

SECTION 108 LOAN REQUEST

**MAYFLOWER MANOR
REDEVELOPMENT**

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Submitted by:

Akron, Ohio

Department of Planning and Urban Development

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EXHIBITS

1. Project Pro Forma
2. Letter of Support
3. Location Maps
4. Amendment Notice

MAYFLOWER MANOR DEVELOPMENT

Section 2. Project Description

The City of Akron, Ohio is applying to the Department of Housing and Urban Development (HUD) for a Section 108 loan in the amount of \$14,598,000 to assist in the acquisition, relocation, and renovation of Mayflower Manor in downtown Akron, Ohio. The City of Akron will then sell the building to a developer that will renovate and restore the property for use as a mixed use development of office and housing.

Background

The 16-story, 233-unit Mayflower Manor (historically known as the Mayflower Manor) is located at the northeast corner of South Main Street and East State Street in downtown Akron. The structure occupies a prominent and highly visible downtown location immediately across the street from Canal Park Stadium, home to the Akron Aeros, a minor league affiliate of the Cleveland Indians. Restaurants, bars and apartments have revitalized the surrounding area. The building is currently under-utilized as low-income housing with a small convenience store in the ground floor. An adaptive reuse of this structure as a mixed-use development including office space, retail, restaurants and housing would significantly enhance the downtown environment.

Upon its completion in 1931, the 16-story, 450-room Mayflower Manor was one of Akron's earliest high-rise buildings (the 26-story First Merit Tower, located at Main and Mill Streets and also constructed in 1931, is considered Akron's first skyscraper.) Like the O'Neils Building located immediately to the northwest, the building was designed by the prominent Chicago architectural firm of Graham, Anderson, Probst and White and is an excellent example of high-rise Art Deco design. Early guests included Cary Grant, Fred Astaire, Katherine Hepburn, Jimmy Stewart, Eleanor Roosevelt and Shirley Temple. Unfortunately, business substantially dropped off in the 1950's and 1960's and the Manor closed in 1971.

The Mayflower re-opened as low-income housing in 1973. This venture failed and the U. S. Department of Housing and Urban Development foreclosed on the Mayflower's mortgage. In 1978 the building was offered to the Akron Metropolitan Housing Authority (AMHA) to manage. Through a \$7.4 million bond issue issued in 1980, AMHA reopened the Mayflower in 1981 in partnership with a private management firm, Mayflower Housing Partnership, LLC. In the same year, a small grocery was opened on the ground floor. This grocery has gone thru various ownerships and name changes, but is still operating as a

convenience store.

In the 1980's, the Mayflower was surrounded by mostly empty storefronts in a struggling downtown. But with the opening of the ballpark downtown in 1997, combined with prudent demolition and revitalization activities (including the construction of the Ohio and Erie Canal Towpath Trail and Lock 3 Park), downtown has been revitalized. The University of Akron occupies a former Polskys' Department Store. The former O'Neil's department store is occupied by restaurants and a law firm. New downtown student housing is filling up so fast that hundreds of new units are under construction. In 2008, the South Main Street Historic District received designation on the National Register of Historic Places with the Mayflower Manor listed as a contributing structure to the District. The renovation and reopening of the Mayflower Manor as a Manor, retail, and housing development would create a significant amount of new jobs and continue the revitalization of Akron's downtown.

The Proposal

This proposal will fund the acquisition, relocation, and renovation to prepare the existing Mayflower Manor for redevelopment into a new mixed use project including office space, retail space, restaurants, and housing. If the Department of Housing and Urban Development approves this application for a Section 108 loan guarantee in the amount of \$14,598,000, the City will begin the acquisition and relocation of the project. These funds are essential to make the project feasible. The City administration strongly believes in the acquisition of this building as a key to further revitalizing downtown Akron.

The proposed site of the renovation activities is Mayflower Manor (previously the Mayflower Hotel) located at 263 South Main Street. The 16-story art deco structure has been a significant landmark downtown since its construction and opening in 1931. The building is located at the northeast corner of South Main Street and East State Street. Surrounding land uses include downtown restaurants, businesses and University of Akron downtown classrooms and offices to the north (other offices include KeyBank, the Roetzel and Andress law firm and Summit County offices), Canal Park Stadium to the west, University parking to the east and a mix of development to the south, including more offices, downtown housing, restaurants and bars.

The City will purchase the property from Mayflower Housing Partnership LLC. and AMHA. The City will relocate the current tenants to appropriate HUD-approved housing. The City will then begin the partial renovation to facilitate the development for future office use, housing, retail space, and restaurants.

Approximately 292 new jobs will be created. In addition, the City will work with the developer to create housing opportunities, 51% of which will be affordable housing.

Relocation

Mayflower Housing Partnership LLC. has entered a one year contract renewal agreement with HUD and AMHA as a project based Housing Assistance Payments (HAP) program. Currently 231 of the 233 residents receive HAP assistance. The City of Akron will purchase the building and assume the Housing Assistance Payments program, in partnership with Mayflower Housing. The City will “opt-out” of the HAP program and work with HUD, AMHA, Fair Housing Contact Service and local landlords to assist in the relocation of the current Mayflower residents. A relocation plan will be developed to determine relocation needs, assistance requirements and Housing Choice Voucher certificates to all eligible residents residing at the Mayflower Manor.

Section 3. Community Development Objectives

Section 108 Submission Requirements

A. Community Development Objectives

The Section 108 loan will result in the renovation of Mayflower Manor into office space, housing and retail located on a highly visible corner lot in downtown Akron. In doing so, the loan will meet four of the City of Akron's Community Development Block Grant (CDBG) Program Objectives. These objectives are:

1. Revitalizing the Central Business District
2. Improve the safety and livability of neighborhoods.
3. Expand economic opportunities including creating jobs accessible to low and very low income persons.
4. The elimination of slum and blight.

