

## New Markets Tax Credit Transaction Profile

### 3-Way Partnership

### Project Highlights



**CDFI Bank Partner:**  
City National Bank of New Jersey

**Large Bank Partner:**  
PNC Bank

**Project Partner:**  
Rutgers Business School

**Other Partners:**  
Community Loan Fund of New Jersey (CLFNJ)

**Location:**  
Newark, New Jersey

**QEI Amount:**  
\$38 million from NCIF  
\$4.2 million from CLFNJ

National Community Investment Fund (NCIF) used its Round II allocation to help finance a much needed business school expansion for Rutgers University within Newark, NJ and to strengthen a bank in our network – City National Bank of New Jersey. This will result in long term leveraged impact in the city and surrounding areas.

The City of Newark and its residents face grave economic challenges. According to the Brookings Institution Center on Urban and Metropolitan Policy, Newark's adults possess the lowest levels of college education among large U.S. cities, and are unemployed at high rates or absent from the labor force altogether. By the year 2000, the city's median household income ranked an astounding 96th among the 100 largest cities in the U.S. In several neighborhoods, >40% of the city of Newark's residents live in poverty. Forty-five percent of Newark's families with children generate incomes that are either below or near the poverty line.

#### **Project Partner- Rutgers Business School**

This project represented a significant, collaborative effort on the part of the members of the 3-way partnership to create new and upgraded facilities for the Rutgers Business School in Newark. The core campus of the school has been located in the Central Ward of Newark since 1965. The investment, located in the larger James Street District, was consistent with the revised City of Newark Master Plan, and is located within an Urban Enterprise Zone (NJ), a Renewal Community (US), and the Innovation Zone program of the State of New Jersey.

As the first major project in this part of downtown Newark, the Business School is helping to fully re-occupy a previously vacant historic office building. Both the seller and Rutgers University intend to build attached pavilions at the North and South elevations of the building, making the building much more prominent to pedestrian and street traffic. By completing this project, the parties involved are creating an anchor institution that will serve as a major catalyst for further re-development of the surrounding neighborhoods.

The Business School is one of the largest academic units at Rutgers University, and this project was a very high priority of the Administration and the Board of Governors. While project funds were identified in the University's capital plan, Rutgers alone could not finance such a large project since total project funding exceeded \$80 million. The \$38 million NMTC investment leveraged funds from the State of New Jersey in the form of a special appropriation to Rutgers University, as well as direct investment by the University itself. Finally, the interest rate on the loan, at 2.3% for the seven year term, was substantially below a conventional loan that, at the time, was priced at between 7 and 8%.



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The Rutgers Business School is a landmark project for the city of Newark and we are delighted to have helped in finance it. We value the relationship with NCIF as an investor and an NMTC partner.

**Lou Prezeau**  
Chief Executive Officer  
City National Bank of New Jersey

Rutgers University is very grateful for the investments by NCIF and the other project partners in support of the Rutgers Business School in Newark. These investments have already spurred additional economic activity around the project in new leasing activity, new employment opportunities, and additional retail activity.

**Steven Diner**  
Chancellor  
Rutgers University-Newark

This project is a prime example of how the New Markets Tax Credit Program facilitates wonderful partnerships that lead to sustainable economic development in our communities. The development has been a catalytic force in the continued revitalization of downtown Newark, and we are incredibly proud to have been a part of such a transformative project.

**David Gibson**  
Senior Vice President  
PNC Bank

#### **CDFI Bank Partner – City National Bank of New Jersey**

City National Bank's history started in 1971 when a group of civic leaders recognized an economic void in the City of Newark, New Jersey's largest city. United to address this challenge, these foresighted individuals believed Newark needed a financial institution that would serve all people and help strengthen local neighborhoods. These civic leaders were determined to establish a bank that would be sensitive to the needs of Black, Hispanic and other minorities whose access to credit and banking services were historically limited street traffic on Broad Street in Newark, and a major catalyst for further re-development of the James Street District.

While serving both personal and commercial customers, City National Bank has continued to expand its presence and invest in the community. Today, the bank operates nine branches while still basing its headquarters where it was founded in the City of Newark. The bank has three locations in Newark and a branch located in Patterson, New Jersey. New York branch locations include Harlem, Brooklyn, Hempstead and Long Island.

City National is a certified CDFI bank and is designated as a Minority Depository Institution. The bank is the only African-American owned and operated commercial bank with locations in the State of New Jersey and the State of New York.

City National Bank was very excited to participate in the 3-way partnership created through NCIF's New Markets Tax Credit Program as an investor and lender in the transaction. In addition to the relationships that the bank was able to build with PNC bank and Rutgers University, the bank received an \$800,000 preferred stock investment from NCIF.

#### **Large Bank – PNC Bank**

PNC Bank was motivated to be the tax credit equity investor in a project that provided a high impact to the community. In addition, by providing the tax credit equity in this New Markets Tax Credit transaction, PNC Bank was able to participate in a transaction that would have been unlikely to receive financing, but for the flexibility provided through the NMTC structure.