



Rendering courtesy of The Snavely Group

## Behind the Scenes of The Music Settlement's New West-Side Campus Tax credits make non-profit expansion possible

By Jack Waldeck  
Walter | Haverfield LLP

**S**ome projects are noteworthy because of their sheer size. Others deserve attention because of their impact on the community. The newest location being built for The Music Settlement in Ohio City on Detroit Avenue between W. 25th and W. 28th streets offers a lot of promise for West Side residents.

The nearly 105-year-old institution with roots in University Circle, will be introducing its early childhood education, music instruction and music therapy programs to Cleveland's West Side beginning next summer when construction is expected to be completed. The first formal classes are expected to open in September 2018.

Watching construction progress on the 19,000-square-foot commercial condominium unit – which is part of a larger mixed-use project – few people would imagine everything that had to come together to make the new campus a reality. But this was no ordinary project.

Unlike most tax credit-funded projects that receive allocations of New Market Tax Credits (NMTCs), The Music Settlement campus was a project within a project that, thanks to a lot of behind-

the-scenes negotiations, qualified for its own separate NMTC allocation. The real estate and tax teams at Walter | Haverfield went to work to qualify the project as they have with so many other regional projects made possible by tax credit financing. Their work included negotiating the loan from Village Capital Corporation, the QLICIs from Finance Fund, and integrating this capital structure with the much larger capital structure developed by the Snavely Group for the overall project. Financing a project like this for a small nonprofit organization is a major challenge but, fortunately, Village Capital Corporation specializes in community-impact projects and understood the value of the new campus to the neighborhood and the requirement that The Music Settlement own its premises so that overhead could be closely controlled.

This is a critical element in The Music Settlement's continuing mission to bring music and arts education to the entire community regardless of ability to pay.

The loan became even more attractive thanks to the generosity of the Snavely Group, which was developing the larger mixed-use project. Snavely agreed to contribute in excess of \$500,000 to help establish an interest reserve so that The Music Settlement had more time to plan for and implement the capital campaign needed to pay for the Ohio City/Hingetown location. The Music Settlement will purchase, rather than rent, the unit in order to avoid ongoing rent charges.

Among other features, the new location will house six early childhood classrooms, a small dance studio, music therapy suites with observation

**BIGGER PICTURE** The Music Settlement's 19,000-square-foot commercial condo is part of a larger mixed-use project being developed by The Snively Group on Cleveland's West Side.

rooms, a science lab, library and a fully equipped, secure playground. As part of the purchase agreement that Walter | Haverfield helped to negotiate, all spaces will be furnished and move-in ready.

The Music Settlement already had a physical presence on Cleveland's West Side through its Bop Stop jazz venue in Ohio City at West 29th and Detroit Avenue. The organization also has many existing West Side partnerships for music instruction and music therapy. At one time in the mid-20th century, The Music Settlement had a presence in the West Side Community House at W. 30th and Bridge Avenue, so this marks the return to the Near West Side of on-site educational programming outside of its main campus at University Circle.



Photo courtesy of Walter | Haverfield LLP

As part of the larger mixed-use project being developed by the Snively Group, The Music Settlement space will be surrounded by four floors of market-rate residential apartments above the first floor, as well as retail space which will include, among other tenants, a food market. This significant enhancement

to the arts and education network on the near West Side will continue the movement to bring new life and energy into this neighborhood. **P**

*Jack Waldeck is the chair of the Real Estate Practice Group of Cleveland-based Walter | Haverfield ([www.walterhav.com](http://www.walterhav.com)).*

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