

### PROJECT OVERVIEW

Type:  
**Real Estate – Office**

Total Development Cost:  
**\$16.5 million**

LISC New Markets Tax Credit Allocation:  
**\$14.8 million**

### PROJECT STAKEHOLDERS

LISC Program:  
**Twin Cities LISC**

Investor:  
**Wells Fargo Bank**

Lender:  
**Wells Fargo Bank, Lutheran Social Services of Minnesota**

Sponsor/Developer:  
**Lutheran Social Services of Minnesota**

### COMMUNITY ECONOMICS

- **39.5% Poverty Rate**
- **Unemployment rate 2.3 times the national average**
- **Family income 34% of the area median**
- **CDFI Hot Zone**
- **MN Empowerment Zone**

### COMMUNITY IMPACT

- **57,386 sq. ft. of Office Space**
- **124 Permanent Jobs**
- **80 Construction Jobs**
- **1,700 individuals served monthly**

### Project Basics:

- The Center for Changing Lives (CFCL) project entailed the redevelopment of an existing site to create a 54,000 sq. ft. building in the Phillips community of south Minneapolis, MN.
- The CFCL redevelopment houses five community-based organizations and neighborhood social service providers. The primary tenant, Lutheran Social Services of Minnesota (LSS), occupies 44,000 sq. ft. of the new space.
- Together, these organizations offer a wide array of services related to: employment, mental and physical health, youth and family counseling, foster care, refugee resettlement, and financial literacy.
- The CFCL redevelopment has allowed LSS to serve thousands of individuals and families more effectively and ensure the local presence of an important anchor institution.



### Project Background:

- In the early 2000s, LSS identified a significant need in its Twin Cities service area: replacing its fifty year-old building in South Minneapolis. The problem stemmed from the convergence of multiple long-term maintenance issues, mounting expenses from energy inefficiency, and the challenges of operating in a space whose design was never intended for LSS programs and services. As the “home base” for LSS services in the area, the facility was no longer able to adequately meet the needs of LSS staff and clients.
- Founded over 140 years ago by a young Swedish pastor named Eric Norelius, Lutheran Social Services of Minnesota is the largest, statewide non-profit social service agency in Minnesota with over 2,300 employees working in 300 communities. LSS organizes its programs and services around the following divisions: Children and Families, Seniors, People with Disabilities.

### Financing a Solution - New Markets Tax Credits (NMTC):

- The CFCL was funded primarily through charitable contributions; however, the risks of multi-year pledges and the uncertainty of a fundraising gap (at the time) posed obstacles to obtaining adequate bridge financing and starting the project on time. Our program offered a way to leverage existing contributions and secure the bridge loan.
- \$14.8 million in NMTC allocation authority provided a custom product with many non-traditional and/or favorable terms including: a below-market interest rate; a longer interest-only payment period; and a lower debt service coverage ratio.
- The CFCL planning process also revealed opportunities to use the site more efficiently and “unlock” its latent capacity. LSS used this new capacity to create 48 units of permanent affordable housing in a separate development on the site. This provides a model for how LSS and other non-profits can use efficient site-planning in redevelopment to leverage the impact of capital projects.