

# Opportunity Zone Investment Profile



## MLK Gateway I

Location: **Washington, DC**

Congressional District: **DC At-Large**

Opportunity Fund Name: **eMPower Qualified Opportunity Zone Fund**

Opportunity Fund Manager: **Menkiti Group - MG Capital**

Investment Date: **Q4 2019**

Project Details: **Street corner transformation creates office space and neighborhood-serving retail**

## D.C.-Based Minority-Owned Businesses Work with Community Members to Create a Center of Commerce

Storefronts have sat vacant for decades at the intersection of Martin Luther King, Jr. Avenue and Good Hope Road. Soon, MLK Gateway will bring new life to a historic Main Street corridor in Washington, D.C.'s Anacostia neighborhood. It will create a center of commerce, culture and technology; foster community prosperity; and provide a vibrant mix of neighborhood-serving retail.

Historic Anacostia is one of the city's oldest and most culturally significant neighborhoods, and is colloquially referred to as a community "East of the River" due to its location east of the Anacostia River. The river has served as a psychological and physical barrier to investment, isolating East of the River communities. The result being a striking contrast in income and opportunity on either side of its banks.

The vision for MLK Gateway was crafted through years of engagement with dozens of community groups. The city of Washington, D.C. leveraged its own property through a ground lease and supported project financing to help make the vision a reality.

Project sponsors, the Menkiti Group and Enlightened, are deeply committed to the community and will deploy their expertise to provide an on-site real estate academy and incubator space for minority-owned tech startups. Enlightened will also relocate its 150-employee firm from the city's central business district to anchor MLK Gateway's office space. This is the first time in more than 40 years a large company will move East of the River.

## Projected Impact

New Jobs Created / Existing Jobs Relocated:	150+
Local Tax Revenue Generated:	\$375 million over 15 years

## Community Stats

	Census Tract: 75.03	MSA: Washington-Arlington-Alexandria, DC-VA-MD-WV
Median Family Income:	\$30,551	\$118,718
Poverty Rate:	47%	8%
Adults Not Working:	39%	16%
Minority Population:	95%	54%
Bachelor's Degree or Higher:	19%	51%
Housing Vacancy:	12%	5%



*"My Administration never gave up on this project because we know it will help us bring jobs, housing, and new amenities to Ward 8. We thank all of our community and private sector partners for making this project a reality."*

- Mayor Muriel Bowser, Washington, DC



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## Capital Stack

MLK Gateway demonstrates the power of community-led development, and serves as a model for how the public and private sectors can collaborate to drive neighborhood impact. That collaboration is evident in the project's numerous sources of financing, which includes three Opportunity Zone investments from three local investors totaling \$2.78 million in equity.

## Total Development Cost: Approximately \$21,750,000



- \$1.7 million pre-development loan from LISC
- \$250,000 credit enhancement provided by LISC DC
- \$13.5 million leveraged loan & construction loan from PNC Bank
- \$700,000 DMPED Neighborhood Prosperity Fund grant
- \$15 million NMTC:
  - \$8 million - New Market Support Corporation, an investment company of LISC
  - \$2 million - PNC Bank
  - \$5 million - Other
- \$2.78 million OZ investment
- \$500,000 equity from LISC

## About the Investment

LISC's deep engagement and strong track record operating in distressed communities created an ideal partnership on MLK Gateway. While this is the first project LISC has navigated and invested in directly under the final regulations, the organization has invested \$2.3 billion in 924 communities that are now designated Opportunity Zones.

MLK Gateway attracted \$2.78 million in Opportunity Zone equity from three local investors. In addition to managing the Opportunity Fund for these investments, LISC leveraged its full spectrum of financial products and relationships with aligned local partners to support the project.

A \$250,000 credit enhancement funded by grants from local foundations helped secure a \$1.7 million pre-development loan, which financed project design and costs associated with structuring the transaction. Utilizing a ground lease on property owned by the city of Washington, D.C. reduced the cost of the project. The District also supported MLK Gateway through public subsidy.

## The Impact of Opportunity Zone Financing

The \$2.78 million Opportunity Zone investment provided by three local investors was the final piece of financing needed to get MLK Gateway across the finish line. After assembling eight different sources of capital, there was still a gap in project financing. The Opportunity Zones equity investment closed this gap, allowing the project to move forward.

The addition of new shops, such as a sit-down restaurant, café, bank branch, and community wellness center, will bring job opportunities to a community where 39 percent of adults are not working, and nearly half of families live in poverty. MLK Gateway will both provide an economic boost for Anacostia and catalyze additional investment, creating a thriving, diverse, and economically vibrant commercial corridor East of the River.

For more information, visit:

- [Lisc.org/dc](http://Lisc.org/dc)
- [MLKGatewayDC.com](http://MLKGatewayDC.com)
- [MenkitiGroup.com/Development](http://MenkitiGroup.com/Development)

## About Opportunity Zones

Opportunity Zones are a new national investment tool designed to spur economic growth and community development by encouraging long-term private equity investment in distressed urban, suburban, and rural communities across America. In 2018, local leaders in every state, U.S. territory, and Washington, D.C. supported the nomination of more than 8,700 low-income census tracts for Opportunity Zone designation. Individuals and companies can receive a series of graduated tax benefits based on the amount of time invested in a Qualified Opportunity Fund, which must have 90 percent of assets invested in real property or operating businesses located in Opportunity Zones. The Opportunity Zones policy is based on the bipartisan Investing in Opportunity Act, which was championed by a regionally and politically diverse coalition of congressional cosponsors.

## About The Economic Innovation Group (EIG)

EIG is a bipartisan ideas laboratory and advocacy organization whose mission is to advance solutions that empower entrepreneurs and investors to forge a more dynamic American economy. Headquartered in Washington, D.C., EIG convenes leading experts from the public and private sectors, produces original research, and works to advance creative legislative proposals that will bring new jobs, investment, and economic growth to communities across the nation.