

A multi-property rehabilitation to drive a neighborhood's turnaround.

### PROJECT BASICS

Type:  
**Real Estate – Gallery, Retail,  
 Live-Work Space**

Total Development Cost:  
**\$11.5 million**

LISC New Markets Tax Credit Allocation:  
**\$8.7 million**

### PROJECT STAKEHOLDERS

LISC Program:  
**Michigan State LISC**

Investor:  
**National City Bank**

Lender:  
**National City Bank, Heartside  
 Non-Profit Housing Corp.**

Sponsor/Developer:  
**Dwelling Place of Grand Rapids,  
 Inc.**

### COMMUNITY NEED

- **52% Poverty Rate**
- **Family income 50% of the area median**
- **CDFI Hot Zone**
- **SBA HUB Zone**

### COMMUNITY IMPACT

- **12,772 sq. ft. of Commercial Space**
- **23 Artist Live-Work Units**
- **40 Construction Jobs**
- **5 Permanent Jobs**

### Project Snapshot:

- The Martineau Division- Oakes project involved the purchase and rehabilitation of several parcels on Division Avenue in Grand Rapids. Prior to the project, many parcels contained empty, dilapidated, two to three story buildings. One parcel was a vacant lot.
- The project called for the parcels to become a mixed-use development for arts-related activities encompassing 23 live-work residential units for artists and approximately 12,772 sq. ft. of commercial space. Calvin College, the anchor tenant, uses much of the commercial space for its arts faculty and student studios. The project created approximately 40 construction jobs and 5 permanent jobs.



### Project Background:

- The Martineau Division-Oakes project is located in Grand Rapids' Heartside district, directly south of the city's central business district. From the late 1800s through the mid 1900s, Heartside was a thriving mixed-use district consisting of modest apartments above commercial store fronts, mid-sized manufacturers, and warehouses. Between the 1950s and the 1980s, residents migrated to the suburbs and Heartside fell into a cycle of decline and disinvestment resulting in vacant storefronts, seedy bars, and deteriorating houses.
- The Martineau Division-Oakes project was conceived to redevelop the most dilapidated block on the street and stimulate additional redevelopment in the area. Dwelling Place of Grand Rapids, Inc., a nonprofit developer, has played and continues to play a critical role in advancing this goal as it works to stabilize and empower the local community.

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

- Located in a commercially unproven and economically distressed community, the project faced obstacles to securing adequate financing under viable terms. Our program offered a way to leverage available financing to overcome this obstacle and close the gap.
- \$8.7 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 longer interest-only payment period; and a higher loan-to-value ratio.
- The product's equity feature was used to capture federal Historic Tax Credits.
- Four galleries already operate in Heartside and a 3-story mural by nationally known artist Richard Haas was unveiled in 2004 one block from the project. Martineau Division-Oakes is designed to leverage these art destinations, attract a critical mass of artists, patrons, and visitors, and thereby provide an economic engine for broader neighborhood development.
- The project's art theme also aligns with Governor Granholm's Cool Cities Initiative launched in December 2003. The Initiative seeks to encourage the growth of "cool cities" – hip, urban environments to attract and retain younger workers.