

## COMMERCIAL AND CULTURAL CENTER RENOVATION

# RESTORATION PLAZA



Restoration Plaza  
1368 Fulton Street, Brooklyn, NY 11216



## SITE DESCRIPTION

Restoration Plaza, located in the Bedford Stuyvesant neighborhood of Central Brooklyn, has served as town square and major destination for education, commerce and culture for many years. It is home to the Billie Holiday Theatre, Skylight Gallery, Youth Arts Academy and an extension campus of the College of New Rochelle. It also provides essential services to the community including a supermarket, post office, pharmacy, restaurant and several banks. Bedford Stuyvesant Restoration Corporation, the nonprofit developer of the plaza, has undertaken a multi-phased capital improvement plan that will allow for the addition of community and educational programs, expanded retail and office space, and significant exterior plaza renovation.

## LOW INCOME COMMUNITY METRICS

- + Unemployment Rate: 3.62 times the national average
- + Poverty Rate: 38.9%
- + Median Family Income: 59.4% of benchmark
- + Economic Development and Housing Hot Zone
- + New York City Commercial Expansion Program Zone designation
- + SBA HUB Zone
- + New York State Empire Zone Redevelopment Area

## PROJECT GOALS

- + Develop or rehabilitate 25,900 square feet of office space, 7,100 square feet of retail space and 10,000 square feet of space for community revitalization programs
- + Renovate the outdoor West Plaza to have a more open, pedestrian-friendly design, making it a destination venue for events accommodating upwards of 600 people
- + Add capacity for workforce training programs that will service the local community with career development, internship and job placement opportunities
- + Provide the local low-income business community with financial and technical assistance through the Small Business Services program
- + Provide affordable space for minority- or women-owned businesses including a daycare center, youth arts facility, spiritual center and African Arts festival.

## ECONOMIC IMPACTS SUMMARY

The allocation of \$15 million in New Markets Tax Credits is anticipated to leverage a total project cost of \$17.5 million and complete financing for a project that, but for the tax credits, could not move forward. An analysis of the direct, indirect and induced economic impacts resulting from construction investment and first ten years of operations shows that the Restoration Plaza renovation project is anticipated to create \$117.5 million in total economic impact, and \$15.1 million in federal and state fiscal impacts.

## BENEFIT OF TAX CREDITS

The New Markets Tax Credits program has provided vital economic stimulus to underserved communities nationwide. With the allocation of \$15 million in New Markets Tax Credits on the Restoration Plaza renovation plaza project, the federal government has effectively foregone the collection of \$5.6 million in federal taxes over seven years. In return, this powerful investment opportunity is estimated to generate 133 temporary construction jobs, 154 permanent jobs, \$41.9 million in wages, and \$8.9 million in new federal taxes during construction and the first ten years of operations.

“Few will have the greatness to bend history itself; but each of us can work to change a small portion of events, and in the total; of all those acts will be written the history of this generation.”

— Robert Kennedy

## NEW MARKETS TAX CREDITS PROGRAM

The New Markets Tax Credit (NMTC) program, established by Congress in 2000 (Omnibus H.R. 4577), was created to encourage private investment in underserved communities in the United States. The NMTC program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities.

The credit provided to the investor totals 39% 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 appeal of the NMTC program is financing availability for projects in underserved geographic areas, with extremely favorable terms, for businesses and real estate developers or owners. The result of these investments is to enable non-financeable projects to be completed, and often to allow projects to be enhanced with community-oriented components, both of which generate measurable community impacts as described in this report.

## METHODOLOGY

The economic and fiscal impacts shown in this Community Impacts Report were generated using IMPLAN® Professional, the industry standard econometric software used by over 1,000 companies, organizations and government agencies to estimate the impacts of an economic event. IMPLAN® uses “input-output accounting” and closely follows the accounting conventions used in the “Input-Output Study of the U.S. Economy” by the Bureau of Economic Analysis (1980) and the rectangular format recommended by the United Nations. Employment impacts are based on an assessment of IMPLAN® data and best estimates provided by the project developer. All results shown in this report are based on total construction costs and New Markets Tax Credit allocation amounts at transaction closing. Actual results will vary according to local economic conditions, wages, materials costs, tax rates, and more.

