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Developers Try, Try, Succeed in Landing LIHTCs for Senior Affordable Housing Property in Grand Rapids, Michigan

BRAD STANHOPE, SENIOR EDITOR, NOVOGRADAC

The third time was the charm for nonprofit developers hoping to build a senior affordable housing property in Grand Rapids, Michigan.

Co-developers Genesis Non-Profit Housing Corp., Little River Holdings LLC and Dwelling Place were awarded \$14 million in low-income housing tax credits (LIHTCs) in August to help finance the Leonard Apartments, a 55-apartment senior housing property that will open in mid-2025.

Difficulties with the plans—which originally included preserving an aging funeral home and building just 38 affordable apartments—created difficulties the first two

times the developers applied for LIHTCs. However, the delay was a blessing in disguise.

“We might be thankful we didn’t get the tax credits in the first two rounds, because by the time we got the credits, there would have been such a [financial] gap that we would be stuck,” said John Wynbeek, executive director of Genesis Non-Profit Housing Group, headquartered in Grand Rapids. He was referring to increased costs due to inflation, labor cost increases and supply chain difficulties due to the COVID-19 pandemic. “In hindsight, it probably worked out OK.”

Image: Courtesy of Genesis Non-Profit Housing Corp.
An artist's rendering shows Leonard Apartments, a 55-home senior affordable housing property expected to come online in 2025.

The result will be an important property for seniors, particularly for members of the Little River Band of Ottawa Indians.

Partnership

Dwelling Place is one of three nonprofit founders of Genesis Non-Profit Housing Corp. and manages the properties, while Little River Holdings is the non-gaming economic development organization of the Little River Band of Ottawa Indians. Thanks to Little River Holdings' participation in the transaction, nine apartments will be reserved for tribal members and citizens of other tribal nations.

"The west side of Grand Rapids was historically a place where Native Americans lived, so this is their native land," Wynbeek said. "We're trying to come full circle and have dedicated homes for Native Americans. The neighborhood association is involved and it's a good fit because many Native citizens live on the west side."

The Michigan State Housing Development Authority's (MSHDA's) qualified allocation plan provides bonus points for partnerships with a tribal entity, but Wynbeek said this fit was natural: "The neighborhood association is a block down the street and they have T-shirts that say, 'I am the West Side,'" Wynbeek said. "It's written in English, Spanish and in the Native American language. This is an important issue for the neighborhood association and putting those together made sense."

The investment finally came together after the co-developers made structural changes to the original plans.

Three Attempts at LIHTCs

Genesis purchased the property—formerly the Van't Hof Chapel funeral home, built in 1931—in 2018, with the intention of developing it as permanent supportive housing (PSH), even moving the nonprofit's office to the site.

Genesis applied to the MSHDA for LIHTCs twice in 2021, with a proposal to preserve the funeral home

portion by having a community space on its bottom floor, a two-bedroom apartment in the top floor and building 37 apartments around it.

Genesis' most recent development was similar. The St. James Apartments and Townhomes, a 100-year-old school that has Dwelling Place as the co-developer and manager, was developed into affordable housing with 36 apartments and 16 townhomes. "We have respect for the community and for history," said Wynbeek. "We want to build a development for people to live in and we want to be part of the community."

The plan received commendation from the local planning commission and other local officials, but failed to score high enough to receive the LIHTCs because of the high cost of preserving the funeral home and the low number of units. So, in early 2022, Genesis changed its plan: It will demolish all structures and build a four-story apartment complex with 55 homes.

"Preserving old buildings sometimes costs more than tearing them down and building new," Wynbeek said.

Leonard Apartments

Once open, the Leonard Apartments will feature 48 one-bedroom apartments and seven two-bedroom apartments, all of which will be accessible, with eight able to accommodate wheelchair users. There will be a 1,100-square-foot community room, a smaller meeting room, property management office and 36 parking spaces.

Wynbeek said he's particularly pleased with two rooftop decks, connected by a bridge, that will provide community space.

"That's a really nice, unique feature," Wynbeek said. "Michigan design standards encourage balconies. Individual balconies are nice if you have a good view, but it's not really that nice if you're just looking at the brick wall of the shoe store next door. The idea of a rooftop balcony on the third story of a four-story building is to create space for communal living. And it's on the south side of the building, so it's rather nice

when the sun is shining. We have an emphasis on having a common space where people can gather.”

Genesis also pivoted from PSH to senior housing, which is another area of its expertise.

“Residents stay in PSH a long time and age in place, so some of our population in PSH housing has become seniors 55 and older,” Wynbeek said. “We have experience with frail, elderly seniors and this is combination of the two. In Michigan, you choose senior or PSH [while applying for LIHTCs] and there’s no crossover, but our experience is that PSH residents age, become seniors and still have support needs.”

Wynbeek said Genesis hopes to take down the existing funeral home building next spring and start construction, with a 14- or 15-month construction cycle, meaning the property should open in mid-2025.

Nursing students from Grand Valley State University work with residents at St. James, another Genesis property, and Wynbeek hopes to see that extended to Leonard Apartments.

“Students are getting clinical experience for their nursing degree and our residents have a resource on-site to help them with questions about health,” Wynbeek said. “We intend to extend that and Grand Valley has written a letter to extend the practice to the new development as well.”

Financing

Developers expect \$12.3 million in LIHTC equity, along with the \$1.2 million it received from the city’s affordable housing trust fund. Mercantile Bank intends to provide a \$12 million construction loan and IFF expects to provide a permanent loan for \$3.1 million.

The city’s contribution came out of \$5 million in American Rescue Plan Act funding that was set aside for affordable housing. Ultimately, more than \$35 million in proposals were submitted—with a focus for the winners on the number of homes created, a mixture of rental and ownership options and the

ability to obligate the money by the end of 2024 and spend it by the end of 2026.

“This last factor meant that projects like Leonard Apartments and the others funded rose to the top,” said Kate Berens, deputy city manager. “Not only because it addressed the affordable housing need and created a significant number of units, but because the project plan for funding demonstrated the likelihood of meeting the federal timelines attached to the ARPA funds.

“In addition to the general factors described above, the board ultimately recommended the projects, including Leonard, that demonstrated commitment to the community through solid community outreach plans and other efforts to ensure that while adding density, the project was doing so in a way that was consistent with our zoning plans and responsive to the surrounding community,” said Berens.

Genesis also secured 22 Section 8 vouchers for the property—13 from Grand Rapids and nine from the nearby city of Wyoming.

Demand Expected

When the property opens in 2025, enthusiasm is expected.

“We anticipate that there will be a lot of demand for the apartments because of the housing shortage in Grand Rapids,” Wynbeek said. “Like in a lot of properties, residents feel grateful to be in developments that have beauty in them. It’s not just utilitarian affordable housing, they’ll be proud to live there and the units will meet their needs in terms of being a great place to live.” ❖

LEONARD APARTMENTS

FINANCING

- ◆ \$12.2 million in LIHTC equity
- ◆ \$12 million construction loan from Mercantile Bank
- ◆ \$3.1 million planned loan from IFF
- ◆ \$1.2 million from Grand Rapids Affordable Housing Trust Fund

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