

NATIONAL TRUST COMMUNITY INVESTMENT FUND

PROJECT HIGHLIGHTS

PROJECT GOAL:

101,541 square feet of
office space, and 12,500
square feet of retail space

DEVELOPER:

Beam Construction and
Management, LLC

TAX CREDIT INVESTOR:

Bank of America CDC

TOTAL DEVELOPMENT COST:

\$35,000,000

TOTAL SQUARE FOOTAGE:

142,288

KEY PROJECT FINANCING:

\$2,426,906

*Tax credit equity investment
(federal historic and New
Markets) from
the National Trust
Community Investment Fund*

\$10,000,000

*Construction/permanent loan
from Bank of America*

\$2,868,995

Developer equity

JOBS CREATED:

Construction - 50
Permanent - 200

B&O Warehouse, Portland, OR

BACKGROUND

The B&O Warehouse is the former Olympic Cereal Mill, constructed in 1920 for General Mills. Products such as Wheaties and Bisquick were milled on site. The Baggage and Omnibus Company purchased the property in 1950 for warehouse purposes and renamed the building the B&O Warehouse. The building was sold in the mid-1990s, with the intent to convert it to housing, but, due to the high cost of seismic requirements for housing, this was not feasible. Except for approximately 15% of the space on the first two floors, the building has been vacant since its sale by the Baggage and Omnibus Company. In April 2005, local developer Beam Construction and Management, LLC acquired the warehouse.

PROPERTY AND PROJECT

The historic B&O warehouse (individually listed in the National Register of Historic Places on March 8, 1989) has been rehabilitated for use as a multi-tenant, flex office space facility. There are approximately 100 suites, ranging in size from 590 square feet to 2,500 square feet, with most suites ranging in size from 1,000 to 1,500 square feet. Amenities include balconies (existing) on the fourth and sixth floors, and a "roof top" garden on the third floor. There are also 53 underground parking spaces and basement storage space. The scope of work included cleaning, repairing and painting concrete exterior walls, retaining exterior loading bay openings and replacing steel roll-up doors with glazed roll-up doors. All original windows were repaired and retained. Project financing included over \$2.4 million in NMTC and HRTC equity through National Trust Community Investment Fund and \$10 million in loans through Bank of America.



The project area is an emerging district consisting of both new and adaptive reuse construction providing flex space for incubator businesses, known as the Central Eastside Urban Renewal Area. Since 1986, the Portland Development Commission has promoted new development and rehabilitation of historic properties in the project's neighborhood.

NEW MARKETS TAX CREDIT SOLUTION

The use of NTCIC's New Markets Tax Credit allocation increased the amount of equity invested in the project by over 20%. Without this additional equity, the project developers would have been forced to find other means of bridging a substantial financing gap, potentially preventing the project from occurring in this emerging but economically distressed area.

COMMUNITY IMPACT

The rehabilitation of the B&O Warehouse has provided accessible and attractive office space in an area of Portland that is eligible for New Markets Tax Credits. The census tract also qualifies as an area of additional distress, with average income of 49% of the median family income, and unemployment rates 2.74 times the national average.

The project is located in the Central Eastside Urban Renewal Area, a key employment center for the city, with urban renewal efforts currently focusing on creating and maintaining jobs. The rehabilitation of B&O Warehouse is among the first private-sector developments in the area. While there has been significant investment by the public sector in infrastructure, housing, and non-profit facilities, continued private-sector investment, particularly in facilities providing office space to employers, is necessary in order to achieve the city's goal of job creation.

The project has been marketed to incubator businesses, such as small, cost-conscious startup companies and freelancers, who prefer flexible workspace and a close-in location, but do not require typical Class A finishes. The project delivers open space with minimal tenant improvement allowances, to allow rents to remain less than typical Class A or B office rents. The lower rental rates provide an opportunity for start-up firms, as well as recently established firms looking to expand, thereby creating new jobs and new opportunities for local residents and businesses.

FOR MORE INFORMATION, PLEASE CONTACT

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