SABIN CDC AFFORDABLE INFILL INITIATIVE

FINAL REPORT

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Prepared For:

Sabin Community Development Corporation (CDC) is a non-profit affordable housing developer and provider located in North/Northeast Portland.

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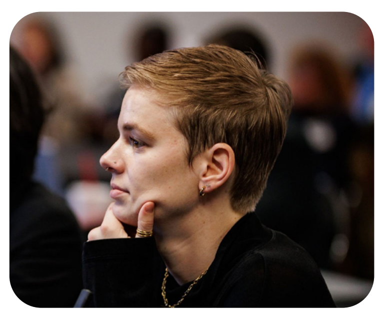

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What were the goals of this project?

From January to June 2025, Grounded Growth Planning Cooperative partnered with Sabin Community Development Corporation (CDC), a non-profit affordable housing developer in North/Northeast Portland. The project goal was to examine 11 sites in their Scattered Sites Portfolio for the possibility of infill development to increase the portfolio's financial performance and to provide additional housing to individuals with intellectual and developmental disabilities (IDD). Accessory Dwelling Units (ADUs) were the primary focus of the evaluation, as they can be constructed without modifying the existing housing and displacing existing tenants.

Why this project now?

The Scattered Sites Portfolio is currently mortgaged by a loan that is due in full in 2029, at which point it must be refinanced. However, there is a real risk that Sabin CDC will be forced to foreclose some or all of the portfolio. Portland's Residential Infill Project (RIP), adopted in 2020, allows for increased dwelling unit density on lots in single-family residential zones. This new zoning allowance gives Sabin CDC the opportunity to leverage small scale housing development to improve the financial performance of their Scattered Sites Portfolio before the refinancing deadline in 2029.

Who benefits?

The priority groups served by this project are individuals with IDD and existing tenants of the Scattered Sites Portfolio, who are typically long-term residents, Black or Biracial, and low-income. The addition of new, accessible housing will help stabilize the Scattered Sites Portfolio, allowing Sabin CDC to continue to provide high-quality, neighborhood-scale affordable housing to their existing tenants.

How were the recommendations developed?

Grounded Growth Cooperative ranked the 11 sites for ADU development based on available buildable area, amenities for individuals with IDD, financial feasibility, and potential for community partnerships. The financial recommendations were developed by exploring different funding alternatives and analyzing the resulting financial performance. All recommendations were informed by one-on-one interviews with project partners, experts in the field, as well as a project round table and kickoff event in May 2025.

What are the recommendations?

Develop four ADUs and a maintenance facility funded with primarily private grants:
Based on the results of site evaluation, 4 out of the 11 sites are recommended for ADU development. On the site that currently houses a maintenance office in a rentable unit, a new backyard maintenance facility should be built along with a new ADU, freeing up an additional rentable unit at this site. Consolidating maintenance would also free up an ADA accessible basement on another proposed site to then be converted into a basement ADU. **Overall, Sabin CDC should develop three detached backyard ADUs, one basement ADU, and a maintenance facility.**

Based on the results of the financial evaluation, the project should be funded purely with grant funding. Grant funding will be time-intensive for Sabin CDC staff, but results in a lower risk of foreclosure and lower impact on current tenants when compared to debt financing, property sale, or full redevelopment. This option has the highest cash flow for the portfolio out of all the funding alternatives and increases the rentable number of units in the portfolio, thus increasing the supply of affordable housing available to individuals with IDD.

Continue Community Engagement: The project team chose not to engage current tenants or the broader community during this preliminary phase of the project to prevent concerns about displacing current tenants. However, now that the project is moving forward, significant community engagement with the existing tenants and the priority groups served by this project will be critical for its success.

Strengthen Community Partnerships: This project is made possible almost entirely by existing collaborations with Portland Bureau of Planning and Sustainability, Community Vision, Waechter Architects, and Portland Youth Builders. Continuously collaborating with these partners and maintaining broader community connections will be key to project success.

Plan for the Worst Case Scenario: The risk of foreclosure during the refinance in 2029 is very real, and can be avoided by following a strict timeline for infill development. Over the duration of this project, Sabin CDC must continually assess the portfolio and weigh options to determine the best next steps.

Increase and Dedicate Administrative Capacity: Sabin CDC will need to spend a significant amount of time procuring grant funding for this project, and should therefore plan for a substantial amount of administrative time dedicated to this task. In addition, detailed record keeping and analysis methods will be necessary in order to determine incremental success as the project progresses.

Advocate for Public Subsidies, Financing, and Code Changes: Affordable infill projects face financial, policy, and zoning barriers, making it difficult for small-scale developers like Sabin CDC to build. Advocating for targeted subsidies, flexible financing, and zoning changes would improve project feasibility and help address spatial inequities in affordable housing.

Continue Work Towards Reducing Maintenance Costs: Throughout the process of this project, it is recommended to reduce overall maintenance costs to improve the financial performance of the portfolio. The consolidation of maintenance facilities and a closer examination of maintenance expenditures will be key.

Conclusion

Sabin CDC's Scattered Sites Portfolio faces serious financial and operational challenges, reflecting the broader difficulty of maintaining small-scale affordable housing in high-opportunity neighborhoods. Other consultants have recommended that Sabin CDC sell the entire portfolio, but this report argues for taking the necessary risks to preserve it - especially given its historic role in housing Black Portlanders in gentrified N/NE Portland. Adding four ADUs won't solve the housing crisis, but will offer a lifeline to this socially vital portfolio.

GLOSSARY

Acronyms

ADU - Accessory Dwelling Unit
ADA - Americans with Disabilities Act
ABA - Architectural Barriers Act
AMI - Area Median Income
BPS - Portland Bureau of Planning and Sustainability
CDC - Community Development Corporation
CDFI - Community Development Finance Institution
DSCR - Debt Service Coverage Ratio
FHA - Fair Housing Act
HUD - US Department of Housing and Urban Development
IDD - Intellectual and Developmental Disabilities
LIFT - Local Innovation Fast Track
MSA - Metropolitan Statistical Area
NOI - Net Operating Income
NOAH - Network of Oregon Affordable Housing
OAHTC - Oregon Affordable Housing Tax Credit
OHCS - Oregon Housing and Community Services
OHNA - Oregon Housing Needs Analysis
PCRI - Portland Community Reinvestment Initiatives
PSU - Portland State University
PYB - Portland Youth Builders
RIP - Residential Infill Project
SSI - Supplemental Security Income

Terms

Albina Neighborhood - Located in N/NE Portland, Albina is the heart of Portland's Black Community, and was created by racist plans, policies, and people in the middle of the 20th century before undergoing rapid gentrification starting around 1990.

Accessory Dwelling Unit (ADU) - A smaller, independent residential dwelling unit located on the same lot as a stand-alone (ie, detached) home.[1]

Area Median Income (AMI) - Midpoint of the income distribution of a specific geographic area, in this case the Portland-Vancouver-Hillsboro Metropolitan Statistical Area

Cash Flow - The net amount of money moving into and out of a business or investment. In real estate, it refers to the income generated from a property (like rent) minus expenses (like maintenance, taxes, and debt payments). Positive cash flow means you're earning more than you're spending.

Community Development Financial Institution (CDFI) - Mission-oriented financial institutions that share a common goal of expanding economic opportunity in low-income communities by providing access to financial products and services for local residents, nonprofits, and businesses. Their products tend to have more generous terms than traditional banks.

Debt Service - The total amount of money required to repay the interest and principal on a loan, typically on a monthly or annual basis. For real estate, this is often the mortgage payment.

Foreclosure - The legal process by which a lender seizes and sells a property after the borrower defaults on a loan. Default can occur if a borrower misses payments, violates loan terms, or fails to repay the balance due at the end of the loan term.

Income Valuation - A method used to estimate the value of a property based on the income it generates, typically by dividing its net operating income (NOI) by a capitalization rate that reflects expected return. It's commonly used for rental properties.

Infill Development - The process of developing vacant or underused parcels within existing urban areas that are already largely developed. Infill helps limit urban sprawl and takes advantage of existing infrastructure.

Intellectual and Developmental Disabilities (IDD) - Differences that are present before the age of 21, and that uniquely affect the trajectory of the individual's physical, intellectual, and/or emotional development.[2]

Land Trust - A nonprofit organization that acquires and holds land for the benefit of a community, often to ensure long-term housing affordability. In community land trusts, the trust owns the land while individuals own or lease the buildings on it.

Middle Housing - A range of housing types that fall between single-family homes and large apartment complexes, such as duplexes, triplexes, fourplexes, townhouses, and cottage clusters. These types are often used to increase housing diversity and density in residential neighborhoods.

Mortgage - A loan used to purchase real estate, where the property itself serves as collateral. The borrower agrees to pay back the loan over time, usually in monthly installments, including both principal and interest.

Net Operating Income - The money a property makes from rent and other income after paying for operating expenses, like maintenance, insurance, and property management, but before paying the mortgage or other financing costs.

Pro Forma - A financial projection that outlines expected costs, revenues, and returns on a proposed real estate development or investment. It helps investors and developers evaluate whether a project is financially feasible.

Refinancing - The process of replacing an existing loan with a new one, usually to secure better terms, extend the repayment period, or access additional capital. If there is a balance due at the end of the loan term, this can be refinanced by taking out a new loan to pay off the remaining balance.

Scattered Sites Portfolio - Sabin's property portfolio of 11 rental homes consisting of duplexes, triplexes, and quadplexes within N/NE Portland.

Zones:

- **R2.5:** Residential 2.5: Single Dwelling residential zone on lots between 2,500 square feet and 5,000 square feet.
- **R5:** Residential 5: Single Dwelling residential zone on 5,000 square foot lots.
- **RM2:** Residential Multi Family 2: Multi Family Dwelling residential zone, intended for small-scale commercial corridors and two to three story buildings.
- **RM4:** Residential Multi Family 4: Multi Family Dwelling residential zone, intended for city-scale commercial corridors and four to five story buildings.
- **CM2:** Commercial-Mixed Use 2: Commercial and mixed-use zone, intended for small-scale commercial corridors and three to four story buildings.

Introduction

Introduction

Sabin Community Development Corporation (CDC) is a non-profit affordable housing developer and provider located in North/Northeast Portland that operates 150 rental units across 17 properties. Sabin CDC has enlisted the Grounded Growth Planning Cooperative to determine the feasibility of infill development on 11 scattered single-family and multiplex sites that are experiencing financial challenges, referred to as the "Scattered Sites Portfolio" in this report. Infill development of this kind is newly possible under local middle housing reforms, and Sabin CDC aims to serve individuals with intellectual and developmental disabilities (IDD) with the proposed additional units.

This final report will serve as a resource to Sabin CDC as they execute this affordable infill development project. This plan will detail the existing conditions of the sites and their surroundings, prioritize the sites for development based on a criteria evaluation matrix, and demonstrate funding sources and strategies that can be utilized throughout the project.

Throughout this process, Grounded Growth consulted with project partners and advisors to influence the outcome and direction of this project in order to gain greater overall success and accomplish the project's established goals.

Grounded Growth intends for this report to be used as a guidebook and resource to Sabin CDC and other affordable housing developers looking to execute infill development on existing properties.

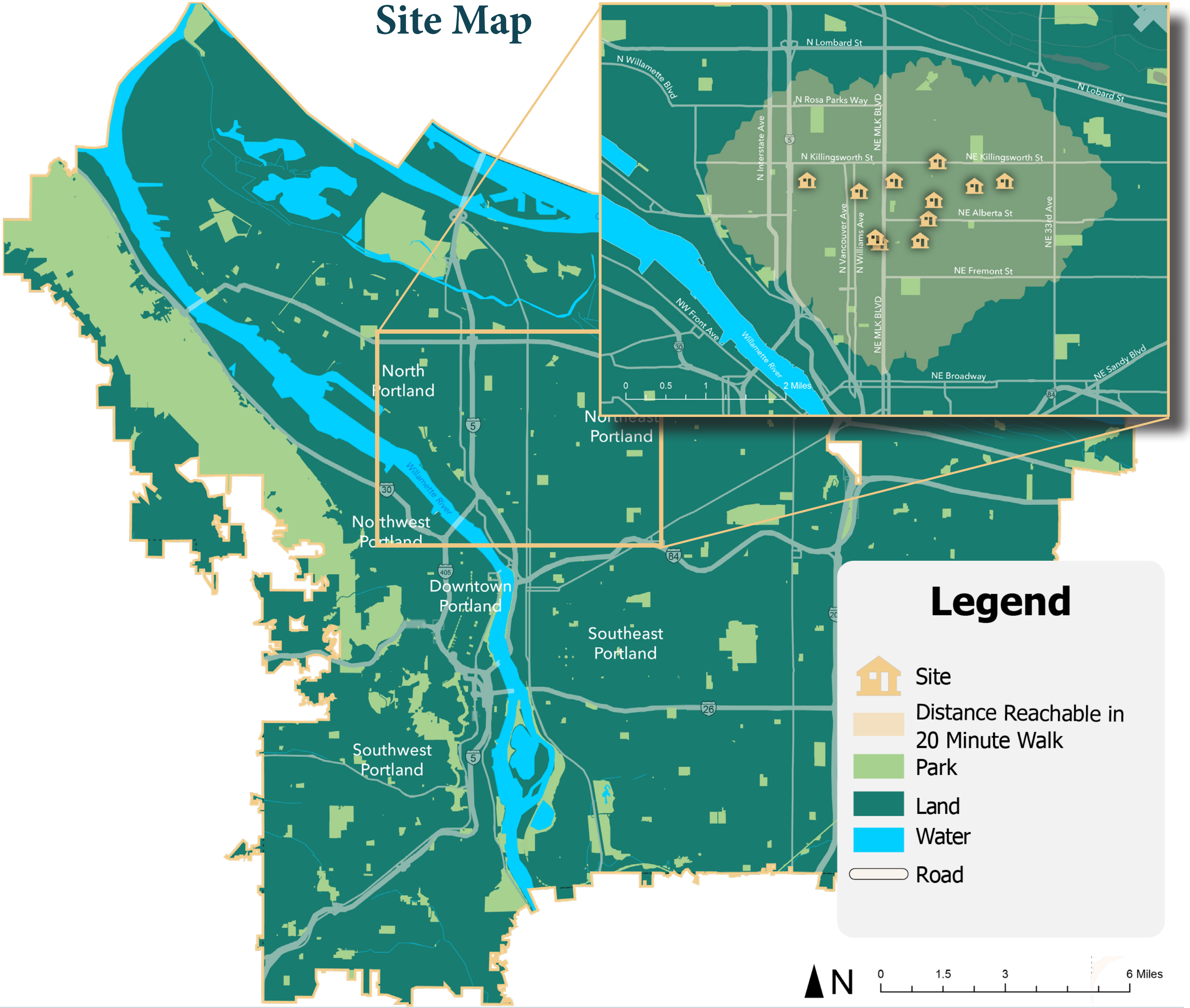
Project Goals

1. **Recognize the unique historical context of Albina**
2. **Center equitable community outcomes**
3. **Provide practical solutions for the long-term viability of Sabin CDC**
4. **Set an industry precedent for community workforce development through affordable housing**

Key Objectives

1. **Determine the feasibility of adding units for individuals with IDD on 11 existing Sabin CDC properties**
2. **Provide a plan for the development of these units within a 5-year timeline**
3. **Leverage partnerships with local organizations to strengthen project and community impact and reduce labor, capital, and operational costs**

Site Map



P1
2 UNITS

P2
2 UNITS

P3
4 UNITS

P4
2 UNITS

P5
2 UNITS

P7
4 UNITS

P8
4 UNITS

P9
3 UNITS

P10
3 UNITS

P12
2 UNITS

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0 UNITS

Project Background

The following section documents the current existing conditions for the areas around the 11 proposed sites. This establishes the baseline for all future analysis in regards to site development, and current context in which this project operates.

Historical Context

Sabin CDC operates primarily in the Albina neighborhood, the heart of Portland's Black community. Founded in 1991 in response to demographic changes and gentrification, Sabin CDC currently operates neighborhood-scale affordable housing for a clientele that closely mirrors the neighborhood's mid-century demographics.

Albina's history is inexorably linked with the Black community in Portland, who were redlined into the area in the wake of the 1948 Vanport Flood. From the late 1940s to the early 1990s, systematic denial of credit, the nexus of fewer educational opportunities and employment discrimination, and over-policing led to poverty, physical dilapidation, and widespread community ostracization. In the 1960s, planners made considerable efforts to solve these issues. These often took the form of outright displacement in the name of urban renewal, with projects such as the Veterans Memorial Coliseum, Interstate 5/405, and the cancelled Emmanuel Hospital expansion displacing hundreds of neighborhood residents from their homes.[3] By the 1990s, planning efforts took a more community-centered approach (such as the 1993 Albina Community Plan[4]), but when the anticipated reinvestment came in the form of new developments and more affluent neighbors

Figure 1: Change in Black Population in Albina Neighborhood, N/NE Portland, 1970

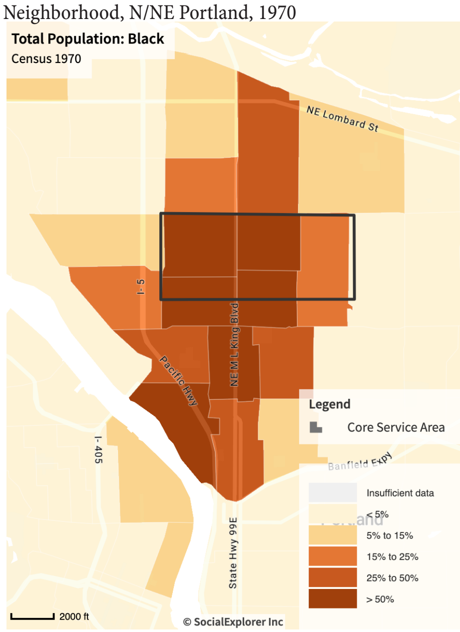


Figure 2: Change in Black Population in Albina Neighborhood, N/NE Portland, 2000

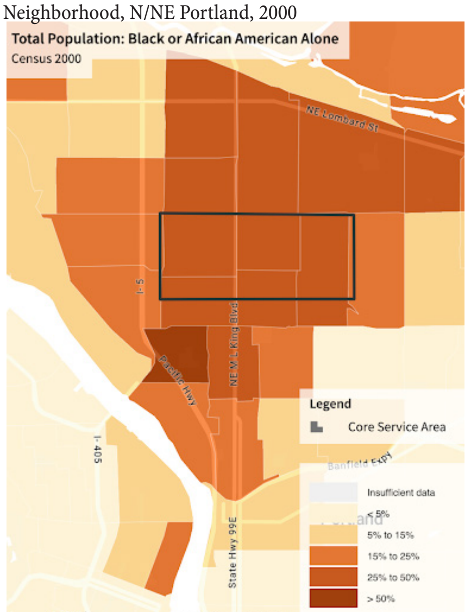
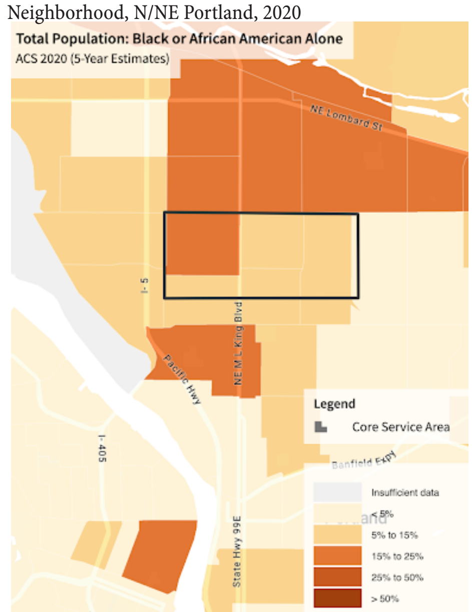


Figure 3: Change in Black Population in Albina Neighborhood, N/NE Portland, 2020



moving in, the primary benefactors were these developers and new arrivals, not the existing community. The results of both the 1960s and 1990s era planning efforts were the same: Black residents were systematically displaced. The sharp decline in Black population in the historic Albina area between 1970 and 2023, is shown in Figures 1 - 3.

As the gentrification of the 1990s displaced Black Portlanders from historic Albina, Portland started to face an acute housing and affordability crisis, which was exacerbated by the 2008 recession. Since then, with declining resources for development and high demand, Portland has not been able to keep housing affordability in check.

Portland's history of restrictive zoning has played a large role in this housing crisis, restricting housing supply along race and class lines. In the 1920s, single family zoning was explicitly used to exclude People of Color and lower income folks. Currently, single family zoning restricts access to quiet neighborhood streets behind increasingly unaffordable single family home ownership. Recent changes to the zoning code to allow for more inclusive housing types have the potential to undo some of these harms, but it is still unclear what the long-term ramifications of these policies will be for the broader housing market in Portland. Without targeted investments, zoning changes are unlikely to undo the community harm endured during gentrification and subsequent displacement.

Sabin CDC was established in the midst of these local planning and policy struggles during the 1990s, after a federal push for small-scale community development corporations funded by the U.S. Department of Housing and Urban Development (HUD)'s HOME program, alongside an identified need for improving the housing conditions in the Albina neighborhood at the time. Since then, Sabin CDC has operated an affordable housing portfolio that is attractive to tenants, policy makers, and planners who see value in affordable housing that is integrated into existing neighborhoods and social structures. Unfortunately, federal funding for operating the small-scale CDC model continues to dwindle, leading to cash flow issues for Sabin CDC in the decades since its creation. Sabin CDC is in the difficult position of needing positive cash flow while providing stable housing for low-income tenants. Infill development is an opportunity to simultaneously meet both needs.

Source: Multnomah County Library, 1997

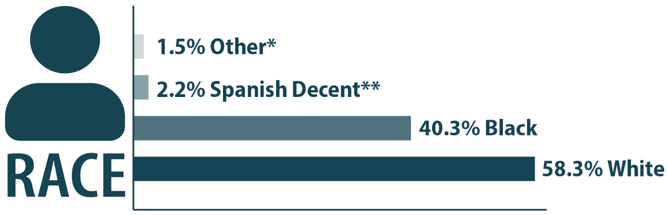
Current Demographics

Demographic data from the historic and current Albina neighborhood, the Portland Metropolitan Statistical Area (MSA), and Sabin CDC's direct service area around NE Alberta Street illustrate the significant changes the Albina neighborhood has experienced since 1970, and contextualize the current neighborhood conditions within the greater Portland area. For a list of specific geographies used for each category, see Appendix A - Referenced Geographies.

Albina currently has a lower share of residents living with a disability than the Portland MSA, as well as a lower share of residents 65 years or older. While this stems from many factors, affordable housing is particularly important for these groups, as many people living with disabilities and the elderly live on fixed, low incomes and face deep housing insecurity as a result. Because this project stands to directly benefit those living with disabilities by providing housing, and because ADUs are strong solutions for those aging in place, projects like this will help those living with disabilities have more housing choice in a highly desirable part of Portland.

Although the official racial designations have changed significantly since 1970, it is still clear that Albina has become significantly less Black and significantly more White over the last fifty years. While the proportion of residents living below the poverty line and those that are rent burdened has decreased, the continued racialization of poverty means that falling rates of poverty and falling rates of Black residents are intertwined. In addition, Albina has a higher share of those earning $100,000 or more in 2023 dollars than the Portland MSA as a whole, and nearly four times the rate of higher income earners than in 1970 - further indicating the challenges with gentrification the area has faced. Still, in a city and metro region that is disproportionately Whiter than the rest of the country, historic Albina remains both less White and more Black than the region as a whole, despite the dramatic changes in the last 50 years. This, alongside enduring cultural ties between Black Portlanders and the parks, churches, and businesses in the area, makes Albina a singular part of the broader Portland region.[5]

HISTORIC ALBINA



*in the 1970 Census, the Hispanic/Latino ethnic indicator did not exist. Spanish Descent is used instead, as it is the closest analogue. It is a separate category from race.
**in the 1970 Census, White, Black, and Spanish Descent are the only racial categories reported.

