



**Annual Urban Renewal Report
Covering Fiscal Years 2005-06 and 2006-07**

Commissioners

Douglas Blomgren

Bertha Ferran

Sal Kadri

Eric Parsons

Mark Rosenbaum

Executive Director

Bruce Warner

Portland Development Commission Annual Urban Renewal Report

Introduction

As the City of Portland's agency for urban renewal, the Portland Development Commission (PDC) publishes an annual statement about the use and the effects of tax increment financing in Portland's urban renewal areas pursuant to ORS 457.420 to 457.460.

PDC Overview

PDC was created as a City agency by Portland voters in 1958. Its purpose is to deliver projects and programs that achieve the City's housing, economic development, and redevelopment priorities as well as link citizens to jobs. The governing body is a five-member Commission appointed by the Mayor and approved by City Council.

PDC provides sustained livability for Portland and the region. In carrying out policy, PDC has developed and implemented projects and programs that play a major role in keeping Portland one of the most livable cities in the United States. PDC's programs benefit the approximately 545,000 citizens in the City of Portland. Many of our economic development programs and services are regional, such as business recruitment and marketing, and benefit the Portland region's estimated population of 2.1 million.

PDC's Urban Renewal Areas

PDC has 11 active urban renewal areas as follows:

Airport Way – Facilitate development of a major employment center with a diverse economic make-up. Support development of infrastructure, transit, and protection of natural resources.

Central Eastside – Support neighborhood, business, and property owner goals of maintaining the vitality and continued growth of the district as a major employment center.

Convention Center – Carry out project and support private activities that promote commercial revitalization, increase community wealth through local ownership and employment. Capitalize on major public and private investments. Fund transportation and related improvements to further development of area.

Downtown Waterfront – Implement housing preservation and development, transportation improvements, public site improvements, job development, and retail improvements.

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Gateway Regional Center – Transform district into regional center with enhanced housing, employment, and cultural opportunities. Create public spaces, transportation, pedestrian improvements, and other projects that enhance Gateway’s livability.

Interstate Corridor – Invest in projects and programs that enhance the district and create community wealth through construction/preservation of housing options, new family-wage jobs and the infrastructure investment to support these efforts (including Interstate Max).

Lents Town Center – Provide support for the revitalization of commercial and residential properties. Stimulate business development and investment in the area.

North Macadam – Pursue commercial and housing development in former industrial area by redeveloping district into a mixed-use Central City neighborhood, with greenway and parks system. Improve transportation infrastructure and accessibility.

River District – Generate new private investment and improve the tax base on vacant and underutilized land by developing a wide range of new housing units, new commercial opportunities, and open space. Retain and enhance Union Station’s function as public asset and transportation center.

South Park Blocks – Expand opportunities for housing and jobs while retaining the character of established residential, neighborhood, and commercial centers. Give a high priority to increasing the number of residential accommodations in the downtown area for a mix of age and income groups.

Willamette Industrial – Encourage existing businesses to stay and expand, and to attract new employers to the area. Much of the land within this URA is currently vacant or underused and Portland can use this area to attract new industry.

How Does Urban Renewal Work?

The idea behind urban renewal is simple: future tax revenues pay for revitalization efforts. The City Council, acting on the recommendations of a community-based advisory committee and PDC, draws a line around an area (the urban renewal boundary) and identifies improvements within that area (the urban renewal plan). Subsequently, the City issues urban renewal bonds to pay for the identified improvements. As property values increase in the district due to new investment, the rise in property tax revenues (called tax increment) is used to pay off the urban renewal bonds. When all debt has been issued and has been repaid, the tax increment revenues will revert to the taxing jurisdictions.

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What Does Urban Renewal Accomplish?

