

CITY OF CLEVELAND
DEPARTMENT OF COMMUNITY DEVELOPMENT
Gap Financing Housing Projects - American Rescue Plan (ARPA)
LEGISLATIVE REQUEST - EXECUTIVE SUMMARY
ORDINANCE NO. 900-2022

Purpose: The goal of ARPA Housing for all to compliment the suite of housing tools to spark housing development in the private sector through public and public/private partnerships. Specifically, this gap funding initiative will help to sure up financing gaps so that projects can be completed more quickly. Inherent in the program design, these funds will leverage other dollars and only fill in as a necessary gap. CD projects 1:8 in leverage as evidenced by existing gap financing programs. The community impact of a \$35 million allocation to provide Gap Financing for housing development will provide approximately 3,150 housing units directly impacting approximately 6,000 residents. Indirect benefit will be to 25 sub neighborhoods (500 housing units per sub neighborhood) with an impact to 50,000 residents.

This huge investment in new and rehabbed housing in the city's neighborhoods will help stabilize our neighborhoods and grow our city, attracting more residents to provide for a more vibrant and sustainable city.

Program Description: The Housing Gap Financing Fund will provide grants and/or equity stake in projects to incentivize the renovation and construction of affordable, workforce housing projects, mixed-income, and market rate projects. This will be accomplished through two channels. 1) Invest in the existing pipeline of housing proposals submitted to the City of Cleveland through the Housing Development Office in Community Development. 2) Create a sustainable fund that leverages private financing with public dollars to invest in housing projects in Cleveland, with a priority on creative approaches that maximize leverage on the City's ARPA investment. Approximately \$25 million of the ARPA funding will be invested in affordable housing and \$10 million in market rate housing projects.

Award Amount: \$35,000,000

- \$24,750,000 affordable housing development (*Restricted ARPA*)
- \$9,750,000 market rate housing projects (*General ARPA*)
- \$500,000 administrative direct and indirect costs

Period of Performance: Estimated Project Start Date: Upon receipt of funds
Estimated Project End Date: TBD