15% RESIDENTS 65 OR OLDER

2.8 AVERAGE HOUSEHOLD SIZE

49% RENT BURDENED (30% OR MORE OF INCOME ON RENT)

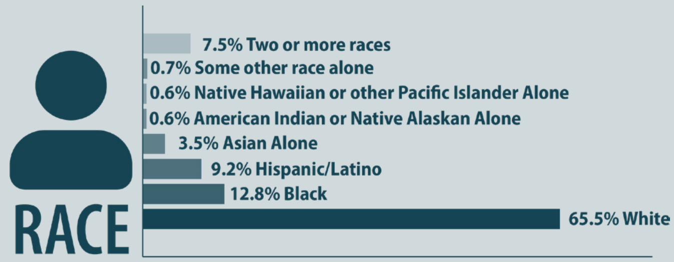
16% BELOW POVERTY LINE

17% EARNING $100K PER YEAR OR MORE *

43% RENTER OCCUPIED UNITS

†disability status, geographic mobility by tenure, and severe rent burden are not reported in 1970 Census
* in 2023 dollars

CURRENT ALBINA (2023)



11% RESIDENTS 65 OR OLDER

2.1 AVERAGE HOUSEHOLD SIZE

47% RENT BURDENED (30% OR MORE OF INCOME ON RENT)

20% SEVERELY RENT BURDENED (50% OR MORE OF INCOME ON RENT)

55% RENTER OCCUPIED UNITS

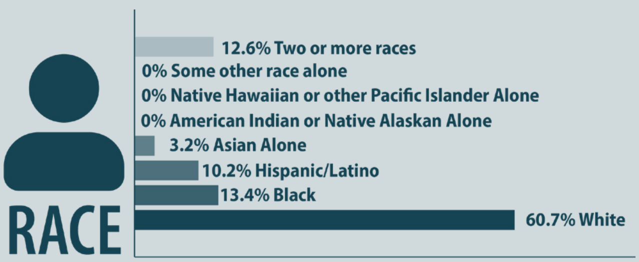
25% MOVED IN 2021 OR LATER (RENTER OCCUPIED)

12% BELOW POVERTY LINE

49% EARNING $100K PER YEAR OR MORE

11% DISABILITY

SABIN CDC SERVICE AREA (2023)



7% RESIDENTS 65 OR OLDER

2.3 AVERAGE HOUSEHOLD SIZE

47% RENT BURDENED (30% OR MORE OF INCOME ON RENT)

27% SEVERELY RENT BURDENED (50% OR MORE OF INCOME ON RENT)

55% RENTER OCCUPIED UNITS

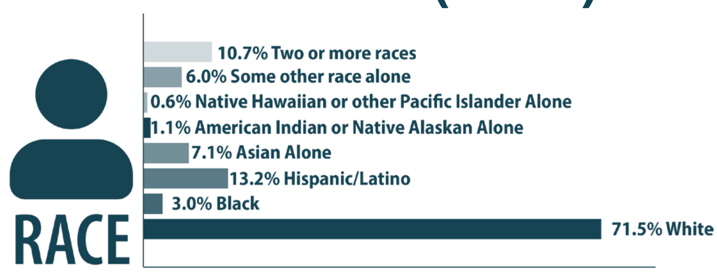
20% MOVED IN 2021 OR LATER (RENTER OCCUPIED)

8% BELOW POVERTY LINE

60% EARNING $100K PER YEAR OR MORE

10% DISABILITY

PORTLAND MSA (2023)



16% RESIDENTS 65 OR OLDER

2.4 AVERAGE HOUSEHOLD SIZE

51% RENT BURDENED (30% OR MORE OF INCOME ON RENT)

25% SEVERELY RENT BURDENED (50% OR MORE OF INCOME ON RENT)

38% RENTER OCCUPIED UNITS

30% MOVED IN 2021 OR LATER (RENTER OCCUPIED)

9% BELOW POVERTY LINE

47% EARNING $100K PER YEAR OR MORE

14% DISABILITY

Affordable, Accessible Housing in Portland

While 26% of the U.S. population lives with a disability, less than 6% of the national housing supply is designed to be accessible, leaving many disabled individuals struggling to find suitable housing in an already unaffordable and undersupplied market. This challenge is compounded by an underfunded and complex social services system, restrictive income limits on benefits such as Supplemental Security Income (SSI), and widespread discrimination. Portland's Housing Needs Analysis, adopted in 2023, found that twelve percent of Portland's population has a disability, and 22 percent of all households include household members with disabilities. That number is even higher (56 percent) for households with extremely low-income (0-30% of the Area Median Income (AMI)), and 33 percent of people over 65 report having at least one disability, increasing the need for accessible units.[6] With SSI providing a maximum of $914 per month in 2023—an amount insufficient to afford an average one-bedroom apartment anywhere in the U.S.—many disabled individuals are forced to spend over half their income on housing or face the risk of institutionalization.[7]

Portland's Housing Needs Analysis estimates that out of the 120,560 new units needed by 2045, over 20,000 will need to accommodate households that have a member with a disability, and over 22,000 need to accommodate households that have a member over the age of 65.[8] As the number of extremely low-income renters grows and the aging population increases, the need for affordable, accessible housing will only become more urgent. Expanding the supply of affordable, accessible housing is one of the clearest solutions to ensuring people with disabilities can live independently and with dignity.

Source: New Mobility Magazine

Accessibility Requirements and Standards

There are a handful of federal policies related to accessible design that are relevant to this project:

- **Fair Housing Act (FHA) Accessibility Guidelines:** These cover multi-family housing (four or more units) and require features such as accessible entrances, wider doors, and reinforced bathroom walls for grab bars.
- **Architectural Barriers Act (ABA) Standards:** These apply to federally funded buildings and ensure accessibility for people with disabilities.
- **Section 504 of the Rehabilitation Act:** Requires federally funded housing to include a percentage of units that are fully accessible.
- **Americans with Disabilities Act (ADA) Standards:** For new housing units to be advertised as ADA compliant, they must meet strict physical accessibility standards for all indoor spaces.

In addition to adhering to the above policies, the Affordable Infill Project should consider other best practices for accessible design. The Inclusive Design Standards developed by Mikiten Architecture provide a scoring criteria for design projects with essential and recommended strategies for inclusive design. The standards emphasize design strategies that support access and inclusion for the broad and diverse needs of people with disabilities; address many elements of housing development, design, and operations; create value; and are implementable and expandable. The standards are organized into the categories of design process, siting, building components, and interior spaces, which will be key factors in the site analysis and final site design.[9]

Existing Plans and Policies

Affordable housing development in Portland is shaped by a robust policy landscape, from Oregon's Goal 10 and the Oregon Housing Needs Analysis (OHNA) to Portland's Housing Production Strategy and Governor Kotek's clear focus on expanding access to affordable housing. The OHNA identifies the housing needed to support the state's expected population growth. Per the OHNA Production Dashboard, between 2018 and 2023, the City of Portland built 155% of its Total Unit Production, but just 86% of its needed affordable housing - indicating that current financing, planning, and policy around affordable housing is not sufficient. Given the urgent need and current political focus on housing, it is likely that future legislative and executive action at the state level is upcoming.

At the city level, the Portland Housing Needs Analysis and Production Strategy, developed in relation to Goal 10, identifies affordable housing as a critical need. Meanwhile, Portland's Comprehensive Plan also strongly aligns with this project's goals of providing more affordable housing in Portland and serving historically underserved groups such as Black Portlanders and those living with IDD. Sabin CDC is well-positioned to help the city and state meet their goals, and should be able to find ways to leverage that into furthering their mission.

This project is made possible by recent local housing zoning reforms in the Residential Infill Project (RIP)[10]. The RIP establishes that lots in residential zones can include duplexes, triplexes, cottage clusters and townhouses. It also allows for the development of detached and attached ADUs on lots with existing structures in residential zones. These zoning changes are a major impetus for Sabin CDC's examination of ADUs and other infill development as options for supporting the Scattered Sites Portfolio sites.

Current Real Estate Market Conditions

The NEPortland real estate market currently shows high property values and strong demand, reflecting the area's desirability and wealth of amenities. This environment has increased the land value of Sabin CDC's Scattered Sites Portfolio substantially, offering the potential for quick equity gains through property sales. At the same time, elevated interest rates translate to an increased cost of borrowing, so it is not the ideal time to refinance the existing mortgages or take out debt to fund ADU construction, especially with operating margins that are already thin.

Current real estate market conditions have important implications for Sabin CDC's mission and its role in preserving affordability in a gentrifying neighborhood. Selling land could unlock immediate funds, but doing so would also reduce the organization's ability to develop new affordable housing in a high-opportunity area. Sabin CDC is committed to preserving its current portfolio because if they decided to expand the portfolio in the future, it might be infeasible to repurchase land, hindering long-term efforts to expand affordable housing in NE Portland. The current market underscores the need for creative approaches that avoid additional debt and improve tenant stability.


Columbia

Public Engagement

Public Engagement

Introduction

Grounded Growth identified three primary purposes for community engagement for this project through conversations with Sabin CDC leadership:

1. **Gather recommendations** and information for the feasibility studies from professionals with relevant experience
2. **Build relationships** with existing and potential partners for the project, including introducing them to the project, getting their advice on the feasibility studies, and learning what their needs, desires, and opportunities are for involvement
3. **Create a strong project team** and lay the groundwork for successful project implementation

Methodology

The two methods of engagement used for this project were private interviews with project partners, other experts in the field ("advisors"), and a "round table" and project kickoff event for project partners and other key members of the Sabin CDC organization.
Larger efforts to engage current Sabin CDC tenants or potential future tenants were delayed until a more concrete decision about the future of each site has been made. Grounded Growth determined it would not be appropriate to ask community members and current Sabin CDC tenants to sacrifice their time and effort at this early and tentative stage of the project, especially at the Scattered Sites Portfolio locations that may be redeveloped. At this early phase of the project, tenant engagement would have caused unnecessary stress about potential relocation or eviction.

Phase 1 - Interviews

The people and organizations interviewed in the first phase of engagement were separated into two categories:

1. Project partners that may be directly involved in the project once it gets past the feasibility stage (i.e., project architect):
   - **Joe Wykowski**, Executive Director Emeritus - Community Vision
   - **Keith Alnwick**, Research & Development Director, and Ben Waechter, Principal - Waechter Architecture
   - **Lauren Zimmerman**, Embodied Carbon and Deconstruction Advisor - Portland Bureau of Planning and Sustainability (BPS)
   - **Rana Uzzaman**, Executive Director - Portland Youth Builders (PYB)
2. Advisors that are not directly involved in the project, but have experience on similar types of projects and can provide guidance and information (i.e., an outside architect that has experience on similar types of projects).
   - **Ernesto Fonseca**, Chief Executive Officer - Hacienda CDC
   - **Jonathan Trutt**, Development Director - Home Forward
   - **Eli Spevak** - Orange Splot
   - **Travis Phillips**, Director of Real Estate Development - Housing Development Center

Interviews were conducted between January and May, 2025, both in-person and over Zoom. All interviews except one took place before the kickoff event in May.

Phase 2 - Kickoff Event

On May 16th, 2025, a round table discussion for project partners and other interested parties was held at one of Sabin CDC's community event spaces. This event was designed to gather people working on the Affordable Infill Initiative to share information, collaborate on solutions, and generate excitement for the project. Almost all project partner organizations were represented, with the exception of PYB. Representatives from Sabin CDC, Waechter Architecture, the Kuni Foundation (a key project funder), and BPS were present, with a total of 20 individuals in attendance.

The event began with presentations from each attending partner organization about the work completed so far, and a brief presentation from Grounded Growth on the recommendations included in this report. Then, attendees were organized into breakout groups based on their role or expertise on specific key topics, in order to brainstorm ideas and start forming key connections between different project partners. Each table had a discussion leader from Grounded Growth. The breakout group topics were:
1) finance & funding, 2) designing for individuals with IDD, and 3) deconstructed materials. These focused conversations led to new ideas and a few potential solutions to some of the project's key challenges. Additionally, this event served as an opportunity for the project partners to meet each other in person, establish communication, and begin collaboration as this project gains momentum and increases in complexity.

Key Takeaways from Public Engagement

Challenges with scattered sites: It is very difficult to cost-effectively manage scattered sites. Other affordable housing developers, including REACH CDC and Home Forward, have sold off their scattered site portfolios. Small-scale, scattered affordable housing projects developed by CDCs were prioritized in the late 1900s to address neighborhood blight. Now, gentrification is the central issue facing NE Portland, so dense, affordable multifamily development is more critical and efficient. Zoning restrictions also limit dense redevelopment, making selling a better option for many affordable housing providers.

Accessibility and Universal Design: Units can be made accessible at little to no additional cost, and they can also be designed to be easily adaptable for future accessibility needs, even if they aren't initially built to those standards. Additionally, not all people with IDD require wheelchair-accessible units, but could benefit from other types of accessible design. Even if a site can't accommodate a ramp from the street, units can be built to meet other needs of individuals with IDD. Adaptable design would allow units to be retrofitted to house an individual with IDD by adapting to their specific needs.

Deconstructed materials: One challenge with deconstructed materials is that their availability is unpredictable, and Sabin CDC will need to decide whether it is best to build all ADUs at once or stagger development. Both Waechter and BPS are strongly interested in prioritizing deconstructed materials if funding can be secured. Waechter is interested in developing a workshop to create prefabricated panels from deconstructed materials and establish standard panel sizes. This could also evolve into a longer-term collaboration with PYB or other labor and workforce development groups to utilize trainees to produce prefab panels for all ADUs, using deconstructed materials.

Project partner roles: Interviews with project partners clarified specific expectations and roles on the project, which are detailed in Table 1.

Debt financing: Given the current mortgage structure of the Scattered Sites Portfolio, i–t would be difficult to take out new loans for ADU construction. One creative alternative

Table 1: Project Partner Contacts and Roles

Partner	Contact(s)	Role
Waechter Architecture	Keith Alnwick, Yuki Bowman	• Develop modular plans for ADUs that can be adapted to different sites, but are somewhat customizable and easily replicable. • Determine opportunities for deconstructed materials in the design by working with BPS and reclaimed lumber distributors.
Portland Bureau of Planning and Sustainability (BPS)	Lauren Zimmerman	• Use this project as a demonstration for an existing grant project to show that ADUs can be constructed using deconstructed lumber. The grant will also fund BPS re-grading the reclaimed lumber to meet city code requirements. • Coordinate with architects on a design that can accommodate deconstructed materials.
Portland Youth Builders (PYB)*	Rana Uzzaman	• Use ADU construction as a job training opportunity for their students and decrease labor costs.
Community Vision	Joe Wykowski	• Provide feedback on design to ensure it meets accessibility needs for future tenants. • Invest equity or provide rental assistance for the project.

could be using one of Sabin CDC's savings accounts as collateral. HUD vouchers, specifically Section 811 vouchers for very low-income people with disabilities, could also be pursued to provide rental assistance for the ADUs.

Funding opportunities: This kind of deeply mission-based project is the type of project that could garner grant funding to pay for the whole thing. Interviewees suggested looking into the Local Innovation Fast Track (LIFT) Program, which is likely to receive a large influx of funds after the current legislative session, as well as Reimagine Oregon program from Prosper Portland, Metro Transit-Oriented Development Program, and Fairview Trust.

Prioritize project goals: Advisors emphasized that some of Sabin CDC's additional goals for the project, like engaging PYB for construction and using deconstructed materials, conflict with financial realities and the need to prioritize retaining housing for their existing tenants. Advisors strongly recommended that Sabin CDC narrow their priorities and be willing to adjust some ideals in order to meet the project's core goals.

Potential for manufactured ADUs: Manufactured ADUs would be faster and more cost-effective, particularly at scale, but with only four sites targeted for development, scaling isn't a priority. Using manufactured units may reduce opportunities to use deconstructed materials, and some sites require stick building due to site constraints. One interviewee pointed out that there's a reason manufactured housing isn't more popular in the private market.

Current Financial Performance

Current Financial Performance

This section provides an overview of the financial performance of Sabin CDC's Scattered Sites Portfolio, which includes 11 properties totaling 28 income-restricted units. The analysis includes income, operating expenses, outstanding debt, and estimated portfolio value, and is summarized in Table 1. Together, these data points illustrate the financial challenges of maintaining and reinvesting in scattered site affordable housing, particularly as Sabin CDC looks ahead to the due date of the full mortgage balance in 2029. The portfolio holds substantial real estate value, but refinancing will be challenging with its high operating costs and limited net operating income.

Income

The properties included in this analysis have a total annual Net Operating Income (NOI) of -$20,285 and annual cash flow after debt of -$64,121. According to Sabin CDC's current financial tracking, all 28 units are income restricted at 60% of the Area Median Income (AMI), and each property generates $225 in miscellaneous fees.

Operating Expenses

The total annual operating expense for the portfolio is $326,930, or $11,676 per unit. In comparison, in 2024, Oregon Housing and Community Services (OHCS) set a maximum of $8,500 in annual operating expenses per unit for any projects applying for state incentives.[11] The high operating expenses are the result of the many challenges in maintaining an older scattered site portfolio of small-scale housing. It is difficult to achieve operational efficiencies and meet tenant needs across dispersed locations and different property types. Scattered sites have a wider range of maintenance needs, as opposed to a "one size fits all" operation in an apartment complex with similar units. Small-scale housing also incurs higher utility expenses. Together, these factors contribute to elevated costs compared to centralized or newer developments.

Debt

The total annual loan payments, or "debt service", for the 11 properties is $43,836. All 11 properties except for LTU12 are mortgaged by the same loan from Heritage Bank, which has a "maturity date" or due date of the total outstanding balance of the mortgage at the end of 2029 ($447,203). At that point, Sabin CDC hopes to pay the balance by refinancing the portfolio with another mortgage. LTU12 has a $98,289 federal HOME loan, which similarly matures at the end of 2029. As of March 2025, the balance of the loans on these properties is $600,662.

Portfolio Valuation

Sabin CDC estimates that the portfolio is valued at over $7 million. However, this estimate should be weighed against the portfolio's negative NOI, which significantly affects its value when using an income-based valuation approach. Income valuation calculates property value by dividing the NOI by a "capitalization rate," which is similar to an expected return on investment. In this case, a cap rate of 4% was used, which is an optimistic assumption for affordable housing.

Given the portfolio's negative NOI, the resulting income valuation is -$507,116, indicating that, from a purely financial performance perspective, the properties are generating a net loss. While Sabin CDC's estimate suggests the portfolio is worth substantially more than the outstanding debt, the income valuation suggests the opposite. This discrepancy raises concerns about the feasibility of refinancing the balloon mortgage payment due in 2029, especially if lenders prioritize income-based valuation metrics.

Table 1: Project Partner Contacts and Roles

Site	Existing # units	Rental Income*	Operating Expenses*	Net Operating Income (NOI)*	Loan balance as of March 2025*	Current debt service*	Cash flow after debt*	Property Value*	Property Value - Income Valuation**
P1	2	$0	$22,547	-$22,547	$6,525	$458	-$23,005	$567,590	-$563,675
P2	2	$24,036	$22,547	$512	$6,525	$458	$54	$563,960	$12,805
P3	4	$27,696	$45,094	-$18,558	$13,050	$900	-$19,458	$793,800	-$463,945
P4	2	$27,204	$22,547	$3,522	$6,525	$458	$3,064	$501,790	$88,045
P5	2	$25,812	$22,547	$2,199	$6,525	$458	$1,741	$467,590	$54,985
P7	4	$55,092	$45,094	$7,468	$134,017	$9,728	-$2,260	$782,840	$186,710
P8	4	$46,216	$45,094	-$964	$134,017	$9,728	-$10,692	$799,790	-$24,095
P9	3	$47,588	$33,820	$11,614	$100,513	$7,296	$4,318	$736,110	$290,340
P10	3	$39,365	$33,820	$3,802	$100,513	$7,296	-$3,494	$924,900	$95,044
P12	2	$27,644	$22,547	$3,940	$6,525	$458	$3,482	$620,930	$98,495
LTU12	0	$0	$11,273	-$11,273	$85,926	$6,598	-$17,871	$497,110	-$281,825
Total	28	$320,653	$326,930	-$20,285	$600,661	$43,836	-$64,121	$7,256,410	-$507,116


VOLUNTEER

Evaluation Framework

Evaluation Framework

The primary constraints for this project relate to infill development feasibility and funding challenges. Due to the zoning code, as well as the challenge of working around existing structures, infill developments are small and unlikely to qualify for the majority of affordable housing subsidies. Most affordable housing subsidies are structured to maximize efficiency, impact, and return on public or investor capital - goals that are often achieved only with multifamily projects with over 20 units. Additionally, Sabin CDC has its own existing financial constraints, as detailed in Current Financial Performance, which limit development opportunities.

However, there are a series of options that each site can support, which were weighed using a site-by-site analysis. The following criteria were used to judge each site, grouped into Site Evaluation and Financial Evaluation metrics. The Site Evaluation criteria are subdivided into Required Characteristics, which would fully rule out infill development of any kind, and Preferred Characteristics that are ideal but not required. Underneath these two categories are metrics, aligned with the overall project goals, that the project team determined were key to the success of the project.

Site Evaluation Criteria

Required Characteristics

The required characteristics of a site determine what type of development (if any) can be achieved on the site. If these required characteristics weren't met, the site was determined to be infeasible for project development.

Buildable Area

For each site, having enough physical room for development is a prerequisite with the zoning code constraining the size, location, and footprint of each infill development. The minimum practical footprint for a semi-modular detached ADU that could meet universal design standards is 24 x 24 feet or 12 x 36 feet, which was informed by Waechter Architecture and Community Vision. Per the zoning code, the footprint of a detached ADU must be behind the rear wall of the house or forty feet from the front lot line. For all but one of the sites, this means a footprint meeting Waechter Architecture's designs must fit in the backyard (i.e. behind the rear wall of the house).

Relationship to Sabin CDC's Future Plans

Throughout the course of this project, Sabin CDC has further identified some sites as candidates for future redevelopment and therefore are poor candidates for infill development. These sites are not considered for infill development in this report.

Preferred Characteristics

The following preferred characteristics were developed from conversations with project advisors and partners, as well as specific project goals and objectives.

Physical Accessibility

A primary project goal is to provide physical accessibility that can serve individuals with IDD and allow for aging in place. Although not everyone with IDD requires full ADA compliance in their living space, it was still prioritized in order to have a larger demographic of people that could benefit from a newly developed living space.

The following sub-criteria have been included in this analysis:

> ***"Joe Wykowski at Community Vision shared that there is a strong need for physically accessible spaces, but not all individuals with IDDs require physical accessibility. Even if a project isn't fully ADA accessible, it can still be valuable for individuals with IDD."***

ADA Accessibility	The presence or ability to install an ADA accessible ramp.
Nearby Sidewalk Quality	The sidewalk adjacent to the site is relatively flat and smooth and likely navigable by a wheelchair or mobility device.
Obstruction-Free Route to Transit	The path to a nearby bus or MAX stop is easily navigated by someone using a wheelchair or mobility device.
Usable Outdoor Space After Development	The development of an ADU would allow ample space between the existing structure and the ADU. Outdoor space after development should be easily navigated by someone or multiple people using a wheelchair or mobility device.
Noise Levels	Traffic noise or other such neighborhood noises can be made louder by hearing devices or cause increased distress to someone on the autism spectrum.[12] A quiet neighborhood setting increases overall livability for those with IDD.