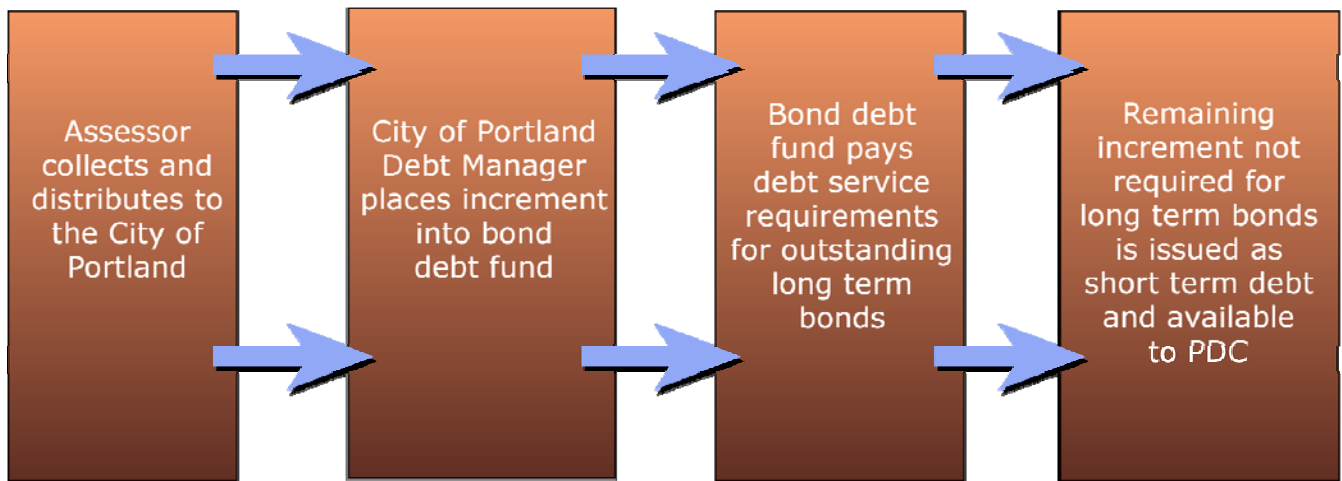
Urban renewal funds are used for a variety of investments, such as:

- Redevelopment projects, including mixed-use projects like Burnside Bridgehead in Central Eastside URA and the Central District in North Macadam URA.
- Economic Development strategies, such as small business improvement loans and loan programs tied to family-wage jobs.
- Housing loans and other financial tools, for new and rehabilitated housing which serves a variety of income levels in a variety of densities and types.
- Streetscape improvements including new lighting, trees, and pedestrian facilities.
- Park and open spaces.

How Does Urban Renewal Generate Revenue?

Long-term and short-term bonds as well as interim-term lines of credit finance urban renewal activities. The bonds and lines of credit are repaid from the property taxes generated by the increase in value, over time, of properties within the district.

Flow of Tax Increment



This chart shows how the flow of tax increment revenue is managed by PDC and the City of Portland. All tax increment is placed by the City’s Debt Manager into restricted debt funds to finance projects only for the urban renewal area. Resources in these funds first pay off annual debt service requirements for any outstanding long-term bonds. Remaining increment not required for long-term bonds is issued as short-term debt for projects and requirements within the URA.

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Each urban renewal area has a plan which provides information on the area including the legal boundaries, goals and objectives, definitions, project activities, and expiration dates. A report for each urban renewal plan provides more details on the condition of the area, maximum indebtedness, and fiscal impacts. Key facts about each urban renewal area and its capacity for debt issuance are shown on the following table:

Urban Renewal Area	Maximum Indebtedness	Indebtedness Issued as of 6/30/05	Indebtedness Remaining	Plan Expiration Date	Acres included in Plan Area*
Airport Way	\$ 72,638,268	\$ 72,638,268	\$ -	May 11, 2011	2,726
Central Eastside	\$ 66,274,000	\$ 34,345,000	\$ 31,929,000	August 26, 2006	686
Convention Center	\$ 167,511,000	\$ 73,705,000	\$ 93,806,000	June 1, 2013	593
Downtown Waterfront	\$ 165,000,000	\$ 96,815,000	\$ 68,185,000	April 1, 2008	279
Gateway Regional	\$ 164,240,000	\$ 3,880,000	\$ 160,360,000	June 1, 2022	659
Interstate Corridor	\$ 335,000,000	\$ 44,835,000	\$ 290,165,000	June 1, 2021	3,769
Lents Town Center	\$ 75,000,000	\$ 23,730,000	\$ 51,270,000	October 1, 2015	2,707
North Macadam	\$ 288,562,000	\$ 12,420,000	\$ 276,142,000	June 20, 2020	388
River District	\$ 224,780,350	\$ 89,545,000	\$ 135,235,350	October 1, 2020	309
South Park Blocks	\$ 143,619,000	\$ 61,900,000	\$ 81,719,000	July 1, 2008	161
Willamette Industrial	\$ 200,000,000	\$ -	\$ 200,000,000	December 1, 2024	758

*Acreage data from Multnomah County, as of June 1, 2006.

