

# Daily Journal of Commerce

## South Waterfront affordable housing funds OK'd

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After many false starts, a long-stalled affordable housing project in Portland's South Waterfront District could begin to be built next spring.

**Portland City Council** on Wednesday approved a [disposition and development agreement \(PDF\)](#) to transfer Block 49 in Southwest Portland to nonprofit **REACH Community Development** for \$1 and provide up to \$23 million in financial assistance to construct the \$50.4 million project, according to **Margaret Van Vliet**, director of the Portland Housing Bureau. She hopes the agreement will end a yearlong struggle to get the project to pencil out.

"We're not at ground breaking yet, but this is an important step," Van Vliet said. "REACH has a track record of delivering affordable housing. Other private financing needs to be put in place more securely, but we expect to have that locked down (next) spring."

REACH is stepping into the development role previously held by **Williams & Dame**. It also will become the project's anchor tenant, with 50 employees occupying office space.

Obtaining private financing for new housing has been difficult, but REACH executive director **Dee Walsh** said her organization is financially strong and considered bankable by several lenders. The 28-year old nonprofit manages more than 1,400 housing units.

"There are many banks already interested in meeting with us on this project," Walsh said. "Going forward, the building has been designed. The team is on board in terms of the architect and contractor. Unless there is some surprise out of left field, I don't anticipate any hurdles getting the thing built."

While this week's news is a milestone for the Portland Housing Bureau, the city is still far from its goal of increasing affordable housing in the South Waterfront District to 800 units. Williams & Dame originally was required to develop more than 300 units of affordable housing in exchange for South Waterfront rights. Williams & Dame isn't off the hook for those units, but future South Waterfront housing projects will depend on the city's ability to purchase land, Van Vliet said.

The six-story project at Southwest Moody Avenue and Lowell Street was designed by **Ankrom Moisan Associated Architects**. It will have 209 rental housing units, including 42 reserved for veterans. The remaining units will be available to people making between zero and 50 percent of the median family income, meaning a single person desiring to live at Block 49 could earn no more than \$25,000 per year.

"It's just good city policy to have our neighborhoods be inclusive and equitable," Walsh said. "By requiring affordable housing, you ensure you have a community everyone can enjoy. When this is built, janitors and secretaries working at the top of the hill can live on the bottom of the hill."

Tenants who were previously homeless veterans will have their rents subsidized by federal housing vouchers. They also will have easy access to the aerial tram leading up to Portland’s Veterans Administration Hospital. Walsh Construction will be the general contractor for the project. Its goal is to award 20 percent of the total construction contract to subcontracting companies owned by women and people of color. Construction could begin in April 2011, and then would be scheduled to wrap up in fall 2012.

## Block 49 financial summary

### Uses of funds

Construction	\$33.42 million
Land	\$5 million
Construction interest	\$1.81 million
Soft costs	\$5.71 million
Reserves	\$1.31 million
Deferred developer fee	\$800,000
Capitalized dev. fee	\$2.3 million
<b>Total uses</b>	<b>\$50.35 million</b>

### Sources of funds

New Tax Increment Financing	\$23 million
Low-income housing tax credit equity	\$8.9 million
OR affordable housing tax credit permanent bond	\$8.92 million
Predevelopment loan	\$1.96 million
Land value	\$5 million
REACH Capital Contribution	\$1 million
Deferred developer fee	\$800,000
Other	\$770,000
<b>Total sources</b>	<b>\$50.35 million</b>

Source: Portland Housing Bureau