

Palmer Gardens

Proposal Application Summary

4% LIHTC with BGF Round

Basic Project Information

Project Name	Palmer Gardens
LIHTC Type	4% LIHTC
BGF Pool/Subpool	Preserved Affordability in a PJ
Lead Developer	EREG Housing Preservation LLC
Project Address	2733 Wayman Palmer Dr
Project City or Township	Toledo
Project County	Lucas
Construction Type	Rehabilitation
Population Served	Families
Total Units	75
HDAP Request	\$2,624,925
Total 10-Year LIHTC Request	\$8,135,313
Total Development Cost	\$19,538,833

Existing Photograph



Development and Operations Team

Lead Developer	EREG Housing Preservation LLC
Co-Developer #1	Lucas Housing Services Corporation
Co-Developer #2	N/A
Development Consultant	N/A
LIHTC Syndicator/Investor	PNC Bank
GP/MM #1 Parent Entity	Lucas Housing Services Corporation
GP/MM #2 Parent Entity	N/A
GP/MM #3 Parent Entity	N/A
General Contractor	The Lathrop Company, Inc.
Architect of Record	Rosemann & Associates, P.C.
Property Management Firm	Evergreen Real Estate Services LLC

Project Narrative

Palmer Gardens is an existing 75-unit apartment complex located in Toledo, Lucas County, Ohio near the University of Toledo. The project is fully-subsidized by a Housing Assistance Payment Contract. EREG Housing Preservation LLC will lead the rehabilitation of the project utilizing 4 percent low-income housing tax credits, bond gap financing, a seller note, assumption of a HUD note and tax-exempt bonds issued by OHFA. The unit mix includes 53 2-bedroom, 14 3-bedroom, and 8 4-bedroom units. Rehabilitation of the project will consist of major updates to the building systems, interior units and ADA upgrades.

Site Information

Site Size (Acres)	7.6
Scattered Sites?	No
Total Number of Buildings	13
Total Parking Spaces	130
Parking Ratio (Parking Spaces per Unit)	1.7
Urban Suburban Rural (USR) Geography	Urban
Located in a Participating Jurisdiction (PJ)?	Yes
Located in a Qualified Census Tract (QCT)?	Yes
Located in a Difficult Development Area?	No
Census Tract Opportunity Index	High
Census Tract Change Index	No Change

Building Square Footage Breakdown

	Size (SF)	Pct of Total
Commercial and Fee-Driven Space		
Unrestricted/Market-Rate Unit Area		
LIHTC Unit Area	60,450	95%
Manager's Unit Area		
Common Area	3,078	5%
Support and Program Space	315	0%
Tenant Storage Space		
Major Vertical Penetrations (Elevator/Stairs, Etc.)		
Structured Parking/Garage		
Basement		
Total Square Footage of all Buildings	63,843	100%

Units by LIHTC Income Restrictions

LIHTC Income Restriction	Number of Units	Percent of Total Units
20% AMI		
30% AMI		
40% AMI		
50% AMI		
60% AMI	75	100%
70% AMI		
80% AMI		
Unrestricted		
Manager's		
Total Units	75	100%

Units by Bedroom Type and Rental Subsidy

Bedroom Type	Number of Units	Percent of Total Units	Units with Rental Subsidy	Percent of Total Units Subsidized
Studio				
1-BR				
2-BR	53	71%	53	100%
3-BR	14	19%	14	100%
4-BR	8	11%	8	100%
5-BR				
Total Units	75	100%	75	100%

Consolidated Annual Operating Budget

Operating Line Item	Annual Amount	Annual Per Unit Amount
Potential Gross Rental Income	\$953,132	\$12,708
Potential Gross Commercial Income	\$0	\$0
Vacancy Allowance 5%	(\$47,657)	(\$635)
Interest Income and Other Financial Income	\$0	\$0
Laundry, Tenant Charges, and Service Income	\$0	\$0
Effective Gross Income (EGI)	\$905,475	\$12,073
Administrative Expenses	\$139,737	\$1,863
Owner-Paid Utilities	\$177,076	\$2,361
Maintenance Costs	\$155,343	\$2,071
Taxes and Insurance	\$55,505	\$740
Tax Abatement and/or Operating Subsidy	\$0	\$0
Reserves and Other Expenses	\$33,750	\$450
Total Operating Expenses	\$561,411	\$7,485
Net Operating Income (EGI - OpEx)	\$344,064	\$4,588

