

# Villas of the Valley– Frequently Asked Questions

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***Disclaimer: These FAQs will be revised frequently with input from a variety of Valley Homes stakeholders. Therefore some of the answers maybe modified and expanded based upon developing information, further design work, zoning approvals, financing approvals issued, or input from stakeholders. Please refer to the most recently dated FAQ for up to date information.***

***All new questions will be noted.***

**UPDATED 6-1-2010**

## Villas of the Valley– Frequently Asked Questions

### Villas of the Valley Background:

In January of 2007, the court-approved Valley Homes Mutual Housing Corporation (VHMHC) Board set up the Valley Homes Redevelopment Task Force as a committee of the Board. This committee began meeting to try to find a way to secure safe and affordable housing at Valley Homes and to find a way out of the financial crisis that Valley Homes faced. The first concern of the group was to secure improved housing for the large number of seniors who currently live at Valley Homes. VHMHC began circulating requests for development proposals in May of 2007.

At a special meeting of the Valley Homes membership on January 22, 2008, the Members voted to select the Model Group as the new project developer and to support a Housing Tax Credit Application proposal required to secure financing. This vote authorized the Model Group to proceed in submitting an application for Low Income Housing Tax Credits, the primary source of funding for the proposed development. The meeting was attended by 36 Members. Those not in attendance received ballots in advance of the meeting. After reviewing multiple proposals from developers, the Model Group was selected to carry out the VHMHC's redevelopment vision due to their successful history of meeting expectations and securing financing.

After a rigorous application process, the Ohio Housing Finance Agency (OHFA) awarded Model's application for an allocation of Housing Tax Credits in July of 2008. Demolition of the existing units began in March of 2010. As of May 2010, sitework is underway and vertical construction will begin in June of 2010. 42 new one-story, two-bedroom single-family homes for seniors will be completed by the end of 2010.

The purpose of this document is to gather in one place the most frequently asked questions (FAQs) and answers about the proposed development project. These FAQs will be updated frequently to provide updated information as the project moves forward and as new questions are raised. The most recent updated version will be made available on the Model Group's website ([www.modelgroup.net](http://www.modelgroup.net)), through email, available at the Model construction trailer, and through the Valley Homes Redevelopment Task Force.

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## **Villas of the Valley– Frequently Asked Questions**

### **Valley Homes Mutual Housing Corporation FAQs:**

#### **Why is Valley Homes in Receivership?**

In the fall of 2005 and early winter of 2006, Valley Homes and VHMHC faced the loss of all utility services, garbage was piling up, real estate taxes were unpaid, and emergency and necessary repairs were not being made. The Valley Homes complex was within days of closing down in February, 2006, when Hamilton County Common Pleas Judge Helmick declared the property as a public nuisance, placed it under receivership, and appointed Maureen Wood as receiver. In late 2009, Maureen Wood stepped down and has been replaced with Alan R. Williams of Syncom Management. VHMHC still owes significant funds to Duke and the Cincinnati Water Works. Utility service tentatively remains available only through the receivership. Necessary and vital property repairs remain unaddressed due to unavailability of funds.

#### **What is the “Valley Homes Redevelopment Task Force?”**

The Valley Homes Redevelopment Task Force (VHRTF) is an Ad-Hoc committee of the Board of VHMHC whose mission is to secure better standards of living for Valley Homes residents. The committee includes all officers of the corporation.

#### **Why did VHMHC decide to redevelop the complex?**

The VHRTF committee was set up to find a solution to the deteriorating financial and physical conditions at Valley Homes. Early on, it became clear to the VHRTF committee that repairing the existing buildings was not a realistic option due to their extreme state of deterioration. Additionally VHRTF needed to find a development partner with the resources to rebuild the complex and infrastructure to provide new housing for Valley Homes’ residents, many of whom are elderly and have lived in the complex for decades.

#### **How did VHMHC select the Model Group as the developer?**

After working for several months, the VHRTF committee developed and circulated a request for proposals (RFP) for a redevelopment plan to meet the current needs of the existing residents, consistent with the comprehensive plan of the Village of Lincoln Heights.

