

## Innovation Square Phase 2

Proposal Application Summary SFY2024 4% LIHTC with Ohio LIHTC Round

### Basic Project Information

Project Name	Innovation Square Phase 2
LIHTC Type	4% LIHTC
Funding Pool	New Affordability - Central City and Metro/Subu
Lead Developer	Fairfax Renaissance Development Corporation
Project Address	2287 E. 103rd Street
Project City or Township	Cleveland
Project County	Cuyahoga
Construction Type	New Construction
Population Served	Families
Total Units	67
10-Year LIHTC Request	\$11,812,703
10-Year OLIHTC Request	\$10,000,000
Total Development Cost	\$24,454,046

### Development and Operations Team

Lead Developer	Fairfax Renaissance Development Corporation
Co-Developer #1	McCormack Baron Salazar
Co-Developer #2	N/A
Development Consultant	N/A
LIHTC Syndicator/Investor	Ohio Capital Corporation for Housing
OLIHTC Syndicator/Investor	Ohio Capital Corporation for Housing
GP/MM #1 Parent Entity	McCormack Baron Salazar
GP/MM #2 Parent Entity	N/A
GP/MM #3 Parent Entity	N/A
General Contractor	John G. Johnson Construction
Architect of Record	City Architecture
Property Management Firm	McCormack Baron Management

### Site Information

Site Size (Acres)	1.64
Scattered Sites?	No
Total Number of Buildings	1
Total Parking Spaces	63
Parking Ratio (Parking Spaces per Unit)	0.9
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	Low
Census Tract Change Index	No Change
Discount to Market Rent	18.0%

### Units by LIHTC Income Restrictions

LIHTC Income Restriction	Number of Units	Percent of Total Units
20% AMI		
30% AMI	12	18%
40% AMI		
50% AMI	6	9%
60% AMI	32	48%
70% AMI		
80% AMI	17	25%
Unrestricted		
Manager's		
<b>Total Units</b>	<b>67</b>	<b>100%</b>

### Project Rendering



### Project Narrative

Fairfax Renaissance Development Corporation (FRDC) and McCormack Baron Salazar (MBS) propose the construction of Innovation Square Phase II, a new 67-unit affordable housing community. The new walkup building, with a mix of one and two-bedroom units, is the latest part of a comprehensive neighborhood revitalization initiative on Cleveland's east side. It will complement a new walkable, mixed-use, and mixed-income community along Cleveland's recently constructed Opportunity Corridor. The development is anchored by two new apartment communities, and a new 40,000 SF grocery store, which opened in January 2024. The building will share community space, business, and fitness centers, a rooftop, a ground floor garden, and a park with the directly adjacent Phase I building, the 82-unit Aura at Innovation Square.

### Building Square Footage Breakdown

	Size (SF)	Pct of Total
Commercial and Fee-Driven Space		
Unrestricted/Market-Rate Unit Area		
LIHTC Unit Area	47,648	76%
Manager's Unit Area		
Common Area	10,791	17%
Support and Program Space	2,050	3%
Tenant Storage Space		
Major Vertical Penetrations (Elevator/Stairs, Etc.)	1,980	3%
Structured Parking/Garage		
Basement		
<b>Total Square Footage of all Buildings</b>	<b>62,469</b>	<b>100%</b>

### 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	15	22%	0	0%
1-BR	42	63%	11	26%
2-BR	10	15%	1	10%
3-BR				
4-BR				
5-BR				
<b>Total Units</b>	<b>67</b>	<b>100%</b>	<b>12</b>	<b>18%</b>

### Consolidated Annual Operating Budget

Operating Line Item	Annual Amount	Annual Per Unit Amount
Potential Gross Rental Income	\$847,980	\$12,656
Potential Gross Commercial Income	\$0	\$0
Vacancy Allowance 7%	(\$59,640)	(\$890)
Interest Income and Other Financial Income	\$0	\$0
Laundry, Tenant Charges, and Service Income	\$0	\$0
Effective Gross Income (EGI)	\$788,340	\$11,766
Administrative Expenses	\$135,300	\$2,019
Owner-Paid Utilities	\$81,220	\$1,212
Maintenance Costs	\$122,455	\$1,828
Taxes and Insurance	\$218,920	\$3,267
Tax Abatement and/or Operating Subsidy	(\$93,863)	(\$1,401)
Reserves and Other Expenses	\$26,800	\$400
Total Operating Expenses	\$490,832	\$7,326
Net Operating Income (EGI - OpEx)	\$297,508	\$4,440

