

SMALL BUSINESS INDUSTRIAL WORKSPACE McKIBBIN STREET INDUSTRIAL CENTER



McKibbin Street Industrial Center
221 McKibbin St., Brooklyn, NY 11206



SITE DESCRIPTION

Greenpoint Manufacturing and Design Center Local Development Corporation is leveraging its successful development of five industrial projects in North Brooklyn to redevelop an underutilized and dilapidated historic property at 221 McKibbin Street, in the East Williamsburg neighborhood of Brooklyn. The 72,000 square foot brick structure will be gutted and repurposed to accommodate approximately 20 built-to-suit units for small and mid-sized industrial and artisanal businesses, resulting in 54,000 square feet of new, rentable industrial space.

LOW INCOME COMMUNITY METRICS

- + High poverty rate of 20.3%
- + Median Family Income in the area is 61 percent of New York state MFI
- + Located in a NY State Empire Zone Redevelopment Area and a Small Business Administration HUB Zone
- + Located in a highly economically distressed and underserved community adjacent to the East Williamsburg and Bushwick neighborhoods, which are home to five public housing projects with approximately 10,000 occupants

PROJECT GOALS

- + Create new workspace for businesses that are increasingly seeking the location and market advantages of New York City
- + Renovate and repurpose a historic structure in a blighted area
- + Provide space for 20 small local businesses employing more than 100 low-income and immigrant New Yorkers in living-wage jobs
- + Offer below-market rate leases to small, locally-owned businesses (average lease rates will be approximately 20% below market)

ECONOMIC IMPACTS SUMMARY

The \$17.1 million in New Markets Tax Credit financing was necessary to move the project forward. An analysis of the direct, indirect and induced economic impacts resulting from construction investment and first ten years of operations shows that the McKibbin Street Industrial Center project is anticipated to create \$181.0 million in total economic impacts, \$19.7 million in federal and state fiscal impacts, 101 jobs during construction and create and maintain 136 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 \$17.1 million in NMTC on the McKibbin Street Industrial Center project, the federal government has effectively foregone the collection of \$6.5 million in federal taxes over seven years. In return, this powerful investment opportunity is estimated to generate 237 jobs, \$57.7 million in wages, and \$12.7 million in new federal taxes during construction and the first ten years of operations.

“It’s not the hours you put in
your work that counts, it’s the
work you put in the hours.”

— Sam Ewing

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 is 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 2008 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, National Community Fund I, LLC.



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

© 2010 United Fund Advisors. United Fund AdvisorsSM is a service mark of United Fund Advisors LLC.

This report was printed on 100% post-consumer waste, process chlorine free paper. 01/10



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 small business, 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, 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 McKIBBIN STREET INDUSTRIAL CENTER PROJECT:

- Greenpoint Manufacturing & Design Center Local Development Corp. ("GMDC")
- National Community Fund I, LLC ("NCF")
- Citi Community Capital
- Empowerment Reinvestment Fund, LLC
- New York City Economic Development Corporation
- New York City Investment Fund

NEW MARKETS TAX CREDITS ECONOMIC IMPACTS:

Location	221 McKibbin Street, Brooklyn, NY
Development Type	Small Business Industrial Workspace
Size	72,000 SF
Developer	Greenpoint Manufacturing & Design Center Local Development Corp.
Total Project Cost	\$17,800,000
Allocation Required	\$17,141,000
CDEs	NCF; Citibank NMTC Corp.; Empowerment Reinvestment Fund, LLC
Low Income Community	High Poverty Rate of 20.3% Median Family Income: 61% of New York state MFI
Project Timeline	New York State Empire Zone Redevelopment Area, SBA HUB Zone Project Completed: September 2008

JOBS*
+237

WAGES*
\$57.7M

FISCAL IMPACT*
\$19.7M

TOTAL IMPACT*
\$181.0M

+ ADDITIONAL COMMUNITY IMPACTS

- + Provide built-to-suit work space to approximately 20 artisanal and light manufacturing businesses at below-market lease rates, allowing them to remain in New York City and employ low-income residents with living wage jobs
- + Bring positive economic impact to the East Williamsburg and Bushwick neighborhoods in Brooklyn, where many of the center's new employees will reside, accessing local businesses and amenities
- + The project's tenant base will include a significant percentage of minority- and women-owned businesses

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