The committee secured grant funds from an outside source that enabled them to attend conferences and learn about the development process, funding programs, and matching fund requirements. They have also traveled to sites to tour similar developments, including a development by the Model Group.

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The committee met with and interviewed numerous entities and individuals who expressed interest in redeveloping Valley Homes. These included Mr. L. R. O’Toole, Mr. Christopher Posey, Urban Development Enterprise Group in partnership with Mr. Ephren Taylor of City Capital of Louisville, KY., Mr. Al Gentry and Mr. Jerry Maus of Housing Opportunities & Concepts of Baltimore, MD, Dr. Lewis E. Bunton of Valley Ministers Conference of Lincoln Heights and Vicinity, Mr. Henderson and Mr. Carlisle.

Three developers submitted formal proposals: The Model Group, Housing Opportunities & Concepts, and Episcopal Retirement Homes, Inc. Of the three proposals, only the Model Group and Episcopal Retirement Homes had the prior experience necessary to be eligible to receive an allocation of Housing Tax Credits from the Ohio Housing Finance Agency. Without such a Housing Tax Credit allocation, the redevelopment of Valley Homes would not be possible. Since Housing Tax Credits were needed to secure the additional funds required to make the development affordable to the residents of Valley Homes, VHMHC asked these two groups to submit a proposal. The Model Group worked with the committee and submitted a successful application to the state agency that administers the Tax Credits.

### **How often do the Board and the VHRTF committee meet?**

Since the Board and committee started up again after receivership commencement, the residents/Members have been meeting with the VHRTF weekly and the Board has met monthly, except when weather did not permit. Meetings have been open to all residents of Valley Homes. The public could attend if they made a request to come to a meeting.

### **How do I get my concerns on the agenda for Board meetings?**

All residents and the general public may put their concerns in writing and submit them to the Board office prior to any scheduled Board meeting if they want their issue/concern added to the agenda.

### **How do I know that there is a Board meeting?**

Notices for all Board meetings are taped on or placed in the residents’ doors at least 3 days prior to the scheduled meeting and posted at various Valley Homes locations. In the case of a required vote on corporate matters, the notices were also sent in the mail to all residents.

### **Who are the Members of Valley Homes Mutual Housing Corporation?**

People who meet the following qualifications:

- a. Now living at Valley Homes

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- b. Have a signed membership contract with the corporation in his or her name and has occupied the unit without an absence of more than 6 months
- c. Has proof he or she paid the \$525 membership fee and the first month's housing payment
- d. Is in good standing with the requirements of the Code of Regulations of the corporation.
- e. Membership has not been revoked by VHMHC in accordance with the Code of Regulations

### **How many members are there?**

It is estimated that there are currently up to 60 Members.

### **To what does membership entitle a Member?**

- a. Perpetual use and enjoyment to occupy a designated apartment unit at Valley Homes, provided the Member pays the cost of its utilities, its share of operating expenses, maintains its apartment unit in good repair, and pays other charges required under its membership contract with VHMHC.
- b. Voting rights in the corporation.

***Note: Lawyers for VHMCH, Model and the Legal Aid Society of Cincinnati are currently reviewing all corporate governance documents to better understand and answer Valley Homes' membership questions. The proceeding information was given to Model by VHMHC or their counsel.***

# Villas of the Valley– Frequently Asked Questions

## OWNERSHIP QUESTIONS:

### **What is “Villas of the Valley”?**

Villas of the Valley is the legal name of the limited partnership that the Model Group has formed to redevelop Phase I of Valley Homes. Since the name “Valley Homes” was already in use by VHMHC, the Model Group could not legally use the same name for the entity that will undertake the Phase I development. Valley Homes Mutual Housing Corporation is still and will remain the owner of the land so that housing development can still be referred to as “Valley Homes.”

