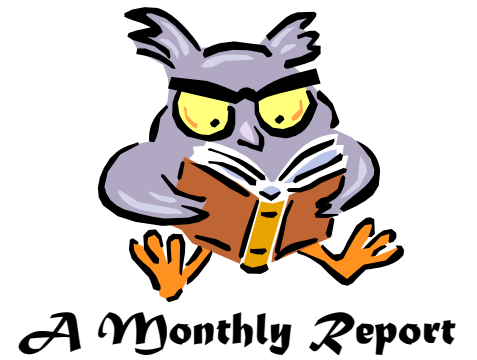


The Morrison

May 2007



HOUSING AUTHORITY OF PORTLAND





Budget Tracking

The Civic Housing LLC draw and miscellaneous project total expenditures through April 2007 are \$9,887,913. See attached budget.

The first Apollo capital contribution was received in May. Bond financing continues to fund progress payments.

Contingency

Six change orders (above the final contract amount of \$ 13,076,629) have been approved to date totaling \$126,393. Change Orders cover removal of unforeseen concrete, additional sewer lateral work, and disposal of paint left behind at Civic Apartments. Change orders have been funded with Construction Hard Cost Contingency of \$735,618 and HAP contingency of \$125,000 as well as a reduction in LEED. Soft cost increases for professional fees such as geotechnical work, environmental reviews, surveys, electrical, property taxes and permits total \$376,819 and have been funded with developer-controlled contingency. Other project increases totaling \$112,756 for such costs as financing and legal fees, tax credit fees, lease up, insurance, etc. have been covered with \$195,774 HAP controlled project contingency.

Construction Schedule and Work Progress

Framing was completed in May, roofing is underway and in early June the building will be dried-in. Rough plumbing, electrical, mechanical and fire sprinkler installation are underway. Windows are 70% installed and Hoffman has scaffolding around the building is in place to assist the window and siding installation. Siding will go up quickly in mid June. We continue to explore methods to achieve partial occupancy to allow rapid lease-up. Current plans will provide the main floor office/lobby area and a model unit for lease up in September 2007. It is anticipated that floors two and three will be available for occupancy October 15, 2007 with floors four and five available November 1, 2007. The team will monitor and refine this schedule through construction.

HAP continues to meet internally and with Gerding Edlen (GED) to review the impacts of the schedule delays and discuss mitigation options.

Economic Participation

Overall MWESB contracts total \$6,236,492, or 12.6% of total contracts for the entire Project. MWESB contracts for The Morrison project alone total \$1,385,377, or 13.7% of the construction contract for the apartments. Outreach performed by the Housing Development Center's Contractor Support Program (CSP) secured MWESB Contracts for exterior cement panel installation, masonry and landscaping.

ETAP staff is continuing to work with Hoffman and sub contractors to facilitate the use of ETAP graduates as first source for hiring apprentices.

Financing

HAP's project team has met with all financial partners to discuss project delays and financial impacts of those delays. The assessment is ongoing.

Management and Operations

The RFP process has been completed, and Income Property Management Company (IPM) as been chosen as management agent for the Morrison. We are excited to have them on board. IPM has a great deal of experience working with affordable housing in the downtown area and is well suited to handle the complexities involved in management of the Morrison project. On May 23rd, representatives from HAP, IPM, Cascade AIDS Project, and Northwest Pilot Project toured the construction site and began regular meetings to plan building lease-up and operations strategies. At this point in time, we anticipate that a temporary leasing office will be opening the week of August 13. The permanent leasing office and model apartment will be available in early September, allowing our pre-leasing activities to get into full swing.

Community Relations and Communications

A budget of \$100,000 has been established for the sculpture commission by Lee Kelly for integration with the pedestrian streetscape development to be known as "Howard's Way", in honor of Howard Shapiro. Fifty percent of the cost will be funded by HAP, which fulfills HAP's obligation for the "One-Percent for Art" commitment, as administered by the Regional Arts and Culture Council (RACC). The City of Portland's Housing Opportunity Bond investment of \$3 million triggers the "One-Percent" for Art requirement. HAP staff and GED principals reviewed final design concepts by the artist on May 22, 2006. A recent presentation to the RACC identified questions about dealing with skateboarders and a concern about the quantity of design features in the pedestrian street. A response to these issues is being formulated.

A \$50,000 payment was made in December (\$25,000 from HAP and \$25,000 from GED).

SOURCES OF FUNDS	Budget Amount	Draw Down	Remaining Funds	Estimate at Completion	Variance
Series A Bonds	13,170,620	4,061,670	9,108,950	7,815,620	(5,355,000)
Tax Credit Equity	8,483,836	847,384	7,636,452	8,284,000	(199,836)
Paydown of bonds with Equity	(5,355,000)	0	0	0	0
Housing Opportunity Bond	3,000,000	3,000,000	0	3,000,000	0
HAP Bridge Funding	0	893,874	(893,874)	0	0
PDC Loan	500,000	200,000	300,000	500,000	0
Proceeds from Land Sale	500,000	500,000	0	500,000	0
Additional Proceeds of Land Sale	6,132	384,985	(378,853)	6,132	0
Deferred Development Fee	1,231,927	1,231,927	0	1,231,927	0
Leed Benefits	141,300	141,300	0	141,300	0
TOTAL SOURCES OF FUNDS	21,678,815	9,887,913	17,145,902	21,478,979	(5,554,836)

APPLICATION OF FUNDS	Proposed Budget	Incurred Apr-07	Remaining Budget	Estimate at Completion	Variance
Acquisition Costs	0	0	0	0	0
Construction Residential	13,203,022	5,372,505	7,830,517	13,203,022	0
Construction Parking Garage	560,292	560,292	0	560,292	0
Allowance for Change in Construction	933,618	491,378	442,240	933,618	0
Design & Construction Services and Fees	646,041	645,381	660	646,041	0
Bond Financing Costs	813,144	775,551	37,593	813,144	0
Development Costs	2,135,182	1,336,631	798,551	2,135,182	0
Tax Credit & Organization Costs	247,498	232,498	15,000	247,498	0
Development & Project Management Fees	2,713,018	473,677	2,239,341	2,713,018	0
Start-up Costs, Reserves & Other Cash Requirements	427,000	0	427,000	427,000	0
TOTAL APPLICATION OF FUNDS	21,678,815	9,887,913	11,790,902	21,678,815	0

PROJECT CONTINGENCIES	
Developer Controlled Contingency	\$ 933,618
Construction Change Orders to date	\$ (114,559)
Soft Cost Change Orders to Date	\$ (376,819)
Construction Contingency Balance	\$ 442,240