Resident Impact

A key objective for this project is protecting current residents from Sabin CDC's financial struggles and ensuring they continue to have stable, affordable housing, which may be achieved with ADU development. However, one of the primary benefits of single-family and multiplex sites is resident access to outdoor space, green areas, and privacy. An additional accessory structure would impact current residents' access to green space and privacy, so sites that can support ADU development while minimally impacting current residents are strongly preferred.

> ***"My wish is for Sabin is that it keeps growing so people can have community, belonging, and a place that they can afford every day. I think everyone deserves a home.***
> ***- Sabin CDC Resident"***

Physical Site Limitations

Sites with any major obstructions or steep slopes will complicate the construction process and increase construction cost. This was included in the site evaluation criteria in order to determine physical and financial feasibility of new construction.

The following sub-criteria have been included in this analysis:

> ***"Representatives from Waechter Architecture emphasized that topography, access to the site, and aerial obstructions are key factors in determining site feasibility."***

Topographics Constraints for Development	Large changes in slope, uneven ground, and other constraints of this nature make construction more costly and time consuming.
Major Site Access Obstructions	Issues like narrow side setbacks and proximity to nearby structures make the construction process more difficult.
Aerial Obstructions	Obstructions such as trees, power lines, and the existing building constrain the use of cranes and other construction equipment.

Utility Costs

Sites that have excess capacity on existing water connections can support cheaper infill development and should be prioritized. In addition to the capital cost of water infrastructure, the team estimated the potential for on-site solar panels, which would help keep utility bills low and prevent undue burdens on residents or Sabin CDC, especially at a time when electricity rates are spiking.

The following sub-criteria have been included in this analysis:

> ***"High utility bills also pose a significant barrier to stable housing for our residents. Low-income individuals are disproportionately burdened by high utility costs, with many spending over 10% of their income on energy bills. Unpaid utility bills can result in eviction, and utility assistance is difficult to come by; thus, reducing resident utility bills is a crucial aspect of eviction prevention.***
> ***- Nathalie Hansen, Sabin CDC"***

Water Demand	What the current capacity of water to the existing site is at, and what demand an ADU would place on this capacity.
Solar Potential	If the existing structure or the site itself has ample sunlight, or the ability to receive direct western sunlight.

Proximity to Amenities

The City of Portland's comprehensive plans recognize access to amenities such as parks, jobs, community centers, and grocery stores as a key metric for livability. This report uses a modified analysis of the 20-minute neighborhood concept - the idea that everyday needs should be reachable within 20 minutes of home - first articulated locally in the 2012 Portland Plan[13].

> ***"The criteria we look at the most is [nearby access] to public transportation and grocery shopping … public transportation is the most critical criteria.***
> ***- Joe Wykowski, Community Vision"***

The following sub-criteria have been included in this analysis:

Jobs	Total number of jobs accessible in the designated travel time.
Grocery Stores	Total number of full-service grocery stores accessible in the designated travel time.
Parks	Total number of public parks accessible in the designated travel time.
Community Centers	Total number of publicly-run community centers accessible in the designated travel time.

Financial Feasibility

A primary motivation for this project is stabilizing the financial performance of Sabin CDC's Scattered Sites Portfolio, so careful consideration must be given to how financially feasible any infill development may be. More in depth financial information can be found in Financial Evaluation.

The following sub-criteria have been included in this analysis:

Current Debt Capacity	How much additional debt, if any, a given site may be able to take on.
Grant Attractiveness	How well the proposed development aligns with Sabin CDC and other partner and potential funder goals, particularly ADA accessibility.
Future Income Potential	Net gain in income after infill development.
Total Capital Costs	Total cost required to complete development.

Site Evaluation Matrix

Methodology

To determine how well each site fits with the objectives of the project, each criteria from the Site Evaluation section are ranked in a preliminary evaluation matrix on a scale of 1 (low) - 2 (medium) - 3 (high). These scores are primarily qualitative measures based on a combination of field work, community partner interviews, and industry best practices. During this process, two sites have been ruled out due to lack of buildable area (P7, P8), while one was ruled out for conflicting with Sabin CDC's future plans (P5). Once the above rankings were assigned, the team weighted each larger category based on how important they were to Sabin CDC and this project's goals, then assigned a high - medium - low score to each of the larger project key objectives based on the constituent parts. Sites which have major constraints on any one of the project key objectives were ruled out, as these sites would present too many challenges for Sabin CDC to effectively deliver infill development.

For the full Weighted Evaluation Matrix, see Appendix H
For the Unweighted Evaluation Matrix, see Appendix G

Site Evaluation Matrix

PROJECT GOAL / SITE	P1	P2	P3	P4	P9	P10	P12	LTU12
Provide Housing to Those with IDD	●	●	○	◐	○	◐	◐	●
Financial Feasibility for Sabin CDC	●	●	◐	◐	◐	○	●	○
Community Organization Partnerships	●	◐	●	●	●	●	●	○

KEY

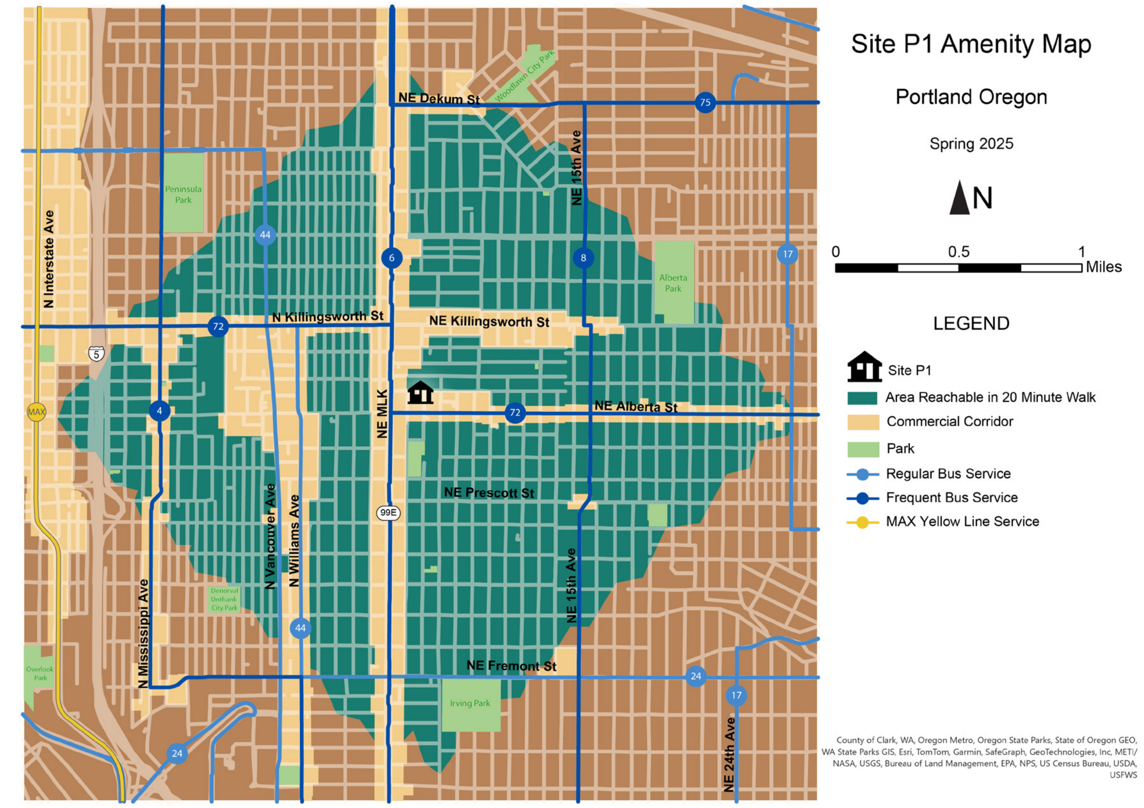
Criteria Met	●
Some Criteria Met	◐
No Criteria Met	○

Key Site Takeaways

SITE P1

Key Takeaways

- ADU construction is highly desirable for future IDD tenants given the shallow slopes and nearby public transportation
- A backyard maintenance facility meets the need for better maintenance operations, reducing costs in the long run and stabilizing the portfolio
- Unit reconversion after maintenance consolidation can be done for lower cost than a new unit development



PHYSICAL CHARACTERISTICS

RM2
Zone

INFILL
RECOMMENDATION
Maintenance Facility
Unit Reconversion
ADU

2 **DWELLING UNITS**

10 **MAXIMUM UNITS**

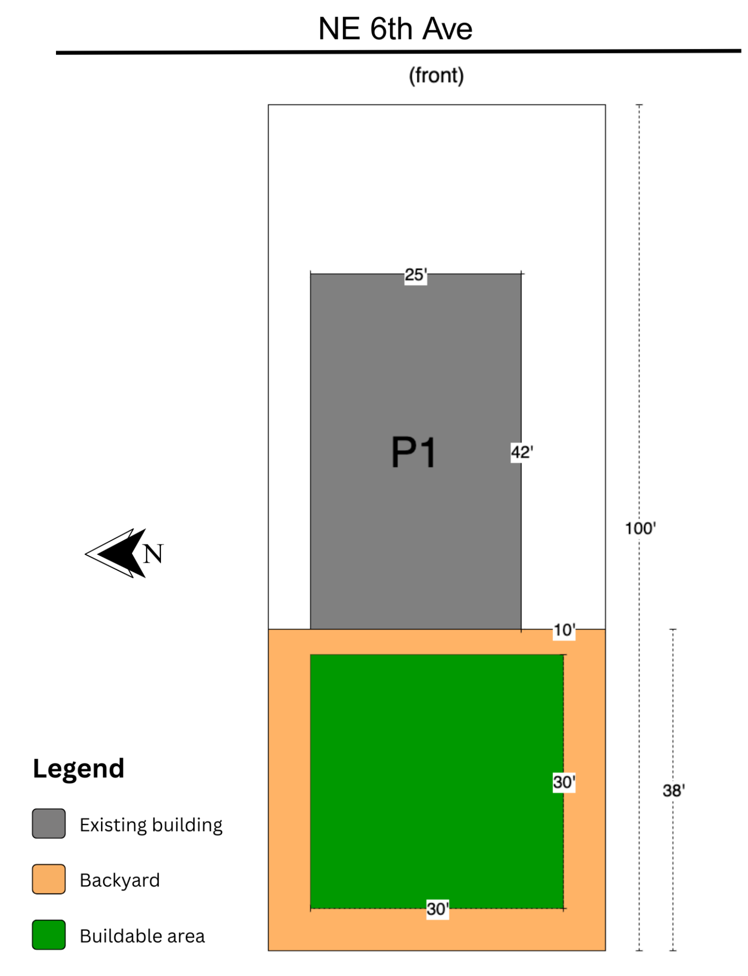
FINANCIAL CHARACTERISTICS

$0
Annual Rental Income

$22,547
Annual Operating Expense

-$22,547
Net Operating Income

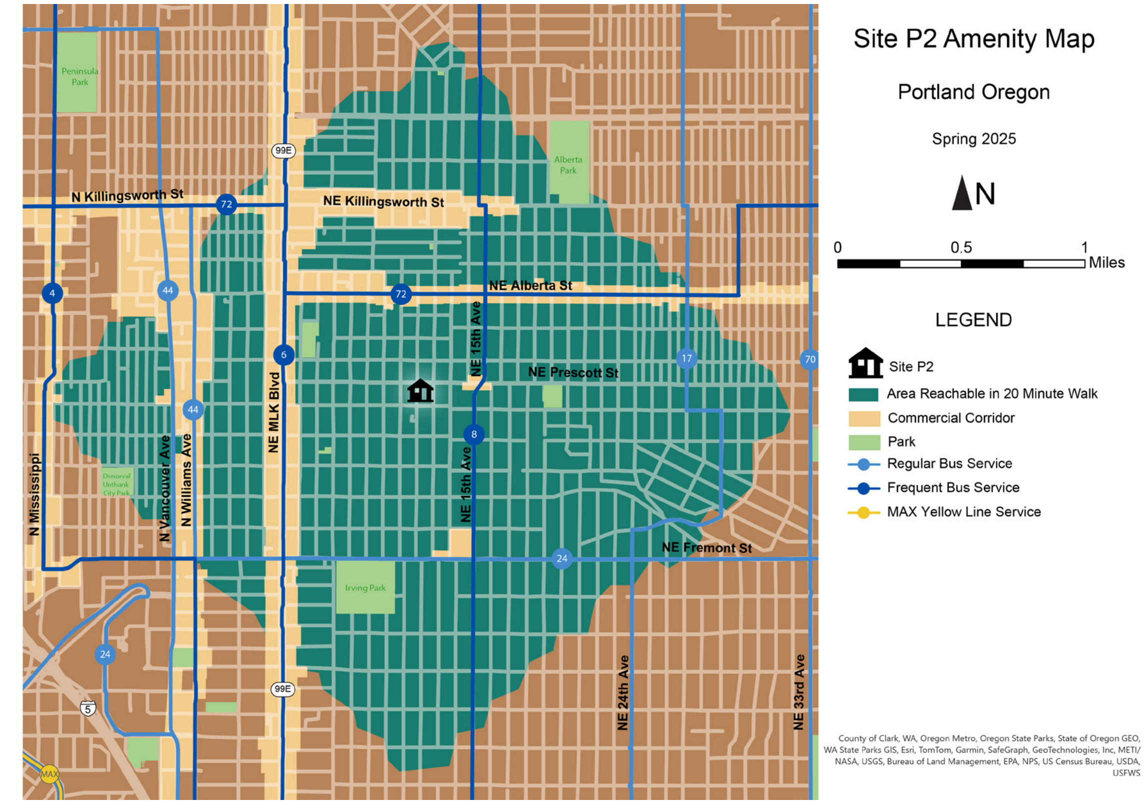
SITE LAYOUT



SITE P2

Key Takeaways

- Basement ADU would be fully accessible due to a separate entrance at sidewalk level
- Capital costs for a finished basement would be lower than a detached ADU, improving the project's financial viability
- Retrofitting existing space may provide challenges for universal design, and won't utilize Waechter's detached ADU plans



PHYSICAL CHARACTERISTICS

R5 Zone

INFILL RECOMMENDATION Basement ADU

2 DWELLING UNITS

6 MAXIMUM UNITS

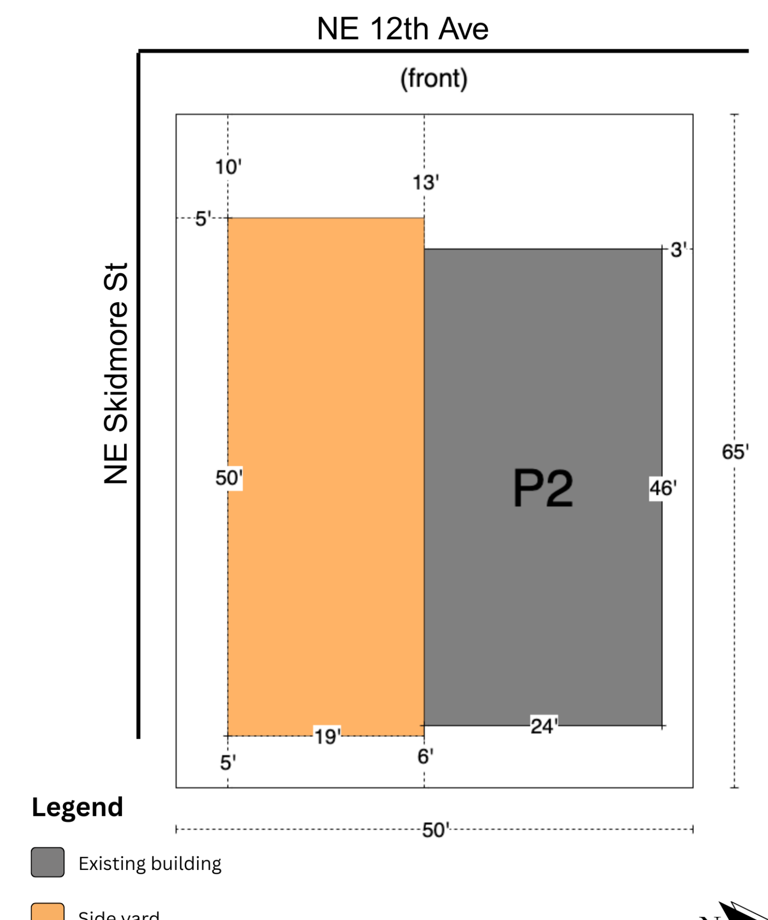
FINANCIAL CHARACTERISTICS

$24,036
Annual Rental Income

$22,547
Annual Operating Expense

$512
Net Operating Income

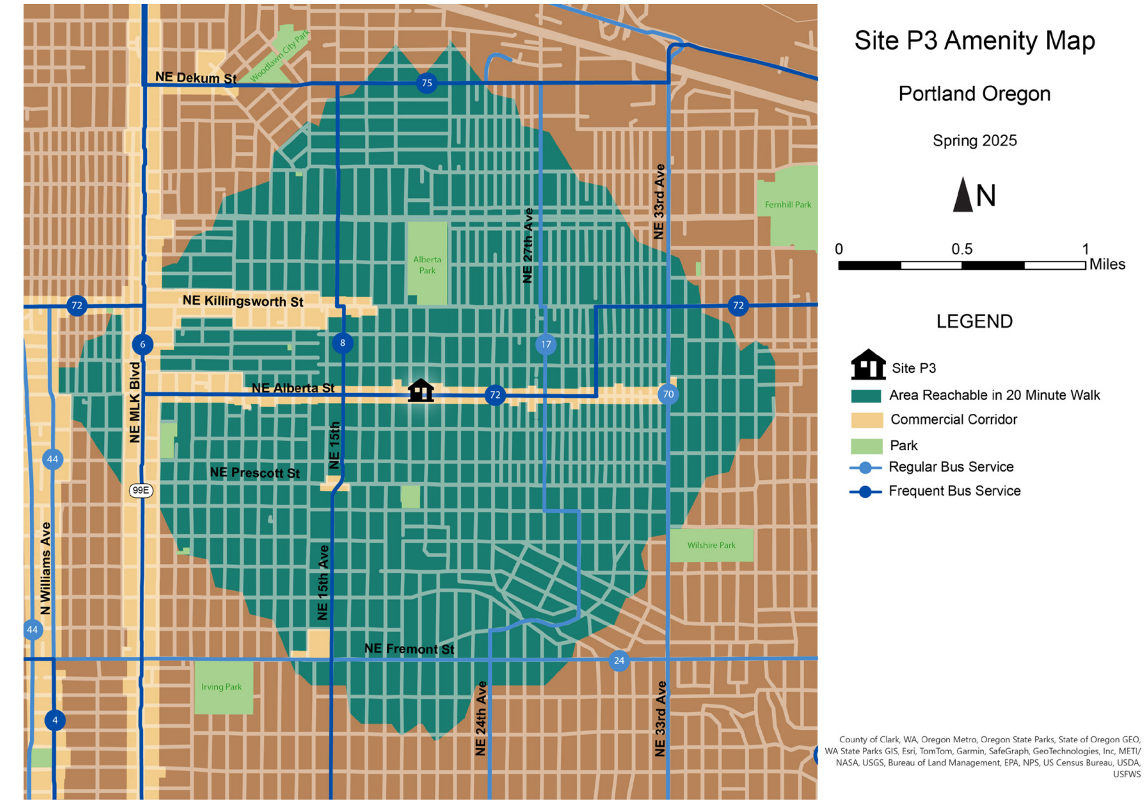
SITE LAYOUT



SITE P3

Key Takeaways

- Backyard space is constrained by a rear deck that would have to be modified or removed, significantly impacting current residents
- Rear unit accessibility would be difficult due to very narrow side yards
- CM2 zone allows for much greater density than is currently utilized, making this property more attractive for full redevelopment rather than infill



PHYSICAL CHARACTERISTICS

CM2 Zone

INFILL RECOMMENDATION None

4 DWELLING UNITS

32 MAXIMUM UNITS

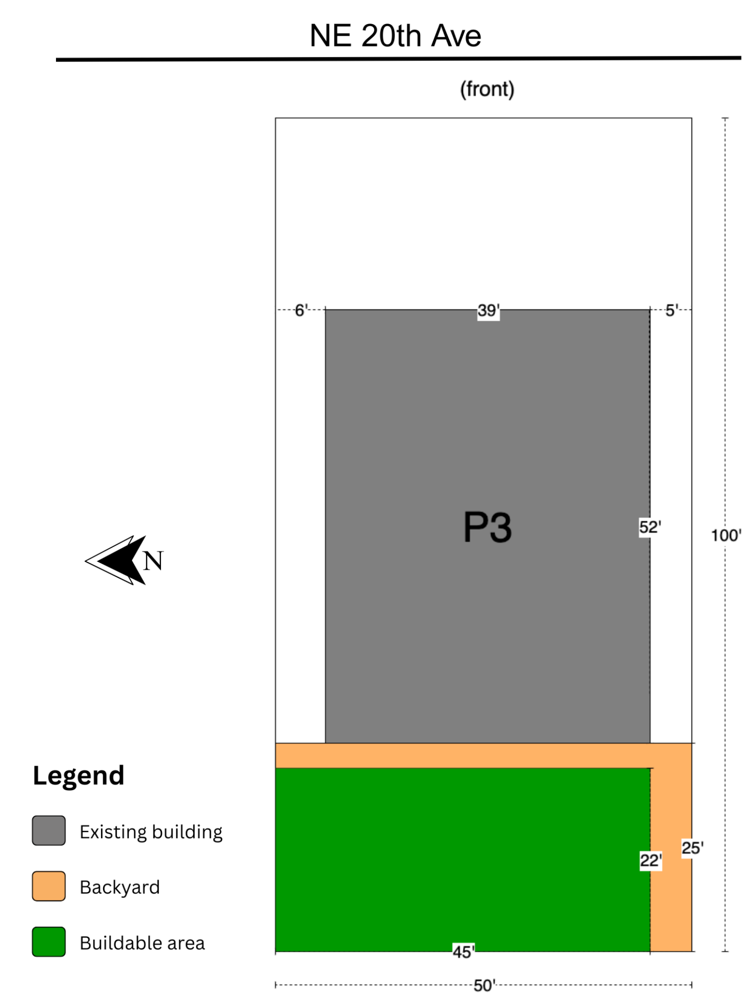
FINANCIAL CHARACTERISTICS

$27,696
Annual Rental Income

$45,094
Annual Operating Expense

-$18,558
Net Operating Income

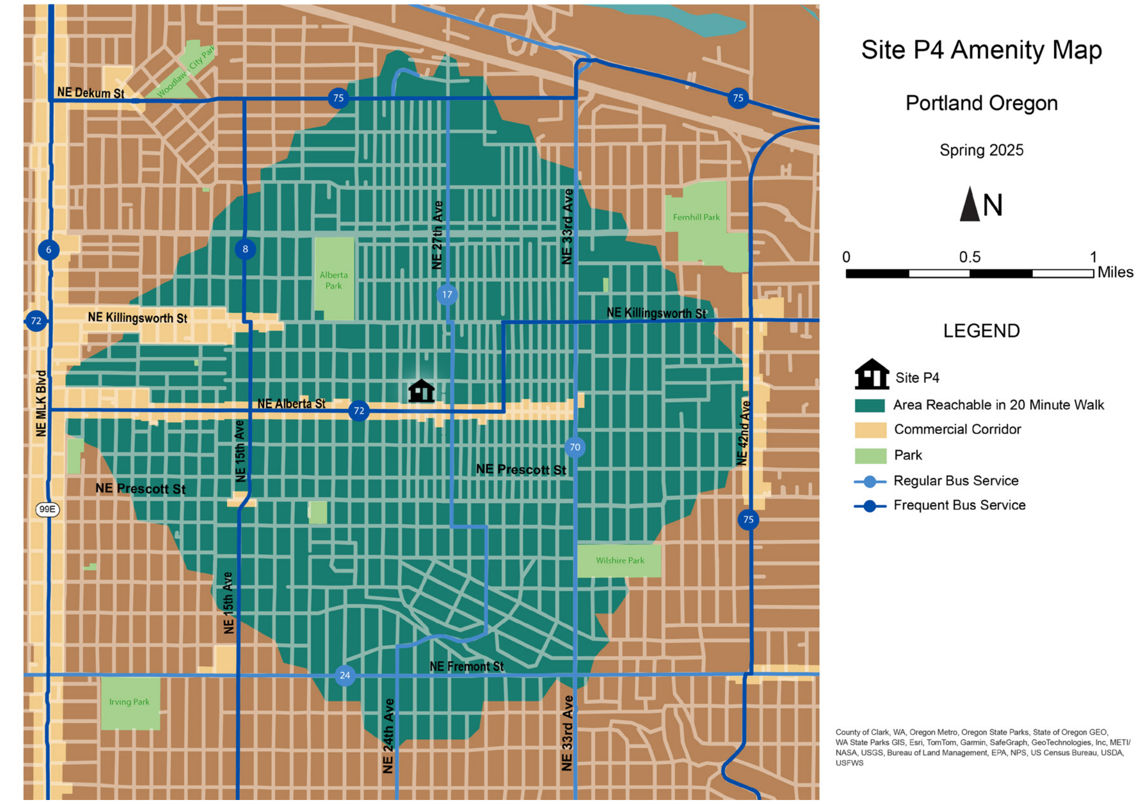
SITE LAYOUT



SITE P4

Key Takeaways

- Large backyard would fit an ADU and would leave ample shared outdoor space for all residents
- Back alley could allow for private access, improving privacy for a future tenant
- Slopes and existing structures present construction challenges for an ADU



