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LISC Closes New Markets Tax Credit Deal to Develop Target in Pittsburgh's East Liberty, Help Fuel Revitalization of Commercial Core

NEW YORK (July 20, 2010)—The Local Initiatives Support Corporation (LISC) is using its New Markets Tax Credit (NMTC) investment authority to support the ongoing revitalization of the East Liberty neighborhood in Pittsburgh, attracting \$17 million in private capital to the development of a new Target store that is also cleaning up a contaminated neighborhood brownfields site.

Local developer The Mosites Co., along with East Liberty Development Inc.—a community-based nonprofit—expect to break ground on the development this month in an effort that will bring 40 new construction jobs and 230 permanent jobs to the area.

“A healthy and vibrant East Liberty commercial district is critical to the vitality of the city of Pittsburgh and the entire region,” noted Robert Poznanski, vice president for New Markets Tax Credits with National Equity Fund, Inc., LISC’s tax credit affiliate, which manages its New Markets business.

“This is the kind of project that is emblematic of the work that LISC and NEF do,” he said. “It is part of a comprehensive plan to revitalize an area that was once a source of blight and crime. Today, East Liberty is coming back thanks to many years of community-focused investments, and with that is coming jobs, stability and growth.”

PNC Bank is the NMTC investor, with additional capital provided by M&T Bank and the city of Pittsburgh’s Urban Redevelopment Authority, as lenders. The total NMTC transaction tops \$47 million, with PNC supporting it directly with its own NMTC allocation, and McCormick Baron Salazar also on board as another NMTC allocatee.

The significant NMTC capital is particularly important given the complexity of this effort. The necessary brownfields remediation adds significant cost and has discouraged development on the site. Moreover, the size of the site—at five acres—requires Target to build a two-story facility with a multi-level parking garage, further increasing the cost to locate in this area. “Without the New Markets Tax Credits, this site would be very difficult to commercially develop,” Poznanski said.

“This is the only department store for at least five miles, and it is important both to the economic health of this neighborhood and to the families who live here,” stressed Ellen Kight, president of the

Pittsburgh Partnership for Neighborhood Development, LISC's local affiliate in Pittsburgh. She noted that incomes in East Liberty are at just 42 percent of the average median for the area, and the poverty rate tops 35 percent. "LISC/PPND have invested heavily in affordable housing, commercial development, small business development, transportation, and energy efficient design in East Liberty to support the community's overall revitalization plan. And we have seen tremendous progress. The addition of a new Target solidifies those important gains, while also producing jobs, cleaning up contaminated land and generating additional tax revenue for the city, all of which are critical to this community and to the region."

LISC is the nation's largest NMTC allocate, with \$623 million in investment authority from the Treasury Department. Since 2003, LISC has supported the development of retail and office space, hotels, theaters, schools, arts and recreational facilities and other developments that contribute to the revitalization of disadvantaged communities.

LISC's New Markets activity is part of its overall *Building Sustainable Communities* initiative, a comprehensive approach to community development that focuses on the built environment, as well as access to a quality education, economic development, family income and asset building and healthy lifestyles and neighborhoods. It is transforming distressed areas into good places to live, work, do business and raise families.

About LISC

LISC combines corporate, government and philanthropic resources to help nonprofit community development corporations revitalize distressed neighborhoods. Since 1980, LISC has raised more than \$9.7 billion to build or rehab more than 271,000 affordable homes and develop 40 million square feet of retail, community and educational space nationwide. LISC support has leveraged \$31.1 billion in total development activity. For more information, visit www.lisc.org.

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