

Northern Global

1021-1027 E Washington Street, Phoenix, AZ 85034

This 2006 project redeveloped a 1960 auto repair facility of 8,910 square foot located within a city redevelopment area and transformed the building into office/incubator space for small businesses along the newly constructed Phoenix light rail line.

The loan proceeds were used for exterior rehab and tenant improvements and acquisition of a parking lot south of the site. The interior office build out consists of four offices and contains 8,910 total SF, of which 2,200 SF is occupied by Northern Global, Inc. DBA Addingmachine.com and the remaining space available for lease to local small businesses.

The NMTC financing was extremely important in getting this project off the ground as the borrower was unable to secure normal financing from local lenders. In addition, upon completion, the Great Recession hit Phoenix so finding occupants took longer than anticipated. This required patient capital when foreclosures were the norm in Phoenix and commercial real estate took a significant hit in value.

An added benefit was the property was located along the Light Rail line that extended westward into downtown and central Phoenix and eastward to Arizona State University, downtown Tempe and Mesa.

Community Impact

The community impact was significant as the project was located in a highly distressed census tract which was designated as a Phoenix redevelopment area. Upon completion, the building addressed a number of City of Phoenix strategic initiatives which included providing transit oriented development in the light rail corridor, the adaptive reuse of an older building into new desirable office / incubator space for businesses, and removing blight from a redevelopment area.

After seven years, the project has produced multiple viable businesses that have created 110 jobs, new affordable incubator space for new start up businesses, and a neighborhood synergy as other redevelopment and construction projects have resulted from the improved neighborhood conditions and efforts by Phoenix to redevelop the area.

The accounting firm also saw increased activity as many first-time small business owners don't have the resources to employ dedicated bookkeeping services; as a result, they work with those clients to educate them on several accounting strategies in order to empower them to reach their goals. This allowed their clients to prepare and make strategic financial decisions that propel them to the next level of success.

Lender: PCDIC, Mutual of Omaha Bank, Prudential Insurance Co.

Investor: M & I Development Corp., Mutual of Omaha Bank

Community Profile:

- Poverty Rate 24.1%
- Median Family Income 45.7%
- 2000 Census Tract 04013114400

Project Highlights

- Project Costs \$ 1.9 Million
- NMTC Financing \$ 1.35 Million

