



SITE DESCRIPTION

The Community Transitional School (CTS) was founded in 1990 to create a stable educational environment for children whose families were homeless, in transition, or suffering a poverty-related crises. Homeless families often move frequently between motels, temporary housing, even cars, so sending children to a school regularly is impossible. Over 200 children attend CTS each year, with average daily enrollment of 70 to 80 students, where they also are provided with clean clothing, regular meals and healthcare. In the 16 years of its existence, CTS has been forced to move 6 times. The ironic result: the school itself had become homeless.

LOW INCOME COMMUNITY METRICS

- + Census Tract Poverty Rate: 16.7%
- + Unemployment rate: 4.5%
- + Median Family Income: 71.2% of Oregon State MFI
- + 43.6% of families with children under age 5, where no husband is present, are below poverty level
- + US Small Business Administration HUB Zone
- + Community Development Financial Institutions (CDFI) Fund Low-Income Community
- + CDFI Hot Zone

PROJECT GOALS

- + Creation of a permanent home for the school which is dedicated to serving one of Portland's most vulnerable populations: homeless children. The new school will be a 9,500 square foot, one floor structure with an exercise area and track
- + Allowing CTS staff and management to focus on the true mission of the school – to teach children and prepare them to live productive lives – without the added burden of uprooting the school every few years
- + Support an outstanding non-profit that performs critical educational and care services for Portland children

ECONOMIC IMPACTS SUMMARY

The allocation of \$3.0 million in New Markets Tax Credits is anticipated to leverage a total project cost of \$3.5 million and complete financing for a project that, but for the tax credits, could not complete financing. Measurement of the direct, indirect and induced economic impacts of the construction period and the first ten years of operations of the new school show that the Community Transitional School project is anticipated to generate 32 new FTE jobs during construction, 6 permanent FTE jobs during operations, and \$2.6 million in new wages including \$1.3 million during construction and \$130,000 per year for 10 years.

BENEFIT OF TAX CREDITS

The New Markets Tax Credits program has provided vital economic stimulus to underserved communities nationwide. In the short term, with the allocation of \$3.0 million in NMTCs on the Community Transitional School project, the federal government will have effectively foregone the collection of \$1.2 million in federal taxes over seven years. Over the long term, this powerful investment is anticipated to generate \$685,000 in new federal taxes, in addition to \$6.0 million in direct, indirect and induced economic impacts mentioned above; new jobs and wages that provide benefit to the Portland community.

“Education is for improving the lives of others and for leaving your community and world better than you found it.”

— Marian Wright Edelman

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.



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PERMANENT FACILITY COMMUNITY TRANSITIONAL SCHOOL



Community Transitional School
6601 NE Killingsworth, Portland, OR 97218





**NEW MARKETS TAX CREDITS
 ECONOMIC IMPACTS:**

3BLSM

United Fund AdvisorsSM 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 OF THE
 COMMUNITY TRANSITIONAL SCHOOL PROJECT:**

- United Fund Advisors/Portland Family of Funds
- Portland New Markets Fund I, LLC
- US Bank Community Development Corporation
- Nixon Peabody, LLP
- Novogradac, LLP
- Lane Powell PC
- Ater Wynne, LLP

Location	6601 NE Killingsworth, Portland, OR
Development Type	Elementary and Secondary School
Size	9,500 SF
Owner / Developer	CTS Properties, LLC; Community Transitional School
Total Project Cost	\$3,500,000
Allocation Required	\$3,000,000
CDEs	Portland New Markets Fund I, LLC; USBCDE (US Bank)
Low Income Community	Unemployment Rate: 4.5%
Project Timeline	Poverty Rate: 16.7%
LEED Certification Level	Median Family Income: 71.2% of Oregon State MFI
	Project Complete: May 2008
	Not Applicable

JOBS*
+38

WAGES*
\$2.6M

FISCAL IMPACT*
\$685.4K

TOTAL IMPACT*
\$6.0M

* Figures shown are direct, indirect, and induced impacts of construction and first 10 years of operations. Please see www.unitedfundadvisors.com for more information.

**+
 ADDITIONAL
 COMMUNITY
 IMPACTS**

- + Support one of Portland's most vulnerable populations: homeless children
- + Support education as a principal value in the community
- + Contribute to a community-oriented project alongside significant community-focused corporations, foundations, non-profits and individuals who support this school
- + Completion of deployment of \$100 million in NMTCs from Portland New Markets Fund
- + Redevelopment of blighted, vacant lot