An urban renewal area’s maximum indebtedness represents the principal amount of indebtedness that may be issued for a given urban renewal area, and does not include debt service or refinancing costs. The maximum indebtedness limit is based on good faith estimates of project costs, including inflation, that are planned in each urban renewal area.

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Debt Funds

This section covers FY 2005-06 actuals in response to ORS 457.420 to 457.460 and FY 2006-07 budgeted information in response to ORS 457.420 to 457.460.

- a) The amount of money received during the preceding fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460.
- b) The purposes and amounts for which any money received under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460 were expended during the preceding fiscal year.
- c) An estimate of the amount of monies to be received during the current fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460.
- d) A budget setting forth the purposes and estimated amounts for which the monies which have been received under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460 are to be expended during the current fiscal year.

The following charts address a) thru d), show the amount of tax increment funding received and spent, by urban renewal area for FY 2005-06 and FY 2006-07 for debt funds.

Note that the City of Portland issues all Urban Renewal long term bonds, tax increment lines-of-credit, and short term financing per State law. All debt service requirements are budgeted by the City in separate debt funds. Debt proceeds are transferred to PDC for use on eligible capital projects. PDC works with the City to determine the timing of bond issuances/draws on lines of credit, the amount to be issued/drawn, the mix of taxable versus tax exempt proceeds, and any other pertinent information necessary to meet PDC's capital funding requirements.

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**Airport Way Urban Renewal Area
Debt Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenues		
Bond Proceeds - Refunding	47,568,215	0
Interest On Investments	160,468	96,707
Prior Year Property Taxes	112,244	150,000
Property Taxes	5,701,397	4,884,191
Total Revenues	53,542,324	5,130,898
Expenditures		
Debt Interest	6,591,523	2,527,738
Debt Issuance	10,000	0
Debt Retirement	47,710,000	2,870,000
Reserve Requirements	1,350,000	2,649,251
Total Expenditures	55,661,523	8,046,989
Fund Balance - Beginning	2,669,891	2,916,091
Fund Balance - Ending	\$550,692	\$0

Source: City of Portland - Public Finance and Treasury Division

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**Central Eastside Urban Renewal Area
Debt Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Interest on Investments	49,574	74,570
Prior Year Property Taxes	69,427	90,000
Property Taxes	3,730,701	3,766,166
Total Revenue	3,849,702	3,930,736
Expenditures		
Debt Interest	496,963	1,632,200
Debt Retirement	3,425,000	2,298,536
Total Expenditures	3,921,963	3,930,736
Beginning Fund Balance	127,187	0
Fund Balance - Ending	\$54,926	\$0

Source: City of Portland - Public Finance and Treasury Division

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**Convention Center Urban Renewal Area
Debt Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Interest on Investments	79,602	136,449
Prior Year Property Taxes	113,665	145,000
Property Taxes	6,666,840	6,891,379
Total Revenue	6,860,107	7,172,828
Expenditures		
Debt Interest	3,374,505	4,133,901
Debt Retirement	3,535,000	3,038,927
Total Expenditures	6,909,505	7,172,828
Beginning Fund Balance	187,531	0
Fund Balance - Ending	\$138,133	\$0

Source: City of Portland - Public Finance and Treasury Division

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**Downtown Waterfront Urban Renewal Area
Debt Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Interest on Investments	256,929	348,776
Prior Year Property Taxes	238,567	300,000
Property Taxes	13,679,808	13,878,299
Total Revenue	14,175,304	14,527,075
Expenditures		
Debt Interest	3,599,546	3,658,446
Debt Retirement	10,830,000	10,868,629
Reserve Requirements	1,681,500	1,681,500
Total Expenditures	16,111,046	16,208,575
Fund Balance - Beginning	2,038,630	1,681,500
Fund Balance - Ending	\$102,888	\$0

