

PROJECT BASICS

Type:
Real Estate – Retail & Office

Total Development Cost:
\$5.6 million

LISC New Markets Tax Credit Allocation:
\$4.2 million

PROJECT STAKEHOLDERS

LISC Program:
Twin Cities LISC

Investor:
Wells Fargo Bank

Lender:
Wells Fargo Bank, NDC REDI, LLC

Sponsor/Developer:
Neighborhood Development Center

Other Key Stakeholders:
City of Minneapolis

COMMUNITY NEED

- **29% Poverty Rate**
- **Family income 50% of the area median**
- **Minneapolis, MN Enterprise Community**
- **SBA HUB Zone**

COMMUNITY IMPACT

- **43,000 sq. ft. of Commercial Space**
- **66 Construction Jobs**
- **39 Permanent Jobs**

Project Snapshot:

- The Plaza Verde project involved the rehabilitation and renovation of the former Antiques Minnesota building in the Midtown Phillips neighborhood of south Minneapolis to create high-quality retail, office/incubator, and non-profit arts space.
- The development involved the restoration of street level entrances and windows. The building consists of commercial space on the ground floor and office space on the second floor. The businesses occupying the building market their services toward the Latino community in the neighborhood. In total, the project encompasses 43,000 sq. ft. of commercial space, while creating 66 construction jobs and 39 permanent jobs.



Project Background:

- Built as a Masonic Lodge in the 1920s, the former Antiques Minnesota building had been vacant since 1998. As the area's second largest vacant property, its shuttered windows and uncontrolled parking lot hindered the potential growth of local businesses, particularly restaurants and retail stores that require a positive, safe and active street life.
- After a long period of severe disinvestment during the 1980s and early 1990s, the Lake Street commercial corridor began to show new signs of life spurred by an influx of immigrant entrepreneurs. In light of this growing resurgence, the property's large size, and its prominent location on Lake Street, the building became the focus of major concern for neighborhood residents and the area business association.
- Founded in 1993, the Neighborhood Development Center, Inc. (NDC) is a local non-profit organization that works in Minneapolis/St. Paul's low-income communities to help emerging entrepreneurs develop successful businesses and help community groups build stronger neighborhood economies. NDC's Real Estate Development Initiative was created to nurture projects like Plaza Verde.

Leveraging Solutions through New Markets Tax Credits (NMTC):

- Located in an economically distressed neighborhood with many non-traditional tenants, the project faced obstacles to securing adequate financing under viable terms. Our program offered a timely way to leverage available financing and close the gap.
- \$4.2 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.
- In developing Plaza Verde, NDC has transformed the project into a nexus for community partners including the HOBT, the Latino Economic Development Center, the Cooperativa de Mercado Central, and the Midtown Phillips Neighborhood Association.
- The project will enhance the area's burgeoning Latino business district and create opportunities for further arts and cultural programming in the neighborhood.