

County of Lancaster Request for ARPA Funding

Organization 1147 Holdings LLC Date August 30, 2022
 Submitted By Benjamin J. Leshner, President Authorized Signature 
 Email Address  Phone # 

Please attach any supporting documentation for consideration. Submission should be in PDF Format.

<p>Project/Item Description</p>	<p>The Yards represents a \$59MM+ investment in Lancaster County, creating 226 new apartments including 45 units of affordable housing by an established local developer with a successful track record of market rate apartments and affordable housing projects. With a highly leveraged grant of \$3MM in American Rescue Plan Act (ARPA) funds from the County of Lancaster, the project will provide housing for low-to-moderate income households while also aiding them to work toward financial stability, affording market rate housing and/or homeownership in partnership with Tenfold and the Ann B. Barshinger Financial Empowerment Center. The Yard's innovative capital stack, with the vast majority coming from traditional financing and equity sources, offers the County more bang for its buck by producing housing quickly and efficiently. With this project, the request represents only \$13,274 per unit and \$66,667 per affordable unit. Located at 1147 Lititz Pike, Lancaster and within one of the County's Urban Growth Areas, The Yards will be a mixed-use and transit-oriented development, transforming an underutilized area into a vibrant neighborhood at the central economic and transportation hub of the County. We are planning to preserve and relocate half of the historic Stockyard Inn restaurant which will become a clubhouse with amenities for the residents. We also have about 12,000 square feet of commercial space planned. Two new, five-story buildings will be constructed to house the apartments on the upper floors and the commercial space and parking will be located on the ground level. In addition to the housing, the project will produce workforce benefits through significant job creation and low-cost transportation options to a variety of businesses across the County. Project Highlights include:</p> <ul style="list-style-type: none"> • Produces 45 new units of housing affordable in the County for low-moderate income households for 20 years with financial empowerment counseling and homebuyer training for all residents • Creates over 90 jobs with construction, ongoing management, and new commercial space • Locates workforce housing near low-cost transportation to employers throughout the County • Generates \$14.8MM in tax revenue including more than \$1,100,000 for the County over 20 years • Investing \$59MM+ in the community—88% private sources, a true Public Private Partnership • The innovative and hybrid capital stack allows this project to move quickly and cost effectively • Represents only 5% of project sources—highly leveraged
<p>Clearly state the amount being requested. What is the total cost? How was the cost derived?</p>	<p>We are requesting \$3MM from the County to fund the development and construction of The Yards. Total project cost is \$59.25MM. The project budget was derived from the development costs of nearby Stadium Row, which is a 104-unit apartment building completed in August 2021. Since Stadium Row was largely unaffected by rising construction costs due to the pandemic, we have increased our costs by 30-35% for the post-pandemic inflation in construction and development costs. Additional costs were added for unique features such as the relocation and preservation of the historic inn building and commercial space. A construction estimate is attached in supporting documentation Exhibit B.</p>
<p>Which County ARPA Community-wide Benefit(s) does the project meet?</p>	<p>The primary community benefit is providing affordable housing that serves low-to-moderate income households and helps them work toward financial stability, affording market rate housing and/or homeownership. The Yards provides 45 apartments to households earning 60% of the Area Median Income and those units will remain affordable for 20 years. The 181 market rate units also help alleviate increasing pressure on housing costs across the County. The second community benefit is Work force development. This project will produce two full-time property management positions and 89 construction jobs. Additional jobs will be generated with the inclusion of businesses in the commercial space. The multi-modal nature of this development provides residents with greater accessibility and lower transportation costs to well-paying jobs, while also expanding the pool of workers available to many businesses and employers throughout the County.</p>
<p>Briefly explain how the project meets the County's guidelines.</p>	<p>The project meets the County's guidelines including the benefits noted above. We are requesting a one-time disbursement for construction. The funds will be disbursed and expended before 12/31/2024. Once construction is complete and stabilized, the project will be self-sustaining, covering all its operating costs. The low-moderate income housing will remain affordable for 20 years without further funds. The Yards doesn't duplicate a government program, project, or service. The County ARPA funds will be the last-in funding meaning that all other project funds will be committed before County ARPA funds are disbursed to the project. All the project sources are identified, and \$7,950,000 is committed. We have letters of interest for \$45,400,000 in financing and funding. Applications are submitted for HOME Investment Partners Program (HOME) funds and Lancaster City ARPA funds in the amount of \$2,940,000. We are waiting for responses on those awards. We will have all commitments by the end of 2023, if not earlier. The County ARPA funds are the final piece of the funding puzzle to make the proposed project a reality and signify only 5% of the sources. Conventional construction financing and private equity will make up over 88% of the project sources. We are requesting only \$13,274 per unit and \$66,667 per affordable unit. The other proposed funding sources include the City of Lancaster ARPA funds, City HOME funds, Lancaster County Community Foundation, and private equity investors. More information on the sources, including funding letters are provided in supplemental Exhibit D.</p>