Source: City of Portland - Public Finance and Treasury Division

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**Gateway Urban Renewal Area
Debt Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Interest on Investments	17,518	31,189
Prior Year Property Taxes	19,201	16,000
Property Taxes	1,292,638	1,575,222
Total Revenue	1,329,357	1,622,411
Expenditures		
Debt Interest	46,174	526,250
Debt Retirement	1,305,000	1,096,161
Total Expenditures	1,351,174	1,622,411
Fund Balance - Beginning	34,911	0
Fund Balance - Ending	\$13,094	\$0

Source: City of Portland - Public Finance and Treasury Division

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**Interstate Corridor Urban Renewal Area
Debt Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Interest on Investments	66,284	112,346
Prior Year Property Taxes	59,270	50,000
Property Taxes	4,785,559	5,674,018
Total Revenue	4,911,113	5,836,364
Expenditures		
Debt Interest	1,423,823	1,600,932
Debt Retirement	3,550,000	4,235,432
Total Expenditures	4,973,823	5,836,364
Fund Balance - Beginning	82,235	0
Fund Balance - Ending	\$19,525	\$0

Source: City of Portland - Public Finance and Treasury Division

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**Lents Town Center Urban Renewal Area
Debt Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Interest on Investments	63,050	111,382
Prior Year Property Taxes	75,116	80,000
Property Taxes	4,930,843	5,625,372
Total Revenue	5,069,009	5,816,754
Expenditures		
Debt Interest	294,948	755,500
Debt Retirement	4,855,000	5,061,254
Total Expenditures	5,149,948	5,816,754
Fund Balance - Beginning	105,297	0
Fund Balance - Ending	\$24,358	\$0

Source: City of Portland - Public Finance and Treasury Division

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**North Macadam Urban Renewal Area
Debt Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Interest on Investments	22,318	27,129
Prior Year Property Taxes	28,391	30,000
Property Taxes	1,317,729	1,164,303
Total Revenue	1,368,438	1,221,432
Expenditures		
Debt Interest	697,948	1,821,432
Total Expenditures	697,948	1,821,432
Fund Balance - Beginning	49,424	600,000
Fund Balance - Ending	\$719,914	\$0

Source: City of Portland - Public Finance and Treasury Division

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**River District Urban Renewal Area
Debt Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Interest on Investments	345,658	503,625
Prior Year Property Taxes	164,181	175,000
Property Taxes	12,935,259	14,913,501
Total Revenue	13,445,098	15,592,126
Expenditures		
Debt Interest	2,487,363	3,154,713
Debt Retirement	9,840,000	12,437,413
Reserve Requirements	4,734,950	4,734,950
Total Expenditures	17,062,313	20,327,076
Fund Balance - Beginning	5,031,534	4,734,950
Fund Balance - Ending	\$1,414,319	\$0

Source: City of Portland - Public Finance and Treasury Division

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**South Park Blocks Urban Renewal Area
Debt Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Interest on Investments	88,972	138,555
Prior Year Property Taxes	115,718	150,000
Property Taxes	6,780,283	6,997,735
Total Revenue	6,984,973	7,286,290
Expenditures		
Debt Interest	2,234,609	2,374,843
Debt Retirement	4,865,000	4,911,447
Total Expenditures	7,099,609	7,286,290
Fund Balance - Beginning	176,878	0
Fund Balance - Ending	\$62,242	\$0

Source: City of Portland - Public Finance and Treasury Division

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**Willamette Industrial Urban Renewal Area
Debt Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Interest on Investments	0	0
Property Taxes	0	0
Total Revenue	0	0
Expenditures		
Debt Interest	0	0
Debt Retirement	0	0
Total Expenditures	0	0
Fund Balance - Ending	\$0	\$0

Source: City of Portland - Public Finance and Treasury Division

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Redevelopment Funds

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The following charts address a) thru d), showing the amount of tax increment funding received and spent, by urban renewal area for FY 2005-06 and FY 2006-07 for redevelopment funds.

The City transfers debt proceeds to PDC pursuant to the debt agreements in place and project expenditures occur in the redevelopment funds.

