

MIDTOWN GLOBAL MARKET MINNEAPOLIS, MN

Redeveloping a historic building for community entrepreneurs.

PROJECT BASICS

Type:

Real Estate - Retail

Total Development Cost: **\$16.0 million**

LISC New Markets Tax Credit Allocation: **\$8.9 million**

PROJECT STAKEHOLDERS

LISC Program:

Twin Cities LISC

Investor:

US Bank

Lender:

Wells Fargo Bank, City of Minneapolis, Minneapolis Empowerment Zone

Sponsor/Developer:

Neighborhood Development Center

COMMUNITY NEED

- 29% Poverty Rate
- Family income 44% of the area median
- Enterprise Community
- SBA HUB Zone

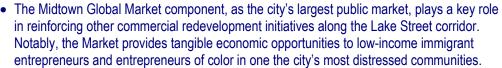
COMMUNITY IMPACT

- 86,084 sq. ft. of Commercial Space
- 474 Construction Jobs
- 187 Permanent Jobs

Project Snapshot:

- The Midtown Global Market project in Minneapolis involved the creation of an 86,084-sq. ft. public marketplace for a mixture of start-up, second stage, and anchor businesses offering internationallythemed fresh and prepared food.
- The project is located on the ground floor of a larger \$130 million redevelopment of the Midtown Exchange Building – the former Art Deco Sears Tower which





 The overall redevelopment of the Midtown Exchange Building is expected to bring approximately 1,900 full-time jobs into the neighborhood, of which 187 have already been generated by the Midtown Global Market.

Project Background:

- The project occupies the first floor of the 1.2 million sq. ft. Midtown Exchange Building on Lake Street. Built in 1928, the structure had been vacant and boarded up since 1994.
- The Lake Street corridor once served as a vibrant commercial center in the heart of South Minneapolis. The area, however, suffered from a long period of severe disinvestment during the 1980s and early 1990s. More recently, the commercial corridor began to show new signs of life spurred by an influx of immigrant entrepreneurs. In light of this growing resurgence, community development efforts have focused on the area to reinforce and nurture this renewed economic vitality.
- 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.

Leveraging Solutions through New Markets Tax Credits (NMTC):

- Given the project's location in an emerging commercial area and the need to provide space
 at rates affordable to local and low-income small businesses, the project faced significant
 obstacles to securing adequate financing under viable terms. Our program offered a way to
 leverage available financing and bridge the gap.
- \$8.9 million in NMTC allocation authority provided a custom product with non-traditional and/or favorable terms including: a below-market interest rate; a longer interest-only payment period; a higher loan-to-value ratio; and a lower debt service coverage ratio.
- Midwest Minnesota CDC also provided \$8.2 million in NMTC allocation authority to the project.
- The project is well-positioned to deliver high-quality, lasting economic opportunities thanks to NDC's work with community partners to provide training, financial, and business assistance to prospective tenant-businesses both before and after the market opens.