### **Who will own the land in the proposed deal? Who will own the new homes? Will VHMHC ever get the homes back?**

Valley Homes Mutual Housing Corporation (VHMHC) will continue to own the land throughout all phases of the redevelopment process.. Villas of the Valley Limited Partnership (Villas LPS), the entity formed to undertake the Phase I redevelopment, will signed a 50 year Ground Lease with VHMHC for the two parcels of land north of Medosch Avenue, upon which Phase I will be developed. This long term ground lease is required by the Ohio Housing Finance Agency in order to receive the Housing Tax Credits which will help finance the development.

Villas LPS will own and manage the buildings it constructs (but not the land) during the 15 year term of the Housing Tax Credit compliance period. At the end of the Housing Tax Credit compliance period, VHMHC will have the legal option to purchase the buildings for a price equal to the amount of the then outstanding debt, plus exit taxes of the investor limited partners of Villas LPS. The actual debt amount will not be known for certain until the end of the compliance period, but Villas LPS has committed to use its best efforts to assemble grants and other financing sources that will leave little or no debt that is required to be repaid at the end of 15 years.

VHMHC may exercise its right to purchase the buildings at any time after year 15. If the VHMHC is unable to exercise its option to purchase after 15 years, Villas LPS would continue to own and manage the buildings for the remaining term of the Ground Lease. After the Ground Lease term runs out, title to all buildings in Phase I will revert automatically back to VHMHC at no cost to VHMHC or Valley Homes residents.

### **What are the terms of the land lease?**

The Ground Lease term runs for 50 years, at rent of \$1 per year plus one lump sum payment of \$468,476. This Lease will be a “triple net” lease, meaning that Villas LPS will pay all real estate

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taxes, common area utilities, insurance and maintenance on the buildings constructed on the land, so that there would be no out of pocket costs for VHMHC for the leased parcels.

### **Will the people who rent the new homes have a chance to buy them?**

The right to purchase the homes after year 15 of the Housing Tax Credit will belong to VHMHC. The sale of individual units to residents is a matter for VHMHC to decide when it acquires the buildings after the 15 year Housing Tax Credit compliance period or after the term of the Ground Lease, subject to the Housing Tax Credit affordability restrictions (discussed below) that must run through year 30. The Model Group would have no say in these house sale matters whatsoever after VHMHC acquires title to the buildings, as discussed above.

### **Who may live in the new houses in Phase I?**

For the first 30 years of a tax credit period, residents of 42 houses built in Phase I must be age 55 or older and meet the tax credit definition of “low income” provided in the Internal Revenue Code. These affordability restrictions limit occupancy to individuals or households whose income is at or less than 60% of the gross median income for the area.

Those income guidelines (maximum allowable income) are currently as follows (updated 5/16/10 to reflect 2010 income levels):

<b>Persons in Household</b>	<b>60% Income Level</b>
1	\$29,220
2	\$33,360
3	\$37,560

Once a resident meets the income guidelines at initial move in occupancy, he or she no longer has to meet the income eligibility guidelines for the tax credit compliance, provided that the tenants who occupy the unit are on the Lease and their identity does not change. If a resident who is income eligible at initial occupancy later rises above the 60% income level eligibility requirement, this will not affect their income eligibility for future years. This is a one-time test done at initial occupancy.

Residents whose units were part of the demolition plan have been given the option to move into a new Phase I home if they meet the age and income requirements. The remaining homes will go first to current Members who are age and income qualified, next to other qualifying Valley Homes tenants, and then to the general public.

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### **What will rent be for the Phase I homes when the Phase I project is complete?**

Rent will be tiered between \$508 and \$548 per month. This amount will include the following utilities: water, sewer, gas, electric.

### **What happens to the rights of Members of VHMHC?**

The Model Group and VHMHC signed an MOU that clarifies and protects the rights of the Members of VHMHC. The intent is to: (i) permit Members to maintain possession rights substantially similar to the rights they currently possess (acknowledging that current units north of Medosch Avenue will be demolished as part of the Phase I development) and to permit their occupancy of Phase I units if they are age and income eligible, (ii) to assist Members currently residing north of Medosch Avenue to relocate to units south of Medosch Avenue if they are not age and income eligible to occupy Phase I units, and (iii) continue all Member rights when VHMHC acquires title to the buildings after year 15.

