

# Federal Reserve Bank of Cleveland Preserving Historic Buildings

## **Converting Community Liabilities into Assets**

*Combining Federal, State and Local  
Funding Sources to Adaptively  
Re-Use a Local Landmark*

Holly B. Wiedemann



**A U A S S O C I A T E S**

# About AU Associates, Inc.

- Founded in 1990
- **A**daptive re-**U**se, Urban Infill, Historic Preservation
- Over \$43.5 million developed since 1998
- Over \$18.9 million currently in process
- Recognized by over 20 State & National Awards
- Featured in multiple Local & National Publications including: *Residential Architect, Novogradac's Journal of Tax Credit Housing, The Tax Credit Advisor, and Affordable Housing Finance*



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# Project Portfolio

<b>Project</b>	<b>Type</b>	<b>Units</b>	<b>Year</b>	<b>Project Cost</b>
Beattyville School Apartments	Senior affordable	18 units	2010	\$ 2,800,000
Glasgow Graded School Apts	Senior affordable	23 units	2010	\$ 3,600,000
Oliver School Apartments	Family affordable/community center	11 units	2009	\$ 1,700,000
First Presbyterian Church Apts	Family affordable	10 units	2009	\$ 1,800,000
Harbor Hill	Special needs	34 units	2009	\$ 4,600,000
ARTEK Lofts	Market condos/commercial	38 units	2008	\$ 7,500,000
Liberty School Apartments	Senior affordable	20 units	2005	\$ 2,400,000
St. Francis (YMCA renovation)	Family mixed income/commercial	58 units	2003	\$ 15,000,000
Irvine School Apartments	Senior affordable	17 units	2001	\$ 1,800,000
Midway School Apartments	Senior mixed income	24 units	1998	\$ 2,300,000
<b>Under Construction</b>				
Buffalo School Apartments	Senior affordable	19 units	2011	\$2,800,000
Riverview at Clendenin School	Family affordable/medical office	18 units	2011	\$5,200,000
Parkside Apartments	Family affordable/commercial	36 units	2011	\$6,600,000
Edison School Apartments	Family affordable	26 units	2011	\$4,300,000



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# Lenders/Investors and Funding Sources

## Lenders/Investors

BB&T  
Boston Financial / Lend Lease / MMA  
Community Affordable Housing Equity Corporation  
Central Bank  
Citizens Commerce National Bank  
Citizens Union Bank  
City of Ashland  
City of Lexington  
Federal Home Loan Bank of Cincinnati  
Federation of Appalachian Housing Enterprises, Inc.  
First Federal Savings Bank  
Housing Authority of Louisville  
Kentucky Bank  
Kentucky Heritage Council  
Kentucky Housing Corporation  
Louisville Downtown Housing Fund  
National City Bank/PNC  
Poca Valley Bank  
US Bank

## Funding Sources

Federal Historic Tax Credit  
State Historic Tax Credit  
Low Income Housing Tax Credit  
New Markets Tax Credit  
Community Development Block Grants  
Affordable Housing Trust Fund  
HOME  
National Stabilization Program  
TCAP/Exchange  
Federal Home Loan Bank AHP Program  
USDA/Rural Development



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# Description of the Project

Once serving as the only place in the community where African-Americans received education at the secondary level, The Oliver School site provided educational opportunities from 1892 – 1956. The Oliver Street School building stood, at its construction, as a remarkably well-constructed edifice. As a result, it remains the most prominent feature of the local landscape within this important historical theme.



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 **OLIVER SCHOOL**

**APARTMENTS**

Originally Constructed 1926

Dedicated 2009

*Development made possible by:*

AU Associates, Inc.

Christ Temple Apostolic of Winchester, Inc.  
Oliver Street Community Center Project, Inc.

Architect: Brandstetter Carroll, Inc.

Contractor: CFS Construction, Inc.

