

Ordinance No: 637-2024

Legislative Purpose: Authorizing the Director of Community Development to enter into a contract with Cleveland Housing Investment Fund, LLC, wholly owned by LISC and managed by LISC Fund Management, LLC, for the purpose of providing seed funding for the CHIF, which will invest in mixed-income housing preservation and new construction in the City of Cleveland.

Housing Advisory Board: May 8, 2024

Project Summary: The City's 10-year housing plan calls for the preservation, protection, and production of over 100,000 housing units. The City will partner with LISC, a national leader in housing solutions, to establish a \$100M housing investment fund to help produce up to 2,000 units of new housing in the City of Cleveland.

LISC proposes an \$18M grant of City funds that will help raise an additional \$82M from the private sector for a total \$100M housing investment fund. The CHIF will provide low-cost loans for acquisition, rehabilitation, and new construction of mixed-income affordable housing in the City of Cleveland. The fund is comprised of 3 loan products: subordinate debt, with more favorable rates and underwriting criteria; senior debt priced below market rates with favorable underwriting criteria; and preferred equity. The 1,500 – 2,000 units of housing created over 5 years will diversify available housing type, improve affordable offerings for those earning up to 120% AMI, and drive capital to historically redlined neighborhoods. City funds within the CHIF will enable the flexible financing needed for this development and preservation, along with capacity building for emerging contractors and developers. Projects will be scored and funded in alignment with the City's community and economic development goals, based on the City's newly developed community benefits and incentive scorecard. The fund will also help ensure sustainability for low-income housing tax credit projects. Key performance measures include number of middle and mixed-income housing units created or preserved, number of tenants at 120% AMI or below, number of households transitioning to home ownership, minority contractor and developer engagement, and equitable investment across all neighborhoods. The CHIF will also report to the City on fund activities and project pipeline. CHIF investment will help fill project financing gaps, create opportunities for emerging and minority developers, extend the reach of existing City resources,

and contribute new and preserved affordable housing units to the City's 2030 Housing Equity Plan goals.

City Funds and Use:

Grant not to exceed \$18,000,000 to the CHIF from the City General Fund (\$10M ARPA [now general fund] earmarked for down payment assistance, \$5M general fund from transfer ordinance, \$3M ARPA [now general fund] previously passed for catalytic SE development). City funds will be held in a separate interest-bearing account. City funds will go towards low-cost loan capital to developers and contractors, all loan products in the fund, loan loss reserve, and administrative overhead.

Attachments:

LISC proposal

Alyssa Hernandez
Director, Department of Community Development

Date: _____