

PROJECT BASICS

Type:
Real Estate – Retail

Total Development Cost:
\$43.3 million

LISC New Markets Tax Credit Allocation:
\$14.0 million

PROJECT STAKEHOLDERS

LISC Program:
San Diego LISC

Investor:
US Bank

Lender:
Capmark

Sponsor/Developer:
Corky McMillan Cos.

Other Key Stakeholders:
City of San Diego, City of San Diego Redevelopment Authority

COMMUNITY NEED

- **62% Poverty Rate**
- **Unemployment rate 5.3 times the national average**

COMMUNITY IMPACT

- **97,197 sq. ft. of Commercial Space**
- **660 Construction Jobs**
- **324 Permanent Jobs**

Project Snapshot:

- The Landing at Liberty Station is a key commercial component of San Diego's master plan for reuse of the historic Naval Training Center (now called Liberty Station). The master plan designated 361 acres for a blend of residential, educational, recreational, retail, office, and civic uses.
- The Landing at Liberty Station consists of seven historic structures totaling 97,197 sq. ft. of retail space.
- The retail space is geared primarily toward smaller retailers to complement and leverage the presence of large national retailers located elsewhere at Liberty Station.
- These retail tenants are expected to create 324 permanent jobs for low-income military families.



Project Background:

- For seven decades, San Diego's Naval Training Center (NTC) served as a hub of U.S. Navy activity. Encompassing nearly 3 million sq. ft. of space on 550 acres, it contributed to the City's emergence as home to more than one-sixth of the Navy's entire fleet – a presence accounting for nearly 20% of the local economy.
- With the end of the Cold War and the arrival of military down-sizing, the U.S. Navy decommissioned the NTC in 1997. Suddenly, San Diego, and the Point Loma neighborhood in particular, found itself confronting the closure's long-term economic, physical, and environmental repercussions.

Leveraging a Solution through New Markets Tax Credits (NMTC):

- As a new retail project in an unproven location without the security of a large-scale tenant, the Landing at Liberty Station posed significant obstacles to conventional financing. Financing delays threatened to push back the promise of much-needed jobs for local military families. Our program offered a timely way of overcoming the obstacles.
- \$14.0 million in NMTC allocation authority provided a custom product featuring a mix of equity and debt. Other non-traditional/favorable terms included: a below-market interest rate; a higher loan-to-value ratio; and a lower debt service coverage ratio.
- The product's equity feature was used to capture federal Historic Tax Credits.
- The Landing at Liberty Station will spur local economic activity and help mitigate the economic impact of past and future military down-sizing on the area.
- The project is an example of comprehensive and responsive redevelopment. It provides a model for how other communities can transform the challenges of military base closures into lasting economic and community benefits.