



Los Angeles' Destination Crenshaw Uses NMTCs to Blend Celebration of Black Art, Culture With Economic Drivers

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A new markets tax credit (NMTC) transaction in South Los Angeles will power Destination Crenshaw, an undertaking that aims to drive an economic and cultural renaissance along a 1.3-mile stretch of Crenshaw Boulevard between 48th and 60th streets. A Black-led nonprofit with the same name as the effort is leading the plan.

The initiative is set to pull into the station alongside the November unveiling of a new stretch of the city's Metro rail system, which includes a portion of track that will pass at street level down the middle of Crenshaw Boulevard on its way to Los Angeles International Airport (LAX).

The new Metro artery will roll through Inglewood, California, an area of Los Angeles that has been historically overlooked and underserved. According to 2020 Census data, more than 15% of Inglewood residents are in poverty, above the national average of 12.3%.

Crenshaw Boulevard is known as a focal point in Black American lives and culture, something Destination Crenshaw seeks to celebrate—the nonprofit's website describes the initiative as “unapologetically Black.” More than 40% of Inglewood residents are Black.

While the Metro track will bifurcate Crenshaw Boulevard, the aims of Destination Crenshaw are to unite the community in a multitude of ways, fusing economic development and job creation with an artistic and environmental beautification effort along the corridor as well as educational programming.

Jason Foster, president and chief operating officer of Destination Crenshaw nonprofit, said the organization

Image: Courtesy of Destination Crenshaw

An artist's rendering depicts Sankofa Park, one of several permanent outdoor artwork displays by Black artists involved with the Destination Crenshaw endeavor along Crenshaw Boulevard in Los Angeles.

came about as the result of years of work by members of the community, a community advisory council and a design-leading organization.

“The team went up and down the block and we held other meetings and community members came together with the right idea: How do we address the concerns that come with change along with rail construction in Los Angeles?” said Foster.



Image: Courtesy of Destination Crenshaw
An artist's rendering depicts Welcome Park at 50th Street and Crenshaw Boulevard in Los Angeles and the “Bearing Witness” artwork by Allison Saar.

Cruising Down the Street

Construction on the Metro expansion was announced in 2011 and began in 2014. It seeks to connect a west-to-east line between Santa Monica, California, and downtown L.A., with a new, 8.5-mile, north-south line that winds through Inglewood en route to LAX. In reshaping the boulevard to add the fresh track and rail stations, more than 300 parking spaces and 400 trees were lost.

Transforming the street also brings new opportunities and foot traffic to the neighborhood, making change feel inevitable to some residents of “The ‘Shaw,” as some locals call it. Harpreet Peleg, chief executive officer of Building America CDE, which allocated \$8 million in NMTCs, said bringing the community into the conversation about how that change happens gave rise to the Destination Crenshaw organization. “By including local voices and viewpoints in the design, build and use, the project retains the community’s heritage while transforming itself into an inviting cultural and entertainment epicenter,” said Peleg.

Supporting The ‘Shaw

Destination Crenshaw’s plan for the community comes in several shapes:

- Through DC Arts Corp, engaging and helping certify more than 100 artists and/or microbusinesses with a goal of 100% low-income community Black, Indigenous and people of color (BIPOC).
- Through DC Thrive, providing help to preserve more than 40 low-income community BIPOC businesses through direct outreach, advisory and access to funding and resources. This program comes in partnership with Los Angeles City Council District 8, TEC Leimert and local CDFI entities and seeks to lower barriers to advancement in the competitive creative economy.
- Provide educational programming through outdoor classrooms, with a minimum goal of 250 students annually, teaching stories of Black Los Angeles history.
- Beautify the new Metro route and Crenshaw Boulevard corridor with art installations, parks and open spaces as well as improving environmental conditions by adding more than 800 trees and increasing pedestrian traffic to local businesses.
- Create a robust career pipeline in the construction trades with goals to create jobs and careers through an apprenticeship readiness program in partnership with the local trade union. The endeavor seeks to hire a minimum requirement of 50% local hires, with a stretch goal of 70%.

“The project is one that’s hard to describe in just a few sentences,” said Drew Hammond, vice president of U.S. Bancorp Community Development Corporation, which invested in the overall \$30 million in NMTCs and delivered its own \$5 million allocation through U.S. Bank’s Community Development Entity (USBCDE). “That’s part of the reason I loved it so much and part of the reason it had so much support from the bank.”

Lendistry, a fintech that blends technology and financial methods to target small business lending

and real estate, provided a \$10 million NMTC allocation for Destination Crenshaw. The allocation aligns with Lendistry's goal to focus on disadvantaged communities and help small business owners who need economic opportunities to thrive.

