7th Annual Ohio Land Bank Conference

Repurposing Old Buildings Using Creative Financing

Presented by:

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The Foundation of any Project Financing is the Equity

Here are four questions to help determine your project’s eligibility:

Q: What is the age / historic significance of the building?
   A. Built before 1936?....explore 10% credit for non-historic buildings
   A. On the National Register of Historic Places?....explore 20% credit
   A. Should the building be placed on the National Register of Historic Places?

Q: Where is the building located?
   A. In an empowerment zone?....explore local and federal funding opportunities
   A. In a distressed census tract?....explore NMTC
   A. In a federally-designated historic area?....explore state/federal HTC
   A. In the middle of a nasty clean-up site?....explore remediation grants/loans

Q: Who are the end users of the project?
   A. Low income households?....explore LIHTC
   A. Taxable corporations?....explore TIF
   A. Non-profits?....explore PRIs, MRIs, other grants/loans

Q: Will any permanent jobs be created?

BUT, the cornerstone of any project financing is the debt. Be sure to secure the debt first, underwritten so the lender will allow these other economic development tools to be part of the capital stack.
Conventional Financing with Gap Incentives

Total Development Budget

Conventional Financing
P&I Based on a Project’s NOI
Conventional Financing with Gap Incentives

- Total Development Budget
- Conventional Financing
  - P&I Based on a Project’s NOI
  - Incentive A
  - Incentive B
  - Incentive C
  - Incentive D
Consider: Non-Conventional Financing First

Total Development Budget

- State Historic Tax Credit Equity
- Federal Historic Tax Credit Equity
- State NMTC
- Federal New Markets Tax Credit Equity

Non-Conventional Financing: 100% Equity
Add Conventional Financing

Total Development Budget

Conventional Financing
- P&I Based on a Project’s NOI

State
- Historic Tax Credit Equity

Federal
- Historic Tax Credit Equity
- NMTC

Federal
- New Markets Tax Credit Equity
Finish with Gap Incentives or Budget Reduction

Total Development Budget

Gap Incentives, or Reduction in Total Development Budget

- Conventional Financing
  - P&I Based on a Project’s NOI
- State Historic Tax Credit Equity
- Federal Historic Tax Credit Equity
- State NMTC
- Federal New Markets Tax Credit Equity
THE STANDARD BUILDING
Cleveland, Ohio

Project Sector:
Market Rate Apartments

Project Attributes:
• Historic renovation / adaptive reuse of former office building
• 434,000 sf
• 23 Stories
• 286 Apartments

Total Development Cost: $74M

Sources of Funds:
• Owner Equity $9M
• Fed HTC $11.5M
• State HTC $5M
• ODSA Energy Grant $1.25M
• First Mortgage $43.75M
• CDA Loan $3.5M
Historic and New Markets Tax Credits

THE STANDARD BUILDING
Cleveland, Ohio
THE LOFTS AT LION MILLS
Cleveland, Ohio

Project Sector:
Affordable Family Housing

Project Attributes:
• 40,000 sf historic renovation
• Adaptive reuse / conversion of former garment manufacturing facility
• 36 affordable apartment units
• Designed and built to Enterprise Green Communities Standards

Total Development Cost: $11M

Sources of Funds:
• Deferred Developer Fee $.3M
• Fed HTC $2M
• LIHTC and HDAP $7.5M
• Housing Trust Fund $.9M
• County Brownfield Grant $.3M
THE LOFTS AT LION MILLS
Cleveland, Ohio
PROJECT SECTOR:
Mixed Income Housing

PROJECT ATTRIBUTES:
- 48,000 sf historic renovation
- Adaptive reuse / conversion of former manufacturing facility
- 30 Apartments
- Designed and built to meet Enterprise Green Communities Standards

TEMPLIN-BRADLEY LOFTS
Cleveland, Ohio

HISTORIC AND NEW MARKETS TAX CREDITS

Total Development Cost: $7.9M

Sources of Funds:
- Owner Equity $0.3M
- Deferred Developer Fee $0.4M
- Fed HTC $1.4M
- State HTC $1M
- LIHTC and HDAP $3M
- First Mortgage $1.2M
- Housing Trust Fund $0.6M
Historic and New Markets Tax Credits

TEMPLIN-BRADLEY LOFTS
Cleveland, Ohio
COLUMBUS AVENUE HISTORIC DISTRICT
Sandusky, Ohio

Project Sector:
Mixed Use (Commercial, Retail, Market Rate Apartments)

Project Attributes:
• 65,000 sf total area
• Historic renovation of three connected structures
• New headquarters for Sandusky City Hall
• Retail on first floor
• 18 market rate apartments (3 floors)

Total Development Cost: $12.4M

Sources of Funds:
• Owner/Sponsor Equity $1.4M
• Fed HTC $1.8M
• State HTC $1.2M
• NMTC $2.1M
• City Loan and Grant $1.9M
• First Mortgage $4M
Historic and New Markets Tax Credits

COLUMBUS AVENUE HISTORIC DISTRICT
Sandusky, Ohio
CAPITOL THEATRE
Cleveland, Ohio

Project Sector:
Cultural Arts

Project Attributes:
• 30,000 sf
• Historical renovation of neighborhood theater
• Conversion to multiple screen movie theater venue
• LEED Silver Certified

