

## Affordable housing comes to South Waterfront in 2012 after years of delay

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By



Portland Housing Bureau

Managed by Reach Community Development, the Block 49 project will bring the first batch of affordable housing to the South Waterfront district. The \$50.5 million project includes 209 apartments, 42 of which are for veterans.

**Groundbreaking for the first affordable housing project in Portland's high-rise South Waterfront district begins today**, with completed construction targeted for November 2012 -- nearly six years behind schedule.

Affordable housing has been promised for years as part of the transformation within the **North Macadam urban renewal district**, where riverfront industrial land gave way to 30-story condominium towers, a streetcar line and the notoriously overbudget tram connecting to Oregon Health & Science University.

The first affordable apartment building was supposed to be built by December 2006, according to the original development agreement. Now, this project will cost taxpayers more than expected and future efforts are uncertain.

"This is the project that no one thought we could pull off," said **city Commissioner Nick Fish**, who oversees the **Portland Housing Bureau**. "With the hand we were dealt, we're

delivering a spectacular project with the perfect nonprofit partner."

The lack of affordable housing in South Waterfront has been a sore point with housing advocates -- not only because it was promised but because tens of millions of taxpayer dollars have been invested in a district that, so far, has been home mostly to the affluent.

The \$50.5 million project will feature 209 apartments, 42 of them available for veterans. Public investments -- from property taxes collected on growth in the urban renewal district -- will cover nearly \$29 million of the cost, an upfront contribution that officials say will subsidize expenses for renters.

On land known as Block 49, the new apartments will be managed by **Reach Community Development**, a nonprofit that already oversees about 1,400 units in Portland. The agency will buy 12,000 square feet on the ground floor of the six-story



building, moving its headquarters and 40 employees from Southeast Salmon Street, said Michelle Haynes, Reach housing development director.



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Federal subsidies largely will cover rent for the 42 units open to veterans who earn less than \$15,000 a year, or 30 percent of the median family income.

The remaining apartments will fetch rents beginning at about \$575 for a one-bedroom unit. To qualify, tenants must earn less than \$25,000 a year, or 50 percent of the median family income.

Housing advocates praised the addition of much-needed housing but were careful to recognize that it's only part of the promise in South Waterfront.

"Of course we're happy about the groundbreaking," said Susan Emmons, executive director of nonprofit housing organization Northwest Pilot Project, who in the past has said officials should be ashamed at the lack of progress. "But we're disappointed we're not further along on more units."

When officials created Portland's newest neighborhood, they envisioned a place affordable to all residents. That meant million-dollar-plus penthouse condos and subsidized rental units. But Homer Williams' North Macadam Investors delivered on only one of those.

In 2006, the city spent \$5 million buying Block 49 from Williams' company. It also paid almost \$2 million for his company's predevelopment work.

By 2008, other projects such as the streetcar and the tram had tapped urban renewal dollars. The real estate crash delayed work further, and city leaders wanted to add veteran housing to the project. They expected to chip in an additional \$14 million -- taking total costs to \$21 million -- but the total contribution ended up being nearly \$29 million, a 35 percent increase.

To make it work, Portland housing officials at one point considered owning the units but ultimately decided to work with a nonprofit. A combination of tax credits and borrowing will cover much of the rest.

"This deal was tough to pull together," said **Margaret Van Vliet**, the city's housing director, who like, Fish, inherited the project.

When complete, Block 49 will offer about half of the **400 affordable rentals planned for South Waterfront's central area**.

It also puts the city about halfway toward meeting its long-term goal of **377 rental units in South Waterfront for low-income residents**.

Fish said the next project probably won't come along for another five years. Funding, he said, will be tied to redevelopment of the Zidell barge property.

"By the time the district's built out, we'll hit our goal," he said. "It'll just take longer than originally envisioned."

-- **Brad Schmidt**

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