"It hit on so many different levels," said Everett K. Sands, chief executive officer of Lendistry. "One, it's art. I can't draw stick figures. Two, I think it's an investment in the African American community and, three, it brings economic stability and viability and wealth creation. That's our diet, that's our purpose."

Today Was a Good Day

Destination Crenshaw's economic support includes technical assistance, advisory services, direct outreach and access to resources. The job-creation element, driven by an apprenticeship program, aims to ensure members of the Crenshaw community benefit most from the Metro expansion and the opportunities it generates. Sands said the goal is to not just create jobs, but quality ones that can grow beyond a living wage and remain sustainable for years to come.

Job creation motivated the involvement of the Building America CDE. As a subsidiary of the AFL-CIO Housing Investment Trust, one of the oldest practitioners of socially responsible investing, Peleg said, Building America's mission aligns with Destination Crenshaw's goal of creating a pipeline to union trade jobs, with an eye toward getting BIPOC individuals into the workforce, especially those new to the field as well as those who have faced hurdles to employment.

"We see tremendous value in connecting local residents with the trades on our projects," said Peleg. "Union apprenticeship skills form the foundation of lifelong family-supporting careers, which benefit the person, the community and the trades far longer than our NMTC[s] are involved."

The endeavor also will create a bevy of pocket parks as well as provide opportunities for local artists to create installations. Hammond said one goal is to

make sure the people doing the artistic creating reflect the people from the Crenshaw community, especially BIPOC artists.

"I think it will achieve exactly what Destination Crenshaw, the nonprofit, hopes it will: reinvigorate the local economy on Crenshaw Boulevard; celebrate while being visually representative of that history; support local businesses and the community in a way that's responsive to their needs; and celebrate and support local Black artists while inspiring a new generation of artists to do the same," said Hammond.

All Money In

USBCDE (\$5 million), Lendistry (\$10 million), Building America (\$8 million) and New Markets Support Company (\$7 million) combined for a \$30 million NMTC allocation. U.S. Bank was the sole investor in the NMTCs.

Novogradac provided financial modeling and transaction advisory services to the initiative. "Destination Crenshaw has an opportunity to be a transformational project for the Crenshaw neighborhood and south Los Angeles, a catalyst for the community in many ways," said John Sciarretti, a partner in Novogradac's Dover, Ohio, office. "On behalf of Novogradac, I'm excited that we had an opportunity to take part in it and bring our services and expertise to the table."

Jeff Monge, managing partner at Monge Capital, which acted as consultant on the initiative's NMTCs, emphasized that because the tax credits are not collateralized by real estate, the effort is "innovative and unique" among its NMTC peers.

"It's a square peg in the round hole of new markets in terms of how we normally look at things," said Monge. "By the time we were able to drill the story down a number of times, the light bulbs started turning on [among potential investors]. Then we were oversubscribed. I had a chance to do \$50 million in allocations if we could have supported it. It was the first time a long time that we had people fighting to

get into the deal and it not being kind of a unicorn and in an underserved state. This is urban L.A. area and there is lots of competition for deals. This deal's impact was immense and total for the community sponsors."

Peleg said it required thinking about investing from a fresh perspective.

"It's a little bit of a different mindset as we think about it financially as we can't take a park as collateral," said Peleg. "But we're not investing in traditional markets. That's what new markets means."

Donna Nuccio, vice president of NMTC investing at New Markets Support Company (NMSC), said the organization was involved thanks to its partnership with Local Initiatives Support Corporation Los Angeles. Nuccio referenced the mission statement on the CDFI Fund website that the NMTC "aims to break this cycle of disinvestment by attracting the private investment necessary to reinvigorate struggling local economies."

"I think if you look at what it means to reinvigorate local economies, I don't know if there's any better example than Destination Crenshaw because of its comprehensive approach to develop a business district, how it's meant to revitalize the community and how it thinks about everything from local residents to local businesses to attracting new investors and to think about celebrating the culture of the community rather than trying to bring in outside investors into the community," said Nuccio. "I thought this fit squarely within that last part [of the CDFI fund statement] probably more than single standalone investment."

Foster hopes Destination Crenshaw's use of NMTCs will demystify their use among nonprofits in south Los Angeles.

"I think the most rewarding part of the process for me is being able to utilize tools like new markets tax credits for projects that usually don't have the

opportunity to access them," Foster said. "From my professional experience, what has been missing for a lot of nonprofits in south Los Angeles is to just know about tools like this." ♦



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