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**Airport Way Urban Renewal Area
Redevelopment Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenues		
Interest On Investments	275,970	150,000
Loan Collections	19,463	18,494
Reimbursement	18,918	0
Total Revenues	314,351	168,494
Expenditures		
Community Development:		
Development	510,684	1,702,382
Economic Development	3,505,376	3,417,515
Finance	10,900	16,814
Contingency	0	714,581
Total Expenditures	4,026,960	5,851,292
Fund Balance - Beginning	9,361,515	5,682,798
Fund Balance - Ending	\$5,648,906	\$0

Sources: FY 2005-06 Unaudited Actuals
FY 2006-07 Budget - PDC FY 2006-07 Adopted Budget Supporting Schedules

Please note that specific project detail and descriptions can be found in the FY 2006-07 Adopted Budget Document. The Document is available on the PDC website at www.pdc.us/pubs/inv_detail.asp?id=644&ty=57.

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**Central Eastside Urban Renewal Area
Redevelopment Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Interest On Investments	96,754	25,000
Loan Collections	48,363	17,064
Real Property Sale	200,000	0
Rent & Property Income	57,743	279,000
Tax Increment Debt Proceeds	10,215,503	0
Total Revenue	10,618,363	321,064
Expenditures		
Community Development:		
Development	10,959,555	2,102,132
Economic Development	1,711,029	2,881,684
Finance	138,770	8,757
Housing	346,849	21,453
Contingency	0	1,911,731
Total Expenditures	13,156,203	6,925,757
Fund Balance - Beginning	4,261,791	6,604,693
Fund Balance - Ending	\$1,723,951	\$0

Sources: FY 2005-06 Unaudited Actuals
FY 2006-07 Budget - PDC FY 2006-07 Adopted Budget Supporting Schedules

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**Convention Center Urban Renewal Area
Redevelopment Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenues		
Budgeted Transfers	2,625,000	500,000
Interest On Investments	202,695	50,000
Loan Collections	1,094,429	755,242
Real Property Sales	319,892	41,700
Reimbursement	151,211	50,000
Rent & Property Income	89,593	0
Tax Increment Debt Proceeds	10,507,526	20,720,041
Total Revenues	14,990,346	22,116,983
Expenditures		
Community Development:		
Development	12,276,036	15,197,712
Economic Development	3,430,833	4,239,534
Finance	28,212	22,419
Housing	2,712,009	6,229,702
Contingency	0	1,723,226
Total Expenditures	18,447,090	27,412,593
Fund Balance - Beginning	9,981,194	5,295,609
Fund Balance - Ending	\$6,524,450	\$0

Sources: FY 2005-06 Unaudited Actuals
FY 2006-07 Budget - PDC FY 2006-07 Adopted Budget Supporting Schedules

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**Downtown Waterfront Urban Renewal Area
Redevelopment Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Budgeted Transfers	1,197,303	1,860,233
Interest On Investments	648,805	300,000
Loan Collections	4,258,651	1,277,089
Real Property Sales	425,000	1,402,000
Reimbursement	19,016	200,000
Rent & Property Income	430,691	350,000
Tax Increment Debt Proceeds	6,510,440	5,819,853
Total Revenue	13,489,906	11,209,175
Expenditures		
Community Development:		
Development	6,459,749	15,485,646
Economic Development	642,328	3,797,992
Finance	65,408	122,419
Housing	2,335,295	7,983,210
Contingency	0	1,925,295
Total Expenditures	9,502,780	29,314,562
Fund Balance - Beginning	17,279,119	18,105,387
Fund Balance - Ending	\$21,266,245	\$0

Sources: FY 2005-06 Unaudited Actuals
FY 2006-07 Budget - PDC FY 2006-07 Adopted Budget Supporting Schedules

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**Gateway Regional Center Urban Renewal Area
Redevelopment Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Interest On Investments	49,200	20,000
Loan Collections	15,125	15,000
Other Contracts	2,004,289	0
Real Property Sales	567,315	0
Reimbursement	2,540	0
Tax Increment Debt Proceeds	7,546,087	5,290,722
Total Revenue	10,184,556	5,325,722
Expenditures		
Community Development:		
Development	6,759,211	3,747,458
Economic Development	299,800	909,551
Finance	11,026	8,757
Housing	85,490	381,975
Contingency	0	384,657
Total Expenditures	7,155,527	5,432,398
Fund Balance - Beginning	1,337,558	106,675
Fund Balance - Ending	\$4,366,587	\$0

