

**CINCINNATI  
DEVELOPMENT  
FUND**

**Cincinnati City Council  
Equitable Growth & Housing Committee  
October 25, 2022**

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DEVELOPMENT  
FUND

**Creating Vibrant,  
Inclusive Neighborhoods  
Since 1988**

2022

# CDF's Mission

**Mission:** CDF's mission is to provide *innovative* real estate financing for projects that *strengthen* low-income neighborhoods and *improve* lives.



# CDF's Vision

- **Vision:** is to be at the *forefront* of redevelopment plans in Greater Cincinnati, helping low-income communities preserve their historic buildings and *create vibrant, inclusive neighborhoods.*



# About CDF

- Created in 1988 as an independent, non-profit community development lender, focused on affordable housing.
- In 1999, expanded beyond its traditional role as a conduit for local banks, and began attracting diverse sources of capital to make direct loans for mixed-use, mixed-income neighborhood revitalization projects.
- Expanded into commercial real estate financing in 2005 with its first allocation of federal New Markets Tax Credits (NMTC).
- As of 6/30/2022, CDF has financed projects totaling more than \$444 million (plus \$382 million in NMTC investments), resulting in the creation of 7,046 housing units and more than 22,410 jobs, and leveraging investments totaling more than \$940 million (plus \$580 million in NMTC leverage investment).



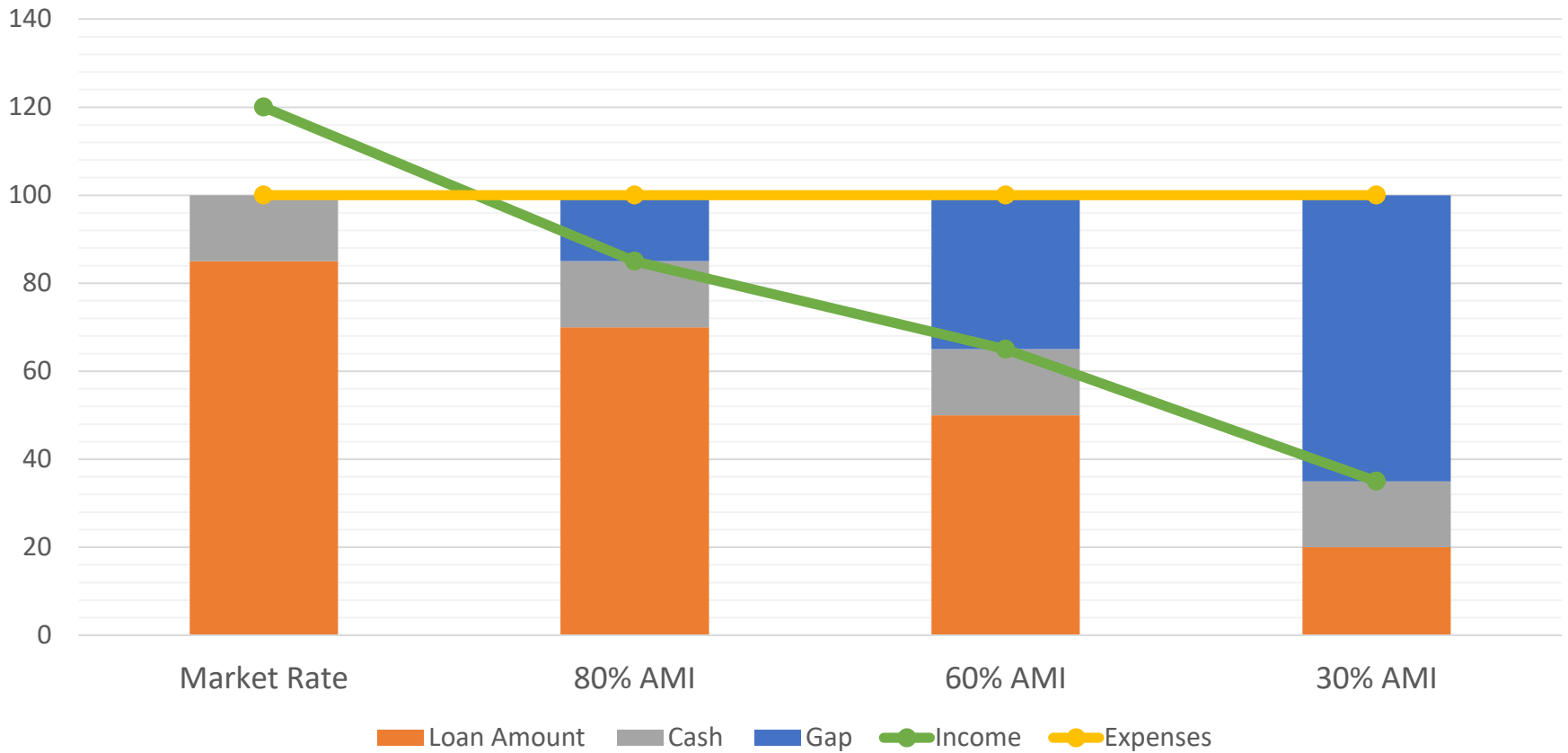
CDF's Office- 1224 Race St (OTR)

