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According to Barnes, Dominion did not have difficulty getting its rehabilitation plans approved by the National Park Service and state historic preservation office – needed to qualify for federal and state historic tax credits. One requirement, though, was to install replicas of the building's original windows in places where workers expanded, re-opened, or created window openings. This even though the school district had previously replaced all the original windows.

Buzza Lofts is also a pioneer – one of the first projects to utilize Minnesota's state historic tax credit. Established in April 2010, Minnesota's incentive is a one-time tax credit equal to 20% of the amount of qualified rehabilitation expenditures. It is issued as a certificate that recipients may redeem for a refund if they don't have sufficient state tax liability to use the tax credits.

Funding Sources

The \$34.9 million Buzza Lofts project utilized several funding sources:

The largest piece was \$15.4 million in tax credit equity from RBC Capital Markets' Tax Credit Equity Group, which syndicated the 4% federal housing tax credits and federal historic tax credits. Eric Klipfer, Vice President of RBC Capital Markets' Tax Credit Equity Group, said RBC, which syndicated tax credits for two or three previous Dominion projects, liked the Buzza Lofts project for several reasons. "Dominion is a top-tier developer, the Uptown neighborhood of Minneapolis is a very strong market, and it just seemed like a great adaptive re-use of an old building," he said.

Other funding sources included a \$4.8 million loan capitalized by equity from Enhanced Historic Credit Partners, the state historic tax credit investor; an environmental clean-up grant; deferred developer and construction management fees; and a \$9.8 million first mortgage from U.S. Bank. The mortgage was funded by tax-exempt, 35-year variable-rate bonds purchased by the bank.

Barnes said the pay rate on the variable-rate bonds – which reset weekly and are hedged by a rate cap – is currently about 3%. Nonetheless, Dominion hopes to secure a federally insured Section 223(f) permanent mortgage to refinance the current debt and redeem the bonds, and is seeking approval for this from the U.S.

Department of Housing and Urban Development (HUD).

Buzza Lofts – overlooked by many others as a development opportunity – has turned out to be one of Dominion's crown jewels, according to Barnes. "It's the best location we've ever had in our portfolio of 41 years," he says. **TCA**

Harvard Center Embarks on Study of Senior Housing Issues

The Joint Center for Housing Studies of Harvard University is undertaking a study of senior housing issues, including the special needs of Americans as they get older.

"It's a timely and important issue," says Eric Belsky, Managing Director of the Center. "We'll be looking at the whole gamut of senior housing and what we think that looks like."

The report should be issued in early 2014, according to Belsky, who said planning of the study is now underway with input from an advisory committee.

He indicated that the broad-ranging study will cover not only demographic statistics and trends and the different kinds of housing that seniors now occupy (e.g., homes, apartments, assisted living) but also the factors that affect their housing choices – health and physical issues, finances, access to services, etc. – and future needs. The study will also examine policy implications.

"Our task," Belsky says, "is to take all this and put it into a context that helps people understand what these issues are, why they matter to them personally, and why they have social consequences." **TCA**