

Case Study: CASA de Maryland, Langley Park, MD



A rendering of the rehabbed CASA de Maryland multicultural center (above) and the McCormick-Goodhart Mansion in its current condition (right).



BACKGROUND

Originally named Langley Park, the three-story Georgian Revival McCormick-Goodhart Mansion was constructed in 1924 as the centerpiece of a 565-acre estate. Decades later, the mansion is now at the heart of a garden apartment complex consisting of 587 low-income units and within walking distance of an additional 1,500 low-income households. The building, although still structurally sound, has deteriorated over the years due to water damage, vandalism, and neglect.

CASA, the largest Latino and immigrant service organization in Maryland, plans to convert the mansion into a Multicultural Center serving the surrounding neighborhood. As office and community space for several non-profits, the rehabbed building will provide a variety of services to the diverse and underserved immigrant and minority communities of Langley Park.

CASA has negotiated very favorable terms with the current owner of the building, and is in the process of receiving approval for federal and state historic tax credits. In addition, CASA also hopes to receive New Markets tax credit equity because of the project's significant benefits for the surrounding low-income community. Even with these subsidies, however, a sizeable funding gap of \$2.7 million remains. In order to close this gap, CASA will have to rely on fund-raising efforts, which are often uncertain and time-consuming.

HOW BILL HR1043 / S584 WOULD HELP

As a project located in a qualified "difficult to develop area," CASA de Maryland would benefit greatly from the provisions of HR1043 / S584. As demonstrated in the sidebar to the left, the 130% basis boost given to projects in these distressed communities would increase the amount of federal historic tax credit equity the project would receive by over \$400,000. Although a funding gap would still remain, the project's fund-raising burden -- and the accompanying delays -- would be substantially lessened.

HR1043 / S584 would also benefit CASA's project in another equally important but less quantifiable way: by easing the IRS restrictions on leasing space to non-profit organizations in buildings that receive historic tax credits. Currently, developers must expend a great amount of effort and money to structure transactions that would allow non-profits to be tenants of rehabbed buildings. HR1043 / S584 would enable CASA to significantly lower its transaction costs and better fulfill its vision of bringing service-oriented non-profit tenants to the Langley Park community.

HR1043 / S584 would benefit CASA's multi-cultural community center project by reducing its fundraising gap by over \$400,000.

Under Current Legislation

Uses

Acquisition	\$30,000
Qualified Rehabilitation Costs	\$6,914,671
Non-qualified expenses	\$3,111,376
Total:	\$10,056,047

Sources

Corporate, Foundation, and Government Grants	\$2,319,000
Federal HTC Equity	\$1,382,934
State HTC Equity	\$968,053
New Markets Tax Credit Equity	\$2,666,833
Total:	\$7,336,820
GAP:	\$2,719,227

Under HR1043 / S584

Uses

Acquisition	\$30,000
Qualified Rehabilitation Costs	\$6,914,671
Non-qualified expenses	\$3,111,376
Total:	\$10,056,047

Sources

Corporate, Foundation, and Government Grants	\$2,319,000
Federal HTC Equity	\$1,797,814
State HTC Equity	\$968,053
New Markets Tax Credit Equity	\$2,666,833
Total:	\$7,751,700
GAP:	\$2,304,347