

Developer/Sponsor

Atlantic Development Group

Project Type

Educational Facility/Commercial Space

Square Footage

120,000 square feet

Investment

\$11 million, junior subordinated debt financing

New Markets Tax Credits



Description

The Boricua College project is the new construction of a 120,000 square foot academic and administrative building for Boricua College in the Bronx. The new building is part of the larger Boricua Village project, which includes 700 units of mixed-income housing and retail space and is part of the overall redevelopment of the Melrose Commons Urban Renewal Area. The Boricua college project will provide an institution of higher education with a curriculum geared towards an underserved and largely low-income minority population. The college will serve as a beacon of higher education and stability in the Melrose Commons neighborhood, which is one of the poorest sections of New York City and the entire country, and has been sorely lacking such an institutional presence.

Investment Type

Enterprise's investment provides a junior subordinate loan enhanced with New Markets Tax Credits (NMTC). The Boricua College development is a now-standard example of Enterprise's ability to help structure and bring to financial closing a highly complex financing involving many different public, private and community development intermediary organizations.

The project's financing sources come from separate construction and permanent New Markets Tax Credit lenders, multiple community development entities providing a total \$44.6 million in NMTC allocation, an equity investor, and subsidy sources from various city and state agencies, including the New York City Department of Housing Preservation and Development, the Bronx Borough President and the City Council. This project signifies Enterprise's third use of NMTC in the borough of The Bronx and its fifth in the state of New York.

Market

The Melrose Commons neighborhood in the South Bronx is one of the poorest areas in New York City, with a 59 percent poverty rate, a median income that is 25 percent of the area median income and an unemployment rate that is 6.53 times the national average. According to a NYC Economic Development Corporation study on the Melrose Commons neighborhood, the population in the area is expected to increase roughly 11-14 percent by 2010, mainly due to the large increase in housing stock created by the Boricua Village project. This makes this area among the fastest growing neighborhoods in New York City.

Community Impact

The College will be one of the first new projects in the area and will be a catalyst for future residential and retail development. Mayor Michael Bloomberg's South Bronx Initiative includes strengthening the commercial corridors of the South Bronx to meet the demand for neighborhood retail and service establishments. The conceptual anchors to this redevelopment are the Boricua Village project and the \$500 million Gateway Center retail development at the Bronx Terminal Market west of the college, near Yankee Stadium.

Boricua College is the first post-secondary institution in the nation specifically designed to meet the educational needs of students of Puerto Rican and other Hispanic descent. Founded in 1974 as a private liberal arts-focused institution of higher learning, Boricua College is fully accredited and chartered by New York State, offering associate, bachelor's and master's degrees. It is anticipated that the Bronx campus at full capacity will serve an additional 1,800 full-time students.

The project is anticipated to create 150 construction jobs, 240 full-time and 100 part-time permanent jobs once the project is fully operational.

Sponsor

Founded in 1995 by Peter Fine and Marc Alheim, Atlantic Development Group is a Manhattan-based developer of residential and mixed-use properties with a specialty in affordable housing. The firm is focused on public/private projects, affordable and market-rate residential properties and mixed-use development. Over the past 10 years, Atlantic has become one of the most active affordable housing developers in New York, with over 4,400 units of housing and 77,000 square feet of retail and community use facilities completed. The vast majority of Atlantic's projects are located in the Bronx, but its portfolio also includes projects in Manhattan and Brooklyn. Atlantic typically contributes equity into transactions, demonstrating its commitment to long-term investment in its projects.

Investor

Citi Community Capital (formerly Citibank Community Development), an affiliate of Citibank, provides innovative, comprehensive and cost-effective financing packages for affordable housing and community revitalization projects in locations around the country. Citibank's products meet both the short- and long-term needs of for-profit and nonprofit organizations that build and operate affordable housing, commercial developments and community facilities that benefit low- and moderate-income neighborhoods and populations.

Citibank is also the leverage construction NMTC lender to this project. The Empowerment Reinvestment Fund (ERF), a subsidiary of Seedco Financial, is providing permanent financing to the project. Both Citibank and ERF, in addition to Enterprise, are providing NMTC allocation to this project.

Enterprise is a leading provider of the development capital and expertise it takes to create decent, affordable homes and rebuild communities. Enterprise leverages low-income housing, new markets and historic rehabilitation tax credits; short and long-term debt; and development services to capitalize projects that make a catalytic difference in communities. For over 25 years, Enterprise has privately raised over \$9 billion to finance more than 240,000 affordable rental and for-sale homes, create vital communities and help transform the lives of low-income Americans, particularly those at the lowest end of the economic scale. Currently, Enterprise is investing in communities at a rate of \$1 billion a year. Visit www.enterprisecommunity.com or www.enterprisecommunity.org to learn more about Enterprise's efforts to build communities and opportunity.