Sources: FY 2005-06 Unaudited Actuals
FY 2006-07 Budget - PDC FY 2006-07 Adopted Budget Supporting Schedules

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**Interstate Corridor Urban Renewal Area
Redevelopment Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Interest On Investments	65,924	40,000
Loan Collections	179,914	64,216
Real Property Sales	0	500,000
Reimbursement	32,778	0
Rent & Property Income	3,975	0
Tax Increment Debt Proceeds	2,438,292	10,195,337
Total Revenue	2,720,883	10,799,553
Expenditures		
Community Development:		
Development	1,329,704	5,261,028
Economic Development	1,823,591	2,290,228
Finance	-8,572	16,814
Housing	753,397	3,367,940
Cash Transfer Out	0	500,000
Contingency	0	631,720
Total Expenditures	3,898,120	12,067,730
Fund Balance - Beginning	3,061,181	1,268,177
Fund Balance - Ending	\$1,883,944	\$0

Sources: FY 2005-06 Unaudited Actuals
FY 2006-07 Budget - PDC FY 2006-07 Adopted Budget Supporting Schedules

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**Lents Town Center Urban Renewal Area
Redevelopment Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Interest On Investments	178,271	50,000
Loan Collections	152,602	21,980
Real Property Sales	0	770,000
Rent & Property Income	25,575	0
Tax Increment Debt Proceeds	4,851,602	18,384,872
Total Revenue	5,208,050	19,226,852
Expenditures		
Community Development:		
Development	1,371,167	13,796,666
Economic Development	1,374,814	2,856,438
Finance	9,852	8,757
Housing	1,076,081	5,301,879
Contingency	0	1,524,165
Total Expenditures	3,831,914	23,487,905
Fund Balance - Beginning	5,637,407	4,261,053
Fund Balance - Ending	\$7,013,543	\$0

Sources: FY 2005-06 Unaudited Actuals
FY 2006-07 Budget - PDC FY 2006-07 Adopted Budget Supporting Schedules

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**North Macadam Urban Renewal Area
Redevelopment Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Grants	14,889	1,248,000
Interest On Investments	33,443	50,000
Other Contracts	267,357	274,824
Reimbursement	1,237,319	542,505
Rent And Property Income	57,600	38,400
Tax Increment Debt Proceeds	23,481,102	28,625,871
Total Revenue	25,091,710	30,779,600
Expenditures		
Community Development:		
Development	12,571,459	18,856,478
Economic Development	3,673,816	1,088,298
Finance	27,510	14,362
Housing	3,245,838	10,820,462
Contingency	0	0
Total Expenditures	19,518,623	30,779,600
Fund Balance - Beginning	862,358	0
Fund Balance - Ending	\$6,435,445	\$0

Sources: FY 2005-06 Unaudited Actuals
FY 2006-07 Budget - PDC FY 2006-07 Adopted Budget Supporting Schedules

Please note that specific project detail and descriptions can be found in the FY 2006-07 Adopted Budget Document. The Document is available on the PDC website at www.pdc.us/pubs/inv_detail.asp?id=644&ty=57.

**Portland Development Commission
Annual Urban Renewal Report**

**River District Urban Renewal Area
Redevelopment Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Interest On Investments	88,253	100,000
Loan Collections	7,965,622	374,027
Reimbursements	605,059	200,000
Rent & Property Income	3,735	0
Tax Increment Debt Proceeds	13,506,280	19,132,289
Total Revenue	22,168,949	19,806,316
Expenditures		
Community Development:		
Development	16,638,037	6,433,662
Economic Development	1,519,314	4,637,793
Finance	34,120	122,419
Housing	5,292,821	7,547,353
Contingency	0	1,276,993
Total Expenditures	23,484,292	20,018,220
Fund Balance - Beginning	3,286,073	211,904
Fund Balance - Ending	\$1,970,730	\$0

Sources: FY 2005-06 Unaudited Actuals
FY 2006-07 Budget - PDC FY 2006-07 Adopted Budget Supporting Schedules

