



January 28, 2011

\$13.5M remake underway at apt. complex

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MADISONVILLE - The first apartments part of a more than \$13.5 million renovation of St. Paul Village - a project nearly three years in the making - are slated to be finished next month.

The retirement community for low-income seniors is more than half way through a first phase of renovations that will transform roughly 124 out-of-date efficiency units into 96 one-bedroom apartments and 7 efficiency units.

The project is part of a two-pronged renovation at St. Paul Village, which was built in two phases in 1976 and 1979 on Madison Road in Madisonville. Financing plans are also under way for a more than \$10 million second phase that's expected to include the renovation of an additional 65 one-bedroom units and upgrades to the community's public spaces.

It's a plan that St. Paul Village's owners - Episcopal Retirement Homes and Lutheran Benevolent Society - say is critical to maintaining affordable housing for seniors locally.

"There is a shortage of affordable housing for seniors across the country" says, Paul Scheper, CFO and vice president at Episcopal Retirement Homes (ERH). "Part of the challenge we all face is the preservation of low income housing we have. What makes a project like this possible is a mix of financing that includes soft debt."

Residents who live at St. Paul are 62 and older. Their rents and the operations of the community are offset by federal housing dollars, grants and sources of income received by the ownership group. Like other low-income housing developments, finding dollars for major upgrades is a lengthily and complicated challenge.

Without a boost from a targeted federal stimulus program, work to kick off the St. Paul's renovations would likely have been stalled indefinitely, ERH officials said.

In 2008, the ownership group began scouting out financing options for the renovation plans, tapping Walnut Hills-based The Model Group as its consultant to help oversee the effort.

Together, the team was awarded low-income housing tax credits to help finance a major portion of the project. The federal program helps finance the construction of new or renovated low income apartments by selling the tax credits to investors. The proceeds of the sale are used to trim down the property's debt.

But in 2008 and 2009, the tax credit program took a major hit after large corporate investors - including housing finance giants Fannie Mae and Freddie Mac - posted major losses and couldn't use the tax credits.

Across the nation, the demand and price of low income housing tax credits plunged. The result led to significant funding gaps for projects, including St. Paul Village, that had received the tax credits but had yet to sell them.

"Thousands of projects and tens of thousands of units that would have otherwise been bought or rehabilitated stalled," according to a study from the Joint Center for Housing Studies at Harvard University.

As part of the federal stimulus, two programs were created in 2009 to help cover the gap: the Tax Credit Assistance Program (TCAP) and the Tax Credit Exchange Program (Exchange). Both programs provided grant dollars to help offset the gap in financing for projects.

Through the Ohio Housing Finance Agency, St. Paul Village was able to land a third mortgage in the form \$500,000 TCAP grant, while another \$2.3 million was financed through the exchange program.

"Without the tax credit exchange program, we would not have been able to do this project," said Kathy Ison, vice a president at Episcopal Retirement Homes.

Additional funding for the project includes a \$1.7 million loan from the city of Cincinnati through its federally allocated HOME fund and more than \$5.8 million in additional tax credits from the Ohio Housing Finance Agency.

Once complete later this year, St. Paul Village's renovated apartments will include new ceramic tiles in the kitchens and baths, Energy Star appliances, new kitchen cabinets and counters, high-speed internet and updated heating and cooling units. The community has also landed a \$35,000 grant that will help pay for upgrades to its fitness and wellness center.

"This is all about making a community where residents can stay active and engaged," Ison said.

Work on St. Paul Village is part of a more than \$71 million investment that Episcopal Retirement Homes has made into its retirement properties locally and across the state in the five years.

Recent projects include a \$12 million upgrade last year to Marjorie P. Lee retirement community in Hyde Park and a \$7 million investment to build Deupree Cottages also in Hyde Park.

Fairfax-based Episcopal Retirement Homes also owns and operates The Deupree House in Hyde Park, Canterbury Court, in Dayton, Ohio, and Cambridge Heights Apartments in Cambridge, Ohio.
