

MEDICAL OFFICE BUILDING THE OREGON CLINIC



Oregon Clinic Gateway Medical Office Building
1111 NE 99th Avenue, Portland, OR 97220



“It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change.”

— Charles Darwin

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 a \$33 million 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 (“PFF”). PFF is the controlling entity for the New Markets Tax Credits allocatee, Portland New Markets Fund I, LLC.



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SITE DESCRIPTION

The Oregon Clinic had been considering moving out of state when New Markets Tax Credits financing was arranged to build The Oregon Clinic Gateway Medical Office Building at the Gateway Transit Center in Northeast Portland. The new 101,600 SF three-story building allows The Oregon Clinic to stay in Portland and provide a wide range of medical services to this underserved and aging community. The project, which includes ground floor retail and a separate parking structure, has been rated LEED Gold, providing a healthy indoor environment for patients as well as reduced ecological impacts and utility costs. New Markets Tax Credits-derived financing allowed structural framing to be implemented during Phase I which will support the addition of up to 10 floors in later phases for housing or additional medical office space.

LOW INCOME COMMUNITY METRICS

- + Median Family Income: less than 60 percent of Oregon State MFI
- + CDFI Hot Zone
- + Urban Renewal Area

PROJECT GOALS

- + Retain high-skill jobs in Portland
- + Bring high-quality jobs to an area in need of new employment opportunities
- + Provide much-needed new medical services, accessible through multiple modes of transit, to an underserved and aging community
- + Create new retail space to provide goods and services
- + Design and build the medical facility to LEED standards

ECONOMIC IMPACTS SUMMARY

An allocation of \$17.75 million in New Markets Tax Credits leveraged a total project cost of \$33.0 million. The construction and 10 years of operations of the Oregon Clinic Gateway Medical Office Building are predicted to produce a total economic impact of \$454.0 million. Investment of these funds are associated with the provision of 547 temporary jobs during the 14-month construction period, and 353 permanent jobs created and then retained during operations of the new medical office building facility. An estimated total of \$203.5 million in direct, indirect and induced wages will be paid during the construction period and ten years of operations. \$60.6 million in Federal, State and Local tax revenues will be generated over eleven years, including \$7.2 million during the 14-month construction period, and \$5.3 million annually over ten years when fully operational.

BENEFIT OF TAX CREDITS

Financing for this project has been completed by leveraging \$17.75 million in New Markets Tax Credits from Portland New Markets Fund I, LLC. US Bancorp Community Development Corporation is the tax credit investor; Washington Capital provided the senior loan. Use of the \$0.39 tax credit effectively allowed \$6.9 million in foregone federal taxes to help generate an estimated \$40.3 million in new federal taxes in just over eleven years, and \$454.0 million in total economic impact to Multnomah County during that period through this project in one of Portland's most challenged communities.



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 IN THE OREGON CLINIC PROJECT:

- Portland Family of Funds
- Portland Development Commission
- Portland New Markets Fund I, LLC
- Gerding Edlen Development Company
- US Bancorp Community Development Corporation
- Washington Capital

NEW MARKETS TAX CREDITS ECONOMIC IMPACTS:

Location	1111 NE 99th Avenue, Portland, OR
Development Type	Medical Office Building, Groundfloor Retail
Size	101,600 SF
Developer	Gerding Edlen Development Company
Total Project Cost	\$33,000,000
Allocation Required	\$17,750,000
CDEs	Portland New Markets Fund I, LLC
Low Income Community	Median Family Income: less than 60% of Oregon State MFI
Project Timeline	CDFI Hot Zone Urban Renewal Area
LEED Certification Level	Project Complete: October 2006
	Gold

JOBS*
+900

WAGES*
\$203.5M

FISCAL IMPACT*
\$60.6M

TOTAL IMPACT*
\$454.0M

* 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

+ Catalytic development: new construction and business activity at the Transit Center is anticipated to generate the need for additional businesses to provide goods and services for the Medical Clinic workers, visitors, and the surrounding community

+ The Oregon Clinic is expected to create new high skill jobs for local residents as jobs turn over in the medical clinic, as well as entry level jobs in the retail businesses

+ Transit-oriented development: low income residents without cars can acquire medical services more easily - doctors and support staff are able to take mass transit to work