

An aerial photograph of a city, likely Pittsburgh, showing a dense urban landscape with various buildings, including a prominent modern building with a colorful facade. A river flows through the city, with several bridges crossing it, including a large steel truss bridge and a yellow arch bridge in the background. The text "Income Aligned Housing in NKY" is overlaid in large white letters.

# Income Aligned Housing in NKY

What Can Be Done



Prepared for Horizon Community Funds 10.1.2024



## **A Mission Driven, Not For Profit, Financial Institution (We do the hard to do stuff!)**

Non-traditional investments in real estate projects that revitalize local neighborhoods and create economic development opportunities

US Department of Treasury certified CDFI:

- High level of staff expertise
- Financial sustainability
- Demonstration of community impact
- Can attract significant federal funding to local communities

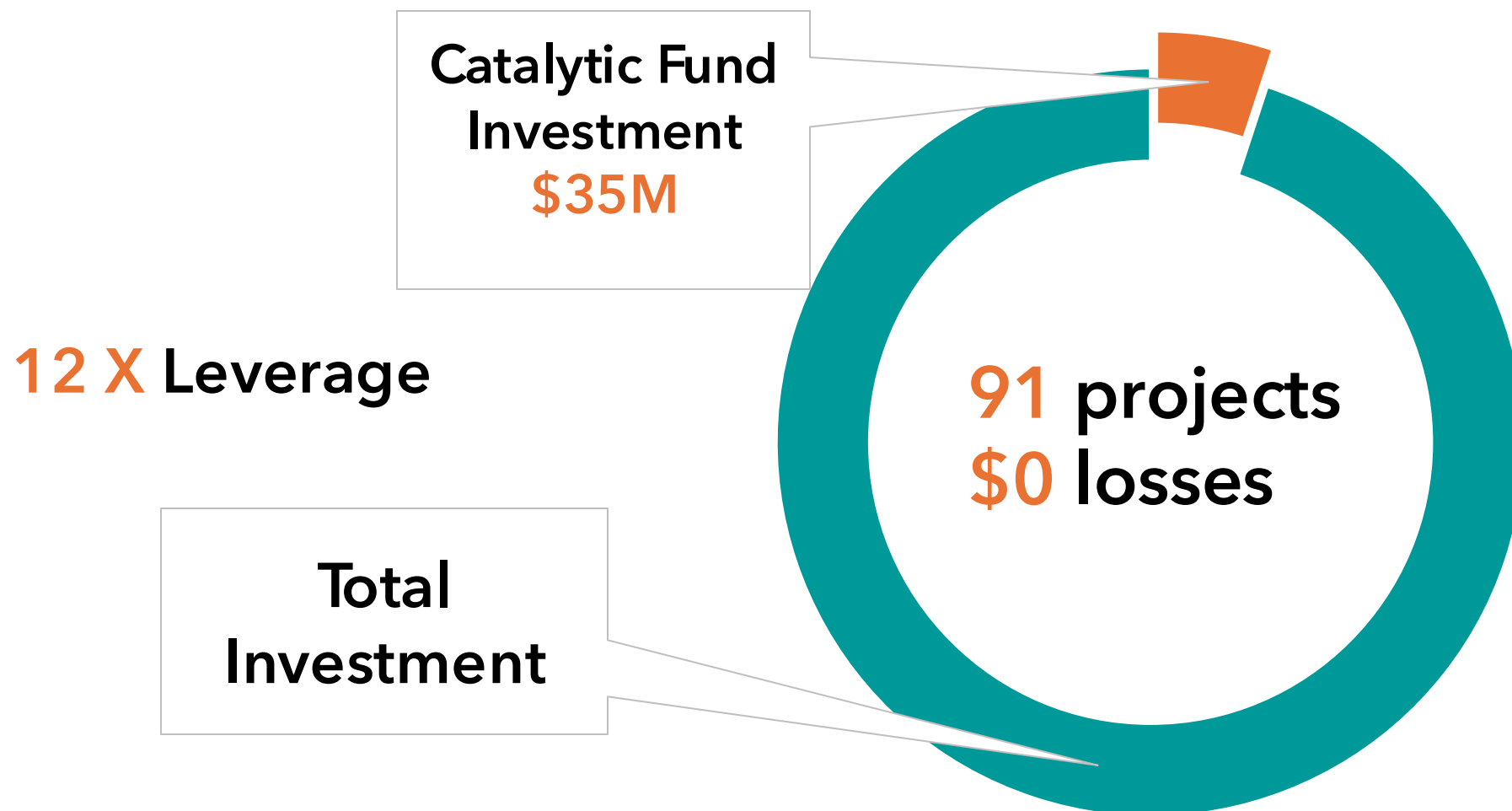




20 private entities (and the CDFI Fund) provide **\$30,000,000 in impact investment capital** to support the Catalytic Fund's work



# We do "lot with a little" and our impact since 2013 is significant



# Income Aligned Housing - What Can Be Done



## Kent Lofts - Before



A plan to convert this vacant  
nuisance building into 66  
housing units (80% of AMI)





# Redevelopment Challenges

- Impatient seller
- Environmental remediation
- Zoning
- Parking
- Capital acquisition
- Rent affordability v. construction costs
- Developer size and capitalization

# A CDFI Solution

Our \$415,000 pre-development loan provided **patient site control** to resolve redevelopment issues and to **assemble complex capital stack** and **de-risk** private sector lender

- At-risk capital (CDFI loan)
- Local gov't support & **courage** – IRB incentive
  - City
  - County
  - School District
- State economic development tools
  - Industrial revenue bond
  - Historic Tax Credit
- Private sector lender



Award winning historic preservation project providing  
66 income aligned housing units









# Burton Building Before





# Another CDFI Solution

Our \$350,000, 0% pre-development loan provided **patient site control** to assemble capital stack to execute this project

Catalytic Fund below market loan + City ARPA + HTCs allowed developer to provide 40% of the units at income restricted rents











# A CDFI Can Be the Vehicle to Create a Housing Trust Fund

- In Cincinnati, Cincinnati Development Fund (a CDFI) created the **Affordable Housing Leverage Fund**
- Raises and pools public, philanthropic, and private funds to finance income aligned housing projects
- Aggregates sources, stretches funds
- CDF makes grants and loans **guided by professional underwriting**

# Cincinnati's Affordable Leverage Fund = \$300M

## 1. Patient Capital Loans from Public Sector

- CDF loans using federal CDFI grants = \$13M
- City of Cincinnati HUD 108 loans = \$34M

## 2. Loans/impact investments from philanthropy = \$19M

- Greater Cincinnati Foundation
- Western Southern
- Fifth Third
- Mercy Health
- First Financial Bank
- Health Path

## 3. Public Grants

- Hamilton County = \$33.5M
- City of Cincinnati = \$20M
- VTICA = \$200M (Voluntary Tax Incentive Contribution)





**Catalytic Fund can do this, but capacity is limited to current \$31M capital base which is almost fully deployed**

CAPITAL AVAILABILITY W/\$6M ANNUAL DEPLOYMENT			
	2024	2025	2026
Available Capital @ 6/30/2024	\$ 3,873,797	\$ 3,373,797	\$ 749,366
plus: Retained Earnings to FCP			
plus: Pending Investments	2,000,000		
plus: Projected Loan Repayments	1,500,000	3,375,569	1,536,281
less: Projected Deployment	(4,000,000)	(6,000,000)	(6,000,000)
<b>Available Capital End of Year</b>	<b>\$ 3,373,797</b>	<b>\$ 749,366</b>	<b>\$ (3,714,353)</b>