PHYSICAL CHARACTERISTICS

R5 Zone

INFILL RECOMMENDATION ADU

2 DWELLING UNITS

6 MAXIMUM UNITS

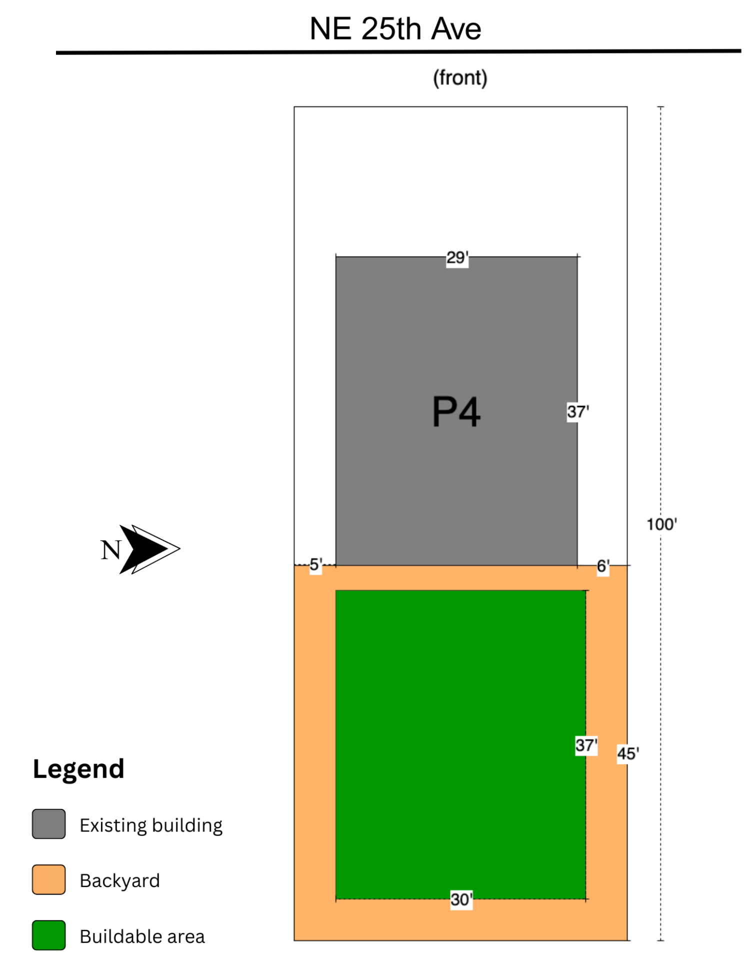
FINANCIAL CHARACTERISTICS

$27,696
Annual Rental Income

$22,547
Annual Operating Expense

$3,522
Net Operating Income

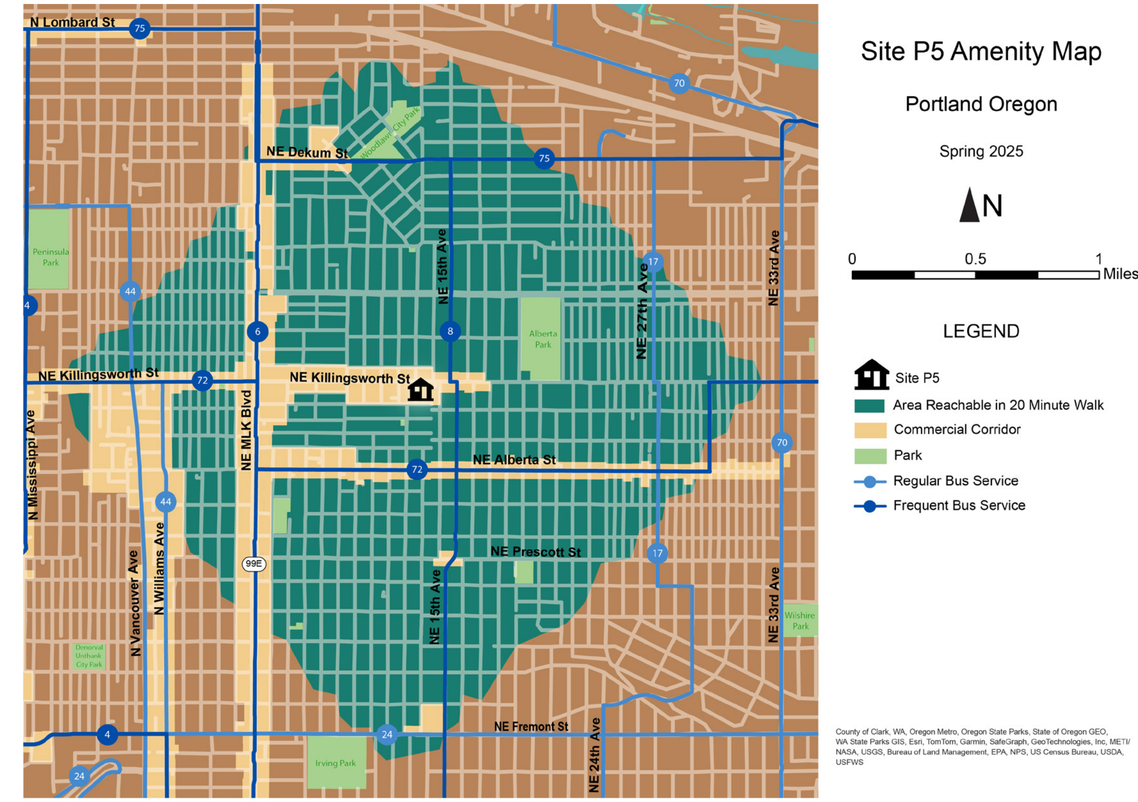
SITE LAYOUT



SITE P5

Key Takeaways

- Identified by Sabin CDC as a site with outstanding future plans that conflict with ADU development
- Lack of sidewalk and gravel street present serious accessibility challenges



PHYSICAL CHARACTERISTICS

RM2
Zone

INFILL
RECOMMENDATION
None

2 **DWELLING UNITS**

10 **MAXIMUM UNITS**

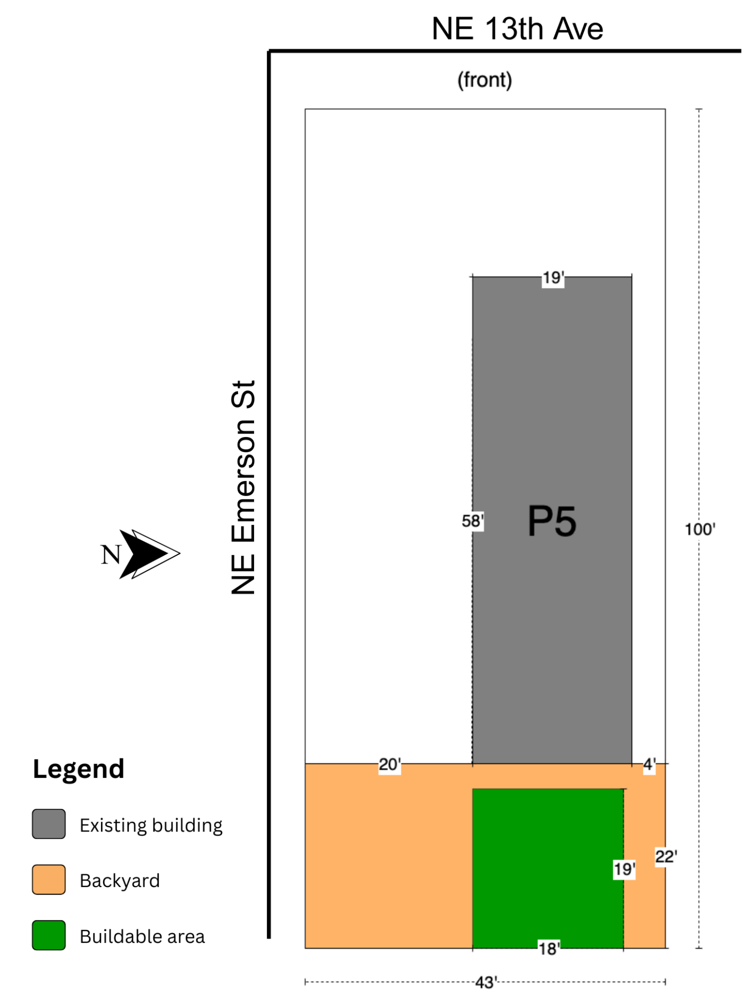
FINANCIAL CHARACTERISTICS

$25,812
Annual Rental Income

$22,547
Annual Operating Expense

$2,199
Net Operating Income

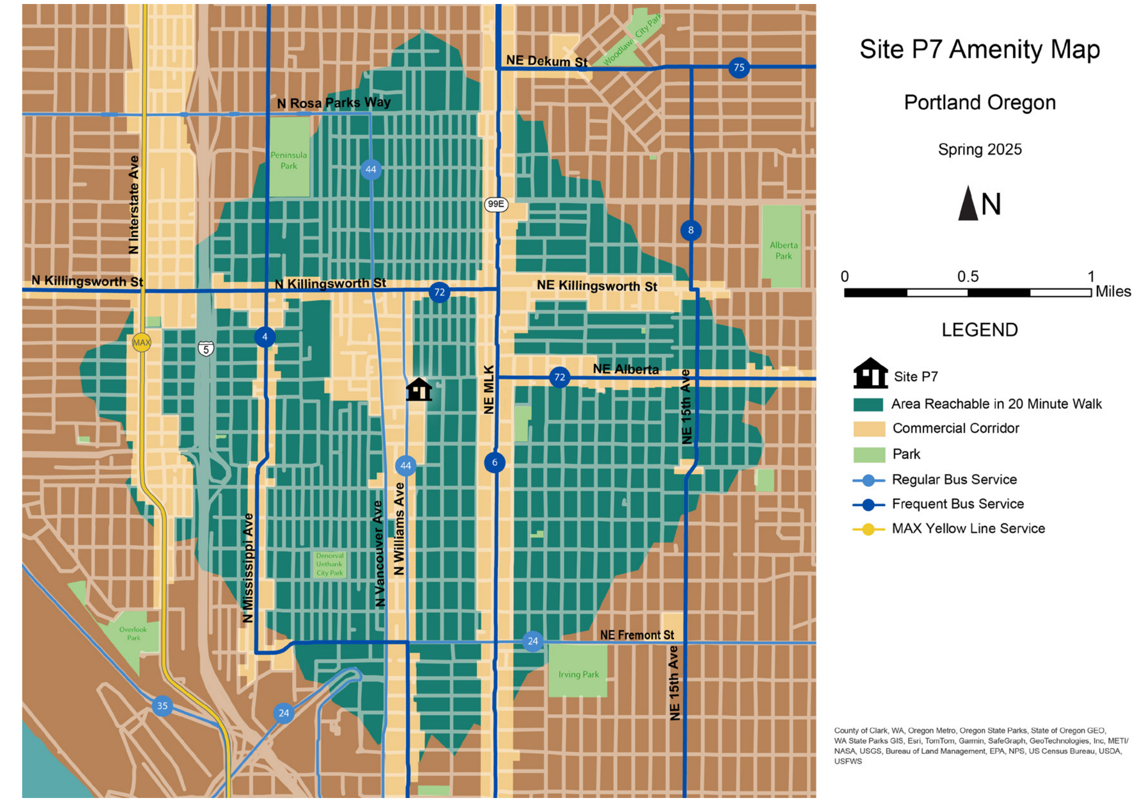
SITE LAYOUT



SITE P7

Key Takeaways

- Minimal backyard space makes ADU development impossible
- Front yard has enough space for an ADU, but not allowed by current zoning code



PHYSICAL CHARACTERISTICS

RM2
Zone

INFILL
RECOMMENDATION
None

4 **DWELLING UNITS**

12 **MAXIMUM UNITS**

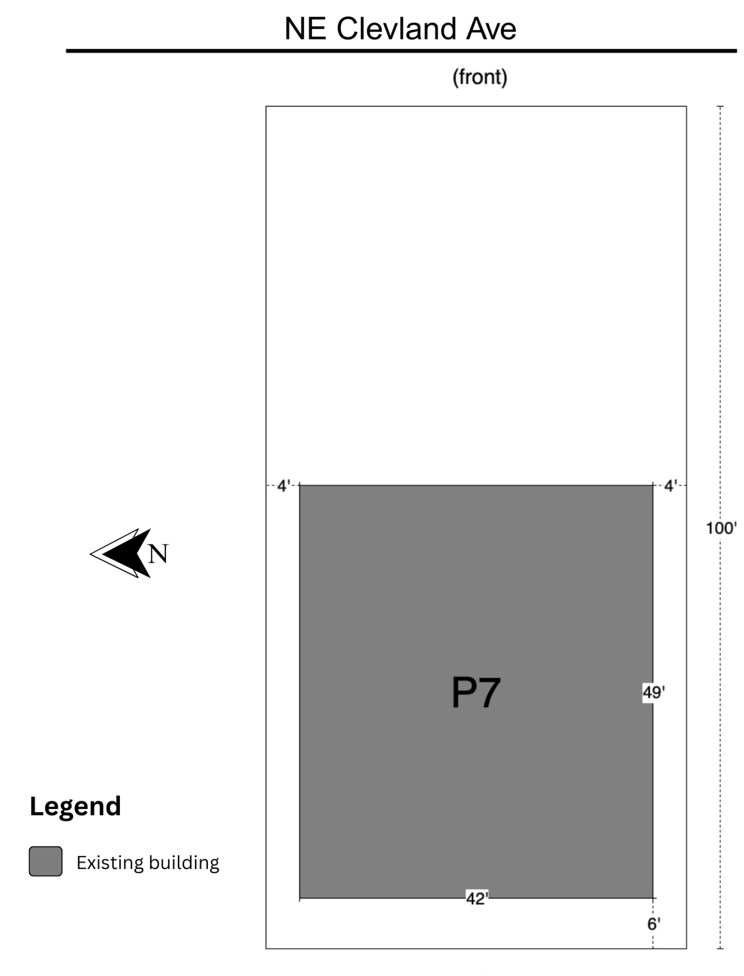
FINANCIAL CHARACTERISTICS

$55,092
Annual Rental Income

$45,094
Annual Operating Expense

$7,468
Net Operating Income

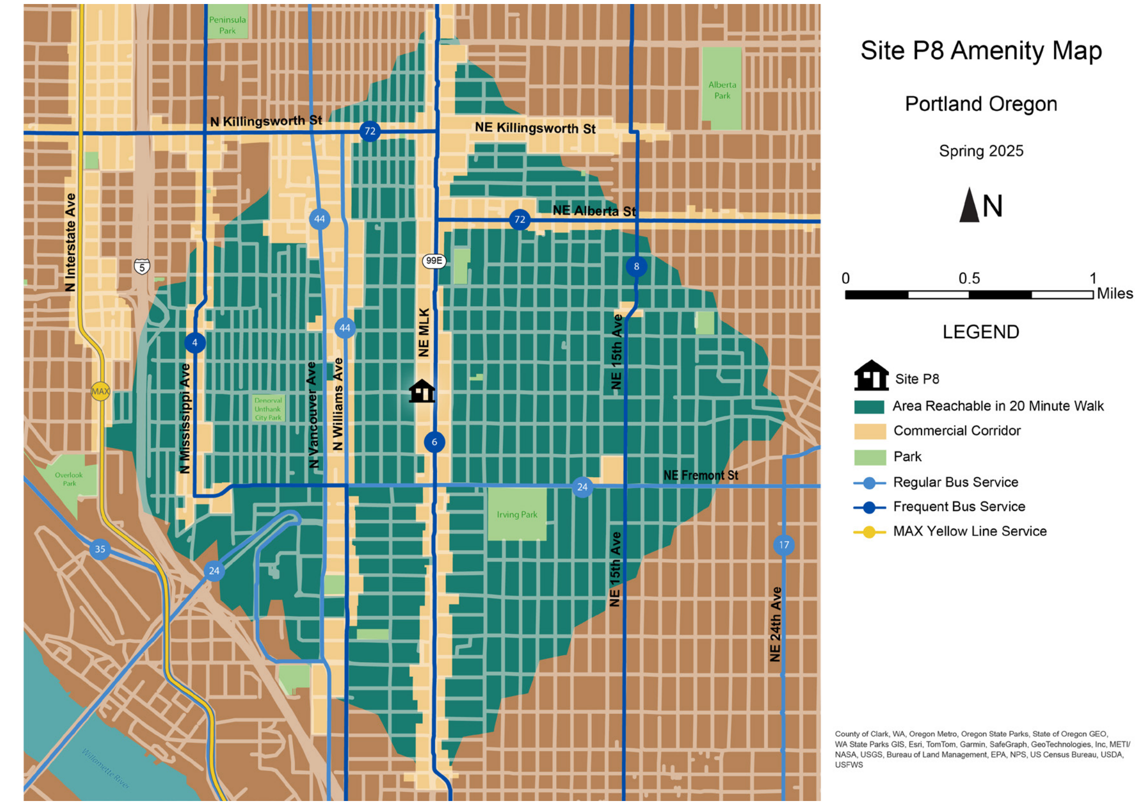
SITE LAYOUT



SITE P8

Key Takeaways

- Minimal backyard space makes ADU development impossible
- Front yard has enough space for an ADU, but not allowed by current zoning code
- RM4 zone allows for much greater density than is currently utilized, making this property more attractive for full redevelopment rather than infill



PHYSICAL CHARACTERISTICS

RM4 Zone

INFILL RECOMMENDATION None

4 DWELLING UNITS

32 MAXIMUM UNITS

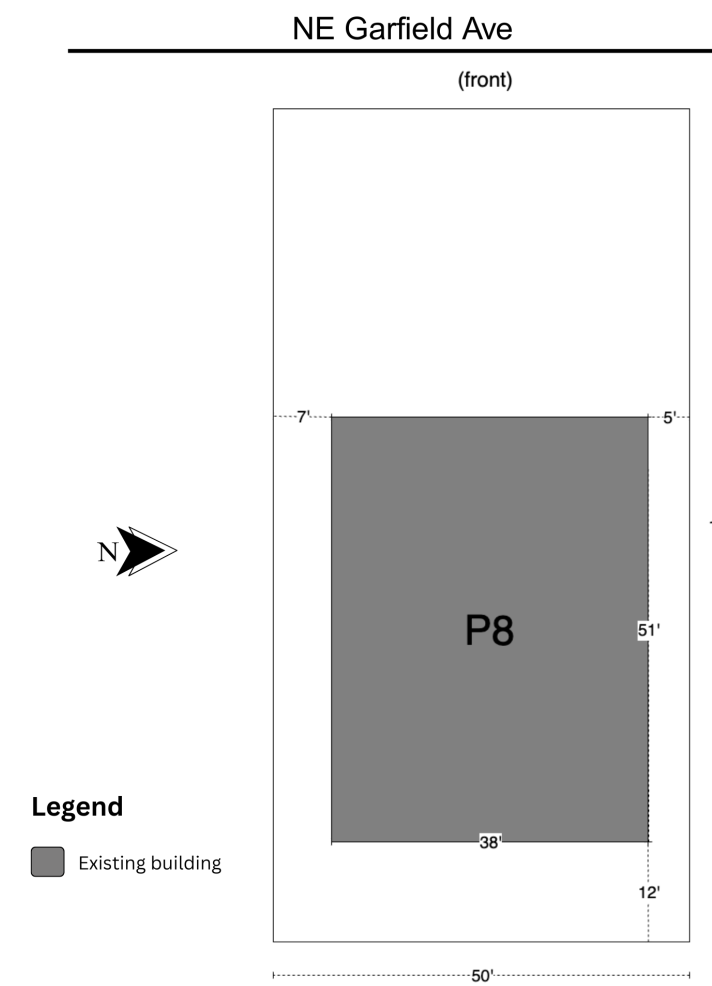
FINANCIAL CHARACTERISTICS

$46,216
Annual Rental Income

$45,094
Annual Operating Expense

-$964
Net Operating Income

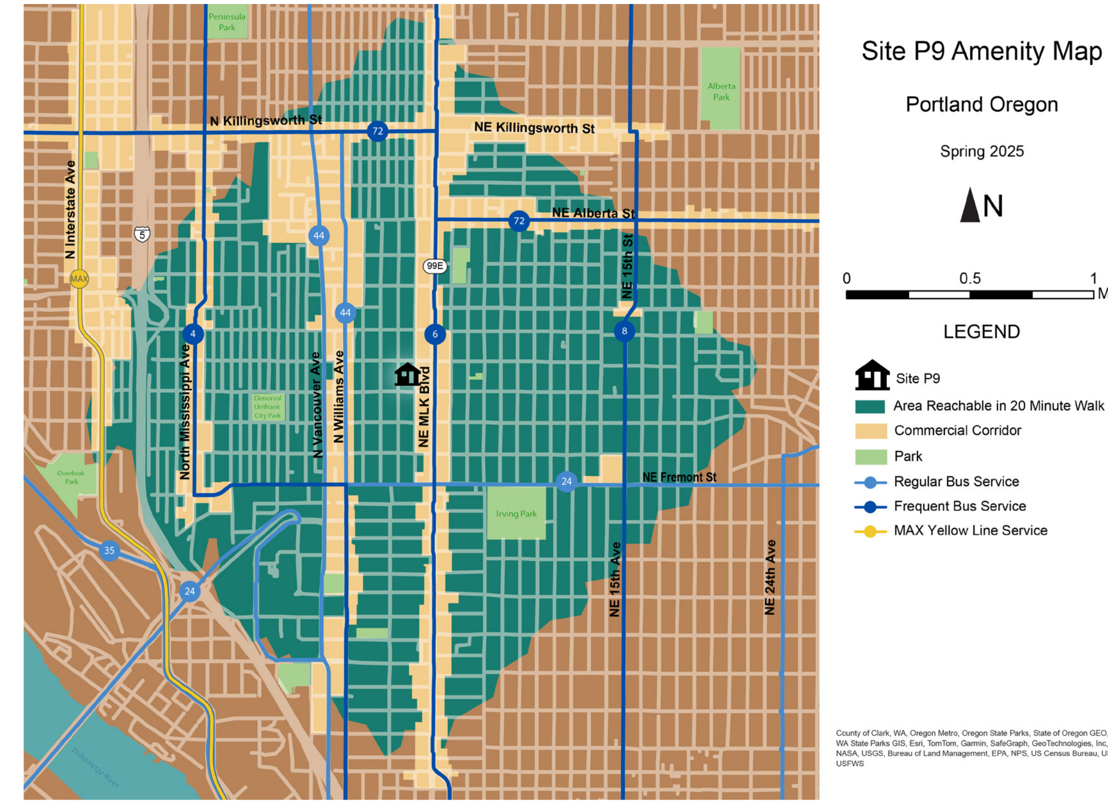
SITE LAYOUT



SITE P9

Key Takeaways

- Minimal backyard space makes an ADU impractical, and intrusion into a rear entrance and small patio for existing residents makes it unattractive
- Steep slopes and narrow setbacks make infill development unlikely to meet accessibility goals



