

West Elm Apartments

Proposal Application Summary

4% LIHTC with BGF Round

Basic Project Information

Project Name	West Elm Apartments
LIHTC Type	4% LIHTC
BGF Pool/Subpool	Preserved Affordability Outside a PJ
Lead Developer	PK Development Group, LLC
Project Address	840 W Elm Street
Project City or Township	Wauseon
Project County	Fulton
Construction Type	Rehabilitation
Population Served	Families
Total Units	100
HDAP Request	\$3,000,000
Total 10-Year LIHTC Request	\$5,330,998
Total Development Cost	\$14,282,335

Existing Photograph



Development and Operations Team

Lead Developer	PK Development Group, LLC
Co-Developer #1	N/A
Co-Developer #2	N/A
Development Consultant	N/A
LIHTC Syndicator/Investor	Ohio Capital Corporation for Housing
GP/MM #1 Parent Entity	N/A
GP/MM #2 Parent Entity	N/A
GP/MM #3 Parent Entity	N/A
General Contractor	PK Construction Company
Architect of Record	Wallace Architects
Property Management Firm	PK Housing & Management

Project Narrative

The West Elm Apartments are located in Wauseon, Ohio and originally constructed in 1991 using housing tax credits and RD 515 financing. PK Companies purchased the general partnership interest and took over ownership and management of the property in 2018. West Elm is a 100-unit family property – 32 one-bedroom units, 56 two-bedroom units, and 12 three-bedroom units. All of the units are affordable with 65 units at 60% AMI and 35 at 30% AMI. There is an existing RD Rental Assistance Agreement in place for 71 of the 100 units. The apartment homes are spread across 14 one- and two-story residential buildings along with a management office. This proposal is for the rehabilitation of each unit, the structure exteriors, and the site.

Site Information

Site Size (Acres)	7.4
Scattered Sites?	No
Total Number of Buildings	14
Total Parking Spaces	153
Parking Ratio (Parking Spaces per Unit)	1.5
Urban Suburban Rural (USR) Geography	Please input 2010 Census Tract
Located in a Participating Jurisdiction (PJ)?	No
Located in a Qualified Census Tract (QCT)?	No
Located in a Difficult Development Area?	No
Census Tract Opportunity Index	Please input 2010 Census Tract
Census Tract Change Index	Please input 2010 Census Tract

Building Square Footage Breakdown

	Size (SF)	Pct of Total
Commercial and Fee-Driven Space		
Unrestricted/Market-Rate Unit Area		
LIHTC Unit Area	71,896	90%
Manager's Unit Area	1,718	2%
Common Area	6,567	8%
Support and Program Space		
Tenant Storage Space		
Major Vertical Penetrations (Elevator/Stairs, Etc.)		
Structured Parking/Garage		
Basement		
Total Square Footage of all Buildings	80,181	100%

Units by LIHTC Income Restrictions

LIHTC Income Restriction	Number of Units	Percent of Total Units
20% AMI		
30% AMI	35	35%
40% AMI		
50% AMI		
60% AMI	65	65%
70% AMI		
80% AMI		
Unrestricted		
Manager's		
Total Units	100	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	32	32%	22	69%
2-BR	56	56%	35	63%
3-BR	12	12%	12	100%
4-BR				
5-BR				
Total Units	100	100%	69	69%

Consolidated Annual Operating Budget

Operating Line Item	Annual Amount	Annual Per Unit Amount
Potential Gross Rental Income	\$952,332	\$9,523
Potential Gross Commercial Income	\$0	\$0
Vacancy Allowance 5%	(\$47,617)	(\$476)
Interest Income and Other Financial Income	\$0	\$0
Laundry, Tenant Charges, and Service Income	\$0	\$0
Effective Gross Income (EGI)	\$904,715	\$9,047
Administrative Expenses	\$163,514	\$1,635
Owner-Paid Utilities	\$75,495	\$755
Maintenance Costs	\$137,617	\$1,376
Taxes and Insurance	\$132,629	\$1,326
Tax Abatement and/or Operating Subsidy	\$0	\$0
Reserves and Other Expenses	\$30,000	\$300
Total Operating Expenses	\$539,255	\$5,393
Net Operating Income (EGI - OpEx)	\$365,460	\$3,655