Historic and New Markets Tax Credits

Total Development Cost: $7.5M

Sources of Funds:
• Owner Equity $0.4M
• Fed HTC $1.2M
• State HTC $0.8M
• New Market Tax Credits $2.2M
• Ohio Cultural Facilities Grant $0.5M
• Cleveland Foundation Grant $0.5M
• Cuyahoga County Grant $0.4M
• City of Cleveland Loan $1.5M
Historic and New Markets Tax Credits

CAPITOL THEATRE
Cleveland, Ohio
UNIVERSITY LOFTS
Cleveland, Ohio

Project Sector:
Mixed Use (Retail, Market Rate Apartments)

Project Attributes:
• 64,000 sf
• Historic renovation of two connected buildings
• Infill addition of 5 story building
• 30 apartments and 9 condominiums
• Retail stores and indoor parking at first floor

Total Development Cost: $13M

Sources of Funds:
• Owner Equity $2M
• Fed HTC $2M
• New Market Tax Credits $2M
• First Mortgage $7M
UNIVERSITY LOFTS
Cleveland, Ohio
HYATT REGENCY AT THE OLD ARCADE
Cleveland, Ohio

Project Sector:
Hospitality

Project Attributes:
• 364,000 sf total renovation area
• Historic renovation / adaptive reuse project
• 293 hotel guest suites
• 52,000 sf retail and commercial office space
• Conference and banquet facilities

Historic and New Markets Tax Credits
Total Development Cost: $60M

Sources of Funds:
• Owner Equity $10M
• Fed HTC $16M
• Tax Increment Financing $8M
• Conservation Easement $15M
• First Mortgage $11M
HYATT REGENCY AT THE OLD ARCADE
Cleveland, Ohio
UNIVERSITY TOWER APARTMENTS
Cleveland, Ohio

Project Sector:
Affordable Senior Housing

Project Attributes:
• 104,000 sf total
• Historic renovation of existing 9 story apartment building
• 113 senior affordable apartments
• Designed and built to meet Enterprise Green Communities Standards

Total Development Cost: $22.1M

Sources of Funds:
• Owner Equity $1M
• Fed HTC $3.6M
• State HTC $2.5M
• LIHTC and HDAP $12M
• Home Funds $2M
• Housing Trust Fund $1M
Historic and New Markets Tax Credits

UNIVERSITY TOWER APARTMENTS
Cleveland, Ohio
DOAN CLASSROOM APARTMENTS
Cleveland, Ohio

Project Sector:
Affordable Family Housing

Project Attributes:
• 60,456 sf Historic Renovation
• Adaptive reuse of abandoned former CMSD school building
• 45 affordable family apartment units
• Designed and built to meet Enterprise Green Communities Standards

Total Development Cost: $12M

Sources of Funds:
• Owner Equity Deferred Developer Fee $0.7M
• Fed HTC $1.8M
• State HTC $1M
• LIHTC $6.5M
• Home Funds $2M
DOAN CLASSROOM APARTMENTS
Cleveland, Ohio
Historic and New Markets Tax Credits
Historic and New Markets Tax Credits
Historic and New Markets Tax Credits

[Images of a building, tulips, and the Ronald McDonald House logo]
Menlo Park Academy

Lenders

Menlo Park (Leveraged Lender)
- 6,670,000
- 675,000
- 746,000
- 2,393,195

Total Loans: 15,793,195

Investment Fund, LLC

Federal NMTC Equity: $9.84 per Credit
$2,620,000
100% Equity
State NMTC Equity: $0.65 per Credit
$650,000

Federal OIE: $8,000,000
99.99% Equity
$2,564,103

PNC New Markets Investment Partners, LLC

Fed. NMTCs: $3,176,000
Ohio NMTCs: $1,100,000

CDE I

Loan Loss Reserve: $160,000
(2.00% of QEI)
Upfront CDE Fee: $240,000
(2.00% of QEI)

$300
0.05% Equity

Sub-CDE I, LLC

QSCI A1 Loan: $4,729,200
QSCI B1 Loan: $2,879,800

PNC Bank, NA

Federal HTC's: $1,744,037

West 53rd Holdings, LLC (QALICB)

10% Ownership Equity/ Loan/ Lease - TBD
$1,452,431

Menlo Park (Tenant)

Managing Member

Loan: $3,163,995

Managing Member

Master Tenant

Managing Member

Note: Managing Member will be ruled to Menlo Park and taxed as a corporation

Total Project Budget: $12,996,425

$1,544,037

10% Ownership

Federal HTC's: $1,452,431

Federal HTC Equity: $0.95 per Credit

Lease
Menlo Park Academy

Total Development Budget
$12,996,000

Owner Equity $500,000
3.8%

Conventional Debt
$3,257,390
25.1%

Department of Education Grant
$4,635,805
35.6%

USEPA Grant $250,000
1.9%

Federal & State HTC Equity
$1,482,431
11.4%

State NMTC Equity
$650,000
5.0%

Federal New Markets Tax Credit Equity
$2,220,000
17.1%

Conventional Debt
$3,257,390
25.1%

Department of Education Grant
$4,635,805
35.6%

USEPA Grant $250,000
1.9%

Federal & State HTC Equity
$1,482,431
11.4%

State NMTC Equity
$650,000
5.0%

Federal New Markets Tax Credit Equity
$2,220,000
17.1%
How You Can Help

• Consider your corporate and non-profit clients that are planning a capital project;

• Also think of non-profit organizations for which you serve as a board member;

• Review the eligibility criteria for non-traditional financing and incentives;

• Ask Arne or Betsy for a quick and friendly assessment.