### **What options exist for residents of Valley Homes that are younger than 55 and live south of Medosch?**

You may continue to reside as a resident of the existing Valley Homes in units south of Medosch Avenue. You may be eligible for new housing to be developed in Phase II.

### **If a person moves in and passes away, who then owns the property?**

This is subject to the existing agreement already in place among the owners. The developer is working with attorneys to better understand this unique agreement and will share our discoveries on future FAQ postings. The ownership of the perpetual use agreement NEVER goes to the developer.

# Villas of the Valley– Frequently Asked Questions

## RELOCATION QUESTIONS:

### **What payments are provided for relocation assistance?**

The developer is required to provide relocation assistance in accordance with The Uniform Relocation Act of 1970 which can be found in its entirety at <http://nhl.gov/offices/cpd/affordablehousing/training/web/relocation/overview.cfm>

The developer is required to help residents find comparable housing and is responsible for paying the difference in rent if the comparable housing selected is higher than the rent at Valley Homes. Amber Storie from Model's office has been working with individual residents on the relocation process.

### **What happens to people who live in the buildings that are included in the demolition plan?**

Residents who lived North of Medosch Avenue have been relocated. Plans for demolition and relocation of the residents south of Medosch are in progress. Model's relocation staff will meet individually with residents on the south side of Medosch who will be affected by the demolition for Phase II.

The Model Group has worked with as many current Valley Homes residents as possible on the Valley Homes site, by moving residents to available units south of Medosch. Those that could not be relocated on the Valley Homes site have worked with relocation staff in order to find a comparable place to live. Regardless of where they were relocated, residents who lived north of Medosch Avenue will be given the first right to return to new units in Phase I, provided they are income-qualified and age 55 or older.

### **Will residents have choices in the relocation process?**

The developer has worked with each resident in Phase 1 to attempt to satisfy all of their housing needs. The developer is required to assist the tenant in locating a comparable replacement dwelling either on site or in the immediate vicinity of the project for an affordable rent. The comparable replacement dwelling must be decent, safe, sanitary, meet all local codes, and functionally equivalent to the displacement dwelling. The developer will attempt to relocate as many residents as possible to the units south of Medosch. If the tenant cannot be relocated south of Medosch, the offsite unit should, if possible, be located in the same community as the project so as to minimize such impacts as school transfers on the tenants and

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their children. Relocation assistance for tenants that must relocate for a period in excess of 30 days will include the following:

- Utility disconnection and reconnection charges incurred as a result of the move;
- Actual moving costs (For elderly and special need tenants, moving costs may include packing and unpacking, and assembling and disassembling items of personal property);
- If tenant cannot be relocated to a comparable unit in south of Medosch during the rehabilitation, the developer will also reimburse the tenant for any rent differential between the off sites comparable unit rent and project rent at time of relocation. This assistance must be paid for the period from relocation until the completion of the rehabilitation. (Although the tenant may elect to temporarily relocate to a unit outside the immediate vicinity of the project, rent differential will be based on comparable rents within the primary market area of the project).

### **If a senior does not want to move into a new senior cottage, what is the buyout agreement?**

Provided they meet the income criteria, seniors will have the option of moving into a new cottage, a new apartment in Phase II, or staying in one of the existing buildings on the south side of Medosch. There is no “buyout” available as the new development entity does not own the land and VHMHC does not have funds to do so.

### **Before relocation, will residents know if they are qualified to move back in?**

Yes. The only exception may be if the resident has a substantial increase in income (above the limits) after they relocate but prior to moving back in.

# Villas of the Valley– Frequently Asked Questions

## CONSTRUCTION & DESIGN FAQs:

### **Why can't the existing buildings just be renovated instead of demolished?**

The VHRTF committee was not able to find a funding source or a developer with a track record of securing funding for the renovation of the existing buildings and infrastructure in the deteriorated condition that currently exists. Most of the buildings are in such poor condition that they cannot be brought up to current code standards without significant costs that would make renovation infeasible.