# What is the need?

- Financial gaps are a function of the “math” of building affordable housing
- Developers can access certain programs now, but moving beyond status quo requires *new* sources
- Affordable Housing Leverage Fund (AHLF) is a response to this reality

# Gaps Increase as Affordability Deepens

## Affordable Housing Capital Stack And Financing

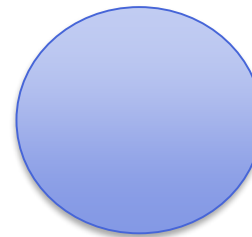
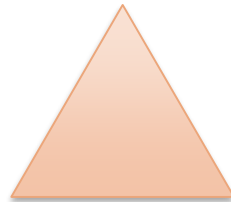
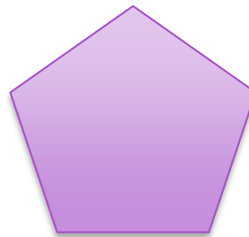


# Affordable Housing Leverage Fund

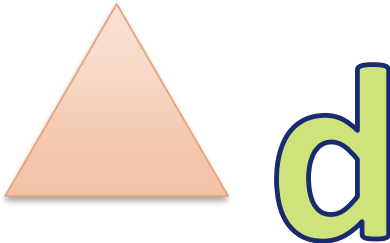
- “fund of funds” managed by CDF
- Aggregate funding from multiple sources so:
  - Each dollar can go further in combination with others;
  - Developers can plan for a more predictable and streamlined, and singular, place to go to fill those gaps;
  - new and different developers can engage with a process that is otherwise effectively limited to established groups with the expertise and capital to work through a very difficult and highly specialized process; and
  - establishing one place (with established credibility managing and deploying third party funds) for those who want to contribute funding to address this community priority.



# Developer with Resources



# Small Developer



# One Fund of Funds



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## Initial Commitments:

- City of Cincinnati: \$12.75MM AHTF
- CDFI Capital Magnet Fund: \$5.4MM
- GCF: \$5MM
- Bon Secours Mercy Health: \$3.2MM
- CDFI Rapid Response: \$1.8MM
- Health Path: \$500K
- Eagle/Western Southern: \$5MM
- City of Cincinnati: \$34MM HUD 108 loan
- CDF Enterprise Capital (CDF's balance sheet)

## Pending Commitments:

- Advanced negotiations with multiple public and private sources

## Why Sources Matter

- The AHLF has and will manage multiple funding sources.
- Grants to CDF can be loaned or granted by CDF without the expectation of repayment.
- Loans to CDF must be repaid by CDF, so loans from CDF must be structured as true debt.
- Net: range of products that requires matching source(s) to project need.

- The expertise CDF brings to this effort:
  - pooling resources
  - matching them to projects at critical junctures
  - knowledge of the market, people , and communities
  - speed
- Example: Slater Hall

## Lending as a core discipline:

- 34 years of lending to underserved communities
- Practices and procedures geared to vetting borrowers and structuring debt to ensure success
- Embedded in community development
- Full-service: loan underwriting, origination, construction oversight, servicing, revolving into new projects
- Organizational focus on affordable housing

## What We Do:

- Identify needs for access to capital
- Raise funds
- Create products
- Seek positive impacts

# Affordable Housing Leverage Fund

- A gap-filling fund that will leverage CDF's lending expertise, knowledge of the market, and relationships to accelerate the production and preservation of affordable housing by aggregating funding to provide a ***new*** and ***flexible*** source of financing to developers that aims to:
  - Expand production/preservation by existing developers
  - Entice new developers into the market, and
  - Attract new sources of private and public funding



