

Claflin University Student Activity and Community Center

Education and Community Development

Orangeburg, SC

The Project

Claflin University, South Carolina's oldest historically black university, undertook an ambitious project to construct the Student Activity and Community Center (SACC). The construction of the SACC was part of an overall strategic plan to foster inclusive economic growth.

By developing space on the Claflin campus that is open to the neighborhood and surrounding community, Claflin University's SACC enhances the town-gown relationship for both students and the community. Located in a severely distressed area, the new center addresses the lack of social and recreational amenities, thereby improving quality of life and promoting economic development.

The SACC includes a community ballroom, meeting spaces, Orangeburg County's only movie theater, a food court and a food pantry. These facilities are crucial resources for the community, which is located in a food desert. The project aims to blend university and community interests by creating a shared space for both students and local residents.

The Financing

Despite the community's strong need for the SACC, Claflin University faced significant financial hurdles in bringing the project to fruition. The total \$26.7 million development cost required additional financing beyond available grants, donations and USDA-guaranteed loan funds. Traditional lenders were unable to provide additional funding due to the project's low debt service coverage ratio (DSCR). The project's low DSCR was a direct result of Claflin's altruistic plan to provide free community services, which in turn limited rental income expected to be generated by the program uses.

Fortunately, two community development entities (CDEs) that Cherry Bekaert's Strategic Financing Services (SFS) team wrote New Market Tax Credit (NMTC) applications for won NMTC allocations. These entities included The Innovate Fund (TIF), which was awarded \$50 million and South Carolina Community Loan Fund (SCCLF), which was awarded \$15 million. Both CDEs are headquartered in South Carolina and have a strong mission to serve non-metro communities.

Together, TIF and SCCLF were able to provide a combined \$18.5M NMTC transaction, which enabled Claflin University to secure additional leverage debt from PNC Bank. These favorable financing terms allowed the university to offer unprecedented community services without requiring those services to be revenue-generating, transforming the economic landscape of Orangeburg County.

TOTAL PROJECT COST:

\$26,695,705

NMTC ALLOCATION:

\$18,500,000

CDEs:

South Carolina Community Loan Fund
The Innovate Fund

PROJECT TIMELINE:

NMTC Closed Q1 2022
Project Grand Opening Q1 2024

ADDRESS:

400 Magnolia St., Orangeburg, SC 29115

ECONOMIC DISTRESS CHARACTERISTICS:

Poverty Rate: 29%

Median Family Income: 107%

Unemployment Rate: 20.8%

- Persistent Poverty County
- Food Desert
- Non-Metro Census Tract

COMMUNITY IMPACT:

Project Size: 82,000 SF

Jobs Created:

- 75 Full-Time Equivalent
- 200 Construction

People Served Annually:

- 2,000 Students
- 3,000 Community Members

The Impact

The Student Activity and Community Center now serves all 2,000 Claflin students, with 80% coming from low-income backgrounds, along with an additional 3,000 community members, 75% of whom are low-income. The 82,000-square-foot facility plans to hire 275 workers, of which 190 are designated as high-quality jobs and 202 as accessible jobs.

Permanent employees benefit from on-site job training for career advancement. To safeguard inclusive hiring practices and target job placement within the low-income community, Claflin University partnered with the local Chamber of Commerce, the Minority Business Development Agency and Orangeburg-Calhoun Technical College. These employment and community benefits, many of which are firsts for Orangeburg County, were made possible by NMTC financing.

The Community

Orangeburg, South Carolina, faces significant economic challenges, including a poverty rate of 29% and an unemployment rate 2.5 times the national average. As a non-metro Persistent Poverty County, it has struggled with disinvestment, resulting in a lack of access to essential social goods and services. The SACC project aims to reverse this trend by providing vital resources and fostering community engagement and economic development. Claflin University's initiative exemplifies how targeted investments can address systemic issues in distressed communities and create opportunities for growth and development.

Our Analysis

Claflin University's SACC project demonstrates the power of strategic financing to overcome economic challenges and deliver impactful community resources. Cherry Bekaert's SFS team significantly contributed to this initiative by assisting with the financial structuring and securing of NMTCs, which were essential for funding the project. By leveraging

NMTC financing, Claflin has successfully addressed unmet social needs while promoting economic development and enhancing community life. This project models how educational institutions can play a pivotal role in revitalizing distressed areas and fostering long-term community well-being.

Cherry Bekaert's SFS team assists CDEs and Community Development Financial Institutions (CDFIs) in raising, deploying and managing capital in low-income communities across the country from rural, non-metro census tracts to urban, historically disinvested neighborhoods.

Specializing in NMTCs, Historic Tax Credits and numerous other local, state and federal credits and incentives, the SFS team provides tailored assistance to match each client's needs. These services include writing and managing applications to secure capital, building and deploying a robust pipeline of projects that aligns with the client's unique investment strategy, and providing asset management to fulfill complex compliance requirements and overcome any regulatory challenges. The SFS team provides community leaders with the capacity to bring much-needed revitalization, services, resources and jobs into underserved low-income communities.

Your Guide Forward



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