A few specific additional reasons not to renovate include:

1. Many of the existing units contain stairs that seniors cannot easily navigate.
2. Many of the doorways and restrooms do not have space that can allow for ADA (American Disability Act) approved handicap accessibility required under current building codes.
3. The water and sewer lines that run beneath the buildings are significantly deteriorated and must be replaced.
4. The buildings have considerable amounts of asbestos containing materials and lead paint.
5. Many of the buildings have been taking on water for an extended period of time through roof leaks, plumbing leaks and missing/broken windows. This has produced rot, which creates structural problems with the buildings, and mold, which can pose considerable health risks.
6. The existing layout of the site invites unauthorized loitering in parking lots and between buildings. The new site plan addresses these concerns by creating "eyes on the street" and open spaces where unwanted visitors are easily identified.

### **What is the difference between Phase I and Phase II of the redevelopment effort? Is there going to be a Phase III?**

Phase I of the redevelopment plan is for new construction of 42 senior villas on the two parcels north of Medosch Avenue. These units will be made available to seniors ages 55 and older who meet the income eligibility qualifications.

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Phase II is a proposed plan of 35 units of family housing (no senior age restrictions) along the south side of Medosch Avenue that are available to any resident who meets income qualifications similar to Phase I. Phase II will consist of one, two and three bedroom units. The Model Group is working with the VHMHC to explore options for Phase III, which would be further development on the parcel on the site south of Medosch. Phase I and II are two separate transactions that will be funded out of two different Housing Tax Credit allocations. Each will be owned by a separate, but related entity. VHMHC will own the ground on which Phase I and Phase II will be developed.

### **There were historically 350 units in Valley Homes. Phases 1 and 2 of the redevelopment plan include less total units. Why has the density been reduced?**

There are several main reasons for this decision:

- It is extremely difficult to obtain financing to develop the entire Valley Homes site at one time. Financing is only available when the project is completed in smaller phases. The Villas of the Valley development will be handled in smaller phases for this reason. Phase I will include the demolition of all buildings north of Medosch Avenue, which includes only 43 occupied units. These buildings will be replaced with 42 new construction detached homes for seniors. The livable units south of Medosch Avenue will remain available for occupancy during construction and until further phases are executed. Financing has been obtained for Phase II, which proposes to build 35 multi-family units on the south side of Medosch beginning in the fall of 2010. The Model Group is working with the VHMHC Board to decide the best uses for the rest of the Valley Homes site south of Medosch Avenue.
- Current vacancy levels in Valley Homes and in the surrounding Lincoln Heights community do not support building more than 42 units in Phase I. Of the 166 units that existed on the north side of Medosch Avenue, only 43 units were occupied. This represents only about 25% occupancy on the site. Additionally, many vacancies exist in other Lincoln Heights properties, such as the Centennial Estates, which has over 20 current vacancies. These vacancies show that there is not enough demand to support the existing 350 units.
- The Model Group commissioned Vogt Williams Bowen Research to complete a market study of the area. The market study found there to be an absorption rate within Lincoln Heights for the types of units being proposed of seven to nine units per month. For the Model Group's proposed Phase I development of 42 units, this absorption rate estimates it would reach a stabilized occupancy of 95% within five to seven months of opening. This is an acceptable timeframe to the tax credit investors. Conversely, if 350 new units were to be built all at once with this same absorption rate it would take over four years for the development to be fully occupied. With four years needed to fill a

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development, investors would not be able to be attracted to the project. By doing the redevelopment in phases we can demonstrate the demand for new units.

- Preferences for detached single family lot sizes that are over 40' wide have been consistently expressed by community members at various public hearings. The 2001 version of the Community Urban Renewal Plan: A Strategy for Revitalizing the Village of Lincoln Heights identifies lots that are smaller than 40' as hindrances to "new residential and commercial development" (page 5). For these reasons the Model Group developed their Phase I Villas of the Valley to include lots that are 40' or larger which requires more land per unit than the previous design.
- Model submitted a proposal to build more units on the north side of Medosch but was rejected by Lincoln Heights planning commission.

