

SITE DESCRIPTION

The Smith's Block Building (1872) is one of the oldest buildings in Portland's waterfront area and a stunning example of cast-iron architecture. The Skidmore/Old Town Historic District is a designated National Historic Landmark, as it hosts one of the country's largest concentrations of existing cast-iron era buildings. RV Kuhns and Associates purchased the property in March of 2005 with the intent of rehabilitating the building to incorporate its financial management and consulting firm in addition to a restaurant and courtyard area. Thanks to an allocation of \$7.5 million in NMTCs, the project has been completed.

LOW INCOME COMMUNITY METRICS

- + Unemployment Rate: 8.9 times the national average
- + Poverty Rate: 62.3%
- + HUD designated Enterprise Community (EC)
- + City of Portland Urban Renewal Area
- + Small Business Administration HUB Zone

PROJECT GOALS

- + Rehabilitate and restore a historical property designated as a National Historic Landmark
- + Add additional professional office space and permanent jobs to the Skidmore/Old Town neighborhood
- + Support the Portland Development Commission's downtown waterfront strategic plan by encouraging businesses to locate in the neighborhood, spurring indirect economic growth
- + Act as an anchor project to attract additional public and private resources to the area to redevelop adjacent properties and infrastructure, thereby helping achieve the vision for the district

ECONOMIC IMPACTS SUMMARY

The allocation of \$7.5 million in New Markets Tax Credits is anticipated to leverage a total project cost of \$9.2 million and complete financing for a project that, but for the tax credits, could not move forward. An analysis of the direct, indirect and induced economic impacts resulting from construction investment and first ten years of operations shows that the Smith's Block project is anticipated to create \$55.3 million in total economic impact, and \$7.6 million in federal and state fiscal impacts.

BENEFIT OF TAX CREDITS

The New Markets Tax Credits program has provided vital economic stimulus to underserved communities nationwide. With the allocation of \$7.5 million in NMTC on the Smith's Block project, the federal government has effectively foregone the collection of \$2.9 million in federal taxes over seven years. In return, this powerful investment opportunity is estimated to generate 151 construction and permanent jobs, \$22.5 million in wages, and \$7.6 million in new federal taxes during construction and the first ten years of operations.

"In the late 1860s and early 1870s, six brick structures with cast-iron columns and architectural ornaments were erected along a block of what is now Southwest Naito Parkway. Each was 25 feet wide and 100 feet deep... sitting flush to one another, the six looked like a single building, known as Smith's Block...one housed an early Portland stock exchange, and others held a variety of wholesale and retail businesses."

— Fred Leeson, *The Oregonian*

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 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.



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MIXED-USE DEVELOPMENT SMITH'S BLOCK



Smith's Block
111 SW Naito Parkway, Portland, OR 97209





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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 SMITH'S BLOCK DEVELOPMENT PROJECT:

- United Fund Advisors, LLC
- Portland Family of Funds Holdings, Inc.
- Portland New Markets Fund I, LLC
- Portland Development Commission
- RV Kuhns & Associates, LLC

NEW MARKETS TAX CREDITS ECONOMIC IMPACTS:

Location	111 SW Naito Parkway, Portland, OR
Development Type	Mixed-Use Development
Size	21,375 SF
Developer	RV Kuhns & Associates, LLC
Total Project Cost	\$9,200,000
Allocation Required	\$7,550,000
CDE	Portland New Markets Fund I, LLC
Low Income Community	
Project Timeline	Unemployment Rate: 8.9 times the national average Poverty Rate: 62.3%
LEED Certification Level	City of Portland Urban Renewal Area
	Project Completed: Fall 2008
	N/A

JOBS*
+151

WAGES*
\$22.5M

FISCAL IMPACT*
\$7.6M

TOTAL IMPACT*
\$55.3M

+ ADDITIONAL COMMUNITY IMPACTS

- + Provides expansion space for anchor tenant RV Kuhns & Associates—allowing them to increase staffing and create new jobs
- + Bring positive economic impact to the Skidmore/Old Town neighborhood in Portland, where the tenant's employees and visitors will access local businesses and amenities
- + Act as a catalytic economic development project that will encourage other businesses to relocate to the area

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