SITE DESCRIPTION

Built in 1945, the Civic Apartment Building was located across the street from Portland's sports stadium in a highly distressed geographical area known as the West End. According to the most recent (2000) Census Data, unemployment in the area stood at 7.3% (nearly double the national average) and the poverty rate for families was 17.6%. Consistent with blight in the area, the Civic had fallen into disrepair, with plywood covering the ground floor windows. After a competitive RFP process in 2003, the redevelopment project was awarded to Gerding Edlen Development Company, who sought additional funding to achieve its mixed-use goals.

LOW INCOME COMMUNITY METRICS

+ Area with unemployment rate at least 1.5 times the national average
+ Small Business Administration-designated HUB Zone
+ CDFI Hot Zone

PROJECT GOALS

+ Create a LEED Gold low-income housing building of 140 units, with 45 units targeted for tenants at 0-30 percent of Median Family Income or above
+ Create a LEED Silver market-rate condominium building with 260 units for private ownership, some of which will be targeted to first-time homebuyers
+ Provide 35,000 sq. ft. of retail space on the ground level as well as a new pedestrian promenade connecting the busy thoroughfare with the city's sports stadium, while providing new green space for residents
+ Build 400 underground parking spaces to serve the retail and residential users above

ECONOMIC IMPACTS SUMMARY

An allocation of $10.5 million in New Markets Tax Credits leveraged a total project cost of $97.5 million. The construction and 10 years of operations of the Civic are predicted to produce a total economic impact of $204.9 million. Investment of these funds are associated with the provision of 1,220 temporary jobs during the 24-month construction period, and 87 permanent jobs created and then retained during operations of the new housing facilities and retail spaces. An estimated total of $78.5 million in direct, indirect and induced wages will be paid during the construction period and ten years of operations. $29.3 million in Federal, State and Local tax revenues will be generated over twelve years, including $16.3 million during the 24-month construction period, and $1.3 million annually over ten years when fully operational.

BENEFIT OF TAX CREDITS

Though the Housing Authority of Portland supported the affordable housing component of the project, and private investors supported the condominiums, the developer found resistance from potential investors against investing in the retail component. The $97 million project was stalled until New Markets tax Credits were brought in to attract the final piece of financing. Use of the $0.39 tax credit effectively allowed $3.9 million in foregone federal taxes to help generate $17.7 million in new federal taxes over 12 years, and bring $204.9 million in total economic impact to Multnomah County during the same period through this project in one of Portland's most challenged communities.

"In many ways, green building and inner city development are two sides of the same coin. Now investors are recognizing that both can deliver a good return" — Dennis Fleming

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, Historic Rehabilitation Fund I, LLC.

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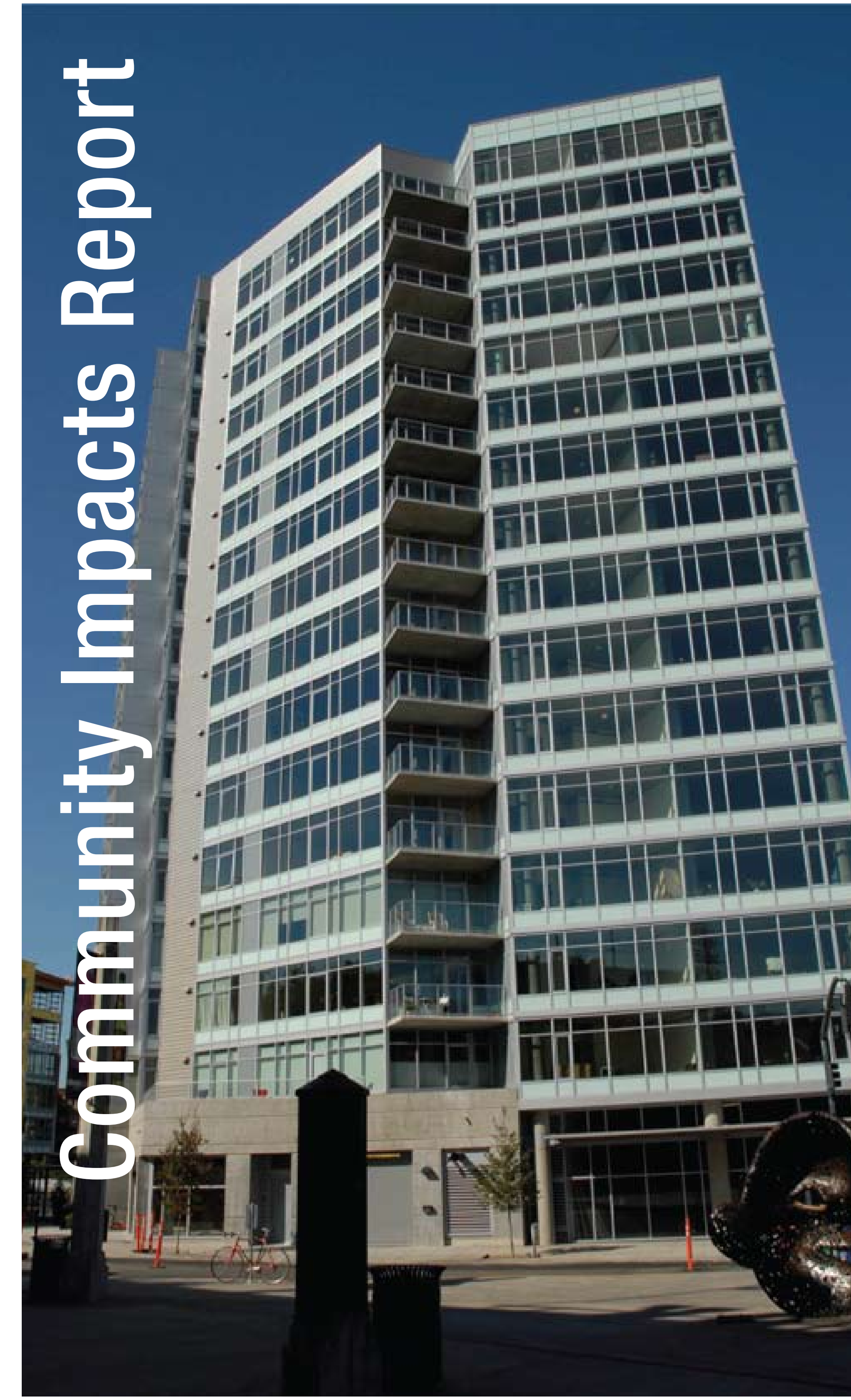
MIXED-USE HOUSING AND RETAIL

