

Renovation of a historic building to anchor local economic revitalization.

PROJECT BASICS

Type:
Real Estate – Office, Retail

Total Development Cost:
\$5.8 million

LISC New Markets Tax Credit Allocation:
\$5.2 million

PROJECT STAKEHOLDERS

LISC Program:
Detroit LISC

Investor:
National City Bank

Lender:
City of Detroit

Sponsor/Developer:
Southwest Detroit Business Association

COMMUNITY NEED

- **34% Poverty Rate**
- **Family income 62% of the area median**
- **CDFI Hot Zone**
- **SBA HUB Zone**

COMMUNITY IMPACT

- **15,300 sq. ft. of Commercial Space**
- **42 Construction Jobs**
- **31 Permanent Jobs**

Project Snapshot:

- The project involved the historic renovation of a deteriorating three-story brick/masonry building in southwest Detroit that sat vacant for many years.
- The project completes the redevelopment of a key intersection along West Vernor Highway, southwest Detroit's main commercial corridor.



- In addition to the project, three mixed-use commercial/residential buildings along other corners were recently rehabilitated.
- While preserving a historic structure for the community, the project has created 15,300 sq. ft. of office/retail space and provided 31 new permanent jobs to the area.

Project Background:

- Historically, southwest Detroit has been one of the city's most ethnically diverse and densely populated areas. Nearly a century ago, the promise of good jobs attracted an influx of blue-collar workers from Appalachian, African-American, and European-immigrant communities across the country. Adding to this diversity, southwest Detroit has become home to the state's largest Hispanic population and has witnessed an increase in residents of Middle Eastern descent.
- The area's physical environment is characterized by dense pedestrian neighborhoods, over one hundred churches including historic Ste. Anne de Detroit and Holy Redeemers, strong commercial strips along Bagley St., W. Vernor, and Springwells St., and decorative murals echoing the Mexican heritage of many residents.
- South Detroit Business Association (SDBA) is a membership organization committed to making Detroit neighborhoods more economically healthy. Consisting of businesses and community interests, SDBA supports existing businesses/ventures, enhances the climate for public/private investment, and facilitates cooperative economic development ventures. SDBA also sponsors quality of life projects such as festivals and parades.

Leveraging Solutions through New Markets Tax Credits (NMTC):

- Located in an unproven commercial market with high levels of economic distress, the project faced significant obstacles to securing adequate financing. Our program offered a timely way to leverage available financing and close the gap.
- \$5.2 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 longer interest-only payment period; a higher loan-to-value ratio; a lower debt service coverage ratio; and more flexible borrower credit standards.
- The product's equity feature was used to capture federal Historic Tax Credits.