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NMTCs Push New Orleans Community Services Center Expansion toward Finish Line

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After 17 years of planning, the Kingsley House community services center in New Orleans is finally nearing completion of its campus expansion—thanks in large part to federal new markets tax credit (NMTC) allocations provided by

Chase New Markets Corporation and the Low Income Investment Fund (LIIF), which helped provide the closing capital needed. Kingsley House, a United Way Community Impact Partner, was founded in 1896 as the first settlement house in the Deep South. Since

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Image: Courtesy of Kingsley House and TriMark Constructors

New markets tax credit (NMTC) financing helped Kingsley House, a New Orleans-based nonprofit, construct its new Patrick F. Taylor building to serve children, seniors and medically fragile adults.





Image: Courtesy of Kingsley House and TriMark Constructors

Kingsley House in New Orleans is expanding its campus to include a new, 24,000-square-foot building that will house early education and adult daycare services.

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then, Kingsley House estimates it has served more than a half million people of all ages. Current services range from preschool and youth programs to adult day care and community counseling.

Keeping Up with a Rising Need

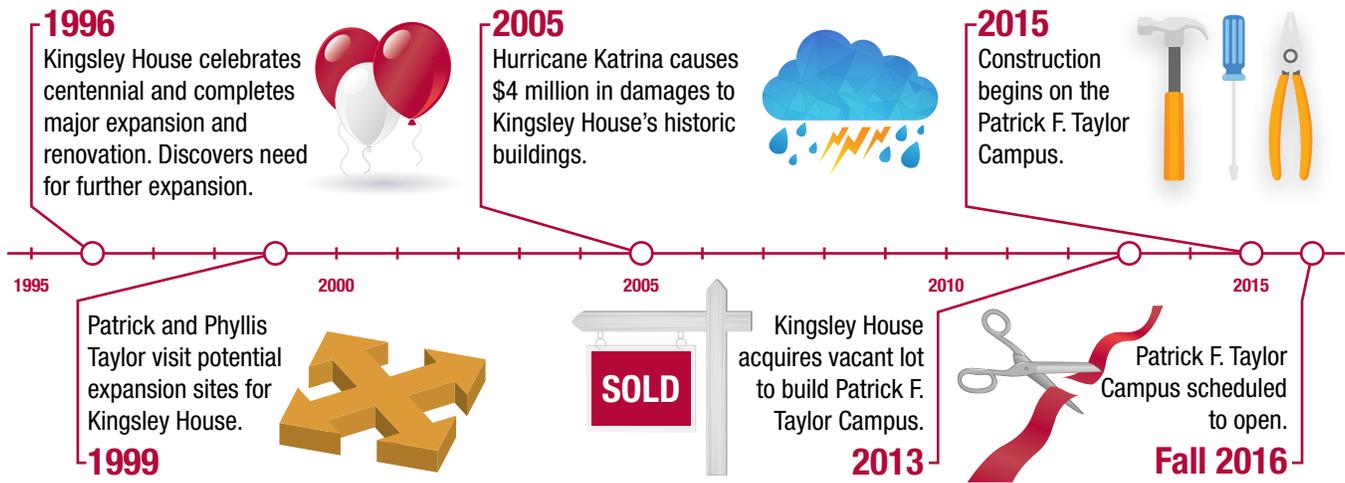
Over the past two decades, Kingsley House has seen a surge in demand for the Head Start and Early Head Start early education programs it offers to infants and toddlers, as well as for its adult day care services for seniors and medically fragile adults. To respond to the growing demand, Kingsley House is using NMTC funding to build a second facility across the street from its historic site. Half of the 24,000-square-foot building will house Head Start and Early Head Start programs

and the other half will be dedicated to adult day care. By moving to the expanded facility, Kingsley House will increase the number of children it serves from 64 to 96 and the number of adults it serves from 84 to as many as 125. The expansion also enables Kingsley House to create 10 new staff positions.

