

DEPARTMENT OF ECONOMIC DEVELOPMENT

EXECUTIVE SUMMARY

Project: Blanket Mills Redevelopment
Address: 3160 W. 33rd Street
Ward: 14

A development team led by Mort Levin (the Levin Group) has been leading the development of the former Blanket Mills building on Fulton Road, on the same plot as the Lin-Omni building near W. 33rd Street. The building is proposed as a mixed-use building that will help to anchor that neighborhood and kickstart some of the implementation efforts of the Ward 14 planning process. The building was originally constructed in 1889 and consists of 113,000 sf over 3 stories.

The first floor of the building will consist of 35,000 sf of commercial space, anchored by the Centers for Families and Children, who will bring 70 jobs to the site, as well as providing key social services for the neighborhood. The top two floors will consist of 60 affordable housing units, which were awarded an allocation from the FHAct50 City allocation of LIHTC in 2019. The project will have 12 1BR units, 42 2BR units, and 6 3BR units. 6 units (2 of each type) will be priced at 30%AMI and the remainder at 60% AMI. They have received an allocation of 60 vouchers from CMHA.

The development faces several challenges. The building is in extremely challenging condition, including a required partial demolition and will require significant work to bring it to productive use. Construction costs continue to increase during the COVID pandemic. The development team has invested significant capital in predevelopment already.

To assist with this project, the Department has recommended a non-school TIF and a \$2,000,000 development loan.

Loan Terms

Term: 30-Years

Interest Rate: 0%, Years 1-15
2%, Years 11-30

Amortization: \$1,000,000: 15 Years, Starting in Year 16
\$750,000: Payment due in Year 30.
\$250,000 eligible for forgiveness in Year 10 if 25 jobs are maintained at the project site and affordability is maintained.

Collateral: Shared Subordinate Position

Est. TIF Value: \$1,258,000

Estimated Sources & Uses

Commercial

SOURCES		USES	
Bank Loan (PNC or USBank)	\$2,746,172	Acquisition	\$400,800
New Market Tax Credits	\$2,330,000	Hard Construction	\$7,960,388
Federal HTC Equity	\$1,533,824	Soft Costs	\$546,670
State HTC Equity	\$1,524,560	Developer Fee	\$1,000,000
Deferred Developer Fee	\$390,000	Transaction Costs/Reserves	\$1,096,698
City of Cleveland Loan	\$1,980,000		
Developer Equity	\$500,000		
TOTAL	\$11,004,556	TOTAL	\$11,004,556

Residential

SOURCES		USES	
Bank Loan (PNC or USBank)	\$4,500,000	Acquisition	\$799,200
LIHTC	\$9,539,905	Hard Construction	\$16,831,345
Federal HTC Equity	\$3,229,123	Soft Costs	\$1,803,730
State HTC Equity	\$1,059,440	Developer Fee	\$1,350,000
Deferred Developer Fee	\$654,931	Transaction Costs/Reserves	\$999,124
Cleveland Housing Trust Fund	\$1,000,000		
City of Cleveland Loan	\$770,000		
Developer Equity	\$500,000		
TOTAL	\$21,783,399	TOTAL	\$21,783,399

Community Benefits:

- Chapter 187 Applies
- Chapter 188 Applies
- Project will be Prevailing Wage