Boys and Girls Club of Metro Phoenix

Phoenix, AZ

Building three new clubhouses to serve local children and families.

Project Overview

Type:
Real Estate – Community Facility

Total Development Cost:
$11.8 million

LISC New Markets Tax Credit Allocation:
$10.0 million

Project Stakeholders

LISC Program:
Phoenix LISC

Investor:
JPMorganChase Bank

Sponsor/Developer:
Boys and Girls Club of Metropolitan Phoenix

Other Key Stakeholders:
City of Phoenix

Community Economics*

- **33.2% Poverty Rate**
- **Unemployment rate 1.8 times the national average**
- **Family income 54.6% of the area median**
- **CDFI Hot Zone**

Community Impact

- **74,865 sq. ft. at 3 new sites**
- **3,800 additional children and families served each year**
- **12 Construction Jobs**
- **22 Permanent Jobs**

*Statistics for the Jerry Colangelo Clubhouse. All three sites fall within NMTC-qualified census tracts.

Project Basics:

- The Boys and Girls Club of Metropolitan Phoenix (BGCMP) project involves the construction of three new club facilities in the metro-Phoenix area:
  - The Jerry Colangelo Clubhouse
  - The Ed Robson Family Clubhouse
  - The Glendale Branch
- Each facility provides nearly 25,000 sq. ft. of club space near a local elementary school. Each elementary school maintains and uses the facilities jointly with the BGCMP.
- In total, the three club facilities have created 22 new permanent jobs and allow the BGCMP to serve an additional 3,800 children and families each year.
- The BGCMP project is the central component of the organization's larger "Kids, Clubs, Opportunities" capital campaign – the largest multi-faceted campaign in the organization's history. The project and the larger campaign represent BGCMP's strategic response to the community's growing demand for youth and family services.

Project Background:

- Households residing in the three project communities have significantly lower incomes than the region as a whole. Statistically, this translates into a greater likelihood that local school-aged children will exhibit behaviors like truancy or juvenile delinquency that place them at higher risk for negative outcomes later in life.
- BGCMP was created to counteract these trends by providing a safe place for youth, particularly those youth living in the most threatening and vulnerable environments. The goal is to engage them in activities that are fun while supporting their development. BGCMP focuses in five core program areas: the arts; health and life skills; character and leadership development; education and career development; and sports, fitness and recreation.
- Established in 1946, BGCMP currently operates ten clubhouses, one dental clinic, four juvenile correctional outreach programs, and an administrative and youth conference center. In total, the organization serves approximately 26,500 boys and girls annually.

Financing a Solution - New Markets Tax Credits (NMTC):

- The project was funded primarily through charitable contributions; however, the risks of multi-year pledges and the uncertainty of a fundraising gap (at the time) posed obstacles to obtaining adequate bridge financing and starting the project on time. Our program offered a way to leverage existing contributions and secure the bridge loan.
- $10.0 million in NMTC allocation authority provided a custom product featuring subordinated debt and a below-market interest rate. Other non-traditional/favorable terms included: a longer interest-only payment period; a higher loan-to-value ratio; and a lower debt service coverage ratio.
- The Jerry Colangelo Clubhouse and the Ed Robson Family Clubhouse fall within neighborhoods that the City of Phoenix has targeted for revitalization initiatives. The project helps to reinforce and enhance these efforts.