

# A Preservation Story

*A look back at the past year in affordable housing, and the investments in play to carry it forward*

BY NICK FISH  
CONTRIBUTING COLUMNIST



Nick Fish is a Portland City Commissioner. Nick Fish previously served as commissioner in charge of the Portland Housing Bureau. He currently leads the Bureau of Environmental Services and Portland Water Bureau.

For the past five years, I had the privilege of leading the Portland Housing Bureau. In June, Mayor Hales gave me a new set of bureau assignments, and I passed the baton to Dan Saltzman.

Last year in this newspaper, I reported that our house is bigger, the foundation is stronger, and the front door is open to more people.

This year, we continued to make progress.

The Council stepped up and funded all of the Housing Bureau's priorities. This marks the fifth consecutive year we protected the safety net during tough times.

We focused on expanding housing choice for low-income families: supporting Speaker Tina Kotek's landmark reforms to the Section 8 program, working with our community partners to match 305 veterans with housing vouchers and homes, making progress on our Fair Housing Action Plan, and investing in high-quality homes throughout Portland.

We welcomed our veterans to the award-winning Gray's Landing in South Waterfront, opened the doors to Kah San Chako Haws, an innovative modular housing development for Native American families in Lents, and cut the ribbon on the new Blanchet House in Old Town/Chinatown.

And this week in Council, we celebrated a significant milestone: the successful preservation of more than 700 affordable apartments - homes for older adults and people with disabilities on fixed incomes - in eleven at-risk buildings.

In this report, I tell our preservation story and shine a light on the team that delivered a huge win for our community.

## Why Preservation?

Portland has a significant shortage of homes affordable to low-income families and adults. One of the city's key priorities is working with mission-driven partners (both non-profit and for-profit) to build new homes and preserve existing homes.

In 2007, the city worked with Harold Schnitzer, Harsch Investment and Cedar Sinai Park to preserve 235 homes at Clay Tower, located downtown near PSU. Once at risk of becoming a boutique hotel or expensive condominiums, Rose Schnitzer Tower, as it is now known, is an example of the power of innovative public-private partnerships to address our housing crisis.

Why preservation? Because preserving existing homes is less expensive than building new ones. The greenest building is the one already built. And by protecting the supply of affordable homes in desirable neighborhoods, we promote housing choice and strengthen the fabric of our community.

I was elected to the City Council in 2008. In one of my first meetings with former Housing Director Will White, he briefed me on a looming threat to our supply of affordable homes. He had been participating in a working group of affordable housing advocates, charitable foundations like Meyer Memorial Trust, and state government staff to develop preservation strategies for the at-risk housing in Oregon.

Federal subsidies in eleven privately-owned Portland buildings were set to expire between 2008 and 2013 (see box). Once the Section 8 contracts expired, the owner could opt out of the program and sell the building or raise the rents.

That meant over 700 low-income older adults and people with disabilities faced the

## Preservation at a glance

| Project             | Partner                 | Units      | 20-Year Subsidy  | City Investment |
|---------------------|-------------------------|------------|------------------|-----------------|
| Admiral Apartments  | Reach CDC               | 37         | \$5.4 M          | \$3.6 M         |
| Roselyn Apartments  | NW Housing Alternatives | 31         | \$4.4 M          | \$830 K         |
| Walnut Park         | Reach CDC               | 38         | \$4.1 M          | \$1.6 M         |
| Upshur House        | NW Housing Alternatives | 30         | \$5.9 M          | \$415 K         |
| Uptown Tower        | Guardian                | 71         | \$13.1 M         | \$700 K         |
| Chaucer Court       | Union Labor             | 83         | \$10.9 M         | \$2.6 M         |
| 1200 Building       | Cedar Sinai Park        | 89         | \$17.8 M         | \$3.4 M         |
| Lexington Arms      | Cedar Sinai Park        | 54         | \$9.6 M          | \$1.5 M         |
| Park Tower          | Cedar Sinai Park        | 162        | \$30.5 M         | \$4.6 M         |
| Hawthorne East      | NW Housing Alternatives | 71         | \$9.8 M          | \$1.5 M (est.)  |
| Bronaugh Apartments | Reach CDC               | 51         | \$9 M            | \$1.5 M (est.)  |
| <b>Totals</b>       |                         | <b>717</b> | <b>\$120.6 M</b> | <b>\$22.4 M</b> |

prospect of higher rents, displacement – even homelessness.

And the city risked losing more than \$120 million in federal subsidies over a 20-year period.

## 11 x 13

To respond to this challenge, we launched "11 x 13." Three consecutive housing directors led the charge: Will White, Margaret Van Vliet and Traci Manning.

