



tax **advantage** group



NEXT Innovation Center

QUICK FACTS

CDE

Greenville New Markets Opportunity, LLC
(GNMO)

TOTAL DEVELOPMENT COST

\$8,600,000

GNMO ALLOCATION

\$8,100,000

LOCATION

411 University Ridge
Greenville, SC 29601

DEVELOPER

Hughes Development Corporation

SQUARE FOOTAGE

60,000

LEVERAGED LENDER

Carolina First Bank

TAX CREDIT INVESTOR

Innovation Center Fund, LLC

PERMANENT JOBS

200 Direct
136 Indirect/Induced

CONSTRUCTION JOBS

77 Direct
37 Indirect/Induced

FINANCING COMPLETE

May 2009

NEXT Innovation Center

GREENVILLE, SC

Background

The New Markets Tax Credit (NMTC) Program permits taxpayers to receive a credit against federal income taxes for making Qualified Equity Investments (QEIs) in designated Community Development Entities (CDEs). Substantially all of the QEIs must in turn be used by the CDE to provide investments in Low-Income Communities (LICs).

The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year credit allowance period. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period. The NMTC program provides financing availability for projects in underserved geographic areas and with extremely favorable terms for businesses and real estate developers or owners. The result of these investments fulfills financing gaps for projects to be completed, and it allows projects to be enhanced with community-oriented components, which generate measurable community impacts.

Project

Competing in the world market for talent, technology, capital and jobs, the Upstate's economic transition hinges on the ability to bridge its deep roots in manufacturing with an entrepreneurial environment that can generate new ideas, technologies, products and processes. Formed by the Greenville Chamber of Commerce in 2006, the NEXT Initiative is an economic development program dedicated to transforming the area's economy by attracting and promoting the growth of start-up knowledge-based businesses. Starting with 5 member companies, the NEXT Initiative has grown into a thriving 64-company technology team.

The Initiative's home base is the 60,000-square-foot NEXT Innovation Center. The inspiration for the project was discovered during an inter-community visit to Dublin, the digital hub of Ireland. During the trip the team recognized that the most basic requirement for high growth entrepreneurial companies is quality office and research space in an atmosphere conducive to recruitment and collaboration. Upon return the City connected the NEXT entrepreneurs to the project developer to renovate an existing dilapidated building with office suites up to 15,000 square feet in size, single rental cubes, single rental enclosed offices, conference rooms and collaboration rooms.

The project was designed to accommodate growth, offer below-market rent to start-up companies, provide diverse suite types and sizes and offer ready access to technology, investors and advisors. Tenants in this space are all either locally-owned small businesses or local nonprofits that support economic development, such as Michelin Development Upstate (MDU). Capitalized by Michelin with \$1 million, MDU provides funding and business expertise to socially and economically disadvantaged small and medium-sized businesses (up to 500 employees). The MDU program is designed to help create jobs with funding and free-of-charge access to Michelin's considerable in-house expertise. The free-of-charge access to advice includes areas such as health & safety, recruitment, marketing and sales training and productivity improvement.

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PROJECT UPDATES

NEXT Innovation Center

GREENVILLE, SC

Community Impact

As the “first-in” office space built in this LIC, the NEXT Innovation Center has been a tremendous success, generating high-impact jobs that pay 126% higher than the LIC per capita income and 238% higher than the county’s living wage. In 2011 a survey of NEXT member companies measured its direct impacts and determined that NEXT activity has created an additional 674 direct jobs in other Upstate facilities. Additional outcomes include:

- 45 “touches per month” were made to locally-owned small businesses through its Concierge Service.
- Upstate Carolina Angel Network (UCAN), a group of 70 accredited local investors who, since inception, have invested more than \$5.6 million in 22 local, start-up, high-growth companies was incubated.
- Intern Greenville, founded in April 2011, provided for hundreds of high school applicants to meet face to face with NEXT member CEOs. In addition to gaining valuable experience, NEXT member interns could potentially gain an edge in an increasingly competitive job market and be hired for full-time employment after graduation. One of Intern Greenville’s long-term objectives is to help reverse the “brain drain” by keeping more graduates and higher-paying knowledge-based jobs in the area. The program received a staggering 300 applicants just within its first 6 weeks.
- In May 2012 the Iron Yard hosted The Next Big Thing startup accelerator, bringing together diverse talent for an intensive 13-week program, providing innovation, education, mentorship and capital to kick-start fledgling software companies. Participants made rapid progress by identifying their weaknesses and planning their next move. For example, small business start-up No Chains focused on building awareness and, after ramping up its PR campaign, received immediate coverage from *The New York Times*, *CNN Money* and *Fortune*, based on introductions from a NEXT mentor.
- In November 2011 NEXT received an Excellence in Economic Development Award – Honorable Mention for Technology-Based Economic Development, making it 1 of only 4 programs recognized worldwide by the International Economic Development Council and the 1st award of its kind for Upstate South Carolina.

“This unique project is designed to assist entrepreneurial growth, which is key to a bright economic future in South Carolina. No building like this exists anywhere that we know of, and there is no way it could have been financed by a developer or afforded by the NEXT members without GNMO’s new market tax credits. Acceptance has been overwhelming.”

- Robert E. Hughes, Jr., President, Hughes Development Corporation

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Since 2006 taxadvantagegroup has managed its affiliated \$89 million Greenville New Markets Opportunity, LLC (GNMO) NMTC fund, which provides investment capital for real estate development projects in low-income areas throughout Greenville, South Carolina.