

Marygrove College

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marygrove.edu




ABOUT THIS PROJECT

Like many small private colleges and universities, Marygrove College suffered a long and slow decline in enrollment that resulted in a fiscal crisis beginning in 2016. By that time, the institution was losing several million dollars a year. Due to this financial constraint, it fell behind on repayment of a loan from Wayne County. It had received the loan through the federal Neighborhood Stabilization Program to acquire and rehabilitate the Immaculata building for use as a community facility. The project never got off the ground, and the College fell into default on the loan, putting the entire campus at risk. If the campus had fallen into foreclosure, it would have had devastating impact on community development momentum in the neighborhood.

WHY WAS THIS NEEDED?

Challenge: The College did not have the funding needed to complete a community center renovation and fell into default for more than a year on a loan to Wayne County. As security, the County held a mortgage over the entire Marygrove campus, putting it all at threat. The only way to cure the default was to pay-off the loan or place the building in service for community use – which was not possible without several millions of dollars of rehab.

Solution: Kresge’s refinanced the debt to the County, giving the College more time to assess its financial position and begin to plan for a new future.

<p>IMPACTED LOCATION</p>  <p>Livernois-McNichols neighborhood, Detroit</p>	<p>YEAR APPROVED</p> <p>2016</p>	<p>KRESGE PROGRAM</p> <p>Detroit</p>	<p>GRANT SUPPORT</p> <p>\$4.5 million</p>
	<p>TYPE OF TRANSACTION</p> <p>PRI Loan</p>	<p>AMOUNT OF INVESTMENT</p> <p>\$500,000</p>	<p>TERM OF INVESTMENT</p> <p>12-month, non-amortizing loan</p>



ABOUT THE BORROWER

Marygrove College was a near century-old private Catholic school in Northwest Detroit. Its mission was to train the next generation of urban leaders, and it was sponsored by the Sisters of the Immaculate Heart of Mary. The College grew out of a postgraduate tutorial offered to young woman graduates of St. Mary's Academy in Monroe, Michigan, in 1899. By 1905 it had grown to a two-year college for women, and in 1910 it was a four-year college chartered to grant degrees. It was then known as St. Mary's College. The College moved to its current location in Detroit in 1927, and at that time became known as Marygrove College. The College was originally a women's college. It became co-educational in 1970. It closed its undergraduate program in the fall of 2017 and announced in June 2019 that it would cease all operations in the fall 2019.

IMPACT MEASURE

Repayment of loan to Wayne County, avoidance of foreclosure on the campus

KEY PARTNERS:

Wayne County

Key Considerations



Aaron Seybert
Managing Director
Social Investment Practice

- » The risk of failure at the campus threatened all of the considerable momentum in the Liv6 area of Detroit, a major area of investment for Kresge's Detroit Program.
- » At that time, Kresge assembled a team of advisors that prioritized keeping the campus as an asset for the community by reimagining it as a cradle-to-career educational campus.
- » Of the more than half dozen Kresge social investments in the Marygrove transformation project, this was the only cash-funded investment.
- » This direct loan removed a barrier to transfer the campus to the newly established Marygrove Conservancy. The intent was to maintain the campus as an asset to the residents of Northwest Detroit.
- » Bates Academy in Detroit...