PHYSICAL CHARACTERISTICS

RM4
Zone

INFILL
RECOMMENDATION
None

3 **DWELLING UNITS**

25 **MAXIMUM UNITS**

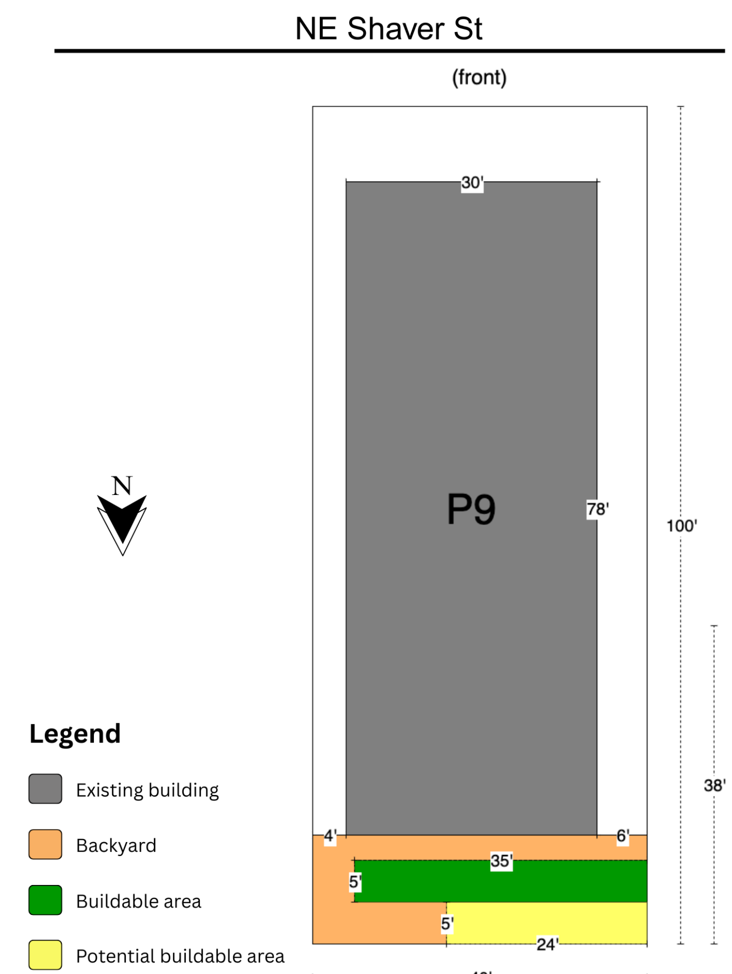
FINANCIAL CHARACTERISTICS

$47,588
Annual Rental Income

$33,820
Annual Operating Expense

$11,614
Net Operating Income

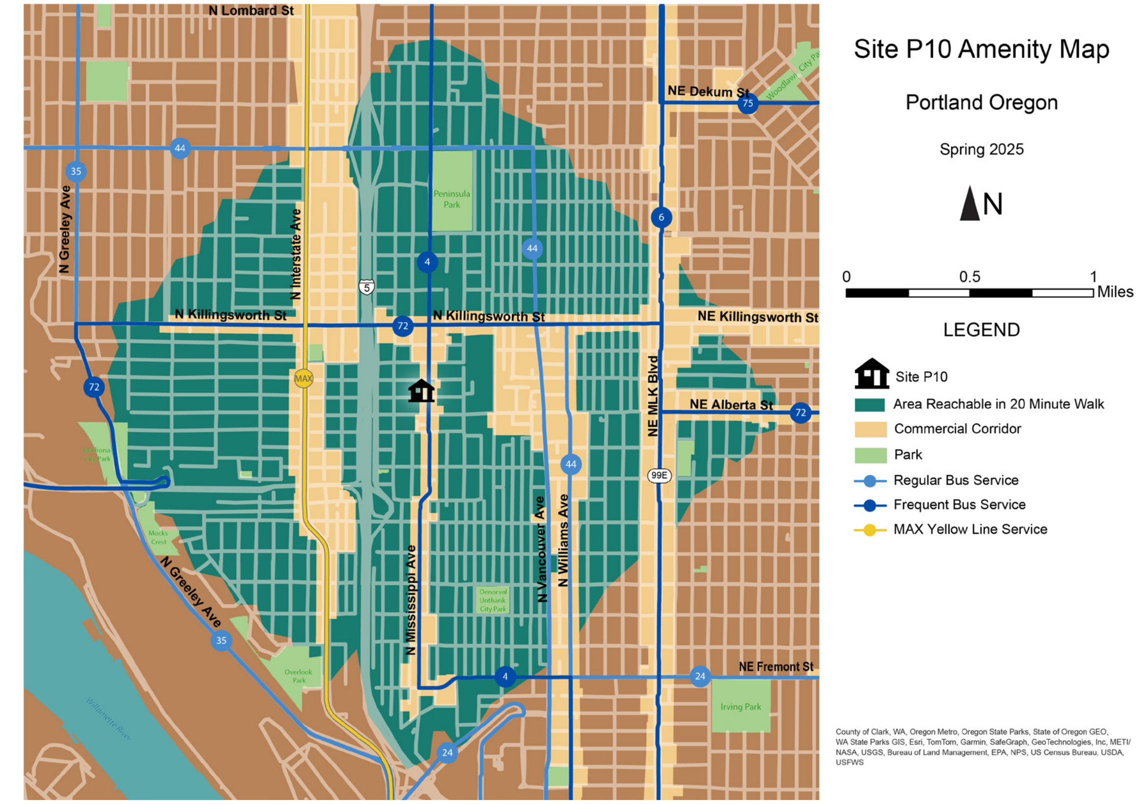
SITE LAYOUT



SITE P10

Key Takeaways

- Minimal backyard space makes an ADU impractical, and intrusion into a rear entrance and small patio for existing residents makes it unattractive
- Steep slopes and narrow setbacks make infill development unlikely to meet accessibility goals



PHYSICAL CHARACTERISTICS

RM2
Zone

INFILL
RECOMMENDATION
None

3 **DWELLING UNITS**

12 **MAXIMUM UNITS**

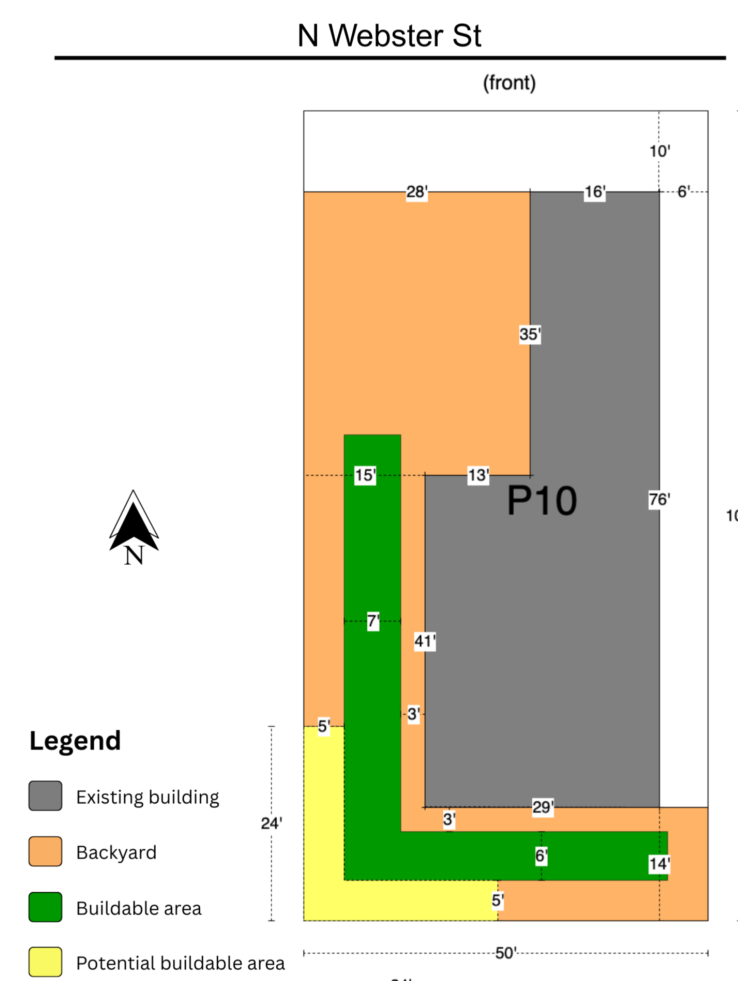
FINANCIAL CHARACTERISTICS

$39,365
Annual Rental Income

$33,820
Annual Operating Expense

$3,802
Net Operating Income

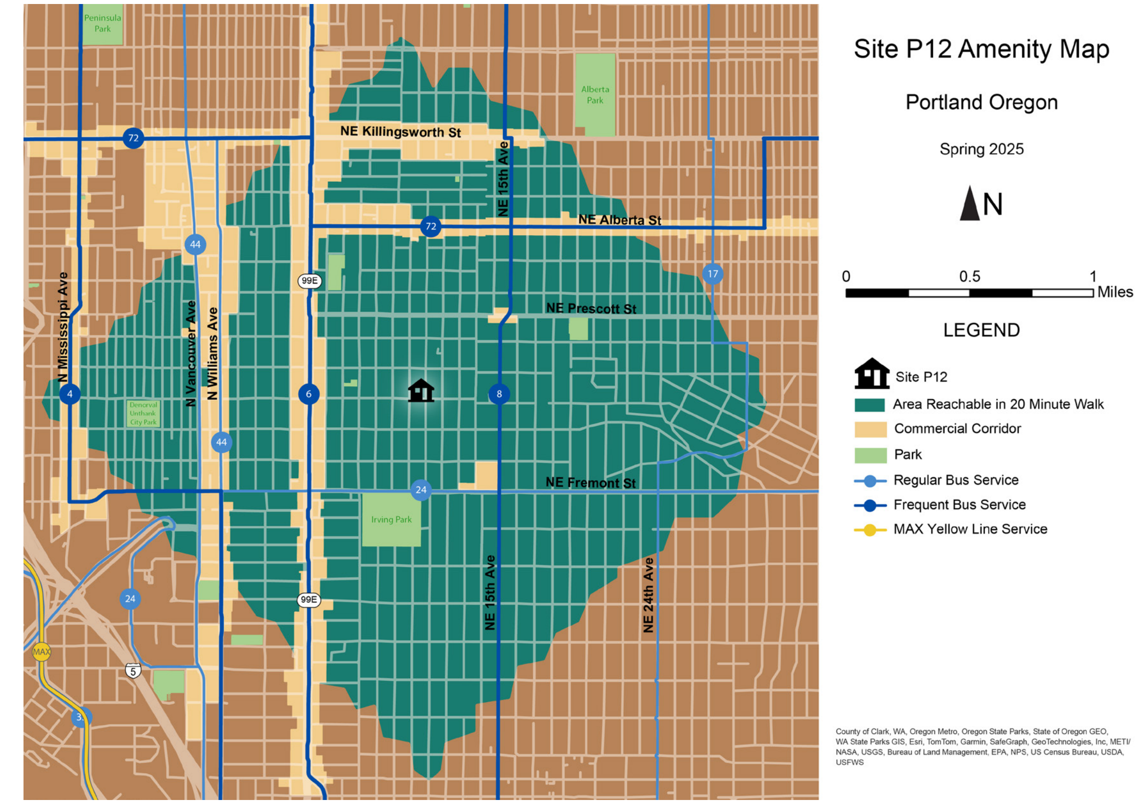
SITE LAYOUT



SITE P12

Key Takeaways

- Large backyard would fit an ADU and would leave ample shared outdoor space for all residents
- Quiet neighborhood setting is ideal for an IDD-serving housing unit
- Steep slopes make full ADA accessibility highly impractical



PHYSICAL CHARACTERISTICS

R5 Zone

INFILL
RECOMMENDATION
ADU

2 DWELLING UNITS

6 MAXIMUM UNITS

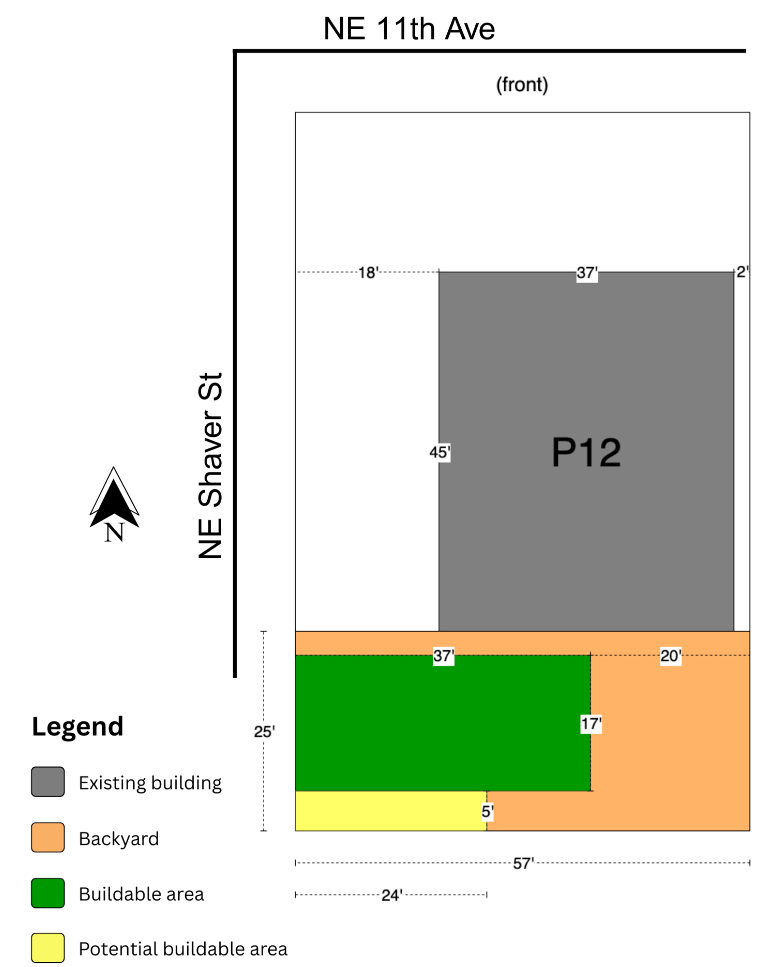
FINANCIAL CHARACTERISTICS

$27,644
Annual Rental Income

$22,547
Annual Operating Expense

$3,940
Net Operating Income

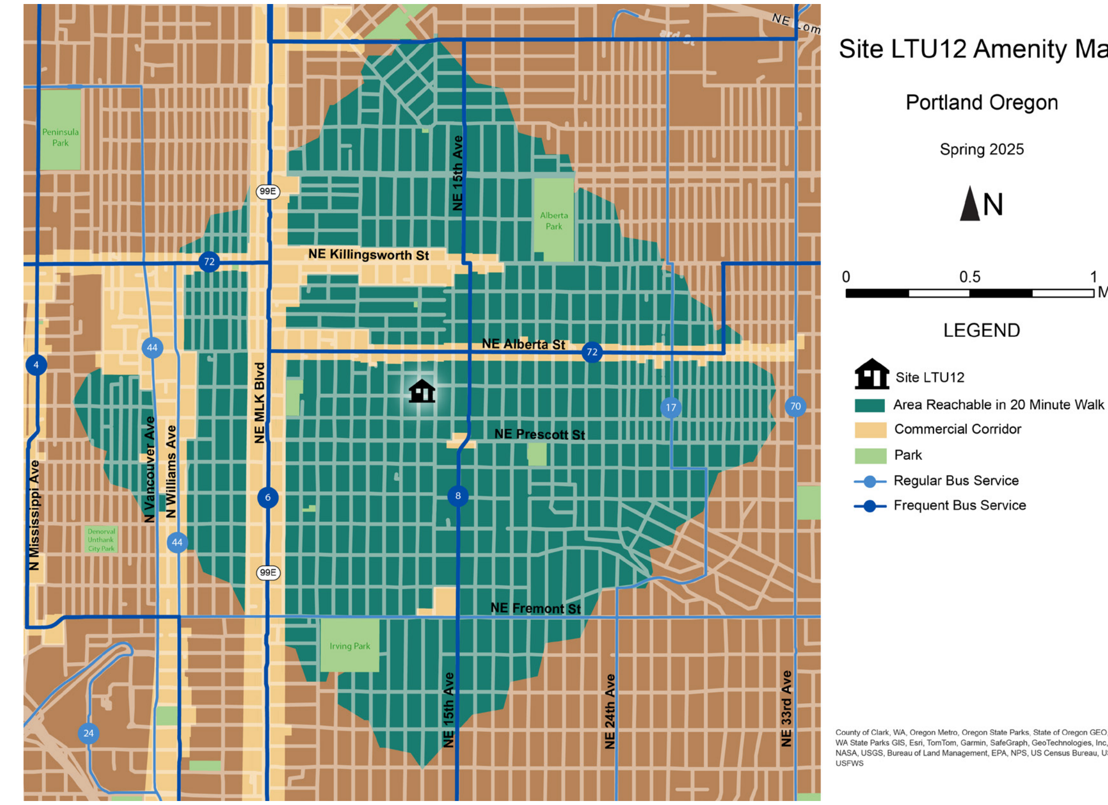
SITE LAYOUT



SITE LTU12

Key Takeaways

- Site must be fully redeveloped because current structure is condemned
- Six-unit affordable housing developments face major funding challenges
- Shallow slopes would make for easy ADA access to any new development on the site
- Given anticipated development challenges, strongly consider selling site to get cash in hand to invest in other projects in this portfolio



PHYSICAL CHARACTERISTICS

R5
Zone

INFILL
RECOMMENDATION
None

0 **DWELLING UNITS**

6 **MAXIMUM UNITS**

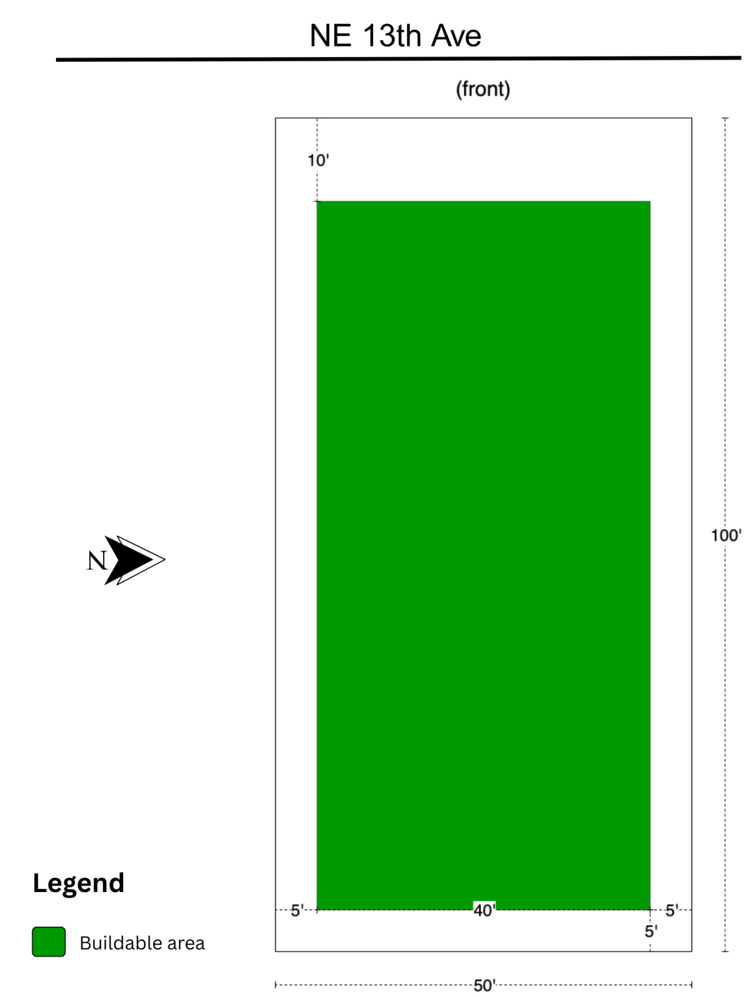
FINANCIAL CHARACTERISTICS

-
Annual Rental Income

$11,273
Annual Operating Expense

-$11,273
Net Operating Income

SITE LAYOUT



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Financial Evaluation

This section explains the numerical assumptions that were used in financial analysis, the methodology for developing financial alternatives, and the criteria for comparing alternatives. The financial evaluation utilizes the results of the site evaluation, which recommends developing ADUs on four sites, a maintenance facility and unit reconversion at Site P1. For more information on these recommendations, see Recommendations.

Assumptions for Financial Evaluation

A full list of assumptions for the financial analysis is included in Appendix D. Due to the scope of Grounded Growth's involvement in the project, most assumptions are very general and should be considered placeholders for the sake of projecting scenarios and generating recommendations for this report.

Development Costs: Development costs for each detached ADU were estimated at $250,000, which was Sabin CDC's placeholder estimate at the start of the project. The project architect, Waechter, has already developed a semi-modular design for the detached ADU on Site P12, and the design is currently being priced by LMC Construction. For that reason, the development cost estimates in this financial analysis are rough placeholder estimates that can be replaced once the LMC estimate is provided. That estimate can be used for the other two detached ADUs that were proposed, with some small adjustments based on assumed site restrictions (i.e. difficult topography). The basement ADU estimate cost of $100,000 was estimated based on a review of online estimators[14], but should be adjusted after a more thorough site analysis. The potential change in capital costs from using deconstructed lumber was assumed to be zero, which was an estimate given by BPS.

Operating Expenses: The operating expenses for the ADU additions were estimated at the maximum allowed operating expenses for projects applying to grants from Oregon Housing and Community Services (OHCS) in 2024 ($8,500 per unit per year)[15]. This is lower than the current average for units in the Scattered Site Portfolio ($10,885 per unit), but still a conservative, worst-case estimate given that the ADUs will be new and require less maintenance, and Community Vision will provide services for ADU tenants free of charge.

