

Story from the Field: The NMTC Catalyzing Reinvestment in Michigan

Allocatee:	Michigan Magnet Fund, Inc.
Controlling Entity:	Michigan State Housing Development Authority
Headquarters:	Huntington Woods, MI
Service Area:	Statewide: Michigan
Allocation:	\$120 million (Rounds 2005 and 2009)

The Michigan Magnet Fund, Inc (MMF) is a broad-based statewide nonprofit 501-c-3 organization organized by a consortium made of the Michigan Economic Development Corporation, Great Lakes Capital Fund, and the Michigan State Housing Development Authority. It has won two \$60 million allocations from the CDFI Fund. Using its 2005 allocation MMF invested in 10 projects located in 6 cities, including the renovation of the Rowe Building in downtown Flint and the Woodward Lofts in rural Owosso, Michigan.

Flint:

It takes a whole community to rebuild a city. Especially a city as devastated as Flint, which has been a national symbol of the loss of American automobile manufacturing jobs. The Flint is a HUD designated Enterprise Community and an SBA designated HUB Zone. The City of Flint has a 45 percent poverty rate, a median family income equal to 39 percent of the area median income, and an unemployment rate of 25.8 percent.

In this case, a local development group made the commitment to invest in the center of this devastated City. The Rowe Building combined three adjacent buildings on brownfield sites in the heart of the downtown business district, combining them into a four-story, 83,000-square-foot building on South Saginaw Street. The effort was backed by a local nonprofit, the Uptown Reinvestment Corporation, the Mott Foundation, the City of Flint, and the State of Michigan

Originally projected to cost \$12.5 million, the costs escalated to \$22.5 million following the collapse of the atrium being built across from the three buildings during construction which threatened the entire project. The developer, the City, and MMF obtained commitments from two CDEs to support the project: the Local Initiatives Support Corporation (LISC) provided \$6.9 million in NMTC financing and MMF provided \$6.5 million NMTC financing. The project secured a total of \$13.4 million in NMTC financing from LISC and MMF: \$2.9 million structured as an equity investment and \$10.5 in debt financing. US Bank was the NMTC investor in both LISC and MMF.

Additional project financing was provided by the City of Flint which dedicated \$3.5 million in HUD 108 financing as well as \$2 million through a Brownfield Economic Development Initiative grant. In addition, the Mott Foundation made close to \$2 million available to the Uptown Reinvestment Fund to finance the project. The State of Michigan also made state brownfield and historic tax credit financing available to support the renovation project.

The completed project is named for the Rowe Professional Services Company which is an engineering firm that occupies the second and third floor. The firm signed a 10-year lease to house its headquarters in the newly renovated building bringing 100 professionals to the city. The building features open brick walls, high ceilings, and huge windows. A restaurant is scheduled to open on the first floor. Prior to the development's completion, each of the eight fourth-floor lofts were leased.

The development is a shot in the arm for a community that has lost literally tens of thousand of jobs from the closing of GM plants in the City. It is returning hope to a community that has been devastated by the deindustrialization of America.

Owosso:

In Owosso, MI, a town of 26,000 in the rural central part of the state, hard times for manufacturers began long ago. The Owosso Casket Factory was known in the 1920's as the worlds largest. It even supplied a metal coffin for President William McKinley. The casket factory closed in the 1950's and the building deteriorated over the years. By 2005, the buildings were in shambles. Portions of ceilings and floors in the 100-plus-year-old factories were collapsed and the surrounding area was blighted—it contained the city's last gravel road, some unsightly silos, a large barbed-wire fence, and a lot of weeds.



The city's goal was to use the revitalization of the main building and one other to anchor redevelopment of the area. The unsightly gravel road that once bordered the buildings is now a nicely paved street with pedestrian-friendly lighting and sidewalks. Owners of properties around what has now become Woodard Station also have spruced up their areas. "It's really amazing what they've done over there," said Owosso City Manager Joseph Fivas. "This was an area of our community that had a significant amount of blight and this development completely changed that. It has created a place where people live and people from a three-county area come and enjoy. It has just turned into an active place."



The project consists of two main buildings—the former Owosso Casket Company (now restored and housing Target Industries, a manufacturer of promotional materials), and Woodard Station. Woodard Station, once home to Woodard Wrought Iron Furniture, is now a multi-use facility with 48 loft apartments and retail facilities that offer space for small businesses such as a local photographer and an optometrist. A physical

rehabilitation center is being built in the retail space for Memorial Healthcare of Owosso. In all, the project has generated nearly 200 jobs and provided a facelift for a part of the community that desperately needed it.

The total development costs were \$20 million. MMF invested \$5 million in NMTC financing and phase 2 of the project was financed by a \$7.6 million NMTC investment from LISC. The leveraged debt investor was Huntington Bank and the equity investor was Fifth Third Bank for Phase 1 and Huntington Bank for Phase 2. The State of Michigan provided state historic and brownfield tax credits valued at \$600,000. To make the project possible, assistance was also provided through a variety of additional economic incentives—a Neighborhood Enterprise Zone, a Corridor Improvement Authority, Michigan business tax credits, brownfield redevelopment, and historic district designation. It has been estimated that the various tools and tax incentives saved about \$5 million on the \$20 million project. The site is in a nonmetropolitan county that is an SBA designated HUB Zone. The median family income for Owosso is 48.6 percent of state's median family income 24 percent of the residents are living in poverty.