

# Community Development Deal Summary

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**WACHOVIA**



**Project name:** Local Initiatives Support Corporation (LISC)

**Project city and state:** New York, New York

**Tax credits involved?** Yes, Wachovia used \$15 million of its New Markets Tax Credit (NMTC) allocation to provide debt capital to LISC.

**Wachovia type of financing and finance amount (\$):**

Wachovia used \$15MM of its NMTCs to provide lower cost debt capital to LISC, which will enable it to increase its target deal activity.

**Descriptions of borrower's business:**

LISC is a New York not-for-profit Community Development Financial Institution (CDFI), which was established by the Ford Foundation in 1979 to assist Community Development Corporations (CDCs) throughout the United States in their efforts to transform distressed neighborhoods into healthy communities by marshaling private and public sector resources, extending financial assistance in the form of loans, lines of credit, grants and loan guarantees and providing technical support. The organization is one of the oldest and largest CDFIs in the country.

**Wachovia finance closing date:** December 2006

**Facility overview purpose:**

As LISC itself is a Community Development Entity (CDE), Wachovia provided a below market rate NMTC loan to the organization, with which it will make NMTC subsidized loans to Qualified Low Income Community Businesses. LISC has a strong pipeline of deal activity and it is expected that Wachovia's dollars will be deployed within a 12 month period. A majority of the deals will surface through LISC's 33 program offices in numerous states.

Anticipated loan types using Wachovia's capital include commercial real estate, including shopping centers, office space, education and community facilities, child care centers and community health centers. Capital may also be committed as working capital to developers in the respective markets.

**Unique characteristics:**

This is Wachovia's first structure using NMTC allocation to provide a reduced rate loan to a CDFI, which will then make end loans to qualified borrowers. The loans to qualified borrowers will have rates and terms better than market, made possible by Wachovia's initial NMTC financing.

**Population served:** The loans that LISC originates as a result of Wachovia's capital investment (NMTC) must be to businesses or borrowers located in "specially targeted areas," as defined as census tracts with a poverty rate of 30% or greater, median income less than 60% of area median income or other qualifying criterion (Low-Income Areas) and defined by the U.S. Treasury.

**Geographic location:** The facility will benefit low-income individuals and businesses in various markets, including at minimum 60% of the facility to be used in Wachovia service areas.

**Community impact:** Capital will be used to finance projects/businesses in low income areas, which will subsequently spur job creation and economic development in general.

**Partnership history:** Wachovia's Foundation has provided grant funding to LISC for a number of years. Our last grant was for approximately \$1.6MM over a three year period, with a final payout in 2007.