

# Novogradac Journal of Tax Credits

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## NMTCs Expand Job Training, Opportunities in Cleveland

By Jennifer Dockery, Assignment Editor, Novogradac & Company LLP

For many people who have been incarcerated, re-entering society can be a challenge. A lack of education, job skills or even a basic support system can lead many to the streets or back to prison. Lutheran Metropolitan Ministry (LMM) is trying to change that. The organization, which was founded in 1969 to address urban unrest, now serves more than 10,000 people each year in Cleveland, Ohio. State and federal new markets tax credits (NMTCs) are helping LMM expand the services it offers for those who have been incarcerated, as well as those struggling for other reasons, and return an empty building to service. Next year, LMM will consolidate and expand its services with the new Richard Sering Center, a 36,000-square-foot facility that will house everything from counseling centers to food pantries to social enterprises.

"It's going to allow us to have a more visible presence in the city. Having an adequate and appropriate space is important to us," said Robert P. Kirschner, LMM's vice president of development and communications.

The Richard Sering Center will be in an old glove factory in Cleveland's St. Clair-Superior neighborhood. It will be at least LEED Silver certified and fully accessible to those with disabilities. The facility will include 80 staff offices, a central kitchen to provide meals to area homeless shelters, and space for social enterprises. The North Presbyterian Church will share space with LMM for Sunday services and provide food programs on Saturdays. The center will enable LMM to expand its job preparation and training programs, volunteer training, community outreach and partnerships.

"It's going to allow Lutheran Metropolitan Ministry to focus more on youth at risk, gang intervention, people who are homeless and people who are involved in the criminal justice system," said Betsy Figgie, owner of Your CFO Resource, who helped arrange the project's financing.

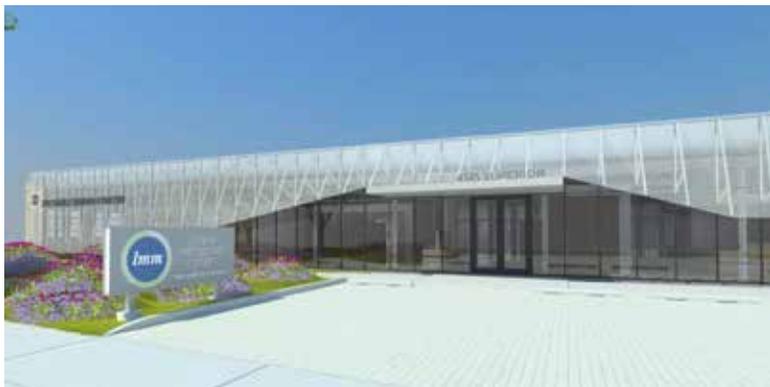
The Richard Sering Center is also providing direct job opportunities to a struggling, low-income population, said Annette Stevenson, partner at Novogradac & Company LLP. In 2010, LMM assisted more than 860 people with employment opportunities and 576 people completed job training and education programs. The center will enable LMM to expand two social enterprises: a kitchen skills training program and a bicycle rack manufacturing enterprise. LMM also plans to hire an additional 20 people to work at the center.

"There's an absolute, direct correlation in the services being provided and the clientele being served," said Stevenson.

The first enterprise is a central kitchen that provides food service and restaurant industry training. Participants learn kitchen and food preparation skills while preparing meals for LMM's shelter and several other shelters and soup kitchens throughout Cleveland. The new building will provide a larger kitchen and other facilities to expand the program, allowing more participants to gain tangible work experience, Kirschner said.

The second social enterprise, called Metro Metal Works,  
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Rendering: Courtesy of studioTECHNE architects  
Lutheran Metropolitan Ministry's Richard Sering Center in Cleveland, Ohio will include 80 offices, a central kitchen and space for social enterprises.

builds and sells metal bicycle racks. LMM received startup funding from the Dominion Foundation. The funding enabled LMM to start a pilot program and purchase equipment. Those experiencing homelessness or re-entering society can learn to build, sell and install U-shaped bicycle racks. At press time, the enterprise had sold 170 racks. The Richard Sering Center will enable LMM to expand the program.

"The social enterprise programming they are introducing provides a compelling link between social services and economic and community development. Providing not only assistance to those in need, but real opportunities to improve lives through education, training and job placement improves the community and the economic vitality of a community," said Steve Luca, managing vice president at Cleveland Development Advisors (CDA), the community development entity that provided the project's state and federal NMTC allocations.

Funding for the \$7.5 million project came from public and private sources. LMM, through its first capital campaign, has raised more than \$6.5 million. Businesses, organizations, private citizens and others pledged donations to the project. Many of the donations, however, were multiyear commitments and LMM needed a loan to bridge a financing gap. The Ohio District of the Lutheran Church Extension Fund (ODLCEF) provided a \$3.3 million bridge loan for the capital campaign pledges and a \$500,000 predevelopment loan. CDA provided allocation authority of \$2.5 million in Ohio NMTCs and \$8 million in federal NMTCs, which resulted in \$2.8 million in equity from PNC Bank. CDA also provided a \$2.25 million day loan. The project also received an \$118,000 American Recovery and Reinvestment Act grant for asbestos removal from the Environmental Protection Agency.

"We are delighted to provide an investment in this significant project that will benefit the Cleveland community. Our  
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equity investment in the new markets tax credits for Lutheran Metropolitan Ministry will allow them to expand and grow its operation as well as assist in the revitalization of Cleveland's St. Clair Superior neighborhood," said Michael Taylor, west territory executive at PNC Community Development Banking.

The majority of the funding for the Richard Sering Center was in place by June 1 and LMM continues to collect donations through its capital campaign. The organization plans to move into the center at the end of November. ❖

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