
Project: Arbor Park Place — Cleveland, Ohio

Allocatee 1:	Community Development New Markets I LLC, a subsidiary of Key Community Development Corporation
Headquarters:	Cleveland, OH
Service Area:	National
Round I Allocation:	\$150 million
Allocatee 2:	Cleveland New Markets Investment Fund LLC, a subsidiary of Cleveland Development Advisors, Inc.
Headquarters:	Cleveland, OH
Service Area:	Cuyahoga County, Ohio
Round I Allocation:	\$15 million

One of the exceptional aspects of the New Market Tax Credit (NMTC) is how it brings together public and private entities to funnel capital to low-income urban and rural areas where, in the past, the risk for investors would have been too great. A case in point is the \$6.2 million revitalization of the Longwood Plaza (now renamed Arbor Park Place) shopping center in Cleveland, Ohio, of which \$1.57 million was made possible by the NMTC program.

The \$1.57 million came from two sources. Key Bank, a large commercial financial institution headquartered in Cleveland and with branches in twelve states, contributed \$770,000 for the

Arbor Park Place, Before



CNMIF Photo

first mortgage and \$300,000 as a cash flow contingent mezzanine loan. This type of loan, which does not require a normal principal payment each month, would have been difficult for Key Bank to make before the NMTC program came into existence because of the significant risks involved.

The remaining \$500,000 was an equity investment made by The Cleveland New Markets Investment Fund (CNMIF), which is a new fund created by a private civic entity, Cleveland

Development Advisors, Inc. (CDA). CDA has been making civic real estate investments in catalytic projects utilizing funds generated by the Cleveland business community for nearly fifteen years. CNMIF was awarded \$15 million in Round I, and it is using the remainder of its tax credit allocation to provide gap financing at below market rates for a number of com-

munity development activities. To date, CNMIF has closed seven investments which include one downtown and two neighborhood retail projects, three real estate development projects that include office space for business incubators and non-profits geared toward job creation, and one working capital loan to a non-profit developer.

Longwood Plaza had long been considered among Cleveland's most blighted shopping centers in one of its most economically distressed neighborhoods. According to the 2000 Census, more than 60 percent of its residents live below the poverty level. Unemployment and crime were both rampant, and Longwood Plaza had even been a haven for drug dealers for many years. In short, nobody wanted to invest in this area until the New Market Tax Credit came along.

As a result of the efforts of the City of Cleveland Council President Frank Jackson and the nonprofit New Village Corporation, they were able to lure investors and put together a financial package to renovate the plaza. In addition to the \$1.57 million made available through the NMTC program, the remainder of the funds for this \$6.2 million project came from a City of Cleveland UDAG loan (\$1.3 million), a City of Cleveland Empowerment Zone loan (\$1.2 million), a Cuyahoga County HUD 198 loan (\$770,000), a Health and Human Services grant (\$600,000), an EDI grant (\$310,000), and a Community Development Block Grant (\$45,700). These investments have been used to fully renovate Arbor Park Place to include a new façade, roof, parking lot, and landscaping, as well as high intensity lighting and additional security to cut down on crime.

Jackson had been particularly interested in finding a supermarket to anchor the shopping center, since the neighborhood had been without one for decades. Residents who did not own a car were forced to pay higher prices for food by unscrupulous grocers who remained in the area. In fact, Jackson had tried to lure a supermarket to the neighborhood since he was first elected to the City Council over fifteen years ago, but each time he spoke to a grocery store chain he was turned away. The supermarket owners argued that there was not enough household income in the community to make the business viable. In November 2003, however, Dave's Supermarket agreed to become the anchor tenant of the renovated Arbor Park Place shopping plaza. The supermarket is smaller than a typical Dave's store, but many residents are pleased by the convenience and choice that it provides. Seven tenants are also located within the shopping center, including a new Key banking center. These improvements to Arbor Park Place have proven to be a draw to other tenants — in fact, the shopping center is currently 100% leased.

Arbor Park Place, After



CNMIF Photo

The revitalized Arbor Park Place finally opened in November 2004. The project is expected to create seventy-five new jobs, thirty-nine of which are set aside for low-to-moderate income neighborhood residents. According to officials at Key Bank and CNMIF, it would never have gotten off the ground had it not been for the NMTC program. Yvette M. Ittu, Vice President of CNMIF, said that the tax credit “is an important tool to help generate additional private capital for investment in communities where such capital is lacking.” In addition, Randy Depp of Key Bank remarks that as a banker, he found it to be an “extraordinary experience” to help the community through the NMTC initiative in that it “allows a development project that could not move forward because of inadequate cash flow and debt service coverage to become a bank financing opportunity.”