### **What is the construction timeline for Phase 1?**

- Demolition Phase 1 Begins: March 2010
- Sitework Begins: April 2010
- Vertical Construction Begins: June 2010
- Completion: Staggered from October 2010 to December 2010
- Move-In Begins: October 2010
- Demolition Phase 2 Begins: Fall of 2010

### **Why do things seem to be moving forward so quickly?**

Some of the funds that are being used for Phase I are part of President Obama's recently enacted stimulus plan. The federal and state governments who allocate these funds require these funds to be used quickly for "shovel ready" projects; otherwise, they are lost. Phase I needs funds from the Tax Credit Assistance Program (TCAP), which is federal stimulus money set aside specifically for Housing Tax Credit deals. If these funds cannot be allocated and utilized quickly, the Villas I and II developments will not be eligible to use them.

The main funding source is provided through the utilization of Housing Tax Credits which have strict time limits imposed by the IRS.

### **What is happening with the existing infrastructure?**

The existing sewers, water mains and electrical grid at Valley Homes are in terrible condition and at risk of failing. Their capacity and condition are inadequate for the new homes being developed. Therefore, the entire existing infrastructure will be replaced as part of the Phase I development.

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One new street will be built on the north side of Medosch, while Medosch itself will remain as it currently exists.

### **Can you describe the Phase I senior villas?**

The Phase I houses are two bedroom, one bathroom senior villas with approximately 1000 square feet (not counting the garage). Amenities include: a one car attached garage, driveway, high efficiency heating and air conditioning, dishwashers, ceiling fans, back patio, covered front porch, bamboo hardwood floor kitchens and ceramic tile floor bathrooms. The houses will all be one-level with at least one entrance that has no steps, to better serve an elderly population. Twenty percent of the homes will be fully ADA and wheelchair-accessible.

### **Do the proposed new villas have a brick façade?**

The current plan is for Certainteed®, or a similar equivalent fiber-cement board siding. You can learn more about Certainteed® siding by going to the following website:

<http://www.certainteed.com/products/siding>

### **Is there a requirement in for brick to be used on the new buildings?**

There is no requirement for brick in the Lincoln Heights Code.

### **Are there going to be streetlights and sidewalks? (Updated)**

Yes. The current plan for Phase I calls for new streetlights located along Medosch and in the new street. However, the streetlights and sidewalks on Medosch will not be completed until Phase II construction begins in late 2010.

### **Why don't any of the Phase I buildings face Wayne Avenue?**

The VHRTF and the architects tried to take into account the concerns of many seniors regarding the site and unit layouts. Many seniors expressed concern about the safety of the residents and preferred a street. There was concern about the traffic on Wayne and having seniors backing out on to Wayne Avenue from their driveways. Finally, there are light industrial uses across Wayne Avenue; the VHRTF and the design team felt that facing the homes towards Medosch was a better option for the senior residents.

### **Why are there different sized lots in Phase I? (Updated)**

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The Phase I lot sizes are different in order to accommodate the different types of houses.

- House Plan B is the standard house with driveway in front
- House Plan B1 is the standard house with driveway in rear
- House Plan C is a handicapped accessible house with driveway in front
- House Plan C1 is a handicapped accessible house with driveway in rear

### **Will there be room for fire trucks to be able to turn around in the proposed cul-de-sacs?**

Yes. The streets and cul-de-sacs were designed to Hamilton County zoning code specifications. The civil engineers did a computer simulation using a 40' bus and were able to make the turn within the right of way without using reverse.

### **Will the fire department be able to operate effectively in the new development?**

Yes. On August 18, 2009 we received personal notification from Asst. Chief Carlton Thomas that the fire department is satisfied with and gives their approval to our preliminary plan.

