



## Mayor Annette M. Blackwell

FOR IMMEDIATE RELEASE

January 31, 2018

### **Wallick Communities: Proposed Senior Independent Living Community Located at 5130 Lee Rd, Maple Heights, OH**

I have been made aware that misinformation is being publicized concerning the proposed development of a senior independent living facility. The accurate information as presented to the administration and confirmed by the administration is as follows:

Wallick Communities, is an age-restricted, NON-SUBSIDIZED, rental housing development. This Senior Independent Living Community is seeking to utilize the Low- Income Housing Tax Credit Program ("LIHTC"), which is a government-sponsored incentive program designed to incentivize private financial institutions (banks, insurance companies, etc.) to invest in the development of housing for low to moderately low-income family and senior households.

Alternatively, the LIHTC Program is a Federal housing assistance program that provides tax incentives to investors of affordable housing. The LIHTC program is governed by the Federal Tax Code and is jointly administered by the Internal Revenue Service (IRS) and State Housing Agencies, which for the State of Ohio, is the Ohio Housing Finance Agency ("OHFA").

Once the property is "placed into service", the tax credits are claimed annually over a 10-year period; however, the project must satisfy specific low-income housing compliance rules for the 15-year compliance period, including the income eligibility, rent and occupancy restrictions, and full-time student limitations.

Wallick, as both the Owner and Management Company is responsible to monitor the occupancy restrictions at the property.

As further detailed below, there is a significant amount of compliance measures the owner and manager must conform to remain in compliance with the LIHTC program. These occupancy regulations include, but are not limited to:



### **Occupancy Regulations**

- Each household (or a certain percentage of the household) must have a resident age 55 or older
- Additional age restrictions are enforced for the remaining members of the household
- There are also specific guidelines for how long underage visitors (such as grandchildren) can stay with community residents.

### **Income Guidelines and Restrictions**

Further, because of the income restrictions required under the LIHTC program, if the remaining members of the household, such as a spouse, partner or child are receiving income from wages and/or other benefits, then:

- That income is included with the overall household income
- When this income is aggregated together for the household, if it exceeds the income restrictions for the unit and/or the property, then all occupants must vacate the property as they are no longer "income qualified" to live there under the LIHTC restrictions.
- Each year the tenant remains in the low-income unit, a re-examination or recertification must be performed by the owner to ensure the tenant continues to remain "LIHTC Program eligible".
- Failure to correctly prove initial eligibility and re-examine continued eligibility is noncompliance and puts the LIHTC owner at risk of losing its credit claim.
- Thorough documentation of tenants' eligibility is required and records must be maintained for each qualified tenant.
- Owners must report on the compliance status of the LIHTC property at least annually to the, (i) State Allocation Agency from which it received its credit allocation, (ii) its LIHTC Investor(s), and (iii) the IRS.
- Additionally, State Allocation Agencies are required to monitor and inspect the LIHTC properties in which it has allocated credits.
- State Allocation Agencies must follow very specific requirements for monitoring, inspecting and reporting as laid out by the IRS, and report discovered or suspected "noncompliance" issues.

Wallick Communities, through its related entities, is the Developer, General Contractor and Property Manager of the campus. Wallick has been developing, constructing, and managing affordable rental properties for more than 50 years. The current portfolio includes over 13,000 managed units, of which approximated 7,000 are owned.

What is currently before Councilmembers to approve is a 2-Year Option Agreement (i.e. initial term expiring on 12/31/2018, with two 6-month extensions), however, the purchase of this site is contingent on securing the necessary 9% Housing Tax Credit financing. This is just a 2- year option whereby the City would agree not to sell the property to anyone else.



The tax credit awards are currently scheduled to be released on May 15<sup>th</sup>, 2018. In the event that the proposed project is not successful in securing an allocation of credits, the Option Agreement would be terminated and the site control would revert back to the City of Maple Heights therefore giving Wallick site control for approximately 6 months.

Alternatively, if Wallick is successful in securing the tax credit award, they would then work towards preparing the final architectural and engineering plans to submit for final building and permitting approval. In this scenario and would anticipate a ground breaking sometime in 2Q19.

Wallick Communities currently owns and manages 64 different age-restricted, senior independent living communities; providing for over almost 1,500 units, located in 4 different states.

With their greatest presence being in Ohio, their senior independent living communities include:

- 13 properties totaling 664 total units
- Average household age = 67 years
- Average age of Co-Occupant = 62.4 years
- 90% of the units will be age-restricted to seniors ages 55-years and older
- 10% of the units (or 5 units in total) will seek to single-person households, between the ages of 18-62, with physical, mobility, and sensory impairments.

Please visit their website for additional details: <http://www.wallick.com>