High-Rise Buildings Preservation

Public housing is an essential community resource that serves extremely low-income people who have few housing alternatives. Home Forward has administered its public housing program since 1941 and currently owns and operates 2,636 public housing units throughout Multnomah County.

Federal funding for public housing operations, maintenance, and capital needs has significantly declined over the past decade. In 2007, Home Forward launched its Public Housing Preservation Initiative to ensure that this valuable housing supply remains a long-term community asset. The agency replaced units that were inefficient to operate with more efficient public housing, made $30 million of capital improvements to family housing properties, and increased the number of available units. With that work completed, Home Forward is now focusing on renovating the agency’s 10 high-rise public housing buildings to preserve this vital community resource.

THE NEED IS CRITICAL
The 10 high-rise buildings provide 1,232 housing units—almost half of the total public housing supply. They serve some of our most vulnerable community members: seniors and persons with disabilities. The buildings are well located and worthy of preservation. They are, however, in critical need of $80 million in capital improvements if they are to continue to provide safe, decent, and affordable homes. These improvements include exterior siding work, roof replacements, seismic bracing to allow for safe exiting, replacement of water supply piping, better interior ventilation, and replacement of obsolete hot water boilers.

FUNDING AND BUDGET
Home Forward has formulated a financing strategy for the improvements. The U.S. Department of Housing and Urban Development has approved the agency’s proposal to change the operating subsidy at the buildings from public housing to project-based Section 8 funding. This allows Home Forward to leverage other private money, such as equity and debt. The Low Income Housing Tax Credit (LIHTC) program will allow the agency to target additional capital for investment.

To maximize the financial leverage, the work is grouped into two phases, with the most critical needs addressed first. Phase 1 is in progress and includes two groups of properties (see next page). Home Forward is seeking 4 percent LIHTC tax credits for Group 1 and 9 percent LIHTC tax credits for Group 2. Phase 2 will begin after Phase 1 is underway.

The estimated Phase 1 budget is approximately $47 million: $35 million in construction (capital) costs and $12 million in development costs. Because of the great importance of this work, the agency is contributing a significant amount of its own resources to Phase 1: $8 million (17 percent of the total funding).
**PHASE 1 OVERVIEW**

654 housing units in four buildings:
- **Group 1**: Gallagher Plaza, Northwest Tower, Hollywood East (544 units)
- **Group 2**: Sellwood Center (110 units)

**Current Residents:**
- 40 percent are senior and disabled
- 40 percent are younger and disabled
- 20 percent are senior and have not declared a disability

**Resident Income:**
Average annual incomes are extremely low, ranging from $8,044 at Sellwood Center to $9,423 at Gallagher Plaza.

**IMPACT ON RESIDENTS**

Although the operating subsidy at the buildings will change from public housing to project-based Section 8 funding, the housing units will maintain the same level of affordability to most residents. Home Forward will provide tenant-based Section 8 vouchers to the few residents who are no longer eligible to live in these buildings because of tax credit or Section 8 regulations.

Phase 1 construction work will begin in 2014. Current residents will be able to remain in place, and Home Forward will take great care to minimize impacts during construction.

### Proposed Funding Sources for Phase 1 ($ in millions)

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited partner equity (LIHTC proceeds)</td>
<td>28.5</td>
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<tr>
<td>Permanent bank loan</td>
<td>9.2</td>
</tr>
<tr>
<td>Home Forward investment</td>
<td>8.0</td>
</tr>
<tr>
<td>Other sources (e.g., system development waivers and weatherization grants)</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$47.0</strong></td>
</tr>
</tbody>
</table>

### Gallagher Plaza

- **2140 NW Kearney St.**
- Built in 1981
- 6 stories
- 85 one-bedroom units

### Northwest Tower and Annex

- **335 NW 19th Ave.**
- Both built in 1963
- 13 stories, 3 stories
- 173 units:
  - 63 studio
  - 80 one-bedroom
  - 27 two-bedroom
  - 3 three-bedroom

### Hollywood East

- **4400 NE Broadway**
- Built in 1969
- 14 stories
- 286 units:
  - 269 studio
  - 13 one-bedroom
  - 4 two-bedroom

### Sellwood Center

- **1724 SE Tenino St.**
- Built in 1971
- 8 stories
- 110 units:
  - 106 studio
  - 4 one-bedroom

May 2013