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Affordable Housing Finance

SPECIAL FOCUS
Readers' Choice Finalists

Historic Rehab Finalists

AFFORDABLE HOUSING FINANCE • July/August 2009

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School's Open

DURAND, MICH. For some seniors here, their next apartment could have a familiar view.

The 40-unit Sycamore House, an adaptive reuse of a former public school, will come online by year's end.

One of the seniors on the waiting list requested a certain room that in 1940 was the classroom of her favorite English teacher. The school was built in 1920 and functioned up until 1994.

The Woda Group took care to restore the building to its former glory, using the original classroom numbers above the doors as the apartment numbers and even re-using the old blackboards in community rooms, the computer lab, and a grandchild play area.

Woda preserved or renovated the outside brickwork and limestone capping, as well as the terrazzo in the hallways and staircases.

The company also restored the original "Durand High School" sign etched on the building's front, which had been plastered over and rendered invisible.

But all was not smooth sailing. The building had been heavily scavenged, and the original gymnasium's wooden floor was flooded and ruined while Woda negotiated with the original sellers.

The developer often had to re-engineer on the fly. Woda planned to house all 40 units in the building's shell by carving out the original gymnasium. When they were told no by the historic

SYCAMORE HOUSE

Developer: The Woda Group, LLC
Major Funders: Fifth Third Bank; City Real Estate Investors; Federal Home Loan Bank of Indianapolis

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tax credit program, Woda added an attached structure for 15 more units and then turned the former gym into an expansive common area.

The \$6.7 million project was funded with more than \$4.3 million in tax credit equity, including federal low-income housing tax credits and federal and state historic tax credits, syndicated by City Real Estate Investors and purchased by Fifth Third Bank. Fifth Third also lent a \$1.5 million first mortgage. The Federal Home Loan Bank of Indianapolis provided a \$200,000 grant. —*Jerry Ascierio*

Historic Hotel Now Houses Homeless

MIAMI The renovation of the Royalton Hotel downtown has returned the structure to its original glory, while providing 80 units for the formerly homeless and 20 units for those earning up to 60 percent of the area median income.

At its heyday in the 1930s, the hotel was a luxury tourist destination and also reportedly a speakeasy. Legend also tells of card games frequented by Al Capone on the top floor.

As the years went on, the building became a lower-end hotel, finishing as a run-down Travelodge before being purchased for \$3.5 million by Carlisle Development Group, which partnered with Carrfour Supportive Housing.

The structural damage of the building was extensive, and as the rehab began, the developers found that things were worse than they thought: 80 years of saltwater exposure had left many concrete columns severely decayed.

"Our construction budget increased substantially the more we learned about the building," says Ken Naylor, senior developer at Carlisle. "There were also some unanticipated infrastructure upgrades we had to do." Carlisle also found an underground oil storage tank, which it removed and remediated.

Despite the hurdles, Carlisle restored as much as it could: terrazzo floors in the lobby, Cory tile in the outdoor terrace, and a return to the building's original floorplan, which had been carved up by subsequent owners.

The Royalton Apartments was fully occupied just 45 days after opening its doors.

The \$18.5 million project was funded with more than \$9.2 million in low-income housing tax credit equity and more than \$2.1 million in historic tax credits, syndicated by Wachovia. The Florida Housing Finance Corp. provided a \$3 million loan; Miami-Dade County pitched in a loan of \$2.25 million, as well as \$880,000 in HOME funds and a \$750,000 Homeless Assistance Grant; and the city of Miami gave more than \$1.4 million in HOME funds. —*Jerry Ascierio*

ROYALTON APARTMENTS

Developers: Carlisle Development Group and Carrfour Supportive Housing, Inc.
Major Funders: Wachovia; Florida Housing Finance Corp.; Miami-Dade County; City of Miami

Resurrection in St. Louis

ST. LOUIS When The Eagle Point Cos. took on the Winston Churchill Apartments, the building was in no-man's land.

A previous developer had worked on it for months, relocating tenants and beginning demolition before financing fell through. The building was in default, on the city's watch list of troubled properties, and vandals had stolen any usable scrap metal while the structure lay dormant.

While the acquisition price was low at \$850,000, Eagle Point faced a substantial shortfall. So it used a sandwich lease to optimize the tax credit streams.

"That was the linchpin that allowed the deal to happen," says Todd Alexander, Eagle Point managing director. "Without the sandwich lease, we would've lost almost \$1.4 million in equity."

Eagle Point reconfigured the original 112 units down to 102 and found space for seven loft apartments on the ground floor by taking advantage of unused space.

Not only did Eagle Point upgrade the original developer's specs—adding a computer lab, a free wireless Internet connection, and market-rate features like wood laminate flooring and dishwashers—it also reduced the average rents by \$20 a unit.

Built in 1927, the complex was named after a Missouri-born writer. But the building had fallen on hard times, just 50 percent occupied before the original developer began the rehab.

Centerline Capital provided \$1.4 million in a bond credit enhancement and syndicated \$7.2 million in federal low-income housing tax credits (LIHTCs), \$2.6 million in state LIHTCs, and \$2.6 million in federal historic tax credits (HTCs). Dublin Capital syndicated \$3.4 million in state HTCs. The Missouri Housing Development Commission and the city of St. Louis also provided funding for the \$19.4 million project. —*Jerry Ascierio*

WINSTON CHURCHILL APARTMENTS

Developer: The Eagle Point Cos.
Major Funders: Centerline Capital Group; Dublin Capital; Missouri Housing Development Commission; City of St. Louis