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**Portland Development Commission
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**South Park Blocks Urban Renewal Area
Redevelopment Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Budgeted Transfer	22,186	0
Interest On Investments	776,506	350,000
Loan Collections	337,297	541,649
Reimbursement	15,165	0
Rent & Property Income	289,712	250,000
Tax Increment Debt Proceeds	3,917,256	3,383,396
Total Revenue	5,358,122	4,525,045
Expenditures		
Community Development:		
Development	999,867	11,506,763
Economic Development	1,089,580	3,018,627
Finance	35,022	122,419
Housing	1,089,410	10,505,909
Contingency	0	3,391,702
Total Expenditures	3,213,879	28,545,420
Fund Balance - Beginning	22,882,059	24,020,375
Fund Balance - Ending	\$25,026,302	\$0

Sources: FY 2005-06 Unaudited Actuals
FY 2006-07 Budget - PDC FY 2006-07 Adopted Budget Supporting Schedules

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**Portland Development Commission
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**Willamette Industrial Urban Renewal Area
Redevelopment Fund**

	FY 2005-06 Unaudited Actuals	FY 2006-07 Budget
Revenue		
Interest On Investments	0	0
Tax Increment Debt Proceeds	0	0
Total Revenue	0	0
Expenditures		
Community Development:		
Economic Development	0	0
Total Expenditures	0	0
Fund Balance - Beginning	0	0
Fund Balance - Ending	\$0	\$0

Sources: FY 2006-07 Budget - PDC FY 2006-07 Adopted Budget Supporting Schedules

Please note that specific project detail and descriptions can be found in the FY 2006-07 Adopted Budget Document. The Document is available on the PDC website at www.pdc.us/pubs/inv_detail.asp?id=644&ty=57.

Portland Development Commission Annual Urban Renewal Report

- e) *An analysis of the impact, if any, of carrying out the urban renewal plan on the tax collections for the preceding year for all taxing districts included under ORS 457.430.*

Urban Renewal Taxes Imposed

With the implementation of Measure 50, permanent rates were established for schools and local government property taxes. In the computation of these rates, existing tax base and serial levies were divided by the tax-assessed value of property as adjusted according to Measure 50. For the establishing permanent rates, tax assessed value was reduced by the incremental value in urban renewal areas. The net effect of the reduction in value was the elevation of school and local government rates. Thus, in FY 2000-01, local government revenues were not affected by urban renewal, except as an increase in rates might contribute to Measure 5 compression. With the City of Portland, compression occurred on a “spot” basis because of the property-by-property computation of compression.

Measure 50 allowed cities and counties with urban renewal agencies to select a methodology for calculation of urban renewal taxes. The methodology selected for Airport Way, Convention Center, Downtown Waterfront, and South Park Blocks Urban Renewal Areas freezes the divide-the-taxes collections at an amount less than the total divide-the-taxes available. This has the effect of making a certain portion of the incremental taxes above the frozen base available to local jurisdictions. Revenues in these areas were increased above what might have been the case had the City of Portland selected a different option. Taxes collected on increases in tax assessed value in these urban renewal areas will go to local jurisdictions in future years.

The methodology selected for the Central Eastside Urban Renewal Area provides for receipt of urban renewal taxes under the divide-the-taxes methodology. Taxes collected on increases in tax assessed value in future years will go to the urban renewal agency until the urban renewal area is closed and all debt has been repaid.

The post Measure 50 urban renewal areas – Gateway Regional Center, Interstate Corridor, Lents Town Center, North Macadam, River District, and Willamette Industrial - receive urban renewal taxes under the divide-the-taxes.

For FY 2005-06, the total taxes imposed for the Portland Development Commission was \$65,713,545. This is an increase of 5.9% over the \$62,009,611 imposed in FY 2004-05. Of this total amount, \$52,158,971 came from division of tax calculations while the imposed special levy for PDC’s five Existing Plan Areas increased to \$13,554,574.

Excess Value Unused

PDC chose to limit the amount of tax increment revenue in four plan areas: Airport Way, Convention Center, Downtown Waterfront, and South Park Blocks. Excess value not used to collect the maximum tax increment revenue is added back to the assessed value of all the taxing districts, increasing revenues to those districts. For FY 2005-06 PDC did not use \$1.7 billion in excess value resulting in approximately \$26.8 million in additional property tax revenue for schools, Multnomah County, regional districts, and the City of Portland. Since FY 1998-99, over \$10 billion in excess value has been returned to taxing districts.

