

PNC New Market Tax Credits Give New Life to Light of Life Rescue Mission

pnc.com/insights/corporate-institutional/raise-capital/pnc-new-market-tax-credits-give-new-life-to-light-of-life-rescue-mission.html

Date: June 2020

Location: Pittsburgh, Pennsylvania

Financing: \$2,486,250 Federal New Market Tax Credit Equity

Scope: 24,600 sq. ft. facility to mitigate homelessness

Light of Life Rescue Mission was incorporated in 1952 as a faith-based non-profit Pennsylvania corporation to provide food for the hungry, shelter for the homeless and life-transforming recovery services to people in need who desire to change their lives.

Now the rescue mission will have a purpose-built, 24,600 square foot facility that will offer shelter and meals, counseling, job and life skills training, recovery courses, referrals for mental health care, and other supportive services. The rescue mission is expected to serve more than 500 men, women and children experiencing homelessness every year.

PNC's **Tax Credit Solutions group** provided \$2.5 million of New Market Tax Credit Equity (NMTC) toward the \$7.7 million project in the Northside neighborhood of Pittsburgh. Other participants in the financing were Pittsburgh Urban Initiatives and PNC Community Partners.

Light of Life has been a client of PNC Business Banking for 44 years, a relationship that includes significant deposits, lockbox, online banking, fraud protection, merchant services and credit cards. As a result of the long-term collaboration, Light of Life was aware of PNC's ability to close transactions in a timely manner. The Bank had also worked with other parties to the transaction and was able to secure the deal by providing \$1.5 million of the \$7.5 million total NMTC allocation resulting in the \$2.5 million of equity subsidy.

PNC's underwriting team also worked closely with the project's general contractor to address potential impacts from the ongoing coronavirus pandemic in order to evaluate and gain comfort with the risks of closing the financing for a construction during unpredictable times.

Located in an area near the Veterans Bridge where homeless people congregate, the property is in a flood zone, a fact that complicated the closing process.

The building has been raised above the flood zone and a Letter of Map Change (LOMC) from FEMA was expected to be delivered before construction was complete, but the COVID-19 pandemic delayed its delivery. However, PNC received approval to close, conditioned upon receipt of flood insurance. The Bank also waived coverage of the contents of the facility until it was placed in service. Flood insurance will no longer be required once the LOMC is received.

Despite these complications -- and because the building was already under construction, the deal closed in just seven weeks.

Jerrel T. Gilliam, Executive Director, Light of Life, praised PNC for completing the transaction in spite of the pandemic crisis and other obstacles. We were pleasantly surprised by the allocation and the pricing. And appreciate PNC's continued commitment to initiatives like this in Pittsburgh.