

50 Projects – 50 States: Mississippi

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Community Profile

- 70% African American population
- GO Zone
- 53.5% poverty rate
- 21.1% unemployment rate
- 36.1% median income of statewide median



Project Highlights

- Real Estate: historic hotel rehab
- Total Project Cost: \$89.5 million
- NMTC: \$74.1 million
- Other Financing: Historic Tax Credits, Go Zone Bonds, MS Development Authority, Tax Increment Financing

King Edward Hotel **Jackson, MS**

Built in 1923, the historic King Edward Hotel is an iconic building. Once the hub of social and political activity in Jackson, Mississippi's downtown business district, the hotel sat vacant for 41 years becoming severely blighted. Citizens of Jackson were divided between wanting to demolish the site versus its preservation given the costs. The abandoned building has had a substantial negative impact, for decades, contributing to the downturn in this section of Jackson.

Ultimately, preservation prevailed and New Markets Tax Credit (NMTC) financing came from several CDEs, including the National New Markets Fund (NNMF) for \$15 million. All the CDEs involved were committed partners to making the King Edwards Hotel renovation a reality.

The \$89.5 million King Edward restoration has transformed the historic King Edward Hotel (313,000 sq. ft.) into a 186-room hotel with restaurants and a state-of-the-art business conference center, with development of 64 apartment units and additional retail space. Sixteen one-bedroom units will be set aside for individuals earning less than 60% of the area median income, renting at a \$200 per month market discount. This project is regenerating the surrounding community and is a catalyst bringing in necessary community and business amenities to support focused redevelopment of the area.

The CDEs worked with the lead investors, the state of Mississippi, co-allocatees, and the developer to secure the necessary funding sources available for the project. This allowed the developer to utilize tax exempt bonds, Historic and New Markets Tax Credits, grants and other below market loans. NNMF worked to ensure that the developer would commit to reach out to local women- and minority-owned subcontractors and give priority to low-income employees for the hotel and its construction.

The internal costs of capital and the required return on a traditional equity investment far outpaced the available return to investors given the very high cost of reusing the historic building and created a significant gap in the project's financing. The NMTC funding has allowed the redevelopment of the historic King Edward Hotel to become a reality.