

25. Project Summary

Watterson Lake

Proposal Application Summary

SFY2024 4% LIHTC with Ohio LIHTC Round

Basic Project Information

Project Name	Watterson Lake
LIHTC Type	4% LIHTC
Funding Pool	New Affordability - Central City and Metro/Subu
Lead Developer	Bridging the Gap, LLC
Project Address	1422 W 74th St
Project City or Township	Cleveland
Project County	Cuyahoga
Construction Type	New Construction
Population Served	Families
Total Units	136
10-Year LIHTC Request	\$25,069,071
10-Year OLIHTC Request	\$0
Total Development Cost	\$50,779,355

Project Rendering



Development and Operations Team

Lead Developer	Bridging the Gap, LLC
Co-Developer #1	Western Reserve Revitalization and Managem
Co-Developer #2	N/A
Development Consultant	Lowenstein Development, LLC
LIHTC Syndicator/Investor	Enterprise Community Investment
OLIHTC Syndicator/Investor	Enterprise Community Investment
GP/MM #1 Parent Entity	Bridging the Gap, LLC
GP/MM #2 Parent Entity	N/A
GP/MM #3 Parent Entity	N/A
General Contractor	Next Generation Construction
Architect of Record	Stantec Architecture, Inc
Property Management Firm	Cuyahoga Metropolitan Housing Authority

Project Narrative

Watterson Lake involves the redevelopment of a former elementary school site at the corner of Detroit Ave. and West 74th St. on the west side of Cleveland. Developers include Bridging the Gap, a Pittsburgh-based urban developer and Cuyahoga Metropolitan Housing Authority. The project will include a large community service facility requested by the neighborhood as part of an RFP process. The City will continue to own the real estate, providing a no-cost lease to the developers, as well as significant soft funding. Located just a few blocks west of the Gordon Square Arts District, Watterson Lake will provide much-needed affordable housing at a range of rents and unit types in a gentrifying neighborhood.

Site Information

Site Size (Acres)	2.15
Scattered Sites?	No
Total Number of Buildings	3
Total Parking Spaces	86
Parking Ratio (Parking Spaces per Unit)	0.6
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	Growth
Discount to Market Rent	-7.1%

Building Square Footage Breakdown

	Size (SF)	Pct of Total
Commercial and Fee-Driven Space	26,219	13%
Unrestricted/Market-Rate Unit Area		
LIHTC Unit Area	145,252	72%
Manager's Unit Area		
Common Area	27,847	14%
Support and Program Space	2,387	1%
Tenant Storage Space		
Major Vertical Penetrations (Elevator/Stairs, Etc.)	928	0%
Structured Parking/Garage		
Basement		
Total Square Footage of all Buildings	202,633	100%

Units by LIHTC Income Restrictions

LIHTC Income Restriction	Number of Units	Percent of Total Units
20% AMI		
30% AMI	30	22%
40% AMI		
50% AMI	12	9%
60% AMI	42	31%
70% AMI	28	21%
80% AMI	24	18%
Unrestricted Manager's		
Total Units	136	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	48	35%	11	23%
1-BR	48	35%	11	23%
2-BR	28	21%	8	29%
3-BR	7	5%	0	0%
4-BR	5	4%	0	0%
5-BR				
Total Units	136	100%	30	22%

Consolidated Annual Operating Budget

Operating Line Item	Annual Amount	Annual Per Unit Amount
Potential Gross Rental Income	\$1,755,348	\$12,907
Potential Gross Commercial Income	\$0	\$0
Vacancy Allowance 7%	(\$124,974)	(\$919)
Interest Income and Other Financial Income	\$2,000	\$15
Laundry, Tenant Charges, and Service Income	\$0	\$0
Effective Gross Income (EGI)	\$1,632,374	\$12,003
Administrative Expenses	\$270,334	\$1,988
Owner-Paid Utilities	\$111,592	\$821
Maintenance Costs	\$209,282	\$1,539
Taxes and Insurance	\$152,700	\$1,123
Tax Abatement and/or Operating Subsidy	\$0	\$0
Reserves and Other Expenses	\$80,400	\$591
Total Operating Expenses	\$824,308	\$6,061
Net Operating Income (EGI - OpEx)	\$808,066	\$5,942

