

Proposal Summary 2024 9% LIHTC Proposal Application
 Affordable Housing Funding Application (AHFA) Project Name: MLK Plaza - Phase 1A

Basic Project Information

Project Name	MLK Plaza - Phase 1A
LIHTC Type	9%
Allocation Pool	New Affordability - General Occupancy
Project Address	9300 Wade Park Avenue
Project City or Township	Cleveland
Project County	Cuyahoga
Construction Type	New Construction
Age Restriction	General Occupancy

Project Rendering



OHFA Resource Request Requiring Board Approval

HDAP: HOME	N/A
Housing Development Loan	N/A
Multifamily Lending Program:	N/A

Development and Operations Team

Lead Developer	Northern Real Estate Urban Ventures, LLC
Co-Developer #1	
Co-Developer #2	N/A
Development Consultant	N/A
LIHTC Syndicator/Investor	CREA
GP/MM #1 Parent Entity	Northern Real Estate Urban Ventures, LLC
GP/MM #2 Parent Entity	N/A
GP/MM #3 Parent Entity	N/A
General Contractor	John G. Johnson Construction
Architect of Record	RDL Architects
Property Management Firm	CHN Housing Partners

Project Narrative

MLK Plaza – Phase 1A is the first phase in a larger, multi-phase redevelopment of the Martin Luther King Plaza. Located at 9300 Wade Park Avenue in the Hough neighborhood of Cleveland, Ohio, MLK Plaza was originally constructed in 1972. The redevelopment will reinvigorate this historic site with the construction of 120 multifamily units, 25 townhomes, and a 7,000 SF market/food hall for black entrepreneurs. The redevelopment will be led by Northern Real Estate Urban Ventures (“NREUV”), a black woman-owned firm specializing in affordable housing and community development projects. Phase 1A will include 57 affordable housing apartments including one-, two-, and three-bedroom units. The project will include robust amenity spaces including a community room, fitness center, library/computer room, playground, and supportive services offices. Phase 1A will launch the revitalization of this site, which will transform an underutilized, distressed area into a vibrant, modern neighborhood.

Site Information

Site Size (Acres)	0.938
Scattered Sites?	No
Total Number of Buildings	1
Total Parking Spaces	30
Parking Ratio (Parking Spaces per Unit)	0.6
Urban Suburban Rural (USR) Geography	Central City
Located in a Participating Jurisdiction (PJ)?	Yes
Located in a Qualified Census Tract (QCT)?	Yes
Located in a Difficult Development Area (DDA)?	No
Census Tract Opportunity Index	Very Low
Census Tract Change Index	Slight Decline

Building Square Footage Breakdown

	Size (SF)	Pct of Total
Commercial and Fee-Driven Space		
Unrestricted/Market-Rate Unit Area		
LIHTC Unit Area	47,257	76%
Manager's Unit Area		
Common Area	9,933	16%
Support and Program Space	1,809	3%
Tenant Storage Space	945	2%
Major Vertical Penetrations (Elevator/Stairs, Etc.)	2,392	4%
Structured Parking/Garage		
Basement		
Total Square Footage of all Buildings	62,336	100%

Units by LIHTC Income Restrictions

LIHTC Income Restriction	Number of Units	Percent of Total Units
20% AMI		
30% AMI	17	32%
40% AMI		
50% AMI	9	17%
60% AMI	27	51%
70% AMI		
80% AMI		
Unrestricted		
Manager's		
Total Units	53	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	25	47%	11	44%
2-BR	22	42%	0	0%
3-BR	6	11%	0	0%
4-BR				
5-BR				
Total Units	53	100%	11	21%

Consolidated Annual Operating Budget

Operating Line Item	Annual Amount	Annual Per Unit Amount
Potential Gross Rental Income and Fee Income	\$612,962	\$11,565
Potential Gross Commercial Income	\$0	\$0
Potential Gross Service Income	\$0	\$0
Vacancy Allowance (Blended) 7%	(\$42,908)	(\$810)
Effective Gross Income (EGI)	\$570,054	\$10,756
Administrative Expenses	\$90,600	\$1,709
Property Management Fee	\$31,365	\$592
Owner-Paid Utility Expenses	\$56,500	\$1,066
Maintenance Expenses	\$90,500	\$1,708
Real Estate Taxes	\$5,000	\$94
(Abated Real Estate Taxes)	\$0	\$0
Property and Liability Insurance	\$30,000	\$566
Other Insurance and Tax Expenses	\$26,000	\$491
Ongoing Reserve Contributions (Operating Subsidy)	\$21,200	\$400
	\$0	\$0
Total Annual Operating Expenses	\$351,165	\$6,626
Net Operating Income (EGI - OpEx)	\$218,889	\$4,130

