

Beyond Its Gates: Historically Black University Revitalizes Community

By Jennifer Dockery, Marketing Staff Writer, Novogradac & Company LLP

As the only university in Mississippi's capital city, Jackson State University (JSU) plays an important role in the community. Forty percent to 50 percent of the teachers in Jackson graduated from JSU. A building that once held the offices of slain civil rights activist Medgar Evers is only blocks from the campus. Seventy-five percent of JSU's students come from the state of Mississippi, and 85 percent of students are African American. Yet, since moving to its current location in 1882, students have watched the surrounding community deteriorate. In an effort to revitalize the area, JSU, a historically black university, will develop residential and retail property in the adjacent neighborhoods using new markets tax credits (NMTCs).

"University Place of Jackson...will link the university through a blighted area to the central business area. It helps not only downtown, but links it to West Jackson," said Tim McCarty, vice president at UniDev LLP. UniDev represented JSU during the financial process and serves as the fee developer and development manager for University Place.

Dr. Ronald Mason Jr., JSU's president, envisions the redevelopment of several large areas of the university and the surrounding community in the coming years. JSU plans to invest \$200 million to redevelop several areas near its campus. Off-campus redevelopment will include for-sale homes, mixed-use buildings, apartments and retail.

"Jackson State University has a vision for redevelopment not just for this corner but for the whole neighborhood. [University Place] is the first transaction in a vision for the neighborhood surrounding the campus," said Stephen Murphy, a partner at TransCapital and owner's representative during the transaction.

During the first phase of development at University Park, Harold Contracting Group will erect a \$15.8 million mixed-use building on 73 tax-abandoned or neglected parcels of land located near the northeast corner of JSU's campus. JSU received the property from the state of Mississippi in 2007 through an agreement it had with the state. The state transfers to the university the control of any land it gains through forfeiture that is within a three-fifths-mile radius of JSU, said Troy Stovall, senior vice president of finance and operations at JSU.

The 25,000-square-foot building will house graduate students and married students, and provide ground floor retail and office space. The top three floors of the building will contain 78 one- and two-bedroom rental apartments. The building will also include a parking deck, bike paths, parks and green space. Construction will begin in the spring and should take about 18 months.

"We're going to definitely pull off the mixed use," Stovall said.

Although he feels it is a bad time for retail, Stovall said that with 10,000 people concentrated in the area, JSU will have no problem renting the apartment units.

In addition to the property that the state deeded to JSU, the university also received NMTCs to develop the first phase of University Park. Hampton Road Ventures LLC's (HRV) community development entity, working with Local Initiatives Support Coalition, made a \$7 million investment in partnership with Trustmark Bank. The investment consists of an interest-only market rate senior loan of approximately \$5.11 million with an 84-month term, and an interest-only junior loan of approximately \$1.68 million at a substantially below market rate. HRV sold the credits

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to a Morgan Stanley investment fund managed by Trans-Capital.

"We have long been looking for transactions we can do with universities...We really like working with educational institutions. We are very attuned to the challenges and opportunities affecting colleges and universities," said Robert K. Jenkins, president and chief executive officer at HRV.

In addition to providing homes for Jackson residents, University Park will also create jobs in an area with a poverty rate of 52.2 percent. Construction of the mixed-use building will create 140 temporary jobs, and the retail and residential portions of the completed building will generate 155 permanent jobs. During its first 10 years, JSU expects University Park to produce \$5.8 million in revenue plus increased property tax revenue for the city.

"It's unique in the sense that it is supporting the city surrounding the university and it supports the university. Community impact is bigger than the actual size

of the project," Murphy said.

The next phase of development will focus on workforce housing. It will include for-sale single-family homes sold at a reduced cost. The university will give preference to faculty and staff, and then market the homes to city and county employees, including teachers and firefighters. The cost of the homes will be lower because the families will purchase the homes, but not the land under them. The university's development foundation will retain ownership of the land, Stovall said.

"Knowing that this investment is going to launch an even greater investment in this neighborhood" attracted HRV to the University Park development, Jenkins said. "Too many college presidents only focus inside the gates."

The university's development group continues to acquire land near the campus. In later phases, the university plans to develop additional mixed-use and residential buildings. ❖

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