### **Are there environmental concerns with the current Valley Homes buildings? How will the redevelopment address these concerns?**

Yes, there are environmental concerns with the current Valley Homes buildings. The Model Group has hired an environmental consultant to perform an ASTM Phase I Environmental Review as well as an Asbestos Survey. As part of their due diligence process, Model's redevelopment plan has undergone a Federal HOME Part 58 Environmental Review by a state appointed contractor. These reports identified lead based paint as a concern because of the age of the structures and the asbestos survey confirmed a significant level of asbestos in the current structures. Rehabbing the existing structures with these two environmental concerns would be cost prohibitive. The redevelopment plan therefore calls for the demolition of the current structures using certified abatement contractors to do some abatement before demolition and will conform to EPA standards when demolition begins on the structures. The current structures will be replaced with new construction that does not contain recognized environmental concerns.

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### **How is Model handling hiring for the construction work?**

Model Construction, LLC is serving as the General Contractor for the Villas of the Valley Phase 1 and will oversee all construction related efforts. Model Construction will then hire subcontractors to handle most of the actual construction trades such as demolition, plumbing, electric, HVAC, site work, etc. Interested subcontractors can contact Model's Director of Economic Inclusion, Mike Connelly at 513-559-4555. Because of the types of financing involved, there are very specific insurance, payment procedures, and safety items which must be addressed by interested subcontractors.

Additionally, Model is working to facilitate connections between the subcontractors to hire local workers for the job by pre-screening interested parties through three firms (contact info below):

- Labor Ready – Brian Poole at the Woodlawn Location – 9880 Springfield Pike 513-772-6369
- Focus Solutions/Staffing – Myron Kilgore at 10296 Springfield Pike – Suite 300 – 513.639-3120
- Community Action Agency – Vada Lawrence – 513.569.1840 ext. 1191

Should Model Construction, as the General Contractor, require a direct hire it would be processed by our H.R. firm.

### **Will the new utilities be underground? (New)**

The utilities in Phase I along the new street will all be underground. Utilities along Medosch eventually will also be underground, but this will not occur until Phase II.

# Villas of the Valley– Frequently Asked Questions

## FAQs REGARDING THE MODEL GROUP, INC.

### **Who is the developer?**

Model Property Development, LLC, a wholly owned subsidiary of The Model Group, Inc. is serving as the developer. The Model Group is an experienced developer, general contractor, and manager of affordable housing in the Greater Cincinnati area. Based on its strong track record of providing high quality affordable housing, the Model Group was one of only 9 developers rated as “Tier One” in the state of Ohio in 2008 by the Ohio Housing Finance Agency for developing affordable housing utilizing the Housing Tax Credits. More information can be found at their website [www.modelgroup.net](http://www.modelgroup.net).

### **Where does Model get the money to do this?**

The Model Group has commitments from a combination of financing sources, including Housing Tax Credits, State of Ohio HOME Funds, Enterprise Foundation Green Funds, Hamilton County NSP Funds, ARRA Stimulus Funds and traditional bank loans.

### **What is the relationship between Model and Valley Homes?**

The Model Group was selected by the VH Redevelopment Task Force to serve as the developer for the redevelopment effort. The Model Group affiliates will serve as developer, contractor, and manager of the new development. Valley Homes Mutual Housing Corporation will continue to own the land throughout the entire duration of the redevelopment, pursuant to the terms of a Ground Lease to be signed between the parties.

### **Why was Model selected as the developer? What Development Company and/ or individuals responded to the Request for Proposals?**

VHRTF selected Model after investigating multiple developers. This was based upon The Model Group’s excellent reputation for developing award winning affordable housing. Formal proposals were received by VHRTF from the Model Group, Housing Opportunities & Concepts and Episcopal Retirement Homes, Inc. Of the proposals, only the Model Group and Episcopal Retirement Homes had the prior experience necessary to receive allocations of Housing Tax Credits in the State of Ohio. Since Housing Tax Credits are needed to secure the

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additional funds required to make the development affordable to the residents of Valley Homes, each of these groups were approached to submit a formal proposal. The Model Group worked with the VHRTF committee and submitted a successful Housing Tax Credit Application.

### **Could another entity use the Housing Tax Credits allocated by OHFA in order to complete the proposed redevelopment?**

No.