Income: The rental income for each additional ADU is from the Portland Housing Bureau rent limit for a 1-bedroom apartment serving individuals earning 60% AMI or lower. This is not a deeply affordable rent and as a result, Sabin CDC is looking into options for providing rental assistance for tenants that are unable to afford the 60% AMI rent. Tenants with rental assistance pay 30% of their monthly income towards rent, and the remainder of rent will be covered by rental assistance. Rental assistance allows the owner to collect the full rent regardless of tenant income, so they can charge a higher base rent without increasing tenant burden. It also improves the stability and predictability of rental income. Another key assumption in the estimated rental income after ADU development is for Site P1. This site is currently a duplex, with one unit occupied by maintenance staff and storage, and the other unit occupied by a Sabin CDC intern. The Grounded Growth recommendation for this site is to create two additional units at this site by building a maintenance facility and detached ADU, and rent out the unit that is currently occupied by maintenance.

Debt: Two debt financing options were explored in the financial evaluation:

- *Refinancing loan*: Refinance the whole portfolio with additional debt that could be used to finance construction. Numerical assumptions were taken from an example loan product from the Network of Oregon Affordable Housing (NOAH), a local Community Development Financial Institution (CDFI). This loan has a maximum term of 30 years and a minimum loan amount of $250,000, with more favorable terms than traditional commercial lenders due to the CDFI's mission-aligned focus.
- *Short-term construction or bridge loans:* These short-term loans would be used purely to finance construction and then rolled into the 2029 refinance. Sabin CDC could potentially use an existing savings account as collateral. The placeholder used for analysis has a 5% interest rate and a 36-month term.

These assumptions provided a realistic but conservative picture of the financing options that might be available for ADU development, given Sabin CDC's current portfolio debt structure and financial constraints.

Financial Evaluation Methodology & Criteria

The alternatives were developed by considering the main two options for funding ADU development (grant funding or debt financing), as well as the baseline scenario (continuing current operations), and the worst case scenario (selling some properties and refinancing the existing mortgage). These options reflect the range of possible strategies Sabin CDC could pursue for infill development on the Scattered Sites Portfolio.

Each alternative was plugged into a model development pro forma, provided in Appendix I, and weighed using a set of financial metrics that reflect both short-term and long-term impacts on Sabin CDC's portfolio and mission:

- Projected cash flow in 2029 to assess refinancing risk
- Projected income-based valuations of the portfolio to determine how each alternative enhances long-term value
- Potential change in tenant population for each alternative
- Relative risk of foreclosure or forced sale of any properties in 2029

Alternatives

Alternatives

Overview

Sabin CDC's Scattered Sites Portfolio faces multifaceted financial and physical challenges, so Grounded Growth explored four alternatives for infill development. Once the potential sites for ADU development were identified (four ADUs, a maintenance facility, and a unit reconversion - see Recommendations), alternatives for financing development were formulated. In the following section, alternatives are weighed by their short- and long-term impacts on Sabin CDC, its current tenants and potential future tenants. There are four reasonable options that Sabin CDC can take:

Preferred Alternative 1: Construct ADUs with Grant Funding

Alternative 2: Construct ADUs with Debt Financing

Alternative 3: Continue Current Operations

Alternative 4: Refinance and Partial Sale

Portfolio-level impacts by alternative

	Cash Flow in 2029	Income Valuation of Portfolio in 2029	Change in Tenant Population	Relative Risk of Foreclosure or Sale in 2029
1. (Preferred) Construct ADUs with Grant Funding	-$41,579	$56,434	+4	Low
2. Construct ADUs with Debt Financing	-$55,968	$56,434	+4	Medium
3. Continue Current Operations	-$79,876	-$900,995	0	High
4. Refinance and Partial Sale Before 2029	Unknown*		-2 or more	Low

*It is difficult to estimate the outcome of this scenario because there are many variables that could be manipulated but are out of the scope of this project. It is likely that 1-2 property sales could cover the existing mortgage and so no refinance would be needed. Equity from property sale could also be invested into capital improvements for existing properties, which could lower operating expenses and increase cash flow.

Alternative 1: Construct ADUs with Grant Funding

In the recommended alternative, Sabin CDC will develop detached ADUs on three sites (P1, P4, P12), a basement ADU on one site (P2), an additional maintenance facility at one site (P1), and explore moving current non-revenue generating uses to other parts of the overall portfolio. Development will be funded completely with public or private grants, or the sale of vacant site LTU12 (see Recommendations: Land Trust Sites).

The new developments will increase the portfolio's rental income and avoid additional debt, improving the portfolio's long-term financial viability. This alternative results in the highest cash flow out of all other alternatives, though the projected cash flow in 2029 is still negative. This option minimizes the risk of a forced sale or foreclosure when outstanding debt is due in 2029, and increases the potential for successful refinancing with favorable terms.

Additionally, this alternative aligns with Sabin CDC's mission to provide affordable housing in the Albina neighborhood by creating additional housing units. By pursuing this alternative, Sabin CDC would also be providing an example to other small-scale affordable housing developers of how to develop grant-funded infill projects.

The major drawback of this approach is that it is an inefficient use of staff time for the number of units that will be constructed. Typically, affordable housing developers don't rely on smaller grants for funding their projects because they make up a small fraction of the total development costs of the project. Sabin CDC staff will need to piece together a handful of smaller grants from private foundations for the grant funding to finance all four ADUs, which have an estimated development cost of roughly $800,000. This could easily entail over 20 separate funding applications for just four additional units.

Alternative 2: Construct ADUs with Debt Financing

In this alternative, Sabin CDC will develop detached ADUs on three sites (P1, P4, P12), a basement ADU on one site (P2), an additional maintenance facility at site P1, with an exploration of moving current non-revenue uses to other parts of the overall portfolio. Development will be partially financed with debt. The remainder of development costs will be covered by grants or equity from the sale of site LTU12 (see Recommendations: Land Trust Sites). The new developments would increase the portfolio's value, but this outcome results in a more negative cash flow than Alternative 1 and the additional construction loan would increase the risk of foreclosure in 2029.

The major challenge with this approach is that financing ADU construction with debt is complicated when there is an existing mortgage. All sites except LTU12 are on the same mortgage, and the sites are the collateral for the loan. Because the sites are already collateral for a lender, they likely can't be used as collateral for a new loan. Sabin CDC would have to use another asset, such as a savings account, as collateral for any additional debt.

Given these limitations, the only viable path for debt financing is to use other assets or revenue as collateral for a construction loan, and then roll the construction loan into refinancing the existing debt with a permanent mortgage. This loan would fund ADU construction in the near term. Then, in 2029, when the balance of the existing mortgage is due, Sabin CDC would refinance the entire portfolio into a new permanent loan that includes both the remaining mortgage and the ADU construction loan. Because this future permanent loan will be larger, it will require more collateral - at that point, both the savings account and the properties will be used to secure the refinancing. This approach works around the current low income valuation of the Scattered Sites Portfolio, allowing Sabin CDC to move forward with development. However, it fails to position the portfolio for long-term financial stability due to additional debt incurred.

Alternative 3: Continue Current Operations

In this alternative, Sabin CDC will continue its current operations until the 2029 refinance. This alternative is primarily included in this document as a worst-case point of reference for the other alternatives. The primary benefit of this alternative is that it allows Sabin CDC to focus its staff time on development projects that are less risky and produce more units for the staff time invested.

This is the least attractive alternative; without additional cash income, the portfolio is not likely to fare well in a refinancing situation and will only continue to decline in value. Since many of these properties are older and in poor condition, they will likely require capital improvements before 2029. Additionally, operating costs for affordable rental housing across the US are escalating faster than rental income.[16] This portfolio faces even higher operational costs due to the separation of sites. Using the income valuation method, the entire portfolio is currently worth -$507,116 and will be worth -$900,995 in 2029, assuming a 3% annual increase in operating costs and a 2% annual increase in rental income, and not accounting for existing debt. Refinancing the existing mortgage in 2029 will be difficult without efforts to increase cash flow. In this scenario, Sabin CDC would have very little control over the fate of the portfolio and may be forced to sell or foreclose.

Alternative 4: Sell Off Portfolio in Advance of 2029

In this alternative, Sabin CDC could sell part of the portfolio and refinance the remaining sites in order to avoid further declines in property value. This would allow them to stabilize finances and increase the likelihood of preserving at least some of the portfolio. Other affordable housing developers in Portland have made similar decisions. Home Forward sold their portfolio of roughly 200 single family homes in the early 2000s[17], and REACH CDC sold 80 of its single-family and multiplex homes in SE Portland in 2025.[18] However, Portland Community Reinvestment Initiatives (PCRI) has maintained and expanded its unique mix of single-family homes, small multiplexes, and community apartments (700 units in total) for almost 30 years.[19]

Strategically selling properties could decrease the risk of failing to refinance and being forced to sell the entire portfolio in 2029, when its value has declined even further. Selling before 2029 may yield more equity that could then be used to pay off the existing debt, and it would give Sabin CDC more flexibility than they may get from a bank in the event of the looming refinance.

There are serious equity concerns for this option, but the realities of the portfolio's financial situation prevent it from being ruled out. Sabin CDC's tenant population is approximately 70% Black or Biracial and 100% low-income, and selling any or all of the portfolio would further displace Black and low–income Portlanders from the historic Albina neighborhood. This option strongly contradicts Sabin CDC's mission and this project's goals. It is difficult to imagine a less equitable outcome for residents than selling their property to a private, for-profit developer. However, if faced with a choice between either 1) losing the entire portfolio in 2029 or 2) selling part of the portfolio and saving the rest before 2029, the clear choice for both Sabin CDC and its current tenants is option 2.

LTU12, which is vacant, should be sold first, but it is difficult to determine which remaining properties should be prioritized for sale. Grounded Growth recommends selling the sites in the worst condition and with the lowest potential for denser redevelopment, and recommends that Sabin CDC weigh their options closely and engage with the relevant community partners and tenants before making any decision.


NO TRESPASSING
PRIVATE PROPERTY

Recommendations

Recommendations

To meet the goals identified throughout this report, the four sites identified in Site Evaluation should be prioritized for ADU developments, and should be developed in conjunction with a maintenance facility and unit reconversion from maintenance use at Site P1. Beyond these developments, Sabin CDC will need to continue their outstanding push to consolidate and simplify their maintenance - both to improve maintenance outcomes (and by extension resident happiness) and to reduce the financial burden that inefficient maintenance operations presents to the portfolio. Furthermore, since the preferred funding alternative will require a great deal of administrative capacity, and because a looming refinance is a strong reason to ensure all the financial reporting is detailed and accurate, a systematic overhaul of internal finance and administrative systems as soon as possible will go a long way to ensuring the future success of the portfolio.

Develop Four ADUs and a Maintenance Facility

Of the 11 sites identified at the beginning of the project, four are recommended for ADU development. Three were eliminated (P5, P7, P8) as they either lack the developable area for an infill project (P7, P8) or are future redevelopment targets (P5). For the remaining eight sites, three present extremely limited buildable land that make an ADU or other infill either impractical or infeasible after accounting for current resident needs and physical accessibility for future residents (P3, P9, P10). One of the remaining sites, LTU12, presents a great deal of difficulty in a potential redevelopment due to existing debt and zoning related challenges. For more commentary on LTU12, see Land Trust Sites.

This leaves four sites for infill development - three attached ADUs (P1, P4, P12) and one basement ADU (P2). In addition to these projects, Sabin CDC should pursue building a detached maintenance facility at Site P1, which would allow them to rent the unit currently occupied by maintenance, and help the maintenance team work more efficiently. Finally, there are a series of units in the Scattered Sites Portfolio being used for workforce housing. Given the financial challenges of the Scattered Sites Portfolio, relocating workforce housing to other parts of the portfolio could allow Sabin CDC to rent out these units and increase rental income.

The recommended ADU additions can occur roughly independent of each other, and any ADU addition will increase the portfolio's value. If ADUs were developed on the four identified sites, they would likely have a significant positive impact on the portfolio's financial performance. Four new units would generate an estimated $83,760 in additional rental income, resulting in a projected increase in NOI of $43,494. Based on income-based valuation methods, this would result in a portfolio valuation, by the income method and before debt, of approximately $1.09 million. If no debt is incurred for ADU development, the immediate impact would be cash flow of roughly zero, which would be a substantial improvement from the current large negative cash flow. The projected cash flow in 2029 is negative (-$8,969), but an improvement from the projected cash flow if current operations continue (-$46,971).

Funding Recommendations for Development

Financing the development of ADUs will require a mix of creative strategies, given the significant limitations of traditional debt financing for this portfolio. Grant funding is strongly preferred due to the portfolio's low cash flow and current debt structure. Another potential but complex approach is to sell the vacant land trust site, LTU12, or other underperforming properties to generate equity for reinvestment, though this raises questions about long-term strategy and may shift the focus toward redevelopment, which is largely outside the scope of this project.

Prioritize Grant Funding

Given the limited availability of public funding for small-scale affordable housing projects, Sabin CDC should prioritize pursuing a combination of public funds and smaller foundation grants to support ADU development. Foundation grants are not typically a major funding source for affordable housing due to their smaller size, but they are well-suited to the scale of this project. State, regional, and local funding and foundation funding offer a viable and mission-aligned path forward, especially with federal support stalled under the current administration. A full list of potential foundation partners is included in the Appendix E, but the most promising options include:

- Kuni Foundation - Imagination Grants for IDD Housing
- Oregon Housing and Community Services - Local Innovation Fast Track Rental (LIFT)
- Prosper Portland - Reimagine Oregon
- Metro - Transit Oriented Development Program
- Fairview Trust

Provide Rental Assistance for Deep Affordability

Rental assistance will be essential to serving tenants with IDD because they may have no income or fixed income from the government, such as SSI. Section 8 vouchers are difficult to secure in the current market, so Community Vision may provide rental assistance for ADU tenants. Sabin CDC is also exploring HUD's Section 811 vouchers, which are specifically designated for very low-income people with disabilities and could provide a more stable source of rental assistance for these ADUs. Rental assistance doesn't directly fund the project's development, but it ensures that the project can reliably collect the expected rental income from tenants during operations. If rental assistance is not available, Sabin CDC could also consider using the Oregon Affordable Housing Tax Credit (OAHTC) to provide deeper affordability by reducing tenant rents in exchange for lower interest rates on a portion of the project's financing.

Explore Debt Financing

Grounded Growth does not recommend that Sabin CDC utilize debt financing for ADU development, but there are a few options for debt financing if it is needed. The major challenges with debt financing are the existing mortgage and their current financial performance. The scattered sites already serve as collateral for an existing mortgage, so a potential lender for ADU construction would have to accept the second priority ("lien") position on the properties - an unlikely scenario. Additionally, the properties' current financial performance will make it difficult for them to meet most loan terms. One creative solution is to use one of Sabin CDC's savings accounts as collateral. Debt financing is further complicated by currently high interest rates. At the time that this report was published in June 2025, mortgage interest rates were close to their highest point in the past 5 years. Higher interest rates translate to a smaller amount of debt that Sabin CDC can take out.

To use debt financing, Sabin CDC would have to either

1. Refinance the entire portfolio with additional debt, or
2. Explore short-term construction or bridge loans that use other assets or revenue as collateral, and then roll those loans into the full refinancing in 2029.

If Sabin CDC does end up seeking a lender, Grounded Growth suggests starting with the banks and CDFIs listed in the Appendix E. These institutions offer a range of both real estate loan products that could be used for refinancing, and business loans that wouldn't require property as collateral. Overall, CDFIs should be prioritized as potential lenders because they are specifically intended to serve nonprofits that might not qualify under traditional loan standards. Additionally, if a permanent loan is pursued, it could be paired with the Oregon Affordable Housing Tax Credit (OAHTC), which would allow Sabin CDC to create deeper affordability at no additional cost.

Sell and Reinvest Equity as a Last Resort

The Scattered Sites Portfolio is at risk of further decline and unsuccessful refinancing in 2029. As a last resort option, the vacant LTU12 property or other properties in poor condition could be sold in order to generate equity to fund development on other sites. By strategically offloading properties in poor condition or with limited redevelopment potential - beginning with the currently vacant LTU12 - Sabin CDC could reduce financial risk and improve the chances of refinancing in 2029. This approach carries serious equity concerns and runs counter to Sabin CDC's mission, but it may be the most viable path to preserving at least part of the portfolio and avoiding bigger losses in the future. Proceeds from any sale could be reinvested into ADU construction or critical repairs, ultimately helping to preserve deeply affordable housing in the Albina community.

Continue Work Towards Reducing Maintenance Costs

While the primary goal of this report is related to the feasibility of infill units on the existing Scattered Sites Portfolio sites, it is evident that the high maintenance costs associated with these sites makes them difficult to manage. There will be a new central maintenance hub at a forthcoming redevelopment project at NE 8th and Alberta, but further work to centralize maintenance operations will be needed. Building a new maintenance facility on Site P1 to complement the future hub will play a key role in keeping future maintenance costs down.

Some lessons can be taken from Portland Community Reinvestment Initiatives (PCRI), a local nonprofit that has managed a scattered site portfolio of 700+ affordable units for over 30 years. Following PCRI's model, Sabin CDC could consider requiring or offering for residents to do their own landscaping and consider options for increasing proactivity with management and maintenance, particularly in the years before refinancing. Additionally, Sabin CDC may be able to negotiate better terms for refinancing if they've taken proactive steps to invest more in maintenance in the next year or two, so costs are lower before negotiating refinancing loan terms in 2029.

> *"Being proactive with management, maintenance, and inspections was critical to the success of PCRI's scattered sites portfolio. Residents were often required to do their own landscaping, which lowered maintenance costs. We considered selling a property only if it was vacant and had more intense capital needs.*
>
> *-Travis Phillips, previous Development Director of PCRI"*

Continue Improving Administrative Organization

Throughout the course of this project, Grounded Growth sourced key information from a scattered assortment of spreadsheets, documents, and word of mouth. Documentation was often outdated, contradictory, and spread across multiple spreadsheets and documents. Numbers sometimes didn't match, and it was not always clear where certain data came from, creating challenges in verifying and understanding key financial and operational details. For Sabin CDC's success overall, the process of tracking key performance metrics could be further refined to allow for the easy exchange of vital information with clients, partners, and funders. Given the anticipated high administrative overhead required for securing grant funding, this is doubly important, as having readily available and verifiable information is key to successfully applying for a large number of grants. Dedicating staff time to improving the general organization of financials, operations, and capital spending tracking will strengthen Sabin CDC's overall organizational capacity and long-term sustainability.

Land Trust Sites

Site LTU12, a former land trust site, is anticipated to be the first of several that Sabin CDC will have the opportunity to repurchase in the near future. The following recommendations will help Sabin CDC develop the tools and strategies needed to successfully manage and make decisions about both LTU12 and any reacquired land trust sites.

If a site does not require redevelopment, Sabin CDC should thoroughly investigate feasibility for affordable rental before repurchase. This will involve weighing the anticipated ongoing maintenance costs, infill development potential, and the potential capital investment required to bring the property up to good condition against the future income to the site rented at 60% AMI. Sabin CDC should develop clearly articulated criteria to judge sites as soon as practical and avoid taking on potentially financially burdensome properties with no clear path to profitability. If the affordable rental criteria are not met, Sabin CDC should consider pass-through sales - preferably in collaboration with the City of Portland's N/NE Preference Policy - to ensure that they can continue to act as a community liaison for permanently affordable housing.

If a site does require redevelopment, as LTU12 does, then the first consideration should be the number of units, as this will determine if a redevelopment is financially feasible. All of the land trust sites are on lots zoned R2.5 or R5, where the maximum number of units is six. As evidenced by the City of Portland's Residential Infill Project 1-year Report, only two six-unit buildings made it through the development process over the time period.[20] For affordable housing projects of this size, the absolute capital costs are much higher than ADUs (making the feasibility of stacking small grants more difficult), but provide too few units to make sense for more traditional affordable housing financial tools (low-income housing tax credits, the most common source of equity for affordable housing, are inefficient for projects under 20 units). In these cases, there are very few redevelopment options. The remaining options may include a pass through sale to a different developer, exploring affordable home ownership programs, or creating a limited equity cooperative structure.

Finally, Sabin CDC should consider selling properties that need redevelopment and reinvesting the resulting equity into other struggling properties. The sale of former land trust sites to for-profit developers may contradict the mission of Sabin CDC in the short-term. However, as described in Alternative 4, Sabin CDC may face a choice between selling vacant properties now or being forced to sell occupied properties. Faced with this choice, the former is clearly more desirable. In addition, selling properties and reinvesting the equity into infill development on other sites is a low-risk way to provide a similar volume of units. LTU12 would generate approximately $200,000 in equity after accounting for the current debt, which would make up the majority of development costs for an ADU elsewhere in the portfolio.

Plan for the Worst-Case Scenario

There is a very real possibility that Sabin CDC may be forced to sell some or all of the properties before the 2029 refinancing. Instead of avoiding this possibility, Sabin CDC should acknowledge it openly and develop proactive strategies to minimize negative impacts on current residents if this worst-case scenario unfolds.

If selling becomes unavoidable, Sabin CDC should prioritize offering ownership opportunities or limited equity cooperative models to residents, allowing them to retain some level of community control and benefit from the housing. Another option is to offer the properties to service providers, such as Community Vision, or mission-aligned organizations, such as PCRI, who have a strong track record of maintaining single-family and multiplex affordable housing in NE Portland. By planning for the worst case now, Sabin CDC can ensure it is prepared to act in the best interest of tenants and the broader Albina community, even under challenging circumstances.

Grounded Growth recommends having a check in to determine project success after some construction has started. This check in should include an evaluation of the current portfolio performances, incurred maintenance costs since the project start, and funding secured for future development. Additionally, Sabin CDC should conduct a retrospective analysis of administrative time spent on securing funding compared to funding secured in order to determine long term feasibility of continuing with the project. This check in should occur with enough time to pivot strategies if necessary before the 2029 refinancing deadline.

Continue Strengthening Community Partnerships

Several key facets of this project are made possible by partnerships with Waechter Architecture, Community Vision, PYB, and BPS. Sabin CDC faces a difficult financial situation, and will continue to greatly benefit from strengthening the relationships with key community partners that can match and bolster Sabin CDC's mission. In addition, continuing to find more connections in the Portland affordable housing community will expand Sabin CDC's support network, open new funding opportunities, and bring in creative ideas for advancing the mission of preserving and expanding affordable housing in Albina. The Roundtable Kickoff Event demonstrated that people in the community value collaboration and can bring fresh perspectives and new ideas. More events similar to the Roundtable Kickoff can be used to continue communication and collaboration between community partners.

Advocate for Public Subsidies, Financing, and Code Changes

Affordable infill projects face significant policy barriers and a lack of dedicated incentives, highlighting an opportunity for Sabin CDC to advocate for policy changes that would support existing small-scale affordable housing and subsidize affordable infill development. Supporting affordable infill housing would contribute to Portland's long-term vibrancy by enhancing the neighborhood character, providing more affordable housing in high-opportunity areas, and reducing the need for costly infrastructure improvements. Currently, affordable housing is typically built in large-scale buildings on higher traffic corridors, which cements the inequitable distribution of affordable housing within cities. Policies that directly support small-scale affordable housing would alleviate existing spatial inequities.

