



ISTOCK/STREET ROOTS ILLUSTRATION

Housing for a rainy day

Living Cully is exploring land banking as a way to preserve Cully neighborhood's affordability – especially for its poorest residents

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Living Cully, the nonprofit coalition that works to prevent gentrification and displacement in Portland's Cully neighborhood, is exploring a new tactic for preserving affordability for its diverse community: land banking.

As the name suggests, land banking involves buying land, whether that land is currently vacant or developed, and saving it for future development, such as affordable housing, a community center, or other developments that serve the public.

If Living Cully does begin land banking, it represents the most ambitious effort the coalition has undertaken to preserve the neighborhood's affordability, specifically for its poorest residents.

"If we don't have housing that's affordable to low-income families, then we don't have diversity in our neighborhood," said Cameron Herrington, Living Cully's anti-displacement coordinator. "And Cully becomes an elite enclave for folks."

But land banking is not without its challenges, including finding millions of dollars in capital investment necessary to buy property, as well as competing against other developers and investors in a seller's market.

Herrington said Living Cully began thinking about creating a land banking strategy because many of Living Cully's member organizations – Verde, Hacienda

CDC, Native American Youth and Family Center (NAYA) and Habitat for Humanity – were already buying property for future development.

"So far, it's been in a piecemeal fashion," Herrington said. "But we're moving in the direction ... (of being) more intentional."

In the coming weeks, Hacienda CDC, an affordable housing developer that serves low-income Latino families, expects to complete the purchase of property on Northeast 72nd Avenue and Killingsworth Street.

Hacienda plans to demolish the home on the property and build 24 two- and three-bedroom apartments that will be affordable to low-income families. Construction is expected to begin in early 2019.

In June, Hacienda purchased a half-acre piece of land bordering the Villa de Clara Vista Apartments, a 178-unit apartment complex at Cully Boulevard and Killingsworth, that can be developed into high-density apartment units.

Last year, Hacienda also bought a former strip club site and created Living Cully Plaza, where it plans to develop 150 units of affordable housing. Construction on the site is expected to begin in early 2019.

"We're taking a very aggressive position to get as much control of as much land in the area as possible," said Rose Ojeda, Hacienda CDC's director of housing development.

Cully is Portland's most racially and

ethnically diverse neighborhood as well as one of its poorest, meaning gentrification threatens to displace many low-income and ethnic minorities. While property was affordable, there was little urgency to bank away land. But Ojeda said the rising cost of land and competition to buy vacant lots means the neighborhood is going to run out of these higher density zoned properties where affordable housing can be built, if local organizations like Hacienda do not buy the land.

Habitat for Humanity Portland/Metro East has started construction on 15 townhomes at Northeast 56th Avenue and Killingsworth, on property the nonprofit bought three years ago.

Two years ago, Habitat bought property on Northeast 63rd Avenue that will not be developed for two or three years.

Steve Messinetti, president and CEO of Habitat for Humanity Portland/Metro East, said Habitat bought both properties knowing full well that any development would not begin right away.

"We know that Cully is gentrifying and becoming more and more expensive," Messinetti said. "Land is becoming limited. We know that if we can just get the land, we'll build the homes eventually."

The length of time between purchasing land and developing it is a key component of land banking strategy: buying land when it is affordable or otherwise opportunistic to do so, even if there is no plan – or funding – for

building on that land.

A land bank can maintain control of the land for years before selling it to a nonprofit or affordable housing developer for development. When the sale takes place, the land is often sold for what it was bought. A land bank, which is often a nonprofit organization or a government entity, doesn't need to make the profit.

That, in turn, makes it easier for affordable housing developers, like Hacienda, to raise the funds to buy the land and build housing.

"It's about providing affordable real estate," said Christi Smith, vice president of strategy and communications for the Urban Land Conservancy, a Denver-based nonprofit land bank.

Smith, Herrington and others refer to land-banked as "market shielded" properties: property that is permanently taken off the real estate market and sold by the land bank to affordable housing developers, who then build housing that remains permanently affordable.

Messinetti said Living Cully's "long-term goal is to create enough market-shielded homes so that it's a mixed-income community forever more."

Herrington thinks Cully is the perfect place for land banking.

The Cully neighborhood, which stretches between 42nd and 82nd avenues directly south of the airport in Northeast Portland, was not annexed into the City of Portland until 1985, and was originally developed as farmland.

Many of the lots in Cully are large, with single-family homes. Those homes could be bought and demolished, Herrington said, and between four to eight units of affordable housing built on the property.

Whatever land-banking role Living Cully takes on, Herrington wants the entity to be able to buy property throughout Cully so the entire neighborhood has a diversity of incomes, instead of lower-income households being segregated from wealthier parts of the neighborhood.

Louie Brown, the asset manager of Sabin Community Development Corporation, an affordable housing developer in Cully, said building small numbers of affordable housing and "tucking into a neighborhood is key" to community development.

"It is implicit on the organization to work with the folks in the neighborhood," she said. "It tends not to stick out like a sore thumb so people can't point at a building and say 'poor people live here.'"

Herrington and others also said it will be important to build different types of housing on the land, including apartment buildings, manufactured housing, townhomes, duplexes and triplexes, and cottage cluster-style housing, "all the different housing types that people choose, for whatever reason, given their family situation and their lifestyle and their budget."

There is much for Living Cully to determine before the coalition begins buying land.

First, the actually land bank – an operation that can hold assets, as well as buy, maintain and sell property – needs to be formed. It's possible that Living Cully could play that role. Currently, Living Cully is an informal organization of its four member organizations. To land bank, Living

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