

NMTC Case Study for Restaurant Depot

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The Projects

Operating in 33 states across the U.S., Restaurant Depot (“RD”) is a business-to-business grocery and food service distributor. The grocery stores often are located in areas of higher distress and provide a vital role in creating employment and access to quality food for underserved communities. The majority of RD’s customers are independent restaurant owners, small retailers, caterers, and non-profit organizations. Customers benefit from the full range of quality foods sold at prices significantly lower than traditional delivery wholesalers. The company is also a bulk donator to local food banks and pantries in their local communities.

In 2018, RD entered the North Charleston, South Carolina market with a 62,333 SF facility. Located in a USDA Food Desert with poverty levels of 50.3% and median family income of 46.3%, the LIC was designated a FEMA disaster area. Like the Akron project, this project created permanent and construction jobs, paying over the Living Wage of \$11.74/hour and providing full benefits.

In 2015, RD entered the Akron, Ohio market with a 55,027 SF facility. The Low Income Community (“LIC”) where the RD is located is a USDA Food Desert with poverty levels of 50%, median family income of 52.9% and unemployment of 9.6%. In addition to creating permanent and construction jobs, with 79% of the jobs accessible to workers with no more than a high school diploma or GED, the project pays over the Living Wage of \$10.70/hour and provides full benefits.

Both markets lacked a full-service grocery store and significant portions of the populations rely on food from convenience stores and food pantries.

Community Impact

Because RD membership is limited to those with retail sales licenses or food preparation licenses, they have a long growth curve to profitability, which is exacerbated when they enter disinvested communities. Accordingly, they have partnered with Capital One Bank to utilize New Markets Tax Credits

(“NMTC”) to create an interest rate subsidy during the NMTC period rather than a more typical two-loan structure, generating an equity-like investment from the NMTC program.

TOTAL PROJECT COST:

SC: \$14,166,343
OH: \$7,560,458

NMTC ALLOCATION:

SC: \$8,500,000
OH: \$6,500,000

FINANCING COMPLETE:

SC: 2018
OH: 2015

PROJECT SPONSOR:

Both: Jetro/Restaurant Depot

CDES:

SC: The Innovate Fund
OH: Development Fund of the Western Reserve

NMTC INVESTOR:

Both: Capital One Bank

ADDRESS:

In Akron, RD was able to finance the \$7.5 million project using a \$6.5 million loan utilizing Allocation from Development Fund of the Western Reserve and equity from Capital One Community Revitalization Fund.

In North Charleston, RD was able to finance the \$14.1 million project using a \$8.5 million loan utilizing Allocation from The Innovate Fund and equity from Capital One Community Revitalization Fund.

3600 Meeting
St. Road, N.
Charleston, SC

1062 Sweitzer
Avenue Akron,
OH

**CENSUS
TRACT:**

SC:
45019005500
OH:
39153506800

**COMMUNITY
OUTCOMES:**

SC:
135 Direct jobs
(35 permanent
jobs & 100
construction
jobs);
62,333 Square
Feet Wholesale

OH:
283 Direct jobs
(33 permanent
jobs & 250
construction
jobs);
55,027 Square
Feet Wholesale

**LOW-INCOME
COMMUNITY:**

SC:
Poverty: 50.30%
Median Family
Income: 46.3%
FEMA Disaster
Area
USDA Food
Desert

OH:
Poverty: 50%
Median Family
Income: 52.85%

Brownfield
USDA Food
Desert