

## **Housing Development Department: Taking an Impossible Bottom Line & Making it Possible.**

The Housing Development Department of REACH knows that the creation of affordable housing is a complex undertaking. The department usually has 2 or 3 projects in various stages of development at anyone time and has produced over hundreds of units of housing for REACH. To give you a better idea of how a housing project comes together, we'll review the development of Station Place Tower.

### **Pre-Development**

The story begins over a decade ago when plans were being made for the Pearl District. Both Portland Development Commission's Housing Strategy and the PDC-Hoyt Street Properties Development Agreement resulted in a policy specifying a percentage of affordable housing for the district. The intent was to ensure a diversity of incomes in the city's newest neighborhood.

In 2000, REACH was asked by Homer Williams and Dike Dame, (then working with Hoyt Street Properties) if we'd be interested in developing an affordable housing project on the police Horse Barn site in the Pearl. REACH was anxious to get involved, as our recently adopted Five-Year Plan had called for developing affordable house in areas of the city that were underserved. The Pearl seemed like a great opportunity.

The project was to consist of three components: a 400+ space parking garage, 26,000 s.f. of commercial space and 176 units of mixed-income housing for seniors. REACH was charged with the housing. REACH worked with lenders, issuers, credit enhancers, underwriters, equity investors, attorneys, and accountants to secure funding.

The Horse Barn site came with many challenges. The horses had to be relocated. Lovejoy ramp next to the site needed to be rebuilt. The site was a brownfield in need of remediation. Environmental issues needed to be coordinated with PDC, and the state DEQ. Finally, the site was made of fill, and needed hundreds of pilings before we could start going up.

### **Design**

The site plan and the design of the buildings were created with Leeb Architects, LLC, Williams and Dame and PDC. REACH and the building design team started working together early to identify issues and cost savings. Community input from neighborhood meetings and focus groups of renters aided in the refining of the design. Also, early in the design process the REACH Property Management and Maintenance, Finance and Admin, and Resident Services staff made sure unit/building design fits the resident population and on-site management needs. Modern conveniences, like high-speed internet access in all units, a computer lab, library, and exercise room were incorporated in the design.

### **Construction**

Green building\* practices are essential for good affordable housing and make economic sense. "If you're in it for the long run like we are," says Kevin Kraus (REACH's former Construction Manager), "it is worth paying for energy-efficient and sustainable components upfront that reduce ongoing operations, maintenance, and utility and repair costs. This helps make a quality building affordable over time." Some examples that are both affordable and resilient for the long-run are: Energy Star-rated appliances, heat pump heat and air conditioning; rainwater harvesting to reduce water use; and water saving plumbing fixtures.

REACH emphasizes a standardization of products and systems so all REACH property management staff can better operate the building.

REACH's Housing Developer Doug Glancy managed paying the construction bills from multiple funding sources that included tax-exempt bonds, two PDC loans, tax credit equity and a grant from the Office of Sustainable Development. Each funding source has its own rules on what and when it can be used, making the process extremely complex.

### **Leasing Apartments**

Preparations to lease up the building began six months before construction was completed. A multi-department team was put in place to orchestrate lease-up and building completion.

Building Manager Jennifer Neilson was on-site in September 2004, wearing a hard hat in her office to get a jump start on marketing. A long waiting list was in place before the first units were ready for occupancy in January 2005.

The Housing Development Department's work on Station Place Tower wasn't be complete until the building was fully occupied and the construction financing was converted to permanent financing. In the meantime, they worked on the design of their next project that broke ground in the fall of 2005.

*\*Green building: A new way of designing and constructing buildings that incorporate sustainable, renewable or energy-efficient practices and materials.*