



taxadvantagegroup



McBee Station

QUICK FACTS

CDE
Wachovia Community Development Enterprises, LLC (WCDE)

TOTAL DEVELOPMENT COST
\$33.7 Million

WCDE ALLOCATION
\$16,567,500

LOCATION
402 McBee Avenue
Greenville, SC 29601

NMTC CONSULTANT
taxadvantagegroup, llc

DEVELOPER
Wallace Enterprises

LEVERAGED LENDER
Wachovia Bank

NMTC INVESTOR
Wachovia Bank

PERMANENT JOBS
189 Direct

CONSTRUCTION JOBS
227 Direct

TARGETED DISTRESS
Poverty Rate 30.2%
Local TIF District

FINANCING COMPLETE
January 2008

McBee Station

GREENVILLE, SC

Background

The New Markets Tax Credit (NMTC) Program permits taxpayers to receive a credit against federal income taxes for making Qualified Equity Investments (QEIs) in designated Community Development Entities (CDEs). Substantially all of the QEIs must in turn be used by the CDE to provide investments in Low-Income Communities (LICs).

The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year credit allowance period. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period. The NMTC program provides financing availability for projects in underserved geographic areas and with extremely favorable terms for businesses and real estate developers or owners. The result of these investments fulfills financing gaps for projects to be completed, and it allows projects to be enhanced with community-oriented components, which generate measurable community impacts.

Project

McBee Station is an infill mixed-use development that includes 197 apartments, 22 condominiums, a one-acre bank site, 500 parking spaces in a two-level garage, 165 surface parking spaces and 79,716 square feet of retail space, anchored by Publix and Staples.

As the first major development located off the Main Street corridor and adjacent to the Haynie-Sirrine neighborhood, the project served as a bridge between the Haynie community and downtown. In fact, a portion of the overall project involved creating a road between the site and the Main Street area to alleviate existing hazardous pedestrian traffic issues. Additional financial participation by the City of Greenville addressed infrastructure improvements to the site (streetscape, traffic signals and storm water components), directly answering community issues noted in the Haynie Master Plan.

The development enabled the first grocery retailer to serve the downtown residential community and the first office supply retailer to serve the downtown business community. Mayor Knox White of Greenville said, "A grocery store is needed downtown to serve about 2,000 people who live in the central business district, as well as neighborhoods bordering downtown. A downtown grocery store is a must." At closing the project was estimated to create 227 construction jobs and 189 permanent jobs in a LIC that demonstrated a 30.2% poverty rate, while serving as a true catalyst project for the City.

The Financing

The \$16.5 million NMTC financing provided take out construction financing from an unaffiliated third party lender. At closing the NMTC transaction consisted of four separate loans to Wallace Enterprises, including two leveraged loans and two tax credit loans. Wachovia provided senior debt for one leveraged loan while Wallace provided additional developer equity for the second leveraged loan.

Separate from the NMTC component, Wallace provided \$4 million of equity to the project, and the City of Greenville contributed \$2.2 million of infrastructure improvements to the site. Without the NMTC equity, this project would not have secured enough capital to move forward. In fact, the project developer did not take any development fees in order to bring the project to fruition.

"I was recently reflecting on our success at McBee Station and the importance of the financing that you structured for the commercial components of the project. As you know McBee Station was a physically and financially complex structure. taxadvantagegroup surpassed the owner's expectations to bring much needed capital to the project. Not only did taxadvantagegroup develop a creative debt solution for our needs, it continued to refine and improve the capital structure as obstacles and opportunities arose prior to closing. At every turn it was clear that taxadvantagegroup understood the objectives and motivations of the owners and was able to match them to the corresponding needs of the capital providers."

- J. Russ Davis, Jr., President of TDL WCOT Greenville, LLC

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