

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 internationally-themed 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 stands as the largest building in the city of Minneapolis. The overall redevelopment will bring housing, jobs, office space, and retail amenities to revitalize the surrounding area.
- The Midtown Global Market component, as the city's largest public market, plays a key role in reinforcing other commercial redevelopment initiatives along the Lake Street corridor. Notably, the Market provides tangible economic opportunities to low-income immigrant entrepreneurs and entrepreneurs of color in one of the city's most distressed communities.
- 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.