LIHTC Calculation

	Acquisition	Rehabilitation	New Construction
LIHTC Eligible Basis			\$48,209,751
- Reductions in Eligible Basis			\$0
= Net Eligible Basis			\$48,209,751
Basis Boost for QCT/DDA			\$14,462,925
Adjusted Eligible Basis			\$62,672,676
X Applicable Fraction			100%
Qualified Basis			\$62,672,676
30% Present Value Rate			4.00%
Annual LIHTC Generated			\$2,506,907
Total 10-Year LIHTC	\$25,069,071		
LIHTC Equity Generated	\$22,562,160		
Equity Price	\$0.90		

Construction Sources of Funds

Construction Sources	Amount	Percent of Total
LIHTC Equity	\$2,288,669	5%
OLIHTC Equity	\$550,000	1%
Historic Tax Credit Equity		
Construction Loan	\$10,400,000	20%
OHFA HDAP Request		
Deferred Developer Fee		
City Housing Trust Fund	\$4,285,000	8%
City UDAG	\$900,000	2%
City UDAG	\$100,000	0%
Costs not incurred until perm	\$11,805,686	23%
Huntington National Bank	\$20,450,000	40%
Total Construction Sources	\$50,779,355	100%

Development Budget, Eligible Basis and Cost Containment Standards

Development Costs	Amount	Per Unit Amount	LIHTC Eligible Basis
Acquisition	\$0	\$0	\$0
Predevelopment	\$1,373,680	\$10,101	\$1,373,680
Site Development	\$2,147,725	\$15,792	\$2,147,725
Hard Construction	\$34,510,714	\$253,755	\$34,510,714
Financing	\$3,349,623	\$24,630	\$1,945,974
Professional Fees	\$406,700	\$2,990	\$231,700
Developer Fee	\$7,999,958	\$58,823	\$7,999,958
OHFA and Other Fees	\$480,315	\$3,532	\$0
Capitalized Reserves	\$510,640	\$3,755	\$0
Total Development Costs (TDC)	\$50,779,355	\$373,378	\$48,209,751
LIHTC Eligible Basis as a Percent of Total Development Costs			95%
Cost Containment Standards	Project	Maximum	Variance
TDC per Unit	\$373,378	\$403,000	-7%
TDC per Gross Square Foot	\$251	\$410	-39%

Maximum Permanent Debt Sizing

	Max Loan for Stabilized Y1	Max Loan to Stabilized Y15
Net Operating Income (NOI)	\$808,066	\$838,066
Debt Service Coverage Ratio	1.20	1.00
NOI Available for Debt Service	\$673,388	\$838,066
Interest Rate	5.50%	5.50%
Amortization Period (Years)	40	40
Loan Term (Years)	40	40
Maximum Perm Loan Amount	\$10,879,973	\$13,540,680
Actual Perm Loan Amount	\$11,300,000	
Variance	\$420,027	
Debt Service Coverage Ratio	Year 1	Year 15
OHFA Minimum DSCR	1.20	1.36
	1.20	1.00

Permanent Sources of Funds

Permanent Sources	Total	Percent of Total
LIHTC Equity	\$22,562,160	44%
OLIHTC Equity	\$5,500,000	11%
Historic Tax Credit Equity		
Permanent First Mortgage	\$10,400,000	20%
Permanent Second Mortgage	\$900,000	2%
OHFA HDAP Request		
Deferred Developer Fee	\$7,032,195	14%
City Housing Trust Fund	\$4,285,000	8%
City UDAG	\$100,000	0%
N/A		
N/A		
N/A		
Total Permanent Sources	\$50,779,355	100%