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build the homes but chose instead to sell the lots to Housing Works for $5,000, and Housing Works built the seven homes, ground-leasing them to the new homeowners, so that the homes were able to sell for $180,000.

Kemper admitted that in the days when he was in private development, he probably would not have developed those homes.

"It would depend," he said. "If you were getting big prices on the other homes and that absorbed your loss, that would make sense."

Central Oregon's housing stock is predominantly single-family homes, and developers still want to build that kind of housing.

"You can make money doing that," Kemper said. "It's an easy business."

It gets to the biggest problem in affordable housing – how to pay for it.

"You can only build what you can finance," Kemper said. "That's the problem."

Housing affordable to low-income earners is the most difficult to build, despite the fact that it is needed the most.

Costs of construction and development often are paid for by loans and debt service financed by a bank, on the guarantee that the money will be paid back via the sale of a home or the market rents of an apartment unit.

In a white hot housing market like Portland or Bend, financiers know they'll get a return on the investment – the home will sell quickly, for a price likely above market value, given the competition. The same is true of new apartment buildings, given how much landlords can charge for rent.

But that scenario does not apply to affordable housing. Because rents are subsidized, sometimes deeply, the money generated from renters or low-income homeowners is not enough to pay for the development. Financing for affordable housing thus is not entirely paid for by bank loans or financing.

The amount of money generated from rent is generally around half the cost to develop the building. That leaves at least half the development costs unaccounted for, which is often referred to as "gap financing."

"My world is trying to find gap financing," Kemper said. "That's the trick."

The spectrum of funding sources that Kemper, like any other affordable-housing developer, needs to apply for includes Low Income Housing Tax Credits, available through Oregon Housing and Community Services, which provide 4 percent and 9 percent tax credits for affordable-housing projects.

"Nine percent tax credits are the golden ticket," Kemper said. "A 9 percent tax credit will give you 70 percent of the financing. Four percent tax credits help. A 4 percent (credit) is 30 to 40 percent of your financing."

Then there are at least a half-dozen other funding sources to go after, including bank loans or bonds; funds administered by the state's General Housing Account Program, which is funded by the state's document recording fee when real estate transactions are filed; and exemptions from paying system development charges, which are between $20,000 and $30,000 for each building built to pay for city utilities, such as sewer, water, roads and parks infrastructure.

The two housing developments in Sisters and LaPine are financed together, and Kemper can rattle off the funding streams for the projects as if he were reciting the day's grocery list or the lines of a favorite song.

It's a $17 million deal. Housing Works issued bonds, took out $6 million in debt and got $5 million in tax credit equity. The city of Sisters contributed $300,000 to the development there. LaPine gave Housing Works the land the townhomes are being built on. Housing Works is contributing $1 million toward the development. Another bank loan paid $3.4 million. And nearly $400,000 came from the General Housing Account Program.

"That's eight stacks of financing to get that deal done," Kemper said. "It's crazy. It's hard."

The Oregon Legislature tripled the amount of money generated by the document recording fee, from $20 to $60, during its February 2018 session. The increase will generate an estimated $30 million each year for affordable-housing projects, which Kemper thinks is a boon to affordable-housing development.

"That's huge!" Kemper said. "That's gap money to make deals go. That'll be the difference between whether a deal goes through or not."

Half a million dollars may not sound like a lot in a deal worth $17 million, but it is the hardest to find.

"It's those last dollars," Kemper said. "It's all the difference in the world.

"And if I have a $10 million deal, I can get 4 percent tax credits and I can get a loan and I can get the city to kick in an SDC (system development charge) exemption; I'm at $9 million," Kemper said. "I'll carry my developer fee. I'll even put in some money, but that last million bucks is what's going to make that deal go."

Kemper, although he is retired, is still working. Financing of the Forbes Road development is yet to be finished. He now lives full time in Southwest Portland (he had lived in Central Oregon during the week and in Portland on weekends). He plans to travel with his wife and spend time with his family, but he's also interested in turning his developer's eye to a problem closer to home: Portland's homelessness.

"It's affecting the very character of Portland as a city," he said. "You can't have people camping in downtown Portland. You need to create a place for them to be."

He said he's been communicating with Homer Williams, one of the founders of the nonprofit Harbor of Hope. Williams announced this month that the organization intends to build a "navigation center" in the Pearl District for people experiencing homelessness, following a $1.5 million contribution from Columbia Sportswear owner Tim Boyle.

Kemper is interested in micro-housing – including single room occupancy, or SRO, housing – for the same reason he pursued the housing he developed at Housing Works: There are plenty of people who want to live in it, and it's what they can afford.