The total impact figure represents the direct, indirect and induced economic impacts of the discrete construction period plus the first ten years of operations. The total impact figure does not include the fiscal impact, which represents the Federal and State/Local tax revenue resulting from the direct, indirect and induced economic activity during these same periods. Jobs are measured in hours worked and, using a multiplier, are represented as FTEs (full time equivalents). Construction jobs are temporary and will be spread out over the construction period, depending on the level of construction spending in each year. Operations jobs are permanent and reflect jobs maintained or created as a result of the project development.

United Fund Advisors serves as the financial consultant for Portland Family of Funds Holdings, Inc. (“PFF”). PFF is the controlling entity for the New Markets Tax Credits allocatee, National Community Fund I, LLC.



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United Fund Advisors<sup>SM</sup> is a financial services firm that provides triple bottom line returns to partners, projects, and communities nationwide.

## TRIPLE BOTTOM LINE RETURNS

**FINANCIAL** UFA transactions are structured to deliver appropriate yields to all types of investors, lenders and project developers. Whether it's a green building or a small business, a strong financial foundation allows UFA and its partners to be financially rewarded for building projects that deliver more deeply to the community and the natural environment.

**SOCIAL** While a single UFA project cannot change the fortunes of a city or the world, strong focus on what's best for the people who live there can be a magnet for ideas, improvements and investment. UFA projects create jobs and job training, build wealth and property ownership, deliver healthy buildings and clean energy, provide access to transit, enable historic preservation, and support education and culture.

**ENVIRONMENTAL** Buildings are responsible for approximately 48% of the energy use and emission of greenhouse gases in the United States, and the demand for clean, renewable energy is increasing rapidly. UFA is making change by creating tax-advantaged investment opportunities which result in financing for projects with reduced energy costs and enhanced property values.

**PARTNERS IN THE RESTORATION PLAZA PROJECT:**

- Bedford Stuyvesant Restoration Corporation
- United Fund Advisors, LLC
- National Community Fund I, LLC
- New York City Economic Development Corporation
- Citi Community Capital

**NEW MARKETS TAX CREDITS ECONOMIC IMPACTS:**

Location	1368 Fulton Street, Brooklyn, NY
Development Type	Mixed-use Retail, Office, Education, Workforce Development, Theater
Size	172,840 SF
Developer	Bedford Stuyvesant Restoration Corporation
Total Project Cost	\$17,467,000 (including renovation and debt refinancing)
Allocation Required	\$15,000,000
CDE	National Community Fund I, LLC
Low Income Community	Unemployment Rate: 3.62 times the national average
Project Timeline	Poverty Rate: 38.9%
LEED Certification Level	Median Family Income: 59.4% of benchmark
	Project Complete: Summer 2011
	N/A

**JOBS\***  
**+287**

**WAGES\***  
**\$41.9M**

**FISCAL IMPACT\***  
**\$15.1M**

**TOTAL IMPACT\***  
**\$117.5M**

\* Figures shown are direct, indirect, and induced impacts of construction and first 10 years of operations. Please see [www.unitedfundadvisors.com](http://www.unitedfundadvisors.com) for more information.

**+ ADDITIONAL COMMUNITY IMPACTS**

- + Develop the RITE Career Center which will offer comprehensive workforce development, financial literacy and social services to under and unemployed individuals
- + Assist businesses and non-profit organizations that enhance arts and culture education by providing affordable space for groups such as The Center for the Arts and Culture, Black Underground Entertainment and the International African Arts Festival
- + Operate the Financial Empowerment Center that will facilitate wealth-creation and asset accumulation by residents of local low-income communities
- + Incorporate environmentally sustainable improvements to increase energy efficiency through the installation of new windows, roofing elements, insulation and HVAC