B. Eligibility under 24 CFR 570.703

The Mayflower Hotel is eligible under 24 CFR 570.703 (I) (1) - activities

eligible under Section 570.203.

Section 570.203 allows for special economic development activities for acquisition of property and rehabilitation of real property facilities for job creation in support of economic development activity. This project will create low income jobs in downtown Akron.

The City of Akron ensures that the appropriate level of public benefit will be derived pursuant to Section 570.209(b)(3)(i)(A) standards of evaluation for benefit. The amount of CDBG assistance exceeds \$50,000 per full-time equivalent, permanent job created.

Section 108 Loan	\$14,598,000
PB individual standard	\$50,000

= 292 jobs created / 149 LMI jobs

The City of Akron assures HUD that a loan to finance the redevelopment of Mayflower Manor to office space, housing and related retail services will meet the requirements of Section 570.203.

Mayflower Manor is eligible under 24 CFR 570.703

- (a) Acquisition of improved or unimproved real property in fee or by long-term lease, including acquisition for economic development purposes.
- (b) Rehabilitation of real property owned or acquired by the public entity or its designated public agency
- (d) Relocation payments and other relocation assistance for individuals, families, businesses, nonprofit organizations, and farm operations who must relocate permanently or temporarily as a result of an activity financed with guaranteed loan funds where the assistance is:

- (1) Required under the provisions of §570.606(b) or (c)

Section 4. Projected Use of Section 108 Loan Guarantee Funds

The City is applying for this Section 108 loan in the amount of \$14,598,000 to provide partial financing of the proposed acquisition, relocation and renovation of the Mayflower Manor in downtown Akron.

The total cost of Mayflower Manor is projected to be \$38,456,000. Project financing will be from these sources:

City of Akron – 108	\$ 14,598,000
Historic Tax Credits Equity	\$ 11,100,000
City of Akron – TIF	\$ 5,067,000
EB-5	\$ 7,691,000
TOTAL	\$ 38,456,000

Funds will be used for the following purposes:

Acquisition	\$ 14,598,000
White Box	\$ 25,656,000
Transition Period Subsidy	\$ 3,300,000
Relocation	\$ 1,500,000
TOTAL	\$ 38,456,000

Section 5. Compliance with HUD National Objectives for Community Development

A. Addressing Slums or Blight on an Area Basis

Pursuant to Section 570.200(a)(2) requires that all CDBG activities meet one of three National Objectives.

Section 570.208 defines the three national objectives as:

- (a) Activities benefitting low and moderate income persons.
- (b) Activities which aid in the prevention or elimination of slums or blight.
- (c) Activities designed to meet community development needs having a particular urgency.

The renovation of the Mayflower Manor development will eliminate conditions of blight on a spot in an area that is thriving with office space, restaurants, the University of Akron and Akron's baseball stadium across the street.

The project promises to offer a substantial amount of jobs that are directed to low-income, low skilled workers. Many of these workers are likely to live in close proximity to the downtown location given that the residential areas surrounding downtown Akron also have the highest concentration of low income families. This close proximity is well served by public transportation. The City's public transportation uses downtown Akron as the main hub of most of the routes serving the City. The value of the Mayflower Manor is enhanced by the low level of time and expense required for trips to work.

B. Assistance to Businesses in High Poverty Areas

Mayflower Manor is located in Census Tracts 5013.01 Block Group 1, having a low and moderate income population of 87%.

C. Located in the heart of downtown, the Mayflower Manor is a prominent historic structure within an important civic space.

Section 6. Proposed Repayment Schedule

Repayment of the \$14,598,000 Section 108 Loan is proposed over a 20 year period. Anticipated funds for loan repayment are proceeds generated from the sale of the building or lease revenue.

Section 7. Need for Assistance, Expected Sources of Repayment and Additional Security

A. Need for Assistance

The proposed project will have a total project cost of \$38,456,000. Without the HUD 108 funds, there is a \$14,598,000 gap. Absent the HUD 108 loan, the gap becomes too large for the project to proceed. The City of Akron is not able to commit additional funds to the project due to the economy. Proposed sources and uses are detailed in the Exhibit.

B. Expected Sources of Repayment

Repayment will come from cash flow available for debt service from income generated from the sale and/or leasing of the building.

C. Additional Security Requirement

The HUD 108 loan will be secured by a lien on the land and property. In addition, the City has the legal authority to pledge Community Development Block Grant funds in the event of a default.

Section 8. Financing Alternatives

The City of Akron has made efforts to obtain financing for the proposed undertaking. The City's ability to provide additional funding to the project from existing revenues is severely limited, and, if pursued, would have a negative impact on other projects and programs necessary to meet local priorities and demands.

Section 9. Citizen Participation

The City of Akron has followed the requirements of its Citizen Participation Plan, developed as part of the Consolidated Plan process. Because the City's Consolidated Plan for 2012 has already been submitted and approved, the City undertook additional public participation activities for this application. The City conducted a public hearing on the Mayflower Manor Section 108 loan application and amendment to its consolidated Plan before the City Planning Commission on March 15, 2013 following public advertisement on March 5, 2013. This issue was also deliberated on by the Akron City Council and approved on April 1, 2013. Additional information on this project and application may be obtained at the Comprehensive Planning Office, Department of Planning and Urban Development, Ocasek Building Suite 201, 161 South High Street, Akron, Ohio, 44308 or by calling the Department of Planning and Urban Development 330-375-2090.

Section 10. Certifications

See attached.