*Financial assistance provided by:*

Kentucky Bank

Branch Banking and Trust

Kentucky Housing Corporation

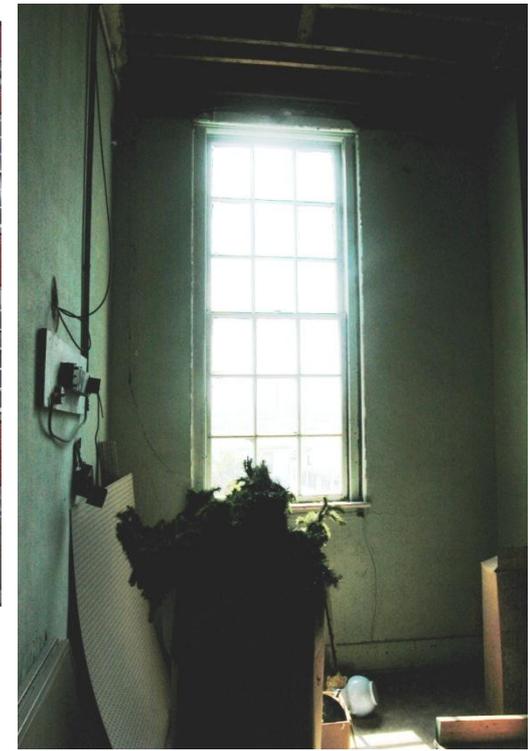
Kentucky Heritage Council

Dedicated to the vision of

**Marine Sharp**

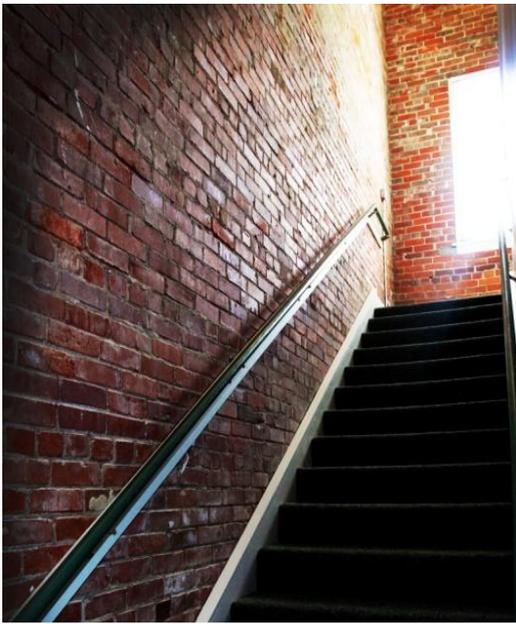
Founder and Pastor of Christ Temple  
from 1986 - 2003



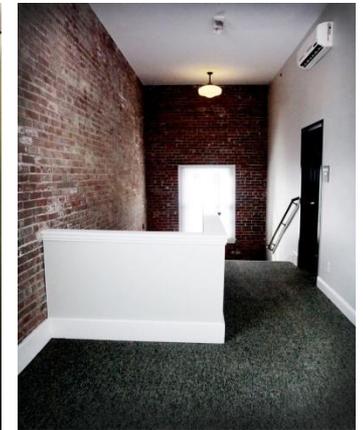


**1926  
Oliver School**





 **OLIVER SCHOOL**  
APARTMENTS



# Supportive Service Agencies

Foothills Community Action Partnership

Independence Place

Bluegrass Regional Mental Health Retardation Board, Inc.

Bluegrass Community & Technical College

Victory Heights Center for Achievement

STRIDE (Supporting Therapeutic Recreation for Individuals with  
Disabilities Everyday)

First Steps

Kentucky Virtual Adult Education

Kid's Karnival Afterschool Program

Christ Temple Apostolic



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# OLIVER SCHOOL

## APARTMENTS

- 20,000 Square feet
  - Built 1926
  - 11 large apartments:
    - 3 one bedroom
    - 5 two bedroom
    - 3 three bedroom
- Apartment amenities**
- Fully Equipped Kitchens
  - Traditional cabinetry
  - Self-cleaning electric range
  - Dishwasher
  - Frost Free Refrigerator
  - Washers & Dryers included in all units
  - Paddle fans in living areas
  - Handicap accessible
  - Abundant natural light
  - Individual climate control
  - Keyless electronic entry
  - Complete fire suppression system
  - Cable TV access
  - High-speed internet access
  - Cultured marble vanity tops
  - Designated storage area for each resident



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# Income Limits and Rents

**Family of 1** \$26,700

**Family of 2** \$30,480

**Family of 3** \$34,320

**Family of 4** \$38,100

**Family of 5** \$41,160

**Family of 6** \$44,220

**1 Bedroom** \$400

**2 Bedroom** \$500

**3 Bedroom** \$600



# Project Financials

## Uses:

Hard Construction Costs	\$1,565,226
Soft Costs (architect, legal, dev fees)	\$ 321,000
Permits, insurance, perm loan fees	\$ 94,707
Construction loan costs (interest and fees)	\$ 33,770
Reserves (lease up, operating, soft cost)	\$ 70,000
Total	\$2,084,703

## Sources:

Federal LIHTC	\$1,549,654
Federal Historic Tax Credit	\$ 346,851
State Historic Tax Credit	\$ 85,098
Affordable Housing Trust Fund	\$ 100,000
General Partner Equity (SLP=\$3,000, \$100=GP)	\$ 3,100
Total	\$2,084,703



# Prices for Credits

LIHTC	0.87
Federal Historic Tax Credit	0.92
State Historic Tax Credit	0.57
Combined Project IRR	8.43%
Annual Credit Amount	\$178,139
10 Year Total Credit Amount	\$1,781,390



# Benefits for Bank Investment

1. Excellent Return
2. Community Reinvestment Act credits
3. Controlled risk (dependent upon developer, track record, credit history)
4. High Profile
5. Positive Community Impact
6. Provision of Affordable Housing
7. Historic Preservation
8. Local, State and National Name Recognition through successful project
9. Generation of future business across all levels
10. State historic tax credit utilization for state franchise tax



# Project Timeline

March 2003	Contacted by State Heritage Council
June 2003	Met with Members of Christ Temple in Winchester and toured building
August 2003	Kentucky Housing Corporation focuses Qualified Allocation Plan on special needs, precluding submission of this project for funding
January 2005	Meeting with Christ Temple about project potential
2003 - July 2007	No funding available
August 2007	Meeting with Mayor of Winchester
December 2007	BB&T construction loan approval CUB Bank approval for state historic tax credit purchase Equity syndicator approval for LIHTC and federal historic purchase Purchase option with Christ Temple
January 2008	Submission of KHC funding application First conversation with Kentucky Bank representative