The goal was ambitious: work with local partners to save all eleven buildings by 2013. Frankly, the odds were against us. But hundreds of vulnerable tenants deserved our best effort.

Building on the Clay Tower model, we knew that it would take a big team and a lot of hard work.

First, we contacted all of the property owners to establish relationships and share our vision for the initiative.

Then we partnered with the US Department of Housing and Urban Development (HUD), Oregon Housing and Community Services and the Network for Oregon Affordable Housing (NOAH) to develop a game plan. Rob Prash and Bill Van Vliet from NOAH provided us with grants, short-term acquisition loans, permanent financing and invaluable technical assistance. HUD helped us with regulatory relief, funding, expedited review and key staff time.

Next, we lined up a number of funding sources. I asked the Council for new authority to borrow against the city's allocation of federal funds. As many of the properties were in urban renewal districts, we also sought allocations of Tax Increment Financing (TIF).

And thanks to creative thinking by civic leader Jim Winkler, HUD, Senator Jeff Merkley, Will White and the preservation working group, we tapped \$7 million of "residual receipts," reserves which had accumulated in many of the buildings.

Over a five-year period, we worked with partners like Reach CDC, Cedar Sinai Park, Guardian Management and Northwest Housing Alternatives to save all of the buildings.

On March 29, 2013 Reach CDC received the keys to the Bronaugh – the final property! We met our goal with time to spare.

## A Sound Investment

One way to look at preservation is through return on the City's investment. The numbers are startling.

The City invested a total of about \$22 million in the eleven buildings, a combination of TIF, federal Community Development Block Grant funds, and federal loans. This in turn leveraged private investment of almost \$110 million. That's a leverage of 5 to 1.

But the biggest dividend of preservation comes in the form of renewed federal subsidies – a staggering \$120 million over the next 20 years.

Seven hundred affordable homes preserved. More than \$100 million in private capital leveraged. And \$120 million in federal subsidies protected. If we include Rose Schnitzer, the numbers are even more impressive: over 950 homes preserved and more than \$165 million in subsidy protected.

In the words of The Oregonian, "(preservation) is as good a deal for Portland taxpayers as it (is) for the lower-income tenants who...benefit."

## Cause for Celebration

Local nonprofit NW Pilot Project issues an annual report documenting the inventory of affordable homes downtown. For more than 30 years we have been losing ground.

This year, for the first time in a generation, the report showed an increase in affordable homes downtown. The reasons: new affordable homes at Gray's Landing and Bud Clark Commons, and the hundreds of apartments preserved because of 11 x 13.

That's progress worth celebrating—which we did last Wednesday at Council.

The list of unsung heroes includes Will White, the talented team at NOAH, Margaret Van Vliet, Traci Manning and the dedicated professionals at the Portland Housing Bureau, private sector partners like Jim Winkler and Harold Schnitzer, all of our nonprofit partners, HUD, my Council colleagues, and Portland's taxpayers.

## Looking Forward

For the past five years, I have been part of a movement close to my heart, built on a foundation laid by Gretchen Kafoury and Erik Sten, and energized by a coalition of faith, government, nonprofit and business leaders.

It has been an honor to be a foot soldier in this movement. I am proud of what we accomplished together. And I continue to look forward to the day that everyone in our community has a safe and decent place to call home.

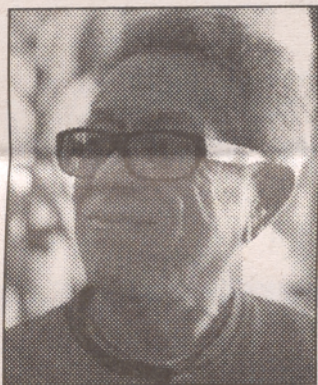


PHOTO BY CATHLEEN ARNERICH

"Living here has been a godsend." — Robert Gutierrez, resident of 1200 Building



PHOTO BY JAYMEE CUTI

"It's nice to know I have secure housing. It keeps the stress level down." — Jamie Montoya, resident of The Admiral

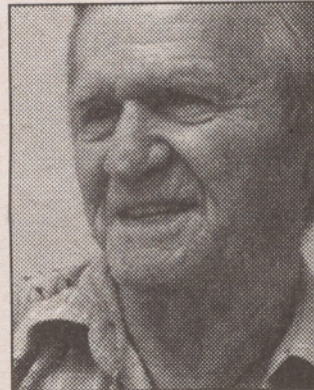


PHOTO BY CATHLEEN ARNERICH

"We've beaten the bushes to make a living. Now we give and take and live and let live." — Don Carter, Resident of Hawthorne East



PHOTO BY CATHLEEN ARNERICH

"I feel like this is my home, and I can stay here for a long time." — Lorena Magee, resident of Bronaugh Apartments