Expansion of Kingsley House has been years in the making. The last major renovation of Kingsley House was in 1995, when its historic building was expanded to accommodate some of the 150 children on its waitlist for Head Start programs. As soon as work was completed and the children in line for the programs were enrolled, another 300 children took their place on the waitlist. "All that being said, it underscored what we

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Patrick F. Taylor Campus Timeline



Sources: Kingsley House and Novogradac & Company LLP

found out to be true—that the city of New Orleans had far more infants, toddlers and preschool-age children in need of early learning services than the amount of federal funding for Head Start and Early Head Start supported,” said Dr. Keith Liederman, chief executive officer of Kingsley House.

Kingsley House approached philanthropists Patrick and Phyllis Taylor in 1999 for support in funding another expansion project planned for a site across the street from the historic Kingsley House site. The Taylors visited the parcel and instead suggested the adjacent 4.2-acre vacant lot, owned by the local school board since 1969. The property had been vacant for 30 years after plans to build a middle school didn’t materialize. The school board wasn’t ready to sell the property to Kingsley House then, so the lot remained empty for another several years.

In 2005, Hurricane Katrina devastated the region. Although Kingsley House was significantly damaged in the storm, it still had use of about half of its facility. Losses incurred by schools and other service providers in the area put additional pressure on Kingsley House, and the waitlist for its early childhood development and

education programs grew to as many as 1,000 children. “After [Hurricane] Katrina, there was a huge need for early learning services in order for economically challenged families with infants and toddlers to return to the city,” said Liederman.

Kingsley House responded by retrofitting some of its existing office and conference room space into temporary classrooms while it waited for a more permanent expansion. By 2013, the school board was ready to sell its vacant lot across the street and Kingsley House was able to purchase the property with the help of the Patrick F. Taylor Foundation. Kingsley House acquired the school board property and began construction last year on the new Patrick F. Taylor Campus. Kingsley House expects the center will be ready to open by the end of August, in time for the new school year.

Financing

Project partners say the NMTC structure was vital to making the Patrick F. Taylor Campus a reality. “This organization really serves the neediest of the needy and relies heavily on public sector contracts and fundraising,” said Katia Izyumova, a loan officer for LIIF, which provided \$6.5 million in NMTC allocation

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and a \$4.4 million leverage loan. “The new markets tax credit allows the project to be built without diverting resources from existing programs.”

“[Kingsley House] is an organization that relies a lot on government contracts, so apart from fundraising, it is hard for Kingsley to secure capital for projects like the new campus,” said Kirsten Shaw, director of the Eastern region for LIIF. “It needs a source of equity, which new markets provides.” Shaw said that the NMTC program was a great fit for the project because Kingsley House offers much-needed services to a community that has historically been underserved.

Others agreed on the importance of private investment to the transaction. “Although the project had substantial backing and support from the state and local foundations, the project still had a financial gap that could not have been filled through a traditional loan,” said Benjamin Glispie, senior commercial lender in Chase’s New Markets Tax Credit Group. “NMTCs were essential for the realization of this new campus.” Chase provided \$3.1 million of equity for the project, along with \$1.5 million of NMTC allocation through its subsidiary, Chase New Markets Corporation. Tax Advantage Group provided Kingsley House with guidance, consultation and support throughout the allocation acquisition process.

In addition to NMTCs, Kingsley House used \$2.5 million in capital campaign donations and \$6 million in state outlay funds. The state of Louisiana provided a \$2

million long-term loan to the project through its Project-Based Recovery Opportunity Program (PROP), an economic development program to boost revitalization efforts in the wake of Hurricanes Katrina, Rita, Gustav and Ike.

State and federal funding, community donations and private investment helped position Kingsley House to continue serving the needs of its community for years to come. Liederman said, “By having this new facility, we will maximize the impact we have toward the alleviation of poverty in our community and optimize our ability to positively transform the lives of the vulnerable children, families, medically fragile adults and seniors we serve.” ♦

Patrick F. Taylor Campus

FINANCING

- ♦ \$6.5 million new markets tax credit (NMTC) allocation from LIIF
- ♦ \$6 million in Louisiana state capital outlay
- ♦ \$3.1 million of NMTC equity from Chase
- ♦ \$2.5 million capital campaign contributions
- ♦ \$2 million long-term loan from the State of Louisiana Project-Based Recovery Opportunity Program (PROP)
- ♦ \$1.5 million NMTC allocation from Chase New Markets Corporation
- ♦ \$1 million donation from the Patrick F. Taylor Foundation

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