



# LIVING CITIES CATALYST FUND

## CATALYST FUND PORTFOLIO

<b>BORROWER:</b>	5716 Lender LLC (sponsor: Southwest Housing Solutions)
<b>AMOUNT:</b>	\$1.15 million leveraged loan
<b>CLOSING DATE:</b>	May 2010
<b>LOAN TERM:</b>	Approximately 6 years

**PROGRAM OVERVIEW:** Southwest Solutions is a leading provider of human services, and housing and economic development in Detroit, where it is one of the very few local institutions with the capacity to handle holistic community building. Its development arm, Southwest Housing Solutions, has purchased a four-story historic building located at 5716 Michigan Avenue, Detroit, Michigan.

SWHS's planned redevelopment of this property will provide low-income community residents with access to a one-stop shop for primary medical care and counseling services. Southwest will consolidate its Juvenile Justice and Child and Family programs on the upper floors, bringing together services that previously were delivered in different facilities without convenient access to transit. Covenant Community Care, a not-for-profit health care provider, will be the anchor tenant occupying the ground floor.

The proposed project will also create a number of employment opportunities for local residents. SWHS estimates this project will create at least 45 construction jobs and retain and create approximately 75 permanent positions at the new facility.

The \$1.15 million leveraged loan from the Living Cities Catalyst Fund will support the rehabilitation of this building. The loan is part of a complex financing that brings together New Markets Tax Credits, federal rehabilitation tax credits, and Michigan state and brownfield tax credits. Other leverage lenders include Neighborworks Capital and Detroit LISC. JPMorgan Chase is purchasing the New Markets Tax Credits and National Development Council is providing the new markets tax credit allocation. The Kresge Foundation and United Way are providing grants.

**PROGRAMMATIC SIGNIFICANCE:** Catalyst support has helped move this transaction forward both by providing a critical source of capital and by advising on a structure that meets the needs of all participants. In the current real estate climate, traditional leverage lenders have pulled back from New Markets transactions. Detroit has been particularly hard hit by disinvestment and job loss.

The successful redevelopment of 5716 Michigan Avenue will not only anchor the transformation of a troubled neighborhood, but will also send the strong signal needed to attract private sector attention and investment to a community which has been impacted by the lack of capital and the larger economic trends of Michigan and Detroit.

This project addresses many of Catalyst's priorities: it provides access to health care and services in a convenient, transit-friendly location, creates jobs, builds a strong service anchor and supports a key community development corporation in Detroit. Detroit is one of Living Cities' geographic concentration cities and is a priority for Living Cities' members including the Kresge, Kellogg, Knight, Ford and Skillman Foundations.

### ADDITIONAL FUNDERS:

- ▣ Neighborworks Capital
- ▣ Detroit LISC
- ▣ Detroit Investment Fund
- ▣ JPMorgan Chase
- ▣ The Kresge Foundation
- ▣ United Way
- ▣ National Development Council (NMTC allocation)
- ▣ City of Detroit
- ▣ Wayne County Economic Development Department
- ▣ Michigan State Housing Development Authority

**DESCRIPTION OF THE LOAN:** The Catalyst Fund is providing a 4.5%, \$1.15MM leveraged loan for a term of approximately 6 years. This loan will support construction and provide part of the mini-permanent financing for the project.

**LEVERAGE:** \$1.15 million from the Catalyst Fund is leveraging approximately \$10 million from other sources.