### LIHTC Calculation

	Acquisition	Rehabilitation	New Construction
LIHTC Eligible Basis			\$22,716,736
- Reductions in Eligible Basis			\$0
= Net Eligible Basis			\$22,716,736
Basis Boost for QCT/DDA			\$6,815,021
Adjusted Eligible Basis			\$29,531,757
X Applicable Fraction			100%
Qualified Basis			\$29,531,757
30% Present Value Rate			4.00%
Annual LIHTC Generated			\$1,181,270
Total 10-Year LIHTC	\$11,812,703		
LIHTC Equity Generated	\$10,681,046		
Equity Price	\$0.90		

### Construction Sources of Funds

Construction Sources	Amount	Percent of Total
LIHTC Equity	\$2,200,200	9%
OLIHTC Equity	\$1,199,800	5%
Historic Tax Credit Equity		
Construction Loan	\$12,200,300	49%
OHFA HDAP Request		
Deferred Developer Fee		
Cleveland HOME Funds	\$900,000	4%
Cleveland General Funds	\$1,800,000	7%
Post Construction Sources/Use	\$6,472,746	26%
N/A		
N/A		
Total Construction Sources	\$24,773,046	100%

### Development Budget, Eligible Basis and Cost Containment Standards

Development Costs	Amount	Per Unit Amount	LIHTC Eligible Basis
Acquisition	\$467,000	\$6,970	\$0
Predevelopment	\$1,374,256	\$20,511	\$1,374,256
Site Development	\$1,140,944	\$17,029	\$1,140,944
Hard Construction	\$14,960,874	\$223,297	\$14,960,874
Financing	\$2,054,673	\$30,667	\$1,354,540
Professional Fees	\$116,000	\$1,731	\$100,000
Developer Fee	\$3,786,122	\$56,509	\$3,786,122
OHFA and Other Fees	\$235,177	\$3,510	\$0
Capitalized Reserves	\$319,000	\$4,761	\$0
Total Development Costs (TDC)	\$24,454,046	\$364,986	\$22,716,736
LIHTC Eligible Basis as a Percent of Total Development Costs			93%

### Cost Containment Standards

	Project	Maximum	Variance
TDC per Unit	\$364,986	\$403,000	-9%
TDC per Gross Square Foot	\$391	\$410	-5%

### Maximum Permanent Debt Sizing

	Max Loan for Stabilized Y1	Max Loan to Stabilized Y15
Net Operating Income (NOI)	\$297,508	\$301,528
Debt Service Coverage Ratio	1.20	1.00
NOI Available for Debt Service	\$247,923	\$301,528
Interest Rate	6.25%	6.25%
Amortization Period (Years)	40	40
Loan Term (Years)	40	40
Maximum Perm Loan Amount	\$3,639,036	\$4,425,850
Actual Perm Loan Amount	\$3,113,000	
Variance	(\$526,036)	

  

	Year 1	Year 15
Debt Service Coverage Ratio	1.42	1.45
OHFA Minimum DSCR	1.20	1.00

### Permanent Sources of Funds

Permanent Sources	Total	Percent of Total
LIHTC Equity	\$10,681,046	43%
OLIHTC Equity	\$5,999,000	24%
Historic Tax Credit Equity		
Permanent First Mortgage	\$3,113,000	13%
Permanent Second Mortgage		
OHFA HDAP Request		
Deferred Developer Fee	\$1,980,000	8%
Cleveland HOME Funds	\$1,000,000	4%
Cleveland General Funds	\$2,000,000	8%
N/A		
N/A		
N/A		
Total Permanent Sources	\$24,773,046	100%