

NEW MARKETS TAX CREDITS MIXED USE DEVELOPMENT



Bush Hotel
Seattle, Washington

6- Story Mixed Use Building
Historic Structure

81,045 GSF
26,223 SF – Commercial (32%)

\$7,419,406 Development Budget

Entire Building Would Meet Mixed
Use Definition BUT
Residential Portion is a LIHTC Project

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Development Goals

- Finance Renovation of Underperforming Commercial Space
- Financing Needed to Provide a Large Tenant Improvement Allowance to Counter Perception and Market Downturn
- Create Financing That Also Assists Capital Needs of the Residential Portion of the Building – LIHTC project in 12th year.
Roof Needed Replacement – some Exterior Improvements Required
- Replace Commercial Lender – Dropped Out 3 Months Before Projected Closing

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Structure Solutions to Development Goals

- Finance Renovation of Underperforming Commercial Space
 - **Used NMTCs and HTCs to provide project equity**
 - **Used Owner Funds to Increase NMTC Tax Credit Equity**
 - **Used Below-Market HUD 108 Loan as Sole Debt – 22% of Project Financing**
- Financing Needed to Provide a Large Tenant Improvement Allowance to Counter Perception and Market Downturn
 - **Financing Provided for a \$75 SF Tenant Allowance**
- Create Financing That Also Assists Capital Needs of the Residential Portion of the Building
 - LIHTC project in 12th year.
 - Roof Needed Replacement – some Exterior Improvements Required
 - **Created a Commercial Condominium to Legally Segregate Space from LIHTC Portion**
 - **Acquisition Price for Commercial Condominium Provided Funds for Residential Need**
- Replace Commercial Lender – Dropped Out 3 Months Before Projected Closing
 - **Increased Sponsor Funding – Secured Private Bridge Loan Against HTC Pay-In**

NMTC FINANCING STRUCTURE – FLOW OF FUNDS

