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## Dayton Arcade to feature 110 affordable housing units

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Developers behind the Dayton Arcade project have offered new details on the housing component of the massive, multi-million-dollar redevelopment effort.

A major component of the Dayton Arcade complex — a collection of seven historic buildings located in the city's core — is new, affordable housing. This portion of the project is led by McCormack Baron Salazar, a real estate development company based in St. Louis.

Included in the Arcade will be 110 rental apartments. Called "The Art Lofts at the Dayton Arcade," the apartments will be marked and tailored (but not limited to) artists. Also included in the apartment complex will be a fitness center, business center, club room and on-site property management services.

"This is a one-of-a-kind development for Dayton, a unique opportunity to live at the center of a vibrant, mixed-use development," Trace Shaughnessy, vice president of development at McCormack Baron Salazar, told me. "With high-quality design and construction, first-rate amenities and neighborhood services, it will be a highly-desirable place to live, no matter what your income."

A total of 103 apartments will be income-restricted, Low-Income Housing Tax Credit units. The LIHTC program, administered through the IRS, funds the acquisition, construction and rehabilitation of affordable rental housing for low- and moderate-income residents. Since the mid-1990s, the LIHTC program has supported the construction or rehabilitation of about 110,000 affordable rental homes each year, and some 2.4 million homes in total.

State agencies award the federal credits to private developers of affordable rental housing through a competitive process. Developers sell the credits to private investors who provide up-front equity to build the project. In exchange for the credits, developers agree to maintain affordable rent levels for 15 years or longer and to rent to low-income residents who qualify for the lower rent. Once the housing is complete, the private equity investors in the housing development can claim the tax credit over a 10-year period.

In the Arts Lofts at the Arcade, the 103 LIHTC units are reserved for residents with income averaging no more than 60 percent of the area median income. Seven units will be unrestricted, meaning they are available for any resident at market-rate rents.

This is the first downtown Dayton project to utilize Low-Income Housing Tax Credits, according to the city. Other LIHTC projects have been built over the years in surrounding neighborhoods, such as Twin Towers, Fairview and Wolf Creek. Most of these were single-family homes, and dozens have been built in Dayton since 2000.

The new apartments come as the downtown Dayton housing market remains strong. Occupancy of newer market rate housing is 100 percent, according to the Downtown Dayton Partnership.

"The Dayton Arcade is helping to reactivate a major part of downtown Dayton," Scott Murphy, vice president of economic development at the Downtown Dayton Partnership, said. "People want to live in downtown, and it is important that we create spaces for all residents who want to be a part of this revitalization — including residents with lower-incomes and artists who will contribute to the cultural vibrancy of the area."

In addition to LIHTC equity, the \$36 million Arts Lofts were financed with private debt, historic tax credit equity (federal and state), additional private funds and funding from the city of Dayton.



TOM GILLIAM

The lofts are part of a broader redevelopment effort to transform the vacant Dayton Arcade buildings. The Arcade, described by officials as one of the largest and most complex projects ever undertaken in the city of Dayton, is a two-phase initiative starting with the southern half of the city block and followed by the northern block.

The full scope of the Arcade project could result in the redevelopment of more than one million square feet of vacant space in the city's urban core. The 114-year-old Arcade buildings have been vacant for nearly 30 years.

The Arcade redevelopment is led by Baltimore-based [Cross Street Partners](#), along with McCormack Baron Salazar.

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