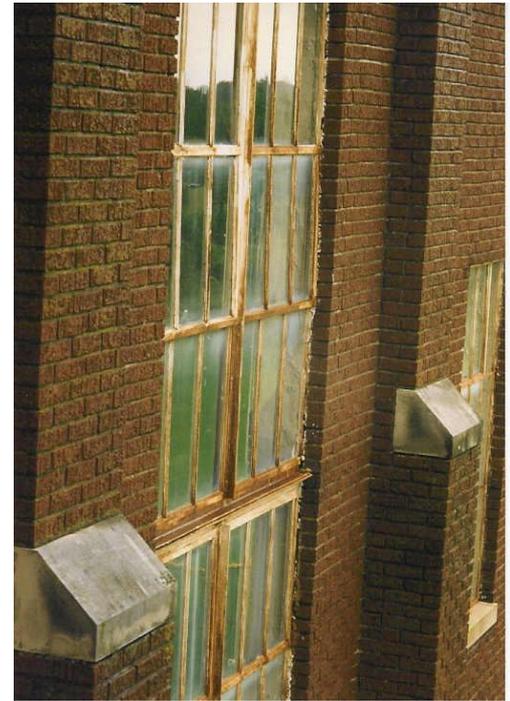


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# Project Timeline (continued)

May 2008	Notification of funding award
June 2008	Equity commitment from Kentucky Bank to purchase all Federal and State Historic Tax Credits and LIHTC
July 2008	Neighborhood Meeting
August 2008	Board of Adjustment Hearings for Parking
September 2008	Technical Submissions to KHC due
December 2008	Construction Contract Signed
January 2009	Construction Begins
August 2009	Construction Completed
September 2009	Dedication Ceremony
October 2009	Lease up Completed





**1924  
Midway School**

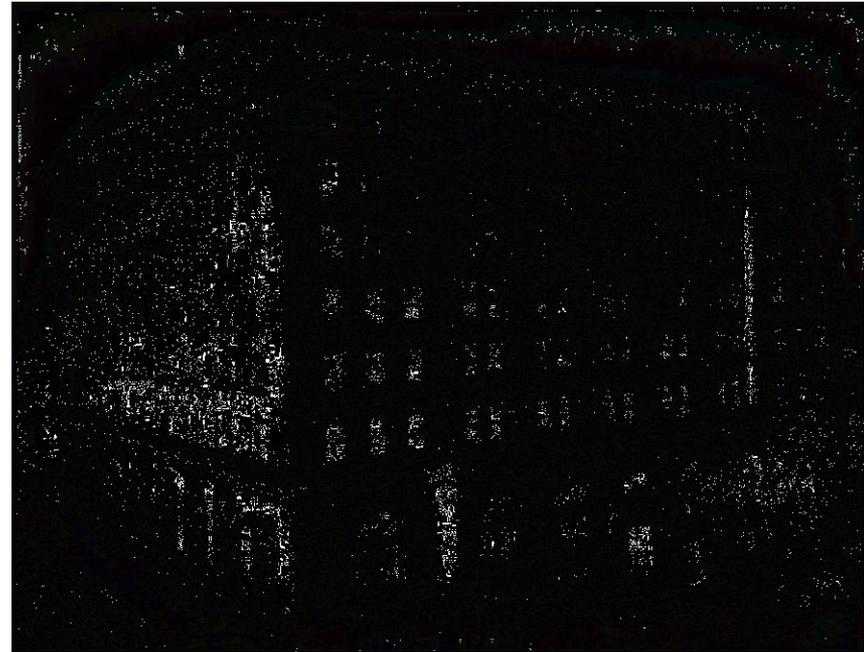




THE  
MIDWAY  
SCHOOL  
APARTMENTS

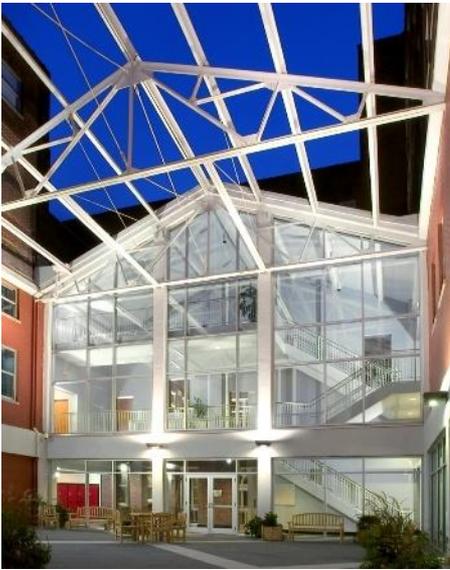


# 1913 Former YMCA



StF

THE St Francis APARTMENTS | COMMERCIAL





Beattyville School  
1926



BEATTYVILLE  
SCHOOL APARTMENTS





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