

Portland Housing Bureau

May 26, 2010

Commissioner Nick Fish and I are pleased to move forward with the development of affordable housing for veterans on Block 49 in Portland's South Waterfront neighborhood. After considerable review and analysis, we are confident that the city has achieved the optimum financing and ownership structures to ensure fiscal viability of the project.

Many of you know that the path to moving forward with this project has been challenging on many levels. We are eager to get this project started to achieve affordable housing in the district as quickly as possible.

The new housing development is a six-story wood frame building that will be constructed on the plot of land known as "Block 49." The project will have 209 affordable apartments over ground-floor space that may be used for retail, office or community services. All 209 of the apartments will be affordable to households earning 60% of median family income (MFI).

Providing housing for homeless veterans is a key focus. The building will reserve 42 apartments for veterans earning less than 30% MFI. Support services and rent assistance for residents will be provided by the Veterans Administration Supportive Housing (VASH) vouchers, administered by the Housing Authority of Portland's (HAP). These vouchers are designed to serve veterans experiencing homelessness.

Total project development cost is estimated at \$49.8 million. Of that amount, \$30 million will be funded by tax increment financing (TIF) dollars available for projects in the North Macadam Urban Renewal Area (NMAC URA). In addition, the project will utilize bond financing and tax credit equity resulting from an allocation by the state of the 4% low-income housing tax credit.

Of the project's estimated \$30 million in TIF gap funding requirement, \$7 million has already been expended for the purchase of the land (\$5 million) and predevelopment expenses, mainly for architectural design and engineering (\$1.96 million). About \$23 million in TIF funding has been budgeted for the project from 2010 through 2013. After development of the Block 49 veterans housing project, there will be approximately \$41.2 million of funds available over lifetime of the district to develop more affordable housing units in the South Waterfront neighborhood.

Construction of the new building is expected to start in November. The project is "shovel-ready" and at the final stage of construction permitting. Ankrom Moisan Architects (AMA) has designed the project that will be developed by Williams and Dame Development (WDD) along with Walsh Construction Company. The project will be very "green," achieving, at minimum, a LEED Silver standard.

Currently, PHB is issuing a request for qualifications for a nonprofit partner that will serve as owner/operator. The selected nonprofit will act as the general partner or manager of the limited partnership, or limited liability corporation, to own and operate the development. Selection of the nonprofit owner/operator is expected in June.

[Click here to view the RFO](#)

Key project milestones for 2010:

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| May | Issue request for qualifications for owner/operator nonprofit general partner Work with HAP and Veterans Administration on services and operating subsidy |
| June | PHB selection and approval of nonprofit general partner |
| August | |



The new project provides long-term affordability for middle-income households in the South Waterfront neighborhood. In addition, 42 units will be reserved for homeless veterans.

Select tax credit limited partner and tax-exempt bond underwriter

September Obtain City Council approval of funding

October Underwriting and closing

November Begin construction

There are several public actions planned in the next few months, leading up to groundbreaking in November. To get project updates, please bookmark <http://portlandonline.com/phb/veterans>.

As I mentioned before, this project marks our first opportunity to make rental housing affordable to homeless veterans and middle-income households who were previously priced out of the South Waterfront district. Thank you for your continued interest and support in this process. We will make sure to keep you updated on our progress.

Best regards,

A handwritten signature in black ink, appearing to read 'Margaret Van Vliet', written in a cursive style.

Margaret Van Vliet

Director, Portland Housing Bureau

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