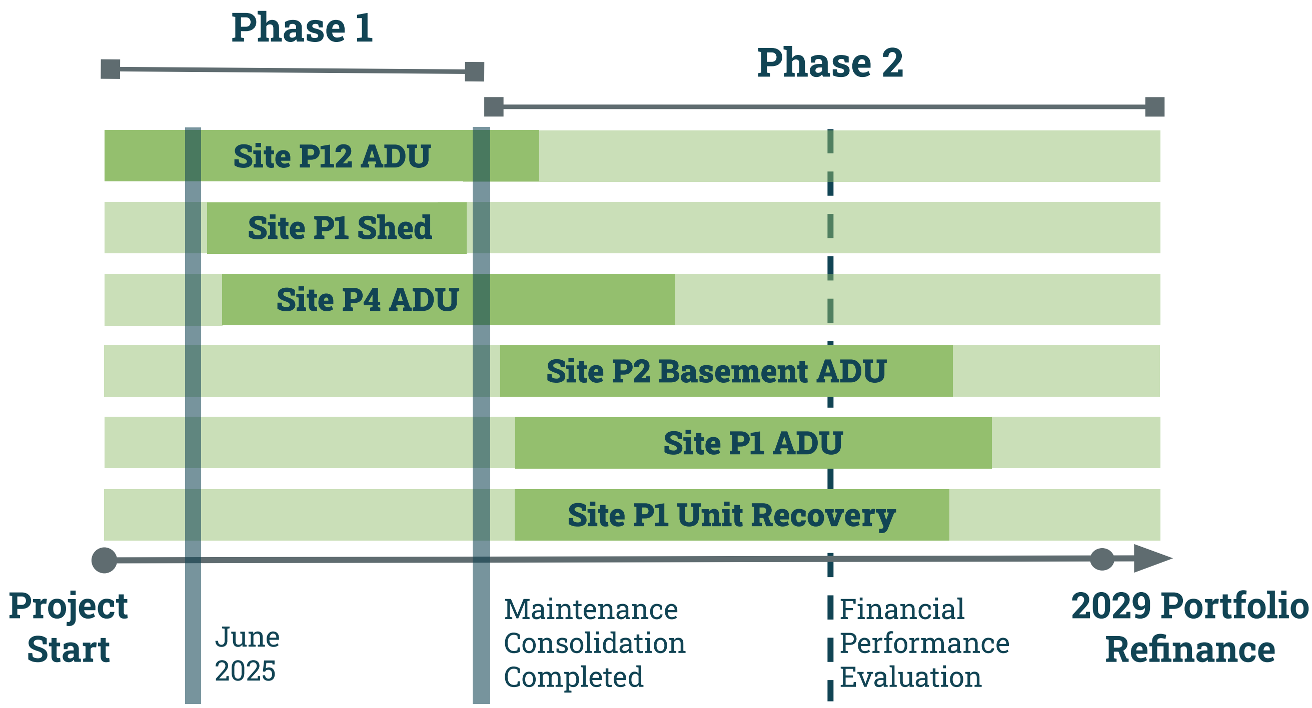
The primary financial barriers to this project's success are financing and operations costs. In the current higher interest rate environment and existing mortgage on the portfolio, taking on debt for affordable ADU development is mostly infeasible. Policies such as lower interest loans with flexible collateral options for small-scale affordable ADU development would make a significant difference in the feasibility of the proposed infill projects. In addition to improving the prospects for capital funding, operating subsidies that prioritize rare small-scale affordable housing would improve the long-term sustainability of this portfolio.

Beyond financing, small code changes would allow more infill development on Sabin CDC's scattered sites. In particular, allowing more than one ADU on lots with a duplex would benefit a handful of these sites that are duplexes with ample room for two ADUs. If Portland followed other Oregon cities in allowing ADU construction in front yards[21], it would be possible to develop ADUs on two more sites in the scattered sites portfolio. These code changes would also benefit incoming land trust sites in poor condition - they could be feasibly redeveloped if zoning went beyond recent middle housing reforms. Developers are unlikely to pursue six-unit affordable housing projects, but there may be potential for 8 to 15 unit projects.

Finally, a strong theme throughout this project is the value of ADUs as affordable housing solutions. One nonprofit, Hacienda CDC, has made a significant push for state support of affordable infill, but they are focusing solely on manufactured housing as a means to lower capital costs. While Hacienda CDC's projects show a great deal of promise, their portfolio and capacity for new development is categorically different from Sabin CDC. Sabin CDC has fewer sites to choose from with more constrained layouts, and wouldn't benefit from production at scale, especially in the emerging field of modular housing. More opportunities to fund affordable infill development, especially stick-build modular ADUs, would fill the gap between larger and smaller affordable housing developers, and could increase infill development overall throughout the Portland metro area.

Implementation Plan

Implementation Plan



To ensure that this project can be completed by the 2029 portfolio refinance deadline, Grounded Growth recommends getting started as soon as possible.

Phase 1 includes developing ADUs on Site P12 and Site P4 and the maintenance facility on Site P1. Of the four sites recommended for development, the ADUs at Site P4 and Site P12 can be done at any point and should begin as soon as funding is available. The highest priority project of the three projects on Site P1 is the maintenance facility, as consolidating and streamlining maintenance operations is a precondition for starting the remaining projects. In addition, high maintenance costs are a central financial challenge for this portfolio, so any work done now to bring down maintenance costs will pay dividends by 2029. This phase will utilize Waechter's semi-modular design for ADU construction and accessibility recommendations from Community Vision.

Phase 2 consists of developing a basement ADU at Site P2, a detached ADU on Site P1 next to the new maintenance facility, and converting the maintenance-occupied unit at Site P1 back into a residential unit. The basement ADU and unit reconversion projects are less expensive and have a higher likelihood of being completed before 2029, but they both require the Phase 1 maintenance consolidation to be completed. However, the desirability of the Site P1 ADU may be inhibited by the new maintenance facility, so after Phase 1, Sabin CDC should evaluate whether an ADU at P1 is still possible.

Sabin CDC may need to temporarily relocate residents during construction, so Grounded Growth recommends beginning preliminary tenant engagement as soon as practical. Tenants should be able to influence certain project decisions that will impact them, such as ADU siting where multiple options exist.

Finally, given the current financial constraints of Sabin CDC's Scattered Sites Portfolio, Grounded Growth recommends a strategic re-evaluation of the portfolio in 2028. Ideally, both project phases will be complete by then, leaving time to examine the financial performance of the entire portfolio before refinancing. If some projects are delayed or do not receive funding, Sabin CDC should explore options to minimize the negative impacts of sale or foreclosure (see Recommendations - Plan for the Worst-Case Scenario).

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Conclusion

Conclusion

Sabin CDC's Scattered Sites Portfolio faces numerous challenges, and reflects the almost impossible task of providing quality, small-scale affordable housing in high-opportunity neighborhoods in the United States. In the past few years, operations costs have inflated rapidly, accelerating existing challenges; other local CDCs have recently sold off their scattered sites portfolios. While the addition of four units is a drop in the bucket for affordable housing in gentrified N/NE Portland, these four units give Sabin CDC the highest chance of preserving their socially vital, historically unique, and tenant-beloved Scattered Sites Portfolio that serves a higher percentage of Black Portlanders than the rest of their portfolio.

Other consultants have looked at the portfolio's financial performance and recommended Sabin CDC sell the entire portfolio. In contrast, this report argues that it is justified for Sabin CDC to take any necessary action to preserve this crucial portfolio that houses Black Portlanders in N/NE Portland - a community that has largely been displaced from the area. It would be most time-efficient and financially viable to sell off most of the scattered sites and redevelop the rest with denser affordable housing. It would be least risky to sell just a few sites and reinvest the equity into the remaining properties, significantly reducing the chance for foreclosure or forced sale. However, any sale of the scattered sites should be considered an absolute last-resort option. Sabin CDC exists to provide long-term, affordable housing in a neighborhood where it has been continually denied to long-time residents - and especially to long-time Black residents. If the Scattered Sites Portfolio is lost, Sabin CDC risks losing not just its mission, but also the community's trust and support that distinguish it from more financially-driven affordable housing developers.

Grounded Growth urges Sabin CDC to develop the recommended ADUs, take measures to reduce operations and maintenance costs, continue improving administrative organization, and strengthen community partnerships. By following these recommendations, Sabin CDC will be better equipped to provide valuable scattered sites to their long-time tenants, and expand their larger-scale affordable housing project portfolio.

Source: Homes.com

Endnotes

1 - https://www.planning.org/knowledgebase/accessorydwellings/
2 - https://www.nichd.nih.gov/health/topics/idds/conditioninfo
3 - https://kingneighborhood.org/wp-content/uploads/2015/03/BLEEDING-ALBINA_-A-HISTORY-OF-COMMUNITY-DISINVESTMENT-1940%E2%80%932000.pdf
4 - https://www.portland.gov/bps/planning/area-planning/area-and-neighborhood-plans
5 - https://www.oregonlive.com/portland/2016/09/dawson_park_gentrification_por.html
6 - https://efiles.portlandoregon.gov/recordhtml/16503359/
7 - https://shelterforce.org/2023/07/05/how-the-housing-shortage-is-forcing-people-with-disabilities-into-institutions/
8 - https://efiles.portlandoregon.gov/recordhtml/16503359/
9 - https://thekelsey.org/design/
10 - https://www.portland.gov/bps/planning/rip/about
11 - https://www.hdc-nw.org/news-and-updates/2024/11/20/building-an-early-phase-development-pro-forma
12 - https://cvision.org/learn-advocate/universal-design/
13 - https://www.portland.gov/bps/planning/documents/portland-plan/download
14 - https://garagecalculator.com/adu-construction-cost-calculator/ , https://www.revivaladu.com/financing/budget-calculator
15 - https://www.hdc-nw.org/news-and-updates/2024/11/20/building-an-early-phase-development-pro-forma
16 - https://www.novoco.com/podcast/jan-14-2025-takeaways-from-novogradac-lihtc-operating-income-and-expenses-report
17 - Interview with Jonathan Trutt, Home Forward, 5/8/2025
18 - https://www.wweek.com/news/2025/03/25/one-of-the-citys-largest-affordable-housing-developers-prepares-to-sell-80-of-its-homes-to-an-unknown-buyer/
19 - https://pcrihome.org/about/about-pcri
20 - https://efiles.portlandoregon.gov/record/17159746
21 - https://bend.municipal.codes/BDC/3.6.200(B) , https://www.medfordoregon.gov/files/assets/public/v/1/planning/documents/adu/mmc_ch10_sec10-821.pdf, https://archives.corvallisoregon.gov/public/ElectronicFile.aspx?dbid=0&docid=953616

Appendix

Appendix A - Referenced Geographies

Appendix A - Referenced Geographies

Geographies used for demographic analysis

Historic Albina (1970)

1970 Census Tracts[22]. Derived from City of Portland's Albina Neighborhood Plans (1990s)

- Multnomah County Census Tract 22.1
- Multnomah County Census Tract 22.2
- Multnomah County Census Tract 23.1
- Multnomah County Census Tract 23.2
- Multnomah County Census Tract 24.1
- Multnomah County Census Tract 24.2
- Multnomah County Census Tract 32
- Multnomah County Census Tract 33.1
- Multnomah County Census Tract 33.2
- Multnomah County Census Tract 34.1
- Multnomah County Census Tract 34.2
- Multnomah County Census Tract 36.1
- Multnomah County Census Tract 36.2
- Multnomah County Census Tract 37.2

Current Albina (2023)

2020 Census Tracts[23]. Derived from City of Portland's Albina Neighborhood Plans (1990s)

- Multnomah County Census Tract 22.03
- Multnomah County Census Tract 23.03
- Multnomah County Census Tract 24.01
- Multnomah County Census Tract 24.02
- Multnomah County Census Tract 32
- Multnomah County Census Tract 33.01
- Multnomah County Census Tract 33.02
- Multnomah County Census Tract 34.01
- Multnomah County Census Tract 34.02
- Multnomah County Census Tract 36.01
- Multnomah County Census Tract 36.02
- Multnomah County Census Tract 37.02

[22] US Census, 1970 Census
[23] US Census, 2020 Census

Direct Sabin CDC Service Area (2023)

From conversations with Sabin CDC - near NE Alberta Street from NE MLK Blvd to NE 15th Ave

- Multnomah County Census Tract 33.01

Portland MSA (2023)

Portland - Vancouver - Hillsboro Metropolitan Statistical Area, US Census.

- Multnomah County, Oregon
- Washington County, Oregon
- Clackamas County, Oregon
- Yamhill County, Oregon
- Clark County, Washington
- Skamania County, Washington

Appendix B - Comprehensive Plan Elements

Appendix B - Comprehensive Plan Elements

Comprehensive Plan Elements pertinent to Sabin CDC Infill Project

Policy 5.4 Housing types - Encourage new and innovative housing types that meet the evolving needs of Portland households, and expand housing choices in all neighborhoods. These housing types include but are not limited to single-dwelling units; multi-dwelling units; accessory dwelling units; small units; pre-fabricated homes such as manufactured, modular, and mobile homes; co-housing; and clustered housing/clustered services.

Policy 5.6 Middle Housing - Enable and encourage development of middle housing. This includes multi-unit or clustered residential buildings that provide relatively smaller, less expensive units; more units; and a scale transition between the core of the mixed use center and surrounding single family areas. Where appropriate, apply zoning that would allow this within a quarter mile of designated centers, corridors with frequent service transit, high capacity transit stations, and within the Inner Ring around the Central City.

Policy 5.7 Adaptable Housing - Encourage adaptation of existing housing and the development of new housing that can be adapted in the future to accommodate the changing variety of household types.

Policy 5.8 Physically-accessible housing - Allow and support a robust and diverse supply of affordable, accessible housing to meet the needs of older adults and people with disabilities, especially in centers, station areas, and other places that are proximate to services and transit.

Policy 5.9 Accessible design for all - Encourage new construction and retrofitting to create physically-accessible housing, extending from the individual unit to the community, through the use of Universal Design Principles.

Policy 5.18 Rebuild Communities - Coordinate plans and investments with programs that enable communities impacted by involuntary displacement to maintain social and cultural connections, and re-establish a stable presence and participation in the impacted neighborhoods.

Policy 5.22 New development in opportunity areas - Locate new affordable housing in areas that have high/medium levels of opportunity in terms of access to active transportation, jobs, open spaces, high-quality schools, and supportive services and amenities.

Policy 5.26 Regulated affordable housing target - Strive to produce and fund at least 10,000 new regulated affordable housing units citywide by 2035 that will be affordable to households in the 0-80 percent MFI bracket.

Policy 5.31 Household prosperity - Facilitate expanding the variety of types and sizes of affordable housing units, and do so in locations that provide low-income households with greater access to convenient transit and transportation, education and training opportunities, the Central City, industrial districts, and other employment areas.

Policy 5.34 Affordable housing resources - Pursue a variety of funding sources and mechanisms including new financial and regulatory tools to preserve and develop housing units and various assistance programs for households whose needs are not met by the private market.

Appendix C - Amenity Proximity Methodology

Appendix C - Amenity Proximity Methodology

Methodology for Amenity Proximity in Site Analysis

To determine the number of jobs, grocery stores, parks, and community centers within a 20 minute walk, 25 minute transit ride, and 15 minute drive of each site, network distance buffers were created using the Mapbox Isochrone API.[24] This API does not support transit distance buffers, so a Python code was developed to extend the Mapbox Isochrone API in conjunction with TriMet's GTFS data. The code and documentation for this extension is available on Github[25].

A network distance buffer integrates the existing street network to determine an area that is reachable within a specified travel distance. A uniform 3 mile per hour walking speed was assumed for both the 20 minute walk buffer and the 25 minute transit ride buffer. These buffers are not exactly accurate, as they do not always properly account for safe pedestrian crossings or if a street is navigable at all for a pedestrian, but they represent a more realistic area than a standard one mile Euclidean (equal distance) buffer.

To determine the number of amenities reachable in each of the travel times by mode, a spatial join was performed in ArcGIS Pro, using data sourced from the US Census Longitudinal Employer-Household Dynamics OnTheMap tool[26] (jobs), the City of Portland Open Data[27] (parks and grocery stores), and Metro RLIS[28] (community centers).

To create a percentile rank for each amenity by mode, each site was compared with a sample of points distributed throughout the City of Portland. These points were generated by taking the centroid of each Census Tract within the City of Portland. Since Census Tracts are intended to have a set number of people residing within them (1,500 to 8,000, with a target of 4,000[29]), these points are distributed roughly evenly throughout the city by population. Each percentile was determined relative to each amenity and each mode (e.g. Site P1 ranked 61st out of 181 total sites by access to jobs via public transit, ranking it in the 67th percentile).

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24 Mapbox Isochrone API
25 Transit-isochrones
26 OnTheMap
27 City of Portland Open Data
28 Metro RLIS
29 Census Tracts

Appendix D - Development Cost Assumptions

Appendix D - Development Cost Assumptions

	Amount	Source
Capital Cost Assumptions		
Development Cost of Detached ADU	$250,000	Placeholder number - waiting for a detailed contractor estimate
Development Cost of Basement ADU	$100,000	ADU Construction Cost Calculator, ADU Budget Calculator
Operating expenses for existing sites	Varies by site, see Table 1 in Current Financial Performance	Sabin CDC rough estimates
Operating expenses for new 1-bedroom ADU, detached or basement	$8,500 / year	OHCS maximum for projects applying to Oregon Centralized Application (ORCA)
Income Assumptions		
Rental income for existing sites	Varies by site, see Table 1	Sabin CDC actual
Rental income for new 1-bedroom ADU @ 60% AMI	$1,396 / month	Portland Housing Bureau, 2025 Income and Rent Limits[30]
Miscellaneous fees collected for existing properties	$225	Sabin CDC estimate
Fees / other income for new ADU	$0	None - in-unit washer dryer, no pet rent expected
Vacancy Rate	5%	OHCS minimum for projects applying to Oregon Centralized Application (ORCA)
Capitalization Rate	4%	Best case estimate
Construction Loan Assumptions		
Interest rate	7%	Placeholder interest rate
Payments	Interest-only payments based on amount spent ("drawn down") during construction.	
Term	36 months	
Permanent Loan Assumptions		
Interest Rate	7.5% (2.75% over 10-year	NOAH Permanent Loan Terms

[30] download

	treasury, May 2025)	
Amortization	30 years	
Loan Term	30 years	
Minimum Debt Service Coverage Ratio (DSCR) - first year	1.2	
Minimum DSCR - all other payments	1.1	

Appendix E - Suggested Funders and Lenders

Appendix E - Suggested Funders and Lenders

Recommended Lenders for Debt Financing are listed below. For a permanent loan, the Oregon Affordable Housing Tax Credit could be used to create deeper affordability.

- *Casa of Oregon - Community Loan Fund
- *Nonprofit Finance Fund
- US Bank - Real estate and term loans
- Key Bank - Community development lending
- Umpqua Bank - Business term and real estate loans and home builder loan
- On Point Credit Union - Business term loans and lines of credit
- Unitus Credit Union - business and real estate loans
- *Beneficial State Bank - term loans, nonprofit builder loans
- *Oregon Facilities Authority, SNAP Loan Program
- *SELCO community credit union - Nonprofit Loans
- Consolidated Community Credit Union - business line of credit
- *HDC Community Fund LLC - short-term, low-interest loans
- *Micro Enterprise Services of Oregon - business loans
- *Network for Oregon Affordable Housing - Predevelopment and permanent Loans

*Community Development Financial Institution (CDFI)

Funding Source Summary

Program / Source Name	Program Values / Priorities	Likelihood of Funding	Potential Funding Amount	Application Timeline
Kuni Foundation - Imagination Grants for IDD Housing	Planning grants to support the exploration of new, inclusive housing efforts and support the creation of a viable action plan for project development and funding.	Medium to High	Average grant awarded is typically $15,000 to $25,000, max request of $75,000	2026 (2025 cycle is closed)
PYB Labor	Workforce development	High	Portion of development costs, depending on labor provided	N/A

Community Vision	Services, education, and advocacy to ensure that people with disabilities direct their own lives	High	Rental assistance for ADUs or equity investment	N/A
Oregon Housing and Community Services - Local Innovation Fast Track Rental	Increase the supply of new affordable housing in historically underserved communities. Program will receive a large influx of funds following 2025 legislative session.	High	Depends on AMI served. At 60% AMI, maximum subsidy per unit is $290,000 for a 1-bedroom unit.	Rolling, can submit intake form as early as the concept phase of a project.
Prosper Portland - Reimagine Oregon	Focused on economic and business development for those disproportionately affected by the cannabis prohibition. Values projects focused on building community wealth, promoting economic empowerment, and supporting social enterprises.	Medium	$5,000 to $700,000	2025 cycle is closed, no news about 2026
Metro - Transit Oriented Development Program	Support projects that provide greater density and affordability compared to what would otherwise be built on a property. Only eligible for projects within ¼ mile walking distance of bus stop (P1, P2 and P4 are eligible).	Medium	Base funding amount is unclear. Projects can earn $50,000 bonuses for meeting racial equity, climate leadership, and efficient housing development strategies.	Unclear. Submit interest form to begin the process.
Portland Clean Energy Fund (PCEF) - Community Grants	Invests in community-led projects to reduce carbon emissions, create economic opportunity, and help make our city more resilient as we face a changing climate. Not compatible with PYB partnership.	High	$2M max for energy efficiency and renewable energy projects, $500K max for workforce development projects	2025 cycle closes on 5/27/25
Fairview Trust	Housing projects that enhance housing opportunities for individuals with IDD and fosters community integration, independent living, affordability, accessibility enhancements, and universal design.	Medium	Total allocation for the fund is $700K, no average allocation per project is given. Shovel-ready housing or early-stage development support.	Anticipate opening applications in June
FHLB Des Moines	Safe and affordable housing	Medium	Maximum of $150K per dwelling unit, max total loan	2026 grant cycle TBA

			of $3M	
Oregon Community Foundation - Community Grants Program Fall 2025	Small capital, capacity building and new or expanding programs and projects. Prefers organizations that are small rural, culturally specific, or culturally responsive.	Medium to Low	Average around $15,000–$20,000, but will consider requests up to $40,000	Fall 2025
Oregon Community Foundation - Joseph E. Weston Public Foundation	Allow people with IDDs the right to live a life of fulfillment and to recognize the homeless of our community and offer them assistance.	Medium to Low	Multi-year capital grant and capacity grants available, unknown amount	July 1-September 1 every year
Collins Foundation - Responsive Grants	Diversity, equity and inclusion; prioritizes organizations that have made efforts to learn about the root causes of social inequities; health, housing, workforce development and asset-building that includes capital projects.	Unknown	No max listed, previous awards range from $8K-$300K	Not accepting applications until late Spring 2025
Oak Foundation	Safety, fairness, sustainability, and specifically supports projects that are working to resolve the systemic causes of homelessness.	Unknown	$25,000 - $10M, average award of $900K	None given - first submit request to apply.
Meyer Memorial Trust - specific program TBD	Previous cycle emphasized racial, social and economic justice and promoting housing justice through anti-displacement efforts was a key goal.	Unknown	Average award amount for 2024 program was $75-100K, max award is $200K, $12M in available funding for project-based and general operating support	Unclear, 2024 program opened in the summer
The Standard Foundation	Healthy Communities, Disability and Empowerment, and Education and Advancement	Unknown	$5K-25K; average award is $10K	None given - first submit request to apply.
NW Health Foundation - Advancing Disability Justice Grants	Advancing disability justice is a core priority, specifically for disabled community leaders, community groups, organizations or coalitions for community building, civic engagement,	Unknown	$5-10K	Website mentions that the Advancing Disability Justice Grants would be revamped in 2024, but no mention of a 2024 program - may be upcoming in

	community organizing, cultural work, leadership development, movement building or policy advocacy (might not be eligible)			2025.
Spirit Mountain Foundation Community Fund - Small Grant and Large Grant Program	Prioritizing education, environmental preservation, health priorities including homeless youth and support services. Does not support start-up construction projects or multi-year funding	Low	Small grants: max $7.5K Large grants: max $100K for capital projects	Four grant cycles per year Project must begin within 90 days of the start of the grant period
Marcia Randall Foundation	Providing opportunity to the underprivileged; promoting personal responsibility and initiative through values-based programs focused on improving education and social well-being.	Unknown	5k - 50k, average award 15k	Unclear
Autzen Foundation	Primarily award grants to small non-profit organizations focusing on social services, arts and culture, education, environmental initiatives, and youth-centered missions.	Medium - small grant amounts, hundreds of grants/year for Oregon-based projects	Less than 10k	Two grant cycles per year
Maybelle Clark MacDonald Fund	Mission compatibility, effective management, sound financial practices, board-led fundraising, sustainability	Low	Unknown	Two grant cycles per year
Clark Foundation	Social services, education, and health and human services	Unknown	Unknown	Two grant cycles per year
Schnitzer Foundation	Medical, community, youth, education, social service, arts & culture	Very Low	Less than 10k	Not accepting applications until further notice
Murdock Foundation	Artistic/cultural expression, civic engagement & community services, health & environmental stewardship, education & leadership development, scientific research. Supports capital	Medium	More than 100k	Rolling submissions

	projects for non-profits			
Umpqua Bank - Community Grant Guidelines	Improving economic prosperity for under-resourced individuals, families, and small businesses, and building healthier, more resilient, better connected, and inclusive communities.	Medium	$5,000 to $10,000, 212 grants awarded in 2024	Three grant cycles per year
OnPoint Credit Union - Community Relations Grants	Economic opportunity and community vitality, cultivating meaningful relationships with local partners, supporting the black community	Unknown	Unknown; $3.4M allocated in 2024	Two grant cycles per year
PNC Charitable Sponsorships	Education, arts & culture, and economic development but has previously funded housing projects	Low	Unknown	Unknown

Appendix F - Site Evaluation Matrix Categorization

Appendix F - Site Evaluation Matrix Categorization

The following table summarizes how each metric included in the evaluation matrix was ranked.