- ***First***, by focusing on immediate production:
  - Filling gaps caused by rising construction costs
    - 9% LIHTC
    - NOFA
    - Other
  - Growing the 4% LIHTC market
  - Equity Bridge Loans

- ***Second***, by intentionally targeting and encouraging:
  - Smaller and minority developers
  - Smaller projects
  - Geographic diversity
  - Mixed-income
  - New structures and products
- Through engagement with and learning from these priority communities

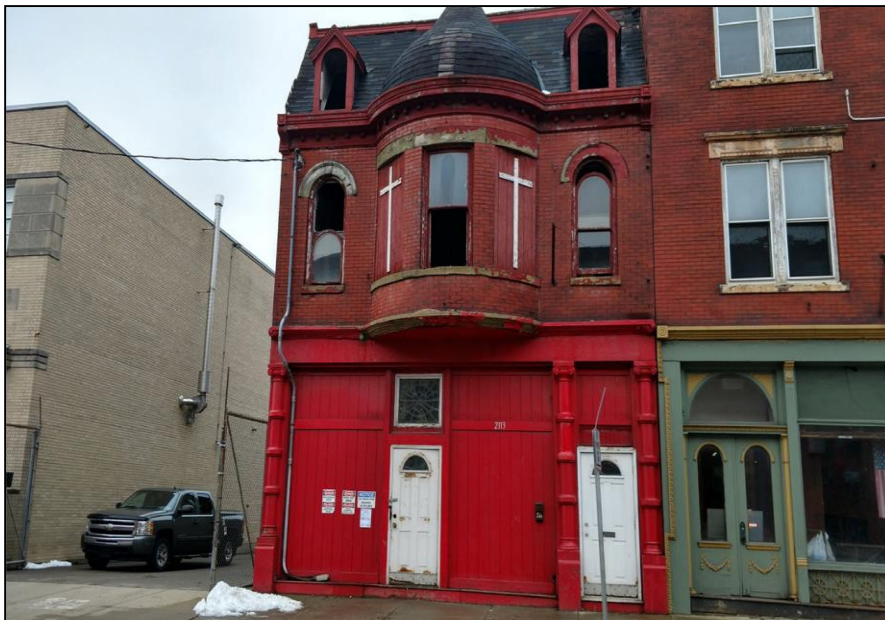
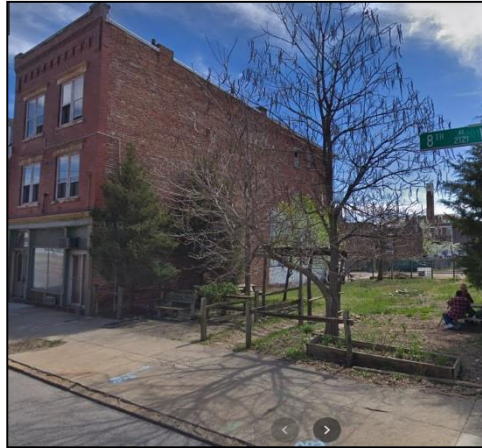
## Production from 2020-2022:

- CDF financed 16 real estate projects that included affordable housing.
- These projects created 527 affordable units across the housing spectrum: homeless shelter, permanent supportive housing, LIHTC, and workforce housing.
- Total loans of \$12.5 million leveraged \$73 million of additional capital.

## Pipeline:

- Engaged with multiple projects at a range of sizes and AMI levels

# Lower Price Hill Thrives



## Lower Price Hill Neighborhood

Predevelopment financing (\$380,000) to support:

47 units of affordable housing in 10 buildings and one new construction building

**Developers:** Community Matters and Over-the-Rhine Community Housing

**Total Project Cost:** \$12.6 million

# Melrose Place



## Walnut Hills Neighborhood

Predevelopment financing (\$500,000) for the creation of:

26 new units of permanent supportive housing with wraparound support services

**Developers:** Model Property Development and Interfaith Hospitality Network of Greater Cincinnati (IHNGC)

**Total Project Cost:** \$6.35 million

# John Arthur Flats



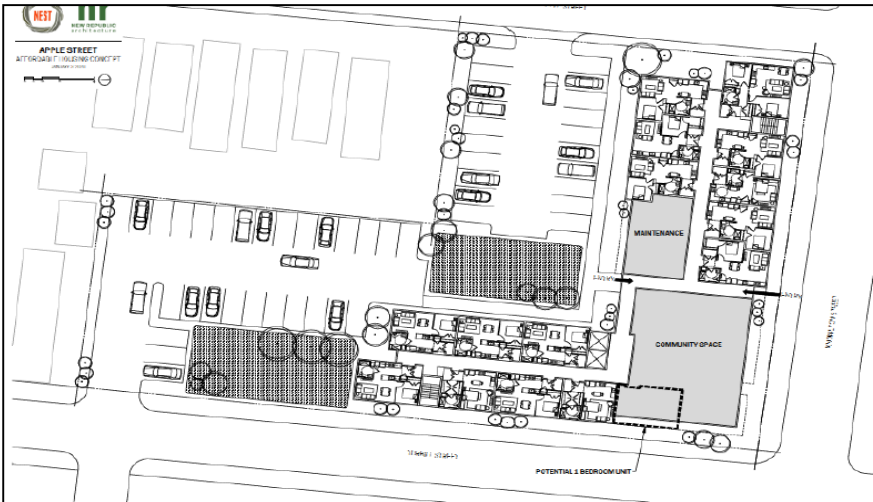
## Northside Neighborhood

Predevelopment financing for the creation of:

57 units of new affordable senior housing

**Developers:** Penrose LLC and Northsiders for Sustainable Transformation (NEST)

**Total Project Cost:** \$11.1 million



# 1714 Vine Street



## Over-the-Rhine Neighborhood

10 units of new rental housing

6 of 10 units are affordable to 80% or below  
AMI; all 1 bedroom, 1 bath units

**Developer:** 8K Development Company

**Total Project Cost:** \$1.2 million



# 728 Chalfonte Place



## Avondale Neighborhood

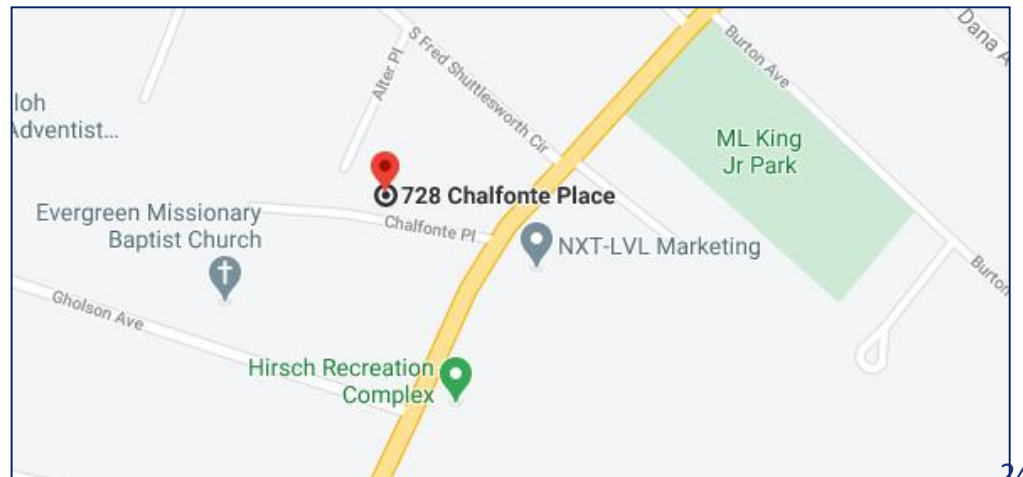
Assistance provided (\$182,000) to small nonprofit developer to acquire one 2-family and gut rehab an adjacent 2-family on Chalfonte Place

All units will be affordable to households below 80% AMI

Project is completed and leased up.

**Developer:** Renting Partnerships

**Total Project Cost:** \$386,951





## AHLF Strategy – Summary

- First, out of the gate, by prioritizing “shovel-ready” projects that can have immediate impact on our overall volume and which might be at risk of dying on the vine without this new source of funding.
- Second, by holding back some of the initial round of funds for projects in that second grouping that may need to tailor their projects to work with this new product; while also intentionally reaching out to the communities and places that may not be as plugged into the development pipeline as the established developers.
- Three, to continue aggressively pursuing the kind of funds necessary for each type of product.

## Looking Forward

- Borrowers can apply through current application process at [www.cindevfund.org](http://www.cindevfund.org)
- Future RFP once additional funds are secured
- Rolling applications and continued engagement to develop new products

## Thank You

We deeply appreciate this partnership and look forward to the work of meaningfully addressing housing affordability in our City together.

# Thank you!

## Contact Information

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