LIHTC Calculation

	Acquisition	Rehabilitation	New Construction
LIHTC Eligible Basis			\$18,498,586
- Reductions in Eligible Basis			\$0
= Net Eligible Basis			\$18,498,586
Codified Basis Boost; or Discretionary Basis Boost			\$24,048,162
Adjusted Eligible Basis			\$24,048,162
X Applicable Fraction			100%
Qualified Basis			\$24,048,162
70% Present Value Rate			9.00%
Annual LIHTC Generated			\$2,164,335
Total 10-Year LIHTC Requested	\$15,899,000		
LIHTC Equity Generated	\$15,102,540		
Equity Price	\$0.95		

Construction Sources of Funds

Construction Sources	Amount	Percent of Total
Federal LIHTC Equity	\$9,816,651	48%
Construction Loan	\$6,333,272	31%
HDAP: HOME		
Housing Development Loan		
Fed. Historic Tax Credit Equity		
Deferred Developer Fee	\$2,100,000	10%
Sponsor Loan		
GP/MM Capital Contribution		
Post-Construction Costs		
Seller's Note	\$348,598	2%
NOACA Brownfields Revolving L	\$300,000	1%
AHP Grant	\$1,250,000	6%
Cleveland Foundation Grant	\$500,000	2%
N/A		
Total Construction Sources	\$20,648,521	100%

Development Budget, Eligible Basis and Cost Containment Standards

Development Costs	Amount	Per Unit Amount	LIHTC Eligible Basis
Acquisition	\$575,828	\$10,865	\$0
Predevelopment	\$736,559	\$13,897	\$736,559
Site Development	\$180,476	\$3,405	\$63,750
Hard Construction	\$14,338,099	\$270,530	\$14,338,099
Financing	\$992,942	\$18,735	\$527,157
Professional Fees	\$452,445	\$8,537	\$333,021
Developer Fee	\$2,500,000	\$47,170	\$2,500,000
OHFA and Other Fees	\$230,594	\$4,351	\$0
Capitalized Reserves	\$641,578	\$12,105	\$0
Total Development Costs (TDC)	\$20,648,521	\$389,595	\$18,498,586
LIHTC Eligible Basis as a Percent of Total Development Costs			90%
Cost Containment Standards	Project	Maximum	Variance
TDC per Unit	\$389,595	\$353,438	10%
TDC per Gross Square Foot	\$331	\$372	-11%

Maximum Permanent Debt Sizing

	Max Loan for Stabilized Y1	Max Loan to Stabilized Y15
Net Operating Income (NOI)	\$218,890	\$218,890
Debt Service Coverage Ratio	1.20	1.00
NOI Available for Debt Service	\$182,408	\$218,890
Interest Rate	6.20%	6.20%
Amortization Period (Years)	35	35
Loan Term (Years)	18	18
Maximum Perm Loan Amount	\$2,604,265	\$3,125,119
Actual Perm Loan Amount	\$2,604,265	
Variance	(\$0)	
	Year 1	Year 15
Debt Service Coverage Ratio	1.20	1.21
OHFA Minimum DSCR	1.20	1.00

Permanent Sources of Funds

Permanent Sources	Total	Percent of Total
Federal LIHTC Equity	\$15,102,540	73%
Permanent First Mortgage	\$2,604,265	13%
Permanent Second Mortgage		
HDAP: HOME		
Fed. Historic Tax Credit Equity		
Deferred Developer Fee	\$542,979	3%
Sponsor Loan		
GP/MM Capital Contribution		
Seller's Note	\$348,737	2%
NOACA Brownfields Revolving L	\$300,000	1%
AHP Grant	\$1,250,000	6%
Cleveland Foundation Grant	\$500,000	2%
N/A		
Total Permanent Sources	\$20,648,521	100%