

Creative Urban Infill

Developer Carves Out Site for Affordable Housing from Shopping Center Parking Lot



*Rendering of The Greens at Logan Field
Baltimore County, Md.
Rendering by Liz Chapman, Grimm and Parker*

Once their new affordable apartment complex is completed, the seniors living at The Greens at Logan Field in Dundalk, Md. won't have to travel far to shop.

All they'll have to do is step out their door.

"Logan Field is interesting because it's something we've been trying to do for a long time," says Chickie Grayson, President & CEO of Baltimore-based Enterprise Homes, Inc. "It's on the site of an underutilized shopping center."



Photo by Richard N. Anderson

Chickie Grayson

Enterprise Homes is developing the 102 apartment tax credit property on a three-acre site that was once part of the parking lot of the Logan Village Shopping Center, a neighborhood strip center that continues to operate in this old suburban community in Baltimore County. Enterprise bought the site from the owner, who agreed to use some of the proceeds to make improvements to the shopping center, which now has a few empty storefronts.

Logan Village Shopping Center contains a variety of stores, including a supermarket, dollar store, barber shop, carry-out restaurants, and a gas station. The site also has a vacant, boarded-up commercial building. The site was originally part of Logan Field, a municipal airport that opened in 1920 but closed during World War II.

Shopping centers are definitely on the radar for Enterprise Homes, which like many developers faces heated competition as it tries to acquire sites for new affordable housing projects.

"We drive around looking for sites" says Grayson. "And one of the things we look for are underutilized shopping centers. And we found this one."

"Our objective," she explains, "is to build in areas that have retail, that have access to public transportation, and that are infill sites as opposed to green sites, and to give amenities to the people who will be living there."

Modern New Development

The Greens at Logan Field began construction in April and should be completed this December.

The four-story, wood-frame property will contain 84 one-bedroom and 18 two-bedroom apartments – all low-income housing tax credit units – for seniors 62 or older.

The development will house residents with a mix of incomes. Six units will be reserved for households earning 30% or less of the area median income (AMI), 14

units for households at 31%-40% of AMI, 42 units for renters at 41%-50% of AMI, and 40 units for households at 51%-60% of AMI. Six units will be set aside for persons with disabilities earning 30% or less of AMI. In the Baltimore metro area, 50% of AMI for an individual is \$30,000 a year.

Initial gross monthly rents will start from \$395 per month for the one-bedroom apartments and from \$840 for the two-bedroom units.

The development is being constructed to meet Enterprise Green Communities criteria, a national green building standard for affordable housing properties. Green features will include energy-efficient, double-pane low-E windows; water-conserving plumbing fixtures; Energy Star appliances; energy-saving light fixtures; and high-efficiency heating and cooling systems.

Residents at the Greens will enjoy many amenities within their building, including a fitness room, activity/computer room, laundry room, TV lounge, and community room.

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Source and Uses Summary

PERMANENT SOURCES

4% LIHTC Equity	\$4,069,724
(Enterprise Community Investment, Inc.)	
HUD-Insured Section 221(d)(4) First Mortgage	\$6,620,000
(Wells Fargo) *	
Maryland DHCD Rental Housing Works (Soft Loan)	\$2,000,000
Maryland DHCD Elderly Rental Housing Program	\$290,000
(Soft Loan)	
Maryland DHCD Partnership Rental (Soft Loan)	\$450,000
Maryland DHCD EmPower MD	\$22,767
Baltimore County HOME Funds (Soft Loan)	\$500,000
Federal Home Loan Bank Affordable	\$850,000
Housing Program(Soft Loan)	
Deferred Developer Fee and Equity	\$492,522
Total Sources	\$15,295,013

USES

Acquisition Costs	\$947,609
Construction Costs	\$9,473,024
Soft Costs Related to Construction	\$1,281,074
Financing Fees	\$1,336,760
Developer Fee	\$1,742,388
Guarantees and Reserves	\$514,158
Total Uses	\$15,295,013

* Construction financing provided by tax-exempt bonds in the amount of \$7,550,000 issued by Maryland DHCD and privately placed with Bank of America

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Pluck and Persistence

The Greens at Logan Field has a total development cost of nearly \$15.3 million and is utilizing many funding sources. Assembling this package required extreme pluck and persistence by Enterprise officials.

Enterprise controlled the site for three years. Grayson said Enterprise was unsuccessful several times in applying for 9% housing tax credits from the Maryland Department of Housing and Community Development (DHCD), as the state agency shifted its preference toward family over senior developments. Fortuitously, the governor proposed and the legislature approved a new state subsidy program called Rental Housing Works (RHW) and provided \$17.5 million in initial funding. Under this program, DHCD provides developers with a long-term gap financing to help fund affordable rental housing projects utilizing tax-exempt bond financing and 4% housing credits.

Enterprise received an initial award of RHW funds for The Greens at Logan Field, and the development was one of the first to close. The RHW funds were provided

as a 2%, 40-year soft loan. Grayson said the RHW dollars were vital for the viability of the project. "We couldn't have done it without it."

DHCD issued a short-term tax-exempt bond of \$7.55 million that is providing the construction financing. The bond was privately placed with Bank of America and will be redeemed after construction is finished. Other funding sources include \$4.1 million in equity from Enterprise Community Investment, Inc., which syndicated the housing credits for 98.75 cents per dollar of tax credit; a HUD-insured Section 221(d)(4) permanent mortgage; developer equity; two additional soft loans and EmPower funds for energy efficient improvements from DHCD; a soft loan of federal HOME funds from Baltimore County; and a soft loan capitalized by Federal Home Loan Bank Affordable Housing Program monies.

Development Praised

Kevin Kamenetz, the county executive of Baltimore County (pop. 815,000), had positive words about The Greens at Logan Field and explained what it will mean for Dundalk.

Baltimore County, which surrounds the city of Baltimore but doesn't include it, was built out as a suburb in the 1950s and 1960s when the population boomed. As a result, Kamenetz said, many seniors in Dundalk and other communities in the county have reached the age where they are no longer able to maintain their single-family homes and thereby need to make a transition, but still wish to stay in the same neighborhood. "So the concept of having senior housing opportunities for those on fixed incomes," Kamenetz says, "is something we encourage. We've had great experience with it."

Kamenetz said The Greens at Logan Field will also help rejuvenate the current shopping center, thereby benefiting the neighborhood. "That's why that location appealed to us," he says. "It offers stabilization of the shopping center and provides a customer base."

After many challenges, Grayson is jubilant that The Greens at Logan Field is becoming a reality.

"Challenges are what developers do well," she says. "They take those challenges, they know what the rules are, and they just go after it. And that's what we did here. We had a site we liked. We knew there was a strong market for it. And while we didn't finance it the way we originally thought we would, by virtue of luck and our ability to figure out what financing you can use we were able to put it all together to make it happen." **TCA**



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