

Empire Senior Housing

Proposal Application Summary SFY2024 4% LIHTC with Ohio LIHTC Round

Basic Project Information

Project Name	Empire Senior Housing
LIHTC Type	4% LIHTC
Funding Pool	New Affordability - Central City and Metro/Sub
Lead Developer	Beacon Communities Services LLC
Project Address	9113 Parmelee Ave
Project City or Township	Cleveland
Project County	Cuyahoga
Construction Type	Adaptive Reuse
Population Served	Seniors
Total Units	63
10-Year LIHTC Request	\$14,103,873
10-Year OLIHTC Request	\$9,500,000
Total Development Cost	\$29,607,546

Existing Photograph



Development and Operations Team

Lead Developer	Beacon Communities Services LLC
Co-Developer #1	N/A
Co-Developer #2	N/A
Development Consultant	N/A
LIHTC Syndicator/Investor	RBC Capital Markets
OLIHTC Syndicator/Investor	RBC Capital Markets
GP/MM #1 Parent Entity	Beacon Communities Corp
GP/MM #2 Parent Entity	N/A
GP/MM #3 Parent Entity	N/A
General Contractor	Marous Brothers Construction
Architect of Record	Moody Nolan
Property Management Firm	Beacon Residential Management LP

Project Narrative

Empire Senior Housing will be an adaptive reuse of the historic Empire Junior High School into 63 affordable homes for seniors. The site is located in Cleveland's Glenville neighborhood, near University Circle. The neighborhood has a high percentage of senior residents, but an aging housing stock that, for the most part, does not meet the needs of seniors. Empire Senior Housing will allow Cleveland residents to age-in-place in their neighborhoods, but in high-quality homes, in a building with two elevators, and with on-site services and amenities. All apartments will be subsidized with Project-Based Vouchers so residents pay no more than 30% of their income towards rent.

Site Information

Site Size (Acres)	2.1
Scattered Sites?	No
Total Number of Buildings	1
Total Parking Spaces	29
Parking Ratio (Parking Spaces per Unit)	0.5
Urban Suburban Rural (USR) Geography	Central City
Located in a Qualified Census Tract (QCT)?	Yes
Located in a Difficult Development Area?	No
Census Tract Opportunity Index	Very Low
Census Tract Change Index	Growth
Discount to Market Rent	-16.8%

Building Square Footage Breakdown

	Size (SF)	Pct of Total
Commercial and Fee-Driven Space		
Unrestricted/Market-Rate Unit Area		
LIHTC Unit Area	48,116	57%
Manager's Unit Area		
Common Area	21,377	25%
Support and Program Space	3,808	4%
Tenant Storage Space		
Major Vertical Penetrations (Elevator/Stairs, Etc.)	11,812	14%
Structured Parking/Garage		
Basement		
Total Square Footage of all Buildings	85,113	100%

Units by LIHTC Income Restrictions

LIHTC Income Restriction	Number of Units	Percent of Total Units
20% AMI		
30% AMI	15	24%
40% AMI		
50% AMI	48	76%
60% AMI		
70% AMI		
80% AMI		
Unrestricted		
Manager's		
Total Units	63	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	2%	1	100%
1-BR	62	98%	62	100%
2-BR				
3-BR				
4-BR				
5-BR				
Total Units	63	100%	63	100%

Consolidated Annual Operating Budget

Operating Line Item	Annual Amount	Annual Per Unit Amount
Potential Gross Rental Income	\$774,300	\$12,290
Potential Gross Commercial Income	\$0	\$0
Vacancy Allowance 7%	(\$54,201)	(\$860)
Interest Income and Other Financial Income	\$0	\$0
Laundry, Tenant Charges, and Service Income	\$3,150	\$50
Effective Gross Income (EGI)	\$723,249	\$11,480
Administrative Expenses	\$187,278	\$2,973
Owner-Paid Utilities	\$67,329	\$1,069
Maintenance Costs	\$154,286	\$2,449
Taxes and Insurance	\$160,527	\$2,548
Tax Abatement and/or Operating Subsidy	(\$53,267)	(\$846)
Reserves and Other Expenses	\$22,050	\$350
Total Operating Expenses	\$538,203	\$8,543
Net Operating Income (EGI - OpEx)	\$185,046	\$2,937