CIVIC REDEVELOPMENT



Civic Redevelopment
635 SW 19th Avenue, Portland, OR 97205

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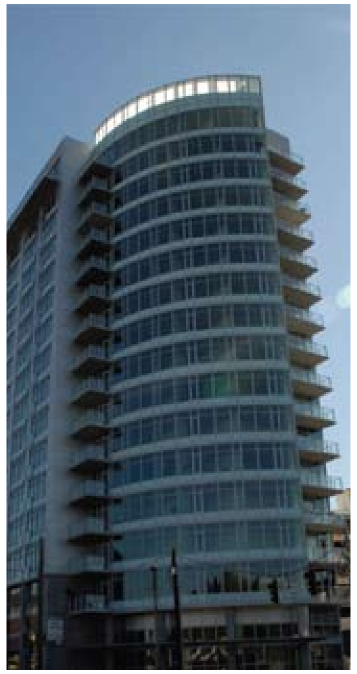
MIXED-USE HOUSING AND RETAIL

CIVIC REDEVELOPMENT

UFA



3BL℠

TRIPLE BOTTOM LINE RETURNS

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

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 CIVIC REDEVELOPMENT PROJECT:

- Portland Family of Funds
- The Housing Authority of Portland
- Gerding Edlen Development Company
- National Development Corporation
- Historic Rehabilitation Fund I, LLC
- US Bancorp Community Development Corporation

NEW MARKETS TAX CREDITS ECONOMIC IMPACTS:

Location	635 SW 19th Avenue, Portland, OR
Development Type	Low-Income Housing, Market-Rate Housing and Retail
Size	400 Units plus 35,000 SF of Ground Level Retail
Developer	Gerding Edlen Development Company, Housing Authority of Portland
Total Project Cost	$97,500,000
Allocation Required	$10,500,000
CDEs	Historic Rehabilitation Fund I, LLC; HEDC New Markets, Inc.
Low Income Community	Unemployment Rate: 7.3%, Poverty Rate: 17.6% Small Business Administration-designated HUB Zone CDFI Hot Zone
Project Timeline	Project Completed: Summer 2007
LEED Certification Level	Condos: Silver Low Income Housing: Gold

JOBS*
+1,307

WAGES*
$78.5M

FISCAL IMPACT*
$29.3M

TOTAL IMPACT*
$204.9M

* 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

- + The construction of 140 new affordable housing units supports Portland's No Net Loss policy for maintaining affordable housing in the central city
- + Workforce housing: A number of condominium units will be priced for first-time homebuyers
- + At LEED Gold, the low income housing will be among the most environmentally sustainable in the U.S.
- + A new pedestrian plaza will connect a busy thoroughfare to the ballpark, as well as provide space for tenants to spend quality time outdoors
- + New underground parking alleviates street congestion and supports local businesses
- + New residential real estate generates new property taxes