



LIVING CITIES CATALYST FUND

CATALYST FUND PORTFOLIO

BORROWER:	Opportunity Housing Cleveland LLC
AMOUNT:	\$1 million
CLOSING DATE:	December 2008
LOAN TERM:	48 months

PROGRAM OVERVIEW: Neighborhood Progress, Inc. and the Cleveland Housing Network have created a new entity, Opportunity Housing Cleveland, LLC (OHC), to mitigate the impact of the foreclosure crisis on six neighborhoods in Cleveland. OHC will invest \$10 million in the redevelopment of 50 currently vacant structures for homeownership. In addition, OHC is working to keep 100 families at risk of losing their homes from being foreclosed upon and is planning to demolish 100 blighted structures that are not suitable for rehab.

Catalyst Fund financing will support the acquisition, rehabilitation and sale (or lease-to-own) of 50 units of bank-owned (REO) single family housing in six neighborhoods where the City of Cleveland, community development organizations and private foundations have initiated a comprehensive market recovery strategy. The six Strategic Investment Initiative (SII) neighborhoods are Buckeye, Detroit Shoreway, Fairfax, Glenville, Slavic Village and Tremont.

The homes will be targeted to potential buyers with a combined household income of between 60 and 120 percent of the AMI (area median income). Government subsidies will help make these homes affordable to the target population. Rehabs will meet the high energy efficiency standards of the "Green City/Blue Lake" initiative.

The OHC program in Cleveland is one of 10 pilots that received grants of \$500,000 each from Living Cities to help strong local organizations reduce the impact of foreclosures on their communities.

PROGRAMMATIC SIGNIFICANCE: The foreclosure epidemic is devastating Cleveland's neighborhoods. The city is believed to have the sixth highest rate of foreclosure in the nation, with an inventory of over 9,000 vacant homes. Nearly thirty years of investment in the six SII neighborhoods is threatened by the dynamics of the current market. The OHC pilot program will help to mitigate the impact of the crisis in these neighborhoods, offering affordable homes to low- and moderate-income buyers. Both Neighborhood Progress and the Cleveland Housing Network have the strong track records and relationships that are essential to making the program a success.

Cleveland is the first city to adopt Living Cities' American City Agenda, which calls for local and state governments to work together with business, philanthropy and the not-for-profit sector on an integrative approach to revitalizing communities. By investing in the Cleveland program, Living Cities demonstrates its commitment to help Cleveland respond to a difficult challenge.

ADDITIONAL FUNDERS:

- Key Community Development New Markets, LLC—a subsidiary of Key Bank
- State of Ohio—Ohio Housing Finance Agency
- Enterprise Community Partners; Enterprise Community Loan Fund
- Village Capital Corporation (lead lender)
- City of Cleveland—Housing Trust Fund
- City of Cleveland—NSP-1 Funds

DESCRIPTION OF THE LOAN: The Catalyst loan is part of a \$3 million revolving loan fund that will enable OHC to acquire and rehab 50 foreclosed homes. Key Bank is providing senior debt that will be repaid upon sale or lease of each unit. The state and city funds will subsidize the units to reduce the sales price.

LEVERAGE: \$1 million from the Catalyst Fund is leveraging \$9 million from other sources.