



taxadvantagegroup



Claussen Bakery

QUICK FACTS

CDE
Greenville New Markets Opportunity II, LLC (GNMO II)

TOTAL DEVELOPMENT COST
\$6,485,697

GNMO II ALLOCATION
\$5,000,000

LOCATION
400 Augusta Street
Greenville, SC 29601

DEVELOPERS
400 Augusta Street Investors, LLC
Furman Development

SQUARE FOOTAGE
38,530

LEVERAGED LENDER
Claussen Lender, LLC

TAX CREDIT INVESTOR
Capital One Bank, N.A.

PERMANENT JOBS
99 Direct
77 Indirect/Induced

CONSTRUCTION JOBS
34 Direct
17 Indirect/Induced

TARGETED DISTRESS
Poverty Rate: 36.8%
Median Family Income: 55.9%
Unemployment Rate: 11.8%
Unemployment Ratio: 1.49x
State Enterprise Zone
Appalachian Regional Commission (ARC)
Distressed Area

FINANCING COMPLETE December 2014

Claussen Bakery

GREENVILLE COUNTY, SC

Background

The New Markets Tax Credit (NMTC) Program permits taxpayers to receive a credit against federal income taxes for making Qualified Equity Investments (QEIs) in designated Community Development Entities (CDEs). Substantially all of the QEIs must in turn be used by the CDE to provide investments in Low-Income Communities (LICs).

The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year credit allowance period. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period. The NMTC program provides financing availability for projects in underserved geographic areas and with extremely favorable terms for businesses and real estate developers or owners. The result of these investments fulfills financing gaps for projects to be completed, and it allows projects to be enhanced with community-oriented components, which generate measurable community impacts.

Project

The Claussen Bakery Project is the adaptive re-use of a former family-owned bakery built in the West End of Greenville in 1930. For decades, the bakery contributed to the industrial and commercial development of downtown Greenville. According to news reports, more than 20,000 people toured the facility prior to its original opening. Closed in 1973, the historic building lay vacant for years and ultimately was gutted due to significant structural issues. Ownership of the property changed multiple times throughout the years, from Claussen Bakery to Daisy Foods to Southern Bakeries and, finally, to Brown Baking Company. In 2009, a real estate partnership — 400 Augusta Street Investors LLC — led by The Furman Co. Development LLC, acquired the property. In 2014 they began renovating the building and surrounding land to accommodate office and other commercial business. McMillan, Pazdan, Smith Architecture will serve as the anchor tenant, occupying the 2nd floor, while 16,500 sq. ft. of 1st floor commercial space will be available to small businesses. Completion of this project will benefit the City of Greenville and community at large in several significant ways: 1) the removal of an obsolete commercial building along a busy corridor, 2) the adaptive use of an historic building, 3) preservation of the area's architectural heritage, and 4) the integration of high density new construction with high quality architecture.

Community Impact

The re-use of the Claussen Bakery building will have a positive impact on the continued economic viability of Greenville's maturing city and surrounding communities. Redevelopment of this iconic building can improve property values in the immediate vicinity and enhance the desirability of this neighborhood as a place to live and conduct business. Situated at the edge of the Greenville Central Business District (CBD), the property is located along a stretch of Augusta Street that is on the precipice of redevelopment. With South Main Street pushing growth from the north and immediately to the south, the city is facilitating a makeover of governmental assisted housing. The Claussen Bakery Project is a natural extension of Greenville's thriving downtown and provides a perfect opportunity to repopulate this building with tenancy that connects it to the predominantly commercial/retail CBD.

The project supports 133 direct jobs (99 permanent, 34 construction), with permanent jobs paying an average wage 363% higher than the Low-Income Community's per capita income. In addition, employment benefits such as health insurance, life insurance, retirement plans and Simple IRA plans with a company match are provided.

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PROJECT UPDATES

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To encourage the accessibility of jobs to LIC residents, the borrower is requiring tenants to recruit and hire LIC residents by sharing marketing information for job openings through the nearby neighborhood associations. In addition, the anchor tenant is sponsoring an internship program in the field of architecture and will recruit students from neighboring Greenville High School to participate in the program. Harper Construction, a member of 400 Augusta Street Investors, will also provide students from Greenville High School “beyond the classroom” exposure to the process of real estate construction.

Throughout the 7-year NMTC compliance period, the project will provide favorable lease terms to its 1st floor tenants, including below market rents. These tenants are projected to be small and/or locally-owned businesses.

“The revitalization of this building will take it from a blighted eyesore that sat vacant for years, to a modern mixed-use development that will create construction jobs, direct and indirect employment, increased economic development to the immediate community, and the added benefit of facilitating new entrepreneurs investing in start-up businesses. It is clear to us that this project would not have existed without the New Market Tax Credit Program.”

- Steve Navarro, President, The Furman Co. Inc.

“This is an historic building that has been vacant far too long. It’s in a strategic location connecting five local neighborhoods to the newly revitalized West End. The GNMO II advisory board is excited to see this building reintroduced and connected to the community.”

- Deborah McKetty, GNMO II Advisory Board member and executive director of Community Works Carolina

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Since 2014, tax**advantage**group has co-managed its affiliated \$38 million Greenville New Markets Opportunity II (GNMO II) NMTC fund with the Greenville Local Development Corporation. The fund mission is to serve and provide investment capital for projects that create quality jobs and/or enhance health and wellness outcomes in low-income communities across the 10-counties in Upstate South Carolina.