LIHTC Calculation

	Acquisition	Rehabilitation	New Construction
LIHTC Eligible Basis			\$27,122,833
- Reductions in Eligible Basis			\$0
= Net Eligible Basis			\$27,122,833
Basis Boost for QCT/DDA			\$8,136,850
Adjusted Eligible Basis			\$35,259,683
X Applicable Fraction			100%
Qualified Basis			\$35,259,683
30% Present Value Rate			4.00%
Annual LIHTC Generated			\$1,410,387
Total 10-Year LIHTC	\$14,103,873		
LIHTC Equity Generated	\$12,972,970		
Equity Price	\$0.92		

Construction Sources of Funds

Construction Sources	Amount	Percent of Total
LIHTC Equity	\$1,692,972	6%
OLIHTC Equity	\$756,096	3%
Historic Tax Credit Equity	\$1,120,534	4%
Construction Loan	\$19,494,220	66%
OHFA HDAP Request		
Deferred Developer Fee		
Cleveland	\$2,000,000	7%
County Brownfields	\$187,569	1%
FHLB AHP	\$200,000	1%
State Brownfields	\$1,050,000	4%
Costs Deferred til Perm	\$3,106,155	10%
Total Construction Sources	\$29,607,547	100%

Development Budget, Eligible Basis and Cost Containment Standards

Development Costs	Amount	Per Unit Amount	LIHTC Eligible Basis
Acquisition	\$5,000	\$79	\$0
Predevelopment	\$1,260,200	\$20,003	\$1,074,124
Site Development	\$1,210,265	\$19,211	\$1,082,622
Hard Construction	\$22,117,202	\$351,067	\$21,951,584
Financing	\$1,924,900	\$30,554	\$788,503
Professional Fees	\$590,000	\$9,365	\$246,000
Developer Fee	\$2,000,000	\$31,746	\$1,980,000
OHFA and Other Fees	\$244,324	\$3,878	\$0
Capitalized Reserves	\$255,655	\$4,058	\$0
Total Development Costs (TDC)	\$29,607,546	\$469,961	\$27,122,833
LIHTC Eligible Basis as a Percent of Total Development Costs			92%

Cost Containment Standards

	Project	Maximum	Variance
TDC per Unit	\$469,961	\$403,000	17%
TDC per Gross Square Foot	\$348	\$410	-15%

Maximum Permanent Debt Sizing

	Max Loan for Stabilized Y1	Max Loan to Stabilized Y15
Net Operating Income (NOI)	\$185,046	\$140,231
Debt Service Coverage Ratio	1.15	1.00
NOI Available for Debt Service	\$160,909	\$140,231
Interest Rate	6.00%	6.00%
Amortization Period (Years)	25	25
Loan Term (Years)	15	15
Maximum Perm Loan Amount	\$2,081,185	\$1,813,731
Actual Perm Loan Amount	\$1,650,000	
Variance	(\$163,731)	
	Year 1	Year 15
Debt Service Coverage Ratio	1.45	1.10
OHFA Minimum DSCR	1.15	1.00

Permanent Sources of Funds

Permanent Sources	Total	Percent of Total
LIHTC Equity	\$12,972,970	44%
OLIHTC Equity	\$5,793,841	20%
Historic Tax Credit Equity	\$4,482,138	15%
Permanent First Mortgage	\$1,650,000	6%
Permanent Second Mortgage		
OHFA HDAP Request		
Deferred Developer Fee	\$671,029	2%
Cleveland	\$2,000,000	7%
County Brownfields	\$187,569	1%
FHLB AHP	\$800,000	3%
State Brownfields	\$1,050,000	4%
GP Capital Contribution		
Total Permanent Sources	\$29,607,547	100%