<p>Why should this project be a priority and how will it help the County? Also, if this application is for more than one project, please identify each one, provide information and rank them in order of your priority.</p>	<p>The Yards benefits the County in a variety of ways including significantly increasing the supply of housing when demand is outstripping supply and making it more difficult for hard-working Lancasterians to find housing that they can afford. The project also creates jobs and locates housing near a transportation hub, expanding the workforce pool for businesses throughout the County. Finally, this project will produce over \$14.8MM in total combined tax revenue to the County, School District and City including over \$1,100,000 for the County.</p> <p>Affordable Housing The 2020 US Department of Housing and Urban Development (HUD) Comprehensive Housing Market Analysis for Lancaster County estimated a need for 1,150 per year or 18,500 total new affordable rental units to meet demand. The Yards provides 45 units affordable to households earning 60% of the Area Median Income and helps them working toward financial stability, affording market rate housing and/or homeownership. The 181 market rate units will help alleviate increasing pressure on housing costs across the board, as studies have shown. The affordable unit breakdown will include ten studios (\$605-792 per month), ten Jr. 1-bedrooms (\$605-792 per month), nine 1-bedrooms (\$719-843 per month), four 1-bedroom plus dens (\$843 per month) and 12 2-bedrooms (\$905-\$1,007). These units will be affordable to households earning between approximately \$34,000 and \$45,000 annually, adjusted for household and unit size. That equates to earning about \$16 per hour to \$20 per hour on a full-time basis. For comparison, the market rate units in the project will be affordable to households earning between \$54,000 and \$90,000 per year. We will partner with Tenfold and The Ann B. Barshinger Financial Empowerment Center to provide financial counseling services and housing resources to all residents at The Yards, including the affordable apartments. These services will help households achieve financial and housing stability and prepare them to become first-time homebuyers. Tenfold will also provide household income qualification and compliance monitoring as required by various funding sources for the 20-year affordability period.</p> <p>Workforce Development The secondary community benefit is Work force development. This project will produce two full-time property management positions and 89 construction jobs. Additional jobs will be created with the inclusion of businesses in the commercial space. This project is a true transit-oriented development given its proximity to multiple transit options and general walkability. It is located within walking distance (1,250 feet) of the Lancaster Amtrak train station and several RRTA bus stops and lines. The multi-modal nature of this development allows for greater accessibility and lower transportation costs to jobs and services especially for low-moderate income households. This proximity may also expand the pool of available workers for businesses throughout the County.</p> <p>Real Estate Tax Revenue We estimate that this project will generate more than \$14,800,000 in combined total tax revenue over the 20-year affordability period. We estimate the County will specifically receive over \$1,100,000 in tax revenues during the 20-year affordability.</p>
<p>Will this project require ongoing expense (maintenance, updates) or frequent replacement? Are expenses already being incurred, if so, can they be reduced through this project?</p>	<p>This project will have the standard operating expenses, like any other new construction mixed-use, rental real estate property of this size. A replacement reserve fund will be included in the operating budget and ongoing rental income will cover all the ongoing maintenance and operational costs.</p>
<p>Project Timeline – start to finish, and when funding will be needed.</p>	<p>The entitlement process is on track to start construction the beginning of 2024. We expect the ARPA funds to be utilized during construction (likely the beginning) and construction to take 12-24 months, which means that the project should be ready for move-ins by the end of 2026.</p>
<p>Are other organizations part of this project? If yes, please list them and their role, including funding. If not, explain why.</p>	<p>The funding partners are identified above. Significant Development Team members include: Pelger Engineering and Construction, Inc., construction manager; Douglas Charles Phillips Architect, architect; Barley Snyder, legal; and RGS Associates, Inc., land planning and civil engineering firm. Tenfold will be providing financial empowerment classes and first homebuyer training.</p>
<p>ARPA Committee Comments</p>	
<p>ARPA Committee Recommendation</p>	
<p>Funding Amount Recommended (if recommended for approval)</p>	<p>\$</p>