LIHTC Calculation

	Acquisition	Rehabilitation	New Construction
LIHTC Eligible Basis	\$2,975,122	\$10,352,374	
- Reductions in Eligible Basis	\$0	\$0	
= Net Eligible Basis	\$2,975,122	\$10,352,374	
Basis Boost for QCT/DDA	(\$2,975,122)	\$0	
Adjusted Eligible Basis	\$0	\$10,352,374	
X Applicable Fraction	100%	100%	
Qualified Basis	\$0	\$10,352,374	
30% Present Value Rate	4.00%	4.00%	
Annual LIHTC Generated	\$0	\$414,095	
Total 10-Year LIHTC	\$4,140,950		
LIHTC Equity Generated	\$4,370,459		
Equity Price	\$0.82		

Construction Sources of Funds

Construction Sources	Amount	Percent of Total
LIHTC Equity	\$3,679,058	26%
Historic Tax Credit Equity		
Construction Loan	\$2,815,442	20%
OHFA HDAP Request	\$3,000,000	21%
Deferred Developer Fee	\$2,174,437	15%
Assumed RD 515	\$2,454,522	17%
Transferred Reserves	\$158,877	1%
N/A		
N/A		
N/A		
Total Construction Sources	\$14,282,336	100%

Development Budget, Eligible Basis and Cost Containment Standards

Development Costs	Amount	Per Unit Amount	LIHTC Eligible Basis
Acquisition	\$2,509,522	\$25,095	\$2,506,772
Predevelopment	\$318,343	\$3,183	\$318,343
Site Development	\$150,000	\$1,500	\$150,000
Hard Construction	\$6,941,018	\$69,410	\$6,941,018
Financing	\$734,064	\$7,341	\$680,864
Professional Fees	\$65,000	\$650	\$65,000
Developer Fee	\$2,665,499	\$26,655	\$2,665,499
OHFA and Other Fees	\$288,586	\$2,886	\$0
Capitalized Reserves	\$610,303	\$6,103	\$0
Total Development Costs (TDC)	\$14,282,335	\$142,823	\$13,327,496
LIHTC Eligible Basis as a Percent of Total Development Costs			93%

Cost Containment Standards

	Project	Maximum	Variance
TDC per Unit	\$142,823	\$250,000	-43%
TDC per Gross Square Foot	\$178	\$280	-36%

Maximum Permanent Debt Sizing

	Max Loan for Stabilized Y1	Max Loan to Stabilized Y15
Net Operating Income (NOI)	\$365,460	\$365,460
Debt Service Coverage Ratio	1.20	1.00
NOI Available for Debt Service	\$304,550	\$365,460
Interest Rate	7.10%	7.10%
Amortization Period (Years)	40	40
Loan Term (Years)	17	17
Maximum Perm Loan Amount	\$4,036,722	\$4,844,066
Actual Perm Loan Amount	\$5,779,522	
Variance	\$1,742,800	
Debt Service Coverage Ratio	1.17	1.21
OHFA Minimum DSCR	1.20	1.00

Permanent Sources of Funds

Permanent Sources	Total	Percent of Total
LIHTC Equity	\$4,370,459	31%
Historic Tax Credit Equity		
Permanent First Mortgage	\$3,325,000	23%
Permanent Second Mortgage	\$2,454,522	17%
OHFA HDAP Request	\$3,000,000	21%
Deferred Developer Fee	\$973,478	7%
Transferred Reserves	\$158,877	1%
N/A		
N/A		
N/A		
N/A		
N/A		
Total Permanent Sources	\$14,282,336	100%