

Name of Project: PRESERVATION PARK CENTER (“PPC”), Oakland, California
Name of CDE: LCD New Markets Fund IV, LLC

Demographics and CDE Business Strategy:

The LCD New Markets Fund’s business strategy is to provide financing with non-conventional for high visibility projects in low income communities, with a high community development impact.

Preservation Park’s tenant/owners include 35 non-profits and 10 small businesses, providing services which benefit thousands of low income persons and families. The tenants pay below market rate rents. Through a deed restriction, 81% of the rentable space is dedicated to non-profit tenants in perpetuity.

Project Description

For the last decade, Preservation Park has been home to many non-profits and small businesses. Preservation Park is a 2 ½ block development located in an urban low income census tract in downtown Oakland, California. The property contains 17 restored Victorian-era homes that have been converted into offices. In 2004, the property owner, the City of Oakland decided to sell the property to generate badly-needed revenues for the City. The City received a bid from a private developer, who would neither agree to the current below market rate lease structure, nor to continuing the non-profit tenant mix.

With the support and guidance of a local community development corporation, the tenants of Preservation Park formed a non-profit, PPC. PPC approached LCD with a proposal to purchase the property. Seven different investors and lenders (bank, CDFIs, foundations) provided upper tier NMTC funding for this project. The NMTC loan was closed in January 2005.

The terms of the NMTC financing included unconventional features such as below market interest rates, interest only payments and a transfer of the vast majority of the residual receipts at the conclusion of the tax credit period to the borrower (estimated to be \$2,400,000).