

# HOUSTON FOOD BANK

## HOUSTON, TX



### Acquisition and Rehabilitation of Existing Warehouse Facility

#### PROJECT BASICS

Type:  
**Real Estate – Community Facility**

Total Development Cost:  
**\$51.5 million**

LISC New Markets Tax Credit Allocation:  
**\$11 million**

#### PROJECT STAKEHOLDERS

LISC Program:  
**Houston LISC**

Investor:  
**JPMorgan Chase Bank, N.A.**

Lender:  
**Houston Food Bank, Inc.**

Sponsor/Developer:  
**HFB QALICB, LLC, a Texas limited liability company**

Other Key Stakeholders:  
**NDC New Market Investment LIX, LLC**  
**Business Loan Conduit No. 10, LLC**

#### COMMUNITY NEED

- **27.9% Poverty Rate**
- **Unemployment rate 0.66 times the national average**
- **Family income 59.3% of the area median**

#### COMMUNITY IMPACT

- **150 Construction Jobs**
- **180 Permanent Jobs**
- **Feeds 137,000 people per week**
- **Distributes 120 million pounds of food per year**

#### Project Snapshot:

- This project involves the acquisition and rehabilitation of an existing warehouse facility, which will allow Houston Food Bank to expand its programs.
- The Houston Food Bank (HFB) has acquired three separate buildings from Sysco, a global food distribution company. The primary building is a 272,711 square foot warehouse that will replace the HFB's current 73,000 square foot facility. The second building is a 153,341 square foot freezer/distribution facility that will be almost wholly leased to Preferred Freezer. Revenue generated from this lease will cover the operating expenses for all three buildings. The third building is a 15,870 square foot truck maintenance facility. HFB will partner with Houston Community College to provide workforce training programs at this facility.



#### Project Background:

- HFB provides free and low-cost food for hungry people in 18 southeast Texas counties, and is one of the largest food banks in the country. A network of more than 400 charities, feeding a total of 137,000 people each week, receives more than 80 million pounds of food and prepared meals annually from HFB. Fresh produce, meat and nonperishables are distributed from HFB's Herzstein Center, a 73,000 square-foot warehouse, and hot meals are prepared and distributed from Keegan Center, a 15,000 square-foot industrial kitchen.
- Additional community services range from nutrition education to assistance with food stamp applications and hands-on job training. HFB's Red Barrel program offers a convenient way for grocery shoppers to donate nonperishables for their neighbors in need.
- The Houston Food Bank, founded in 1982, is a certified member of Feeding America, the nation's food bank network. The Houston Food Bank currently distributes 50 million pounds of food annually. The move into the new facility will allow HFB to reach its goal of 120 million pounds distributed to low income residents in the 18 counties that HFB serves by 2018.
- The new facility will allow for the expansion of HFB's Serving for Success program. Serving for Success aims to train prisoners and probationers for living wage jobs while they volunteer at HFB. At the new facility, Serving for Success will train 240 Texas Department of Criminal Justice inmates and 1,200 Harris County probationers per year.

#### Leveraging Solutions through New Markets Tax Credits (NMTC):

- The capital campaign, while successful in many respects, is limited in its ability to raise the capital needed to provide the desired community impacts. HFB will continue to fundraise to support its ongoing operations; the underlying real estate project would not be able to succeed without the NMTC subsidy. LISC's NMTC financing provided the equity needed to cover the gap.
- \$11 million in NMTC allocation authority provided a custom loan with non-traditional/favorable terms including: a below-market interest rate, subordinated debt, a lower than standard origination fees, a longer than standard interest-only payment period, a longer than standard amortization period and a higher than standard LTVR.