The Housing Tax Credits have been awarded by the Ohio Housing Finance Agency to the Phase I and Phase II projects based on the competitive criteria submitted by the developer for the proposed development. Any changes made to the accepted proposal must be approved by OHFA and must yield the same competitive criteria in the original applications. The developer, the Model Group, submitting the application is a Tier I developer with many years of successful development utilizing Housing Tax Credits which provided the project with a competitive scoring advantage necessary to win the Housing Tax Credit allocation from OHFA. For these reasons, the Housing Tax Credits cannot be used by another entity or developer. If they are not used by the Model Group for Villas of the Valley Phase I & II, they must be returned to the State of Ohio.

In order to submit an application to receive Housing Tax Credits, a development group must meet the requirements of OHFA. The Model Group and the Episcopal Retirement Homes were the only companies who responded to the request for proposals who qualified to receive Housing Tax Credit allocations in the State of Ohio in 2008.

Housing Tax Credits generate the largest source of equity available to enable project development to move forward and provide the leverage to secure additional funds. Without these Housing Tax Credits and the additional funds that are leveraged with these Credits, a project of this size and rent affordability to lower income residents is not feasible.

***Please see [www.modelgroup.net](http://www.modelgroup.net) for more information about The Model Group, Inc. including resumes, key staff, and a full development summary of past successful developments.***

## **Villas of the Valley– Frequently Asked Questions**

### **MISCELLANEOUS QUESTIONS:**

#### **What are Low Income Housing Tax Credits (LIHTC)?**

Low Income Housing Tax Credits (LIHTC) are a tool enabled by the IRS that encourages private investment in affordable housing. Private investors receive tax credits in exchange for investing in the production of affordable housing. The program is over 20 years old and regarded as the most successful program to encourage affordable housing development. The process to apply for tax credits is competitive and rigorous as there are 7-10 applications made for every award. Additionally, the agencies that administer the program have strict guidelines and oversight for developers and managers of projects that receive the tax credits.

#### **What is the amount of the Tax Credit Award? Where are the funds currently? Are the funds that have been committed to date earning interest?**

Villas of the Valley Phase I was awarded \$1,000,000 in Housing Tax Credits per year for 10 years, contingent upon the units being constructed and occupied by income qualified households. These Credits are authorized under Section 42 of the Internal Revue Code and are administered through the Ohio Housing Finance Agency. The Housing Tax Credit allocation has been reserved for this specific project. There is no money available from the Housing Tax Credits until an institutional investor limited partner is admitted to Villa LPS and pays its required capital contribution to this development entity. The investor equity generally comes in after the construction completion, and is bridged during the construction process via a construction loan, guaranteed by the Model Group. The investor equity will be paid in phases to pay off the construction loan after construction completion, achievement of qualified occupancy, operating stabilization and any other conditions dictated by the investor limited partner of Villas LPS.

#### **Is VHMHC or Model asking the Village of Lincoln Heights to contribute any money to this project?**

No. VHMC and Model are only asking the Village of Lincoln Heights for zoning approval and approval of the building permits.

## **Villas of the Valley– Frequently Asked Questions**

### **Are there delinquent taxes on the Valley Homes property that need to be settled prior to redevelopment?**

Yes. Model paid over \$78,000 in back taxes on the parcels north of Medosch before starting demolition. This was part of Model's lease payment agreement with VHMHC.

### **Will the attached garages affect the renters' insurance rates?**

No. The cost of insurance, taxes, and utilities will be included in the rent. Residents may buy renter insurance for their belongings if they wish. I do not know what effect this would have on renters' insurance rates, but since the new buildings will be newer with new infrastructure it is unlikely to increase, but interested parties should check with their agents.

### **What will happen if the development does not occur?**

The tax credits and other financing sources will be allocated by the state to other projects. Valley Homes will continue to face its current challenges.

***Disclaimer: These FAQs will be revised frequently with input from a variety of Valley Homes stakeholders. Therefore some of the answers maybe modified and expanded based upon developing information, further design work, zoning approvals, financing approvals issued, or input from stakeholders. Please refer to the most recently dated FAQ for up to date information.***