Category	***1***	***2***	***3***
ADA Accessibility	Low to no physical accessibility via wheelchair to location of buildable area	Some potential for access via mobility device to location of buildable area, could be slightly physically or financially constrained	Easily developable or already present accessibility via mobility device to location of buildable area
Nearby Sidewalk Quality	Large numbers of breaks/elevation changes in sidewalk, no sidewalk, no accessible features such as truncated domes and curb ramps	Some breaks/changes in elevation in sidewalk, presence of some accessible features such as truncated domes or curb ramps but inconsistent	Smooth even sidewalk with accessible features such as truncated domes and curb ramps
Obstruction Free Route to Transit	No access to transit or very difficult access to transit via mobility device	Access to transit via mobility device is possible with some difficulty	Access to transit via mobility device easily navigable
Usable Outdoor Space After Development	No outdoor space for residents after development of ADU	Some outdoor space for residents after development of ADU that could be utilized but limited	Plenty of outdoor space for residents after development of ADU that could be utilized by residents
Proximity to IDD Services	Poor access to grocery stores on transit and no well-situated bus stops	Either good grocery store access on transit OR an easy access to nearby bus service	Good access to grocery stores on transit and easy access to nearest bus stops
Noise Levels	Noticeable noise pollution from nearby streets or surrounding land uses that disturbs quality of life	Small amounts of noise pollution from nearby streets or surrounding land uses but doesn't disrupt quality of life	Little to no noise pollution from nearby streets or surrounding land uses
Topographic Constraints for Development	Presence of large constraint such as significant slope, large tree, or other constraint on buildable area	Some constraints on buildable area but feasible to solve for development	No topographical constraints on buildable area
Major Obstruction	Presence of large obstruction to access to site to build recommended development	Presence of some obstructions to access site to build recommended development	No obstructions to access site to build recommended development

Category	1	2	3
Aerial Obstruction	Presence of electric wires, large tree canopy, or other major obstruction above buildable area that would significantly hinder project development	Some presence of electric wires, tree canopy, or other obstruction but would not significantly hinder project development	No presence of aerial obstruction above buildable area
Water Demand	Water pipe size needs to be upgraded in order to serve development	N/A	Water pipe size is sufficient to serve development
Solar Potential	No ample southern light reaches to buildable area	Some (i.e., slightly shaded) southern light reaching buildable area	Ample southern light reaches buildable area
Additional Maintenance Storage Created	Does not create any new maintenance capacity	N/A	Does create new/improved maintenance capacity
Distance from Future Maintenance Hub	1 mile or more	0.5 to 1 mile	less than 0.5 mile
Additional Maintenance Cost	Large potential future total maintenance burden	Medium to small potential future maintenance burden, based on assumption that ADU maintenance costs will be relatively low	Proposed development is within an existing structure
Current Debt Capacity	No debt capacity without refinancing entire portfolio	No debt capacity without refinancing single entity	Any amount of debt capacity
Grant Attractiveness	Project which does not strongly meet the stated project needs and is too expensive to get off the ground with preferred strategy	Project which either meets the project needs well, or is too expensive to get off the ground	Project which is both low enough cost for Sabin CDC to manage with small grants and meets the goals of the project
Future Income Potential	Net of one unit	Net of two to four units	Net of five or more units
Total Capital Cost	Greater than $500,000	Between $250,000 and $500,000	Less than $250,000
Proximity to Jobs	Lower than 50th percentile in comparison to City of Portland	Between 50th and 70th percentile in comparison to City of Portland	Above 70th percentile in comparison to City of Portland
Proximity to Parks	Lower than 50th percentile in comparison to City of Portland	Between 50th and 70th percentile in comparison to City of Portland	Above 70th percentile in comparison to City of Portland

Category	***1***	***2***	***3***
Proximity to Community Centers	Lower than 50th percentile in comparison to City of Portland	Between 50th and 70th percentile in comparison to City of Portland	Above 70th percentile in comparison to City of Portland
Proximity to Grocery Stores	Lower than 50th percentile in comparison to City of Portland	Between 50th and 70th percentile in comparison to City of Portland	Above 70th percentile in comparison to City of Portland
Resident Impact	Development would significantly change living experience of current residents in current existing structure	Development would change living experience of current residents in current existing structure but not significantly	Development would not change living experience of current residents in current existing structure

Appendix G - Unweighted Objectives Evaluation Matrix

Appendix G - Unweighted Objectives Evaluation Matrix

				Site:	**P1**	**P3**	**P4**	**P12**	**P2**	**P9**	**P10**	**LTU12**
Required Characteristics				Buildable Area (Excluding setbacks)	ADU	ADU	ADU	ADU	Basement ADU	Attached ADU	Attached ADU	Full Redevelopment
				Relationship to Sabin CDC's Future Plans	1	1	1	1	1	1	1	1
Preferred Characteristics	Goal 1: Provide Housing to Individuals with IDD	Physical Accessibility		Physical Accessibility/ADA	3	1	2	1	3	1	2	3
				Nearby Sidewalk Quality	2	2	1	2	1	2	3	2
				Obstruction Free Route to Transit	3	3	2	2	1	1	3	1
				Usable Outdoor Space After Development	3	1	3	2	2	1	1	2
				Proximity to IDD Services	3	3	2	1	1	3	2	2
				Noise Levels	2	1	2	3	3	3	3	3
				Subtotal:	**16**	**11**	**12**	**11**	**11**	**11**	**14**	**13**
				Total Possible Points	**18**	**18**	**18**	**18**	**18**	**18**	**18**	**18**
		Physical Site Limitations		Topographic constraints for development	3	3	2	1	2	3	2	3
				Major obstruction	3	1	2	2	3	1	1	3
				Aerial obstruction	2	1	3	2	3	1	2	3
				Subtotal:	**8**	**5**	**7**	**5**	**8**	**5**	**5**	**9**
				Total Possible Points	**9**	**9**	**9**	**9**	**9**	**9**	**9**	**9**
		Proximity to Amenities		Proximity to Jobs	2	2	1	2	2	3	2	2
				Proximity to Parks	3	2	2	2	2	3	3	2
				Proximity to Community Centers	3	1	3	3	1	3	3	3
				Proximity to Grocery Stores	2	2	1	2	2	3	2	2
				Subtotal:	**10**	**7**	**7**	**9**	**7**	**12**	**10**	**9**
				Total Possible Points	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
		Resident Impact		Resident Impact	3	2	3	2	3	1	1	3
				Total Possible Points	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
				Goal 1 Subtotal:	**37**	**26**	**29**	**28**	**29**	**31**	**32**	**34**
				Total Possible Points	**42**	**42**	**42**	**42**	**42**	**42**	**42**	**42**

			Site:	P1	P3	P4	P12	P2	P9	P10	LTU12
	Goal 2: Financial Feasibility for Sabin CDC	Utility Development Costs	Water demand	1	3	1	3	1	3	3	1
			Total Possible Points	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
		Energy Efficiency	Solar potential	1	1	2	1	2	1	1	3
			Total Possible Points	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
		Improved Maintenance/ Operations Potential	Additional Maintenance Storage Created	3	1	1	1	1	1	1	1
			Distance from Future Maintenance Hub	3	2	2	2	3	2	1	3
			Additional Maintenance Cost	2	2	2	2	3	2	2	1
			Subtotal:	**8**	**5**	**5**	**5**	**7**	**5**	**4**	**5**
			Total Possible Points	**9**	**9**	**9**	**9**	**9**	**9**	**9**	**9**
		Financial Feasibility	Current Debt Capacity	1	1	1	1	1	1	1	2
			Grant Attractiveness	3	3	3	3	3	2	2	2
			Future Income Potential	2	1	1	1	1	1	1	3
			Total Capital Cost	3	2	3	2	3	2	2	1
			Subtotal:	**9**	**7**	**8**	**7**	**8**	**6**	**6**	**8**
			Total Possible Points	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
			Goal 2 Subtotal:	**19**	**16**	**16**	**16**	**18**	**15**	**14**	**17**
			Total Possible Points	**27**	**27**	**27**	**27**	**27**	**27**	**27**	**27**
Collaboration Potential	Goal 3: Community Organization Partnerships		Community Vision	3	3	3	3	3	3	3	2
			Waechter Architects	**3**	**3**	**3**	**3**	**2**	**3**	**3**	**2**
			Bureau of Planning and Sustainability	**2**	**2**	**2**	**2**	**3**	**2**	**2**	**1**
			Portland Youth Builders	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**
			Goal 3 Subtotal:	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**7**
			Total Possible Points	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**

Appendix H - Weighted Objectives Evaluation Matrix

Appendix H - Weighted Objectives Evaluation Matrix

Category	***Subcategory***	***Weight***	***P1***	***P3***	***P4***	***P12***	***P2***	***P9***	***P10***	***LTU12***
Provide Housing to those with IDD	Physical Accessibility	5	0.89	0.61	0.67	0.61	0.61	0.61	0.78	0.72
	Physical Site Limitations	3	0.89	0.56	0.78	0.56	0.89	0.56	0.56	1.00
	Proximity to Amenities	1	0.83	0.58	0.58	0.75	0.58	1.00	0.83	0.75
	Resident Impact	3	1.00	0.67	1.00	0.67	1.00	0.33	0.33	1.00
Financial Feasibility for Sabin CDC	Utility Capital Costs	2	0.33	1.00	0.33	1.00	0.33	1.00	1.00	0.33
	Energy Efficiency	2	0.33	0.33	0.67	0.33	0.67	0.33	0.33	1.00
	Operations/ Maintenance	5	0.89	0.56	0.56	0.56	0.78	0.56	0.44	0.56
	Capital Costs Financial Feasibility	4	0.75	0.58	0.67	0.58	0.67	0.50	0.50	0.67
Community Organization Partnerships	Community Vision	5	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.67
	Waechter Architects	4	1.00	1.00	1.00	1.00	0.67	1.00	1.00	0.67
	Bureau of Planning and Sustainability	3	0.67	0.67	0.67	0.67	1.00	0.67	0.67	0.33
	Portland Youth Builders	2	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67
		Grand Total	32.06	27.42	29.03	27.58	29.86	26.50	26.61	26.81
		Rank	1	5	3	4	2	8	7	6

Appendix I - Model Development Pro Forma

Summary

Color Coding
inputs
calculations
key outputs

Key Inputs	
1-bed @ 60% AMI	$1,396
studio @ 60% AMI	$1,239
Other ADU income	$0
Vacancy rate	5%
Estimated opex of single ADU	$8,500
Misc fees for existing properties	$225
Cap Rate	4%
EGI escalation factor (annual)	2%
Opex escalation factor (annual)	3%
Debt due in 2029	$447,203

Summary of Alternatives

	Alternative 1: Build ADUs w/ grant funding	Alternative 2: Build ADUs w/ construction loans, converted to perm in 2029	Alternative 3: Continue operations as usual	Alternative 4: Refinance some properties, sell the others
Debt to be refinanced in 2029	$447,203	$847,203	$447,203	
Income valuation in 2029	$56,434	$56,434	-$900,995	
Annual debt service before 2029	$43,836	$58,225	$43,836	
Effective Gross Income in 2029	$418,054	$418,054	$331,923	
Operating expenses in 2029	$415,797	$415,797	$367,963	
NOI in 2029	$2,257	$2,257	-$36,040	
Cash flow in 2029	**-$41,579**	**-$55,968**	**-$79,876**	N/A
Change in tenant population	**+4**	**+4**	**0**	**-2 or more**
Estimated relative risk of foreclosure in 2029	**Low**	**Medium**	**High**	**Low**

Summary of Sites & Development Recommended

Site	Total	P1	P2	P3	P4	P5	P7	P8	P9	P10	P12	LTU12
Neighborhood		King	Sabin	Vernon	Concordia	Vernon	Humboldt	King	King	Humboldt	Sabin	King
Address		5017-5021 NE 6th	4302-4306 NE 12th	4931-4937 NE 20th	5020/5020.5 NE 25th	1309-1311 NE Emerson	4825 NE Cleveland	3958 NE Garfield	219 NE Shaver	814 N Webster	1022 NE Shaver/ 3971 NE 11th	4714 NE 13th
Existing # units	**28**	2	2	4	2	2	4	4	3	3	2	0
Description of new development suggested		Move maintenance to a new shed and build ADU in backyard; rent out unit vacated by maintenance	Attached basement ADU	None	ADU	None	None	None	None	None	ADU	None
# new units proposed	**5**	2	1	0	1	0	0	0	0	0	1	0

Cash Flow by Site

	Total	P1	P2	P3	P4	P5	P7	P8	P9	P10	P12	LTU12
Key Site info												
Neighborhood		King	Sabin	Vernon	Concordia	Vernon	Humboldt	King	King	Humboldt	Sabin	King
Address		5017-5021 NE 6th	4302-4306 NE 12th	4931-4937 NE 20th	5020/5020.5 NE 25th	1309-1311 NE Emerson	4825 NE Cleveland	3958 NE Garfield	219 NE Shaver	814 N Webster	1022 NE Shaver/ 3971 NE 11th	4714 NE 13th
Existing # units	**28**	2	2	4	2	2	4	4	3	3	2	0
Description of new development suggested		Move maintenance to a new shed and build ADU in backyard; rent out unit vacated by maintenance	Attached basement ADU	None	ADU	None	None	None	None	None	ADU	None
# new units proposed	**5**	2	1	0	1	0	0	0	0	0	1	0
Development Costs & Debt Service												
Current loan balance	$521,333	$6,525	$6,525	$13,050	$6,525	$6,525	$134,017	$134,017	$100,513	$100,513	$6,525	$6,598
Loan Amount for new ADU	$400,000	$125,000	$50,000	$0	$125,000	$0	$0	$0	$0	$0	$100,000	$0
Debt Service - After Construction + Refinance	$35,415											
Debt Service - Existing	$43,836	$458	$458	$900	$458	$458	$9,728	$9,728	$7,296	$7,296	$458	$6,598
Development cost of new ADU	$800,000	$250,000	$100,000		$250,000						$200,000	
Financing gap	$400,000	$125,000	$50,000	$0	$125,000	$0	$0	$0	$0	$0	$100,000	$0
Income / Expenses												
Rental income - ADU alone	$83,760	$33,504	$16,752	$0	$16,752	$0	$0	$0	$0	$0	$16,752	$0
Non-rental income - ADU alone	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Rental income - existing site	$320,653	$0	$24,036	$27,696	$27,204	$25,812	$55,092	$46,216	$47,588	$39,365	$27,644	$0
Non-rental income - existing site	$2,025	$0	$225	$225	$225	$225	$225	$225	$225	$225	$225	$0
Total revenue of site after ADU	$406,438	$33,504	$41,013	$27,921	$44,181	$26,037	$55,317	$46,441	$47,813	$39,590	$44,621	$0
Effective Gross Income - ADU alone	$79,572	$31,829	$15,914	$0	$15,914	$0	$0	$0	$0	$0	$15,914	$0
Effective Gross Income - site as-is	$306,645	$0	$23,059	$26,536	$26,069	$24,746	$52,562	$44,130	$45,434	$37,622	$26,487	$0
Effective Gross Income - site after ADU	$386,217	$31,829	$38,974	$26,536	$41,983	$24,746	$52,562	$44,130	$45,434	$37,622	$42,401	$0
Operating expenses - ADU alone	$42,500	$17,000	$8,500	$0	$8,500	$0	$0	$0	$0	$0	$8,500	$0
Operating expenses - site as-is	$326,930	$22,547	$22,547	$45,094	$22,547	$22,547	$45,094	$45,094	$33,820	$33,820	$22,547	$11,273
Operating expenses - site after ADU	$369,430	$39,547	$31,047	$45,094	$31,047	$22,547	$45,094	$45,094	$33,820	$33,820	$31,047	$11,273
Summary												
Sabin valuation of site	$7,256,410	$567,590	$563,960	$793,800	$501,790	$467,590	$782,840	$799,790	$736,110	$924,900	$620,930	$497,110
Income valuation - site as-is	-$507,116	-$563,675	$12,805	-$463,945	$88,045	$54,985	$186,710	-$24,095	$290,340	$95,044	$98,495	-$281,825
Income valuation - site after ADU	$419,684	-$192,955	$198,165	-$463,945	$273,405	$54,985	$186,710	-$24,095	$290,340	$95,044	$283,855	-$281,825
NOI - ADU alone	$37,072	$14,829	$7,414	$0	$7,414	$0	$0	$0	$0	$0	$7,414	$0
NOI - site as is	-$20,285	-$22,547	$512	-$18,558	$3,522	$2,199	$7,468	-$964	$11,614	$3,802	$3,940	-$11,273
NOI - after ADU	**$16,787**	**-$7,718**	**$7,927**	**-$18,558**	**$10,936**	**$2,199**	**$7,468**	**-$964**	**$11,614**	**$3,802**	**$11,354**	**-$11,273**
Cash flow - site as-is	-$64,121	-$23,005	$54	-$19,458	$3,064	$1,741	-$2,260	-$10,692	$4,318	-$3,494	$3,482	-$17,871
Cash flow - Total after ADUs	**-$18,628**											

Loan / Debt Sizing Worksheet

Year 1 Income/Expense Assumptions	
EGI	$386,217
Opex	$369,430
NOI	$16,787
Cap rate & escalation factors - see "Summary" tab	

Debt Sizing

DCR & LTV Calculation			
Interest Rate (Annual)	6.9%		
Interest Rate (Monthly)	0.58%		
Amortization (Years)	30	Use LTV Test?	☑
Amortization (Months)	360	Income valuation	$419,684
LTV Ratio	80%	Loan amount based on LTV test	$335,747
Loan Term (yrs)	30		
Loan Term (months)	360	Use DCR Test?	☐
DCR - first year	1.2	Max possible DS (Monthly)	-$13,994
DCR - all other payments	1.1	Loan amount based on DCR test	-$2,120,537
NOI trend in years 1-20?	down		
		Max Loan Amount	**$335,747**
		Monthly DS	**$2,216**
		Annual DS	**$26,589**

OR input loan amount:	$447,203
Monthly DS	**$2,951**
Annual DS	**$35,415**

30-year Projections for DCR test

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
EGI	$386,217	$393,942	$401,821	$409,857	$418,054	$426,415	$434,943	$443,642	$452,515	$461,565	$470,797	$480,213	$489,817	$499,613	$509,606
Opex	$369,430	$380,513	$391,928	$403,686	$415,797	$428,271	$441,119	$454,352	$467,983	$482,022	$496,483	$511,378	$526,719	$542,520	$558,796
NOI	$16,787	$13,429	$9,892	$6,171	$2,257	-$1,855	-$6,175	-$10,710	-$15,468	-$20,457	-$25,686	-$31,165	-$36,902	-$42,907	-$49,190
DS	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589
DSCR	0.63	0.51	0.37	0.23	0.08	-0.07	-0.23	-0.40	-0.58	-0.77	-0.97	-1.17	-1.39	-1.61	-1.85

Projections (cont.)	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
EGI	$519,798	$530,194	$540,798	$551,613	$562,646	$573,899	$585,377	$597,084	$609,026	$621,206	$633,630	$646,303	$659,229	$672,414	$685,862
Opex	$575,560	$592,827	$610,612	$628,930	$647,798	$667,232	$687,249	$707,866	$729,102	$750,975	$773,504	$796,710	$820,611	$845,229	$870,586
NOI	-$55,762	-$62,633	-$69,814	-$77,316	-$85,152	-$93,333	-$101,872	-$110,782	-$120,076	-$129,769	-$139,874	-$150,406	-$161,382	-$172,815	-$184,724
DS	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589	$26,589
DSCR	-2.10	-2.36	-2.63	-2.91	-3.20	-3.51	-3.83	-4.17	-4.52	-4.88	-5.26	-5.66	-6.07	-6.50	-6.95

Construction Loan	
Loan amount	$400,000
Interest rate - annual	7%
Interest rate - monthly	0.58%
# periods (months) of construction	36

Month	Amount drawn down	Interest p	Total for year
Jan 2026	$11,111	$65	
Feb 2026	$22,222	$130	
Mar 2026	$33,333	$194	
Apr 2026	$44,444	$259	
May 2026	$55,556	$324	
Jun 2026	$66,667	$389	$5,056
Jul 2026	$77,778	$454	

Aug 2026	$88,889	$519	
Sep 2026	$100,000	$583	
Oct 2026	$111,111	$648	
Nov 2026	$122,222	$713	
Dec 2026	$133,333	$778	
Jan 2027	$144,444	$843	
Feb 2027	$155,556	$907	
Mar 2027	$166,667	$972	
Apr 2027	$177,778	$1,037	
May 2027	$188,889	$1,102	
Jun 2027	$200,000	$1,167	$14,389
Jul 2027	$211,111	$1,231	
Aug 2027	$222,222	$1,296	
Sep 2027	$233,333	$1,361	
Oct 2027	$244,444	$1,426	
Nov 2027	$255,556	$1,491	
Dec 2027	$266,667	$1,556	
Jan 2028	$277,778	$1,620	
Feb 2028	$288,889	$1,685	
Mar 2028	$300,000	$1,750	
Apr 2028	$311,111	$1,815	
May 2028	$322,222	$1,880	
Jun 2028	$333,333	$1,944	$23,722
Jul 2028	$344,444	$2,009	
Aug 2028	$355,556	$2,074	
Sep 2028	$366,667	$2,139	
Oct 2028	$377,778	$2,204	
Nov 2028	$388,889	$2,269	
Dec 2028	$400,000	$2,333	