

**SITE DESCRIPTION**

12 West, so-named because of its location at SW 12th and Washington Avenues in Portland, OR, is a mixed use building that includes commercial offices and housing over retail and underground parking. The site, a former surface parking lot, is located in the West End, a qualifying New Markets Tax Credit (NMTC) census tract west of Portland's central downtown district.

**LOW INCOME COMMUNITY METRICS**

- + Census Tract Poverty Rate: 50%
- + Unemployment Rate: 3.2 times the national average
- + Median Family Income: 40% of Oregon State MFI

**PROJECT GOALS**

- + Connect the vibrant Pearl District with the Central Business District by turning a parking lot into a catalytic mixed use building including commercial office, retail and rental housing
- + Create 274 units of new rental housing with a portion at "workforce" prices to help middle class working people such as nurses, teachers, firefighters and police live close to their jobs
- + Support creative class and other businesses with 85,000 SF of new office space, specifically Zimmer Gunzul Frasca, one of the largest architecture firms in the region with 200 employees in Portland, which had outgrown its previous workspace

**ECONOMIC IMPACTS SUMMARY**

The allocation of \$29 million in New Markets Tax Credits is anticipated to leverage a total project cost of \$139.6 million and complete financing for the project. An analysis of the direct, indirect and induced economic impacts resulting from construction investment and first ten years of operations shows that the 12 West project is anticipated to create \$570.7 million in total economic impact, \$76.5 million in federal and state fiscal impacts, 1,998 jobs during construction and create and maintain 355 jobs during the first 10 years of operations.

**BENEFIT OF TAX CREDITS**

The New Markets Tax Credits program has provided vital economic stimulus to underserved communities nationwide. With the allocation of \$29 million in NMTC on the 12 West project, the federal government has effectively foregone the collection of \$11.3 million in federal taxes over seven years. In return, this powerful investment opportunity is estimated to generate 2,353 jobs, \$210.7 million in wages, and \$51.2 million in new federal taxes during construction and the first ten years of operations.

The 12 West project utilizes a portion of the New Markets Tax Credit-derived economic benefit to support a smaller project that otherwise could not have been financed. Specifically, approximately \$1 million of New Markets Tax Credit benefit was utilized to secure a home for Albina Head Start, which provides early childhood education services for underprivileged youth.

**“It is more important to build great places than great buildings.”**

— Dennis Wilde, Gerding Edlen Development

**NEW MARKETS TAX CREDITS PROGRAM**

The New Markets Tax Credit (NMTC) program, established by Congress in 2000 (Omnibus H.R. 4577), was created to encourage private investment in underserved communities in the United States. The NMTC program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated community development entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities.

The credit provided to the investor totals 39% of the cost of the investment and is claimed over a seven-year credit allowance period. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.

The appeal of the NMTC program is financing availability for projects in underserved geographic areas, with extremely favorable terms, for businesses and real estate developers or owners. The result of these investments is to enable non-financeable projects to be completed, and often to allow projects to be enhanced with community-oriented components, both of which generate measurable community impacts as described in this report.

**METHODOLOGY**

The economic, employment and fiscal impacts shown in this Community Impacts Report were generated using IMPLAN® Professional, the industry standard econometric software used by over 1,000 companies, organizations and government agencies to estimate the impacts of an economic event. IMPLAN® uses "input-output accounting" and closely follows the accounting conventions used in the "Input-Output Study of the U.S. Economy" by the Bureau of Economic Analysis (1980) and the rectangular format recommended by the United Nations. Results shown in this report are based on total construction costs and a New Markets Tax Credits allocation amount that are not final. Actual results will vary according to local economic conditions, wages, materials costs, tax rates, and more.

The community impacts contained herein are based on the total project cost. Jobs are measured in hours worked and, using a multiplier, are represented as FTEs (full time equivalents). Construction jobs are temporary and will be spread out over the construction period, depending on the level of construction spending in each year. Operations jobs are permanent. The fiscal impact figures represent the Federal and State/Local tax revenue resulting from the direct, indirect and induced economic activity during the discrete construction period and the first ten years of facility operations. The total impact figure represents the direct, indirect and induced economic impacts of the discrete construction period plus the first ten years of operations. The total impacts figure does not include the fiscal impact, which is considered separately. All output is in 2007 dollars.

United Fund Advisors serves as the financial consultant for Portland Family of Funds Holdings, Inc. ("PFF"). PFF is the controlling entity for the New Markets Tax Credits allocatee, Portland New Markets Fund I, LLC.



24 NW First Avenue, Suite 470  
Portland, Oregon, 97209  
T: 503.226.1370 F: 503.796.5865  
www.unitedfundadvisors.com



**12 West**  
431 SW 12th Avenue, Portland, OR 97205





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**United Fund Advisors<sup>SM</sup> is a financial services firm that provides triple bottom line returns to partners, projects, and communities nationwide.**

## TRIPLE BOTTOM LINE RETURNS

**FINANCIAL** UFA transactions are structured to deliver appropriate yields to all types of investors, lenders and project developers. Whether it's a green building or a wind farm, a strong financial foundation allows UFA and its partners to be financially rewarded for building projects that deliver more deeply to the community and the natural environment.

**SOCIAL** While a single UFA project cannot change the fortunes of a city or the world, it is hoped that strong focus on what's best for the people who live there can be a magnet for ideas, improvements and investment. UFA projects create jobs and job training, build wealth and property ownership, deliver healthy buildings and clean energy, provide access to transit, enable historic preservation, and support education and culture.

**ENVIRONMENTAL** Buildings are responsible for approximately 48% of the energy use and emission of greenhouse gases in the United States, and the demand for clean, renewable energy is increasing rapidly. UFA is making change by creating tax-advantaged investment opportunities which result in financing for projects with reduced energy costs and enhanced property values.

### PARTNERS IN THE 12 WEST PROJECT:

- Gerding Edlen Development Company
- Novogradac & Co., LLP
- Nixon Peabody, LLP
- US Bank Community Development Corporation
- Portland Development Commission
- Portland New Markets Fund I, LLC
- Portland Family of Funds
- United Fund Advisors

### NEW MARKETS TAX CREDITS ECONOMIC IMPACTS:

Location	431 SW 12th Avenue, Portland, OR
Development Type	Rental Housing, Office Space, Retail and Parking
Size	521,112 SF
Developer	Gerding Edlen Development Company
Total Project Cost	\$139,600,000
Allocation Required	\$29,000,000
CDEs	Portland New Markets Fund I, LLC
Low Income Community	Unemployment Rate: 3.2 times the national average
Project Timeline	Poverty Rate: 50%
LEED Certification Level	Median Family Income: 40% of Oregon State MFI
	Project Completed: Fall 2009
	Gold

**JOBS\***  
**+2353**

**WAGES\***  
**\$210.7M**

**FISCAL IMPACT\***  
**\$76.5M**

**TOTAL IMPACT\***  
**\$570.7M**

\* Figures shown are direct, indirect, and induced impacts of construction and first 10 years of operations. Please see [www.unitedfundadvisors.com](http://www.unitedfundadvisors.com) for more information.

### + ADDITIONAL COMMUNITY IMPACTS

- + Catalyze new development in the West End which had not seen any major office building development for nearly 20 years
- + Support numerous public policy goals set forth by the Portland Development Commission and the City of Portland.
- + Leverage \$5 million in tax credits from this project to generate approximately \$1 million cash to support an outstanding non-profit, Albina Head Start, which performs critical pre-Kindergarten educational service for economically underserved children in northeast Portland
- + Support one of Portland's most vulnerable populations - children from economically underserved families
- + Support education as a principle value in the community