LIHTC Calculation

	Acquisition	Rehabilitation	New Construction
LIHTC Eligible Basis	\$6,645,000	\$10,533,295	
- Reductions in Eligible Basis	\$0	\$0	
= Net Eligible Basis	\$6,645,000	\$10,533,295	
Basis Boost for QCT/DDA	(\$6,645,000)	\$3,159,989	
Adjusted Eligible Basis	\$0	\$13,693,284	
X Applicable Fraction	100%	100%	
Qualified Basis	\$0	\$13,693,284	
30% Present Value Rate	4.00%	4.00%	
Annual LIHTC Generated	\$0	\$547,731	
Total 10-Year LIHTC	\$5,477,313		
LIHTC Equity Generated	\$6,871,261		
Equity Price	\$0.84		

Construction Sources of Funds

Construction Sources	Amount	Percent of Total
LIHTC Equity		
Historic Tax Credit Equity		
Construction Loan	\$4,460,300	43%
OHFA HDAP Request		
Deferred Developer Fee		
PNC Bridge Loan (Tax-Exempt)	\$4,200,000	40%
PNC Equity	\$1,374,252	13%
Palmer Gardens LP	\$369,486	4%
N/A		
N/A		
Total Construction Sources	\$10,404,038	100%

Development Budget, Eligible Basis and Cost Containment Standards

Development Costs	Amount	Per Unit Amount	LIHTC Eligible Basis
Acquisition	\$6,325,000	\$84,333	\$5,380,000
Predevelopment	\$444,080	\$5,921	\$391,830
Site Development	\$112,500	\$1,500	\$112,500
Hard Construction	\$7,906,245	\$105,417	\$7,750,620
Financing	\$759,211	\$10,123	\$366,658
Professional Fees	\$143,000	\$1,907	\$50,000
Developer Fee	\$3,126,687	\$41,689	\$3,126,687
OHFA and Other Fees	\$233,812	\$3,117	\$0
Capitalized Reserves	\$488,298	\$6,511	\$0
Total Development Costs (TDC)	\$19,538,833	\$260,518	\$17,178,295
LIHTC Eligible Basis as a Percent of Total Development Costs			88%

Cost Containment Standards	Project	Maximum	Variance
TDC per Unit	\$260,518	\$250,000	4%
TDC per Gross Square Foot	\$306	\$280	9%

Maximum Permanent Debt Sizing

	Max Loan for Stabilized Y1	Max Loan to Stabilized Y15
Net Operating Income (NOI)	\$344,064	\$344,064
Debt Service Coverage Ratio	1.15	1.00
NOI Available for Debt Service	\$299,186	\$344,064
Interest Rate	6.45%	6.45%
Amortization Period (Years)	40	40
Loan Term (Years)	40	40
Maximum Perm Loan Amount	\$4,284,631	\$4,927,326
Actual Perm Loan Amount	\$4,296,351	
Variance	\$11,720	

	Year 1	Year 15
Debt Service Coverage Ratio	1.15	1.15
OHFA Minimum DSCR	1.15	1.00

Permanent Sources of Funds

Permanent Sources	Total	Percent of Total
LIHTC Equity	\$6,871,261	35%
Historic Tax Credit Equity		
Permanent First Mortgage	\$4,296,351	22%
Permanent Second Mortgage		
OHFA HDAP Request	\$2,624,925	13%
Deferred Developer Fee	\$1,690,050	9%
LMH Seller Note	\$1,210,000	6%
HUD M2M Note	\$2,501,153	13%
Palmer GP Inc	\$100	0%
N/A		
Palmer Gardens, LP	\$346,393	2%
Total Permanent Sources	\$19,540,233	100%