standing projects with the creation of quality amenities and environment.

Goal 5: Upgrade the setting and environment of the area to reflect the best of Portland to visitors; encouraging extended convention stays, return visits and business recruitment to Oregon.

5.1 Initiate efforts to significantly upgrade the area around the Steel Bridgehead as a gateway to the Convention Center, and to install pedestrian connections to and overlook improvements at the Willamette River.

5.2 Upgrade streetscape in all principal corridors and create identity with gateway improvements.

5.3 Encourage the development of entertainment, recreation, cultural and open space amenities.

5.4 Upgrade the level of public safety in the area with adequate lighting and capital expenditures or improvements that will improve police presence in the area.

Goal 6: Ensure that urban renewal activities work to stabilize adjacent neighborhoods; mitigating adverse impacts and striving to strengthen neighborhood values.

6.1 Coordinate the development of traffic management plans and street designs that reduce potential for through traffic infiltration in adjacent neighborhoods.

6.2 Foster residential and mixed-use development that serves a range of age and income groups within residential or mixed use zones in the Convention Center Urban Renewal Area as mutually supportive of retail opportunities and the maintenance of neighborhood values.

6.3 Study commercial/industrial nodes along the Martin Luther King Jr. Blvd. Corridor with a goal of identifying potential locations for development of businesses which could provide service to businesses within the Oregon Convention Center Urban Renewal Area. Coordinate with other economic development programs to accomplish this goal.

Goal 7: Establish realistic and attainable objectives in the formation of projects to be undertaken within the urban renewal area.

7.1 In light of the 1990 amendment to the State Constitution (Measure 5) and the 1992 Supreme Court ruling affecting tax increment bonds, estimate realistic revenue projections so as not to over commit funding expectations.

7.2 Recognize the limits of any single economic development tool (ie. urban renewal) to accomplish broad based community goals.

7.3 Be explicit in the rating of priority projects so as to avoid false expectations.

APPENDIX D: SUMMARY OF IMPLEMENTATION TOOLS

The implementation of this Housing Strategy relies on a number of public and private sector financing tools. The following summary is a list of the available funds for housing consumers and developers in the Lloyd District. 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 Lloyd District to leverage new resources or provide products that meet the needs of residents and housing providers and developers.

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.

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 Oregon Convention Center Corridor 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 Lloyd District Housing Implementation Strategy and 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 percent 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 Oregon Convention Center 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 for 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 for 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 outline 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. The PDC Fee Waiver Program is intended to reduce development costs by waiving a portion of certain permit fees. 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. The System Development Charges (SDC) incurred upon new housing units will fund a portion of the needed capacity increases in the City of Portland. System Development

Charge 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. The Portland Development Commission (PDC) has been charged with the administration and monitoring of the System Development Charge 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)

HOMEOWNER PRODUCTS

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.

PDC ADMINISTERED TOOLS AND PROGRAMS

HOME BUYER PRODUCTS

PDC is currently expanding its programs and tools to provide greater flexibility in assisting homebuyers in non-traditional neighborhoods such as the Lloyd District. These neighborhoods lack older homes and traditional single-family options and require unique tools and approaches. Currently, all but four homes in the Lloyd District are in multifamily housing development and with commercial zoning, all future homes will likely be in multifamily buildings.

The strategy requires that PDC assist in the development of affordable homeownership developments and assist buyers with purchase of these homes. There are a few homeownership programs that have limited application in Lloyd which include the Fannie Mae HomeStyle Loan; Interest Rate Buydown Loan pilot program; and the Limited Property Tax Abatement Program (ORS 308.450 & ORS 58.005) for distressed areas which covers only a small part of Lloyd. The primary programs for new homeownership in Lloyd include the following:

Please note that products evolve over time and The Portland Development Commission should be contacted for complete and up-to-date information.

■ **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 percent. PCLT currently does not have a homebuyer model for multifamily ownership development in 2002 but is considering developing such a model in the future.

■ **State Residential Loan Program/Shared Appreciation Mortgage – PILOT PROGRAM**– This loan provides financing for acquisition and rehabilitation of existing properties to first-time homebuyer households with incomes at or below 80 percent 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. This loan program is being piloted in the Interstate Corridor and Lents Town Center Urban Renewal Areas and assessed at the end of 2002. (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 two-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) The only area of Lloyd District in the Distressed area is the northern edge of the District from Interstate-5 to 7th avenue and from NE Broadway to Schuyler.

OTHER RESOURCES AVAILABLE TO FIRST-TIME HOMEBUYERS

■ **Project 20 Percent – PILOT PROGRAM** – 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.

■ **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** – a pilot program of the Housing Authority of Portland, 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 housing affordable to many households in the District are available due to the investment of private investors and owners.

■ **Community Development Corporations** – Private non-profit organizations are a large provider of affordable housing in the Oregon Convention Center Corridor 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 Portland who have been active in the Central City in the past include Central City Concern, REACH, Innovative Housing Inc, Northwest Housing Alternatives, LINK and other nonprofit housing-related service providers. Most of these organizations are members of the Community Development Network that 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 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.

■ **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.

■ **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.

2002 LLOYD HOUSING STRATEGY



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