Venerable Group, Inc., which specializes in the redevelopment of commercial historic buildings, was committed to working with the University of Oregon in Portland to find a new home. When securing the White Stag Block property became a possibility, Venerable was excited to have the chance to make a positive impact in Portland’s Old Town – a neighborhood that has long been considered Portland’s skid row. With a mission to preserve and revitalize Oregon’s historical resources through development of commercial real estate, Venerable was eager to rehabilitate these three historically-significant buildings that had sat vacant for decades.

The acquisition financing for the White Stag Block project was derived from a combination of Historic Tax Credits and New Markets Tax Credits. As a result of the property’s listed status in the National Register of Historic Places and because the owner/developer undertook a certified historic rehabilitation, the property was eligible for a 20% federal tax credit on qualifying expenditures. To maximize the benefit of these historic tax credits, Key Community Development Corporation (KCDC) was brought in as the tax credit investor. They were able to significantly enhance their pricing on the Historic Tax Credits by contributing some of their own New Markets Tax Credit allocation to the project. This resulted in an equity investment by KCDC of more than $6,800,000.

The New Markets Tax Credit program was designed to stimulate investment in qualified low-income census tracts across the country. Tax credits are allocated annually by the Community Development Financial Institutions Fund of the United States Treasury under a competitive application process. Community Development Entities (CDE) that receive allocations then issue the credits to taxable investors in exchange for capital interest in the CDE and use the proceeds to assist the qualified project.

The construction financing was derived from the use of a $19 million allocation of New Markets Credits (NMTC) from the Portland New Markets Fund (PNMF), which is sponsored by White Stag Block tenant Portland Family of Funds/United Fund Advisors. With respect to this $19 million allocation, Key Community Development Corp was again the investor in the NMTCs as well as the lender. Their contribution resulted in over $19.6 million in loans and equity. White Stag Block, LLC was eligible to benefit from the NMTC-derived financing because the property is located in a qualifying low-income census tract. The Portland Development Commission also provided gap financing in the form of a $2.5 million low-interest loan. They also provided more than $225,000 in grant monies for storefront and lighting improvements to the buildings. Through this creative financing, the historic White Stag Block’s green renovation was made possible.

~ Jessica Engeman, Historic Preservation Specialist
Venerable Group, Inc.

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Graphic Design: Ray Neff