



New Cultural Center & Artists Flats  
Summer Workgroup 2020  
CDHC August 19 Board Meeting



# NCC - Exterior



Front View - From Symphony Wood Road



NCC Entrance



Side/Rear View



# NCC - Interior



Lobby



Gallery Entrance



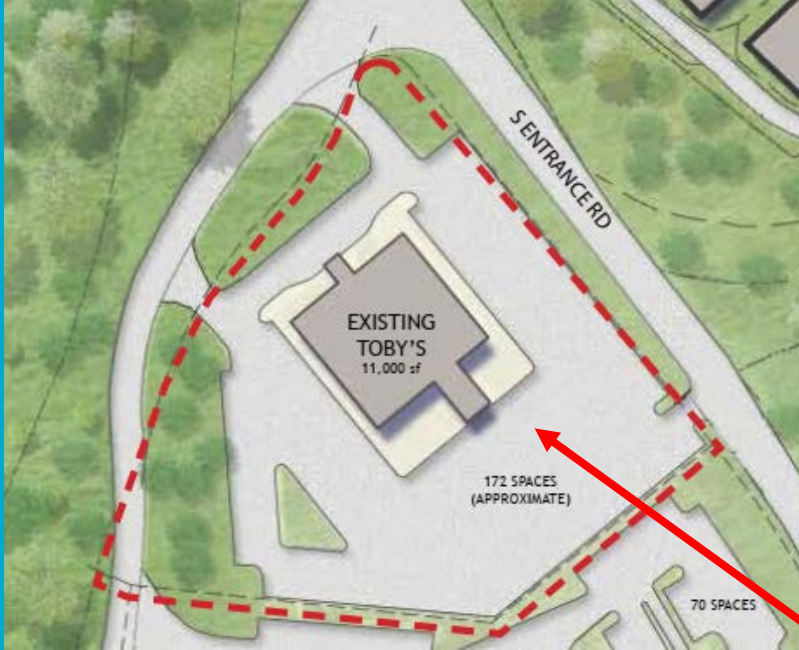
Outdoor Pavilion for Special Events



Dinner Theater Entrance

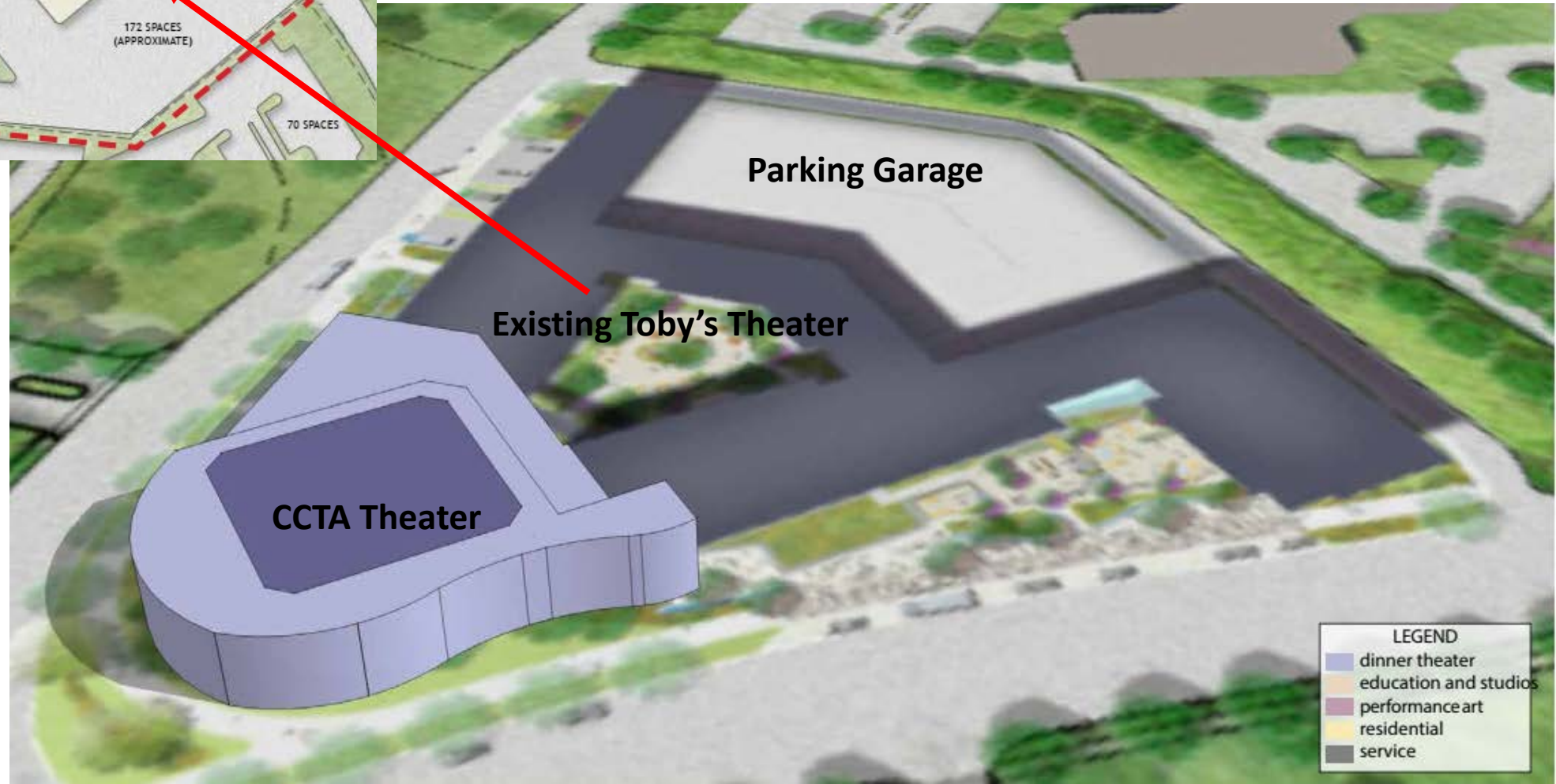


# New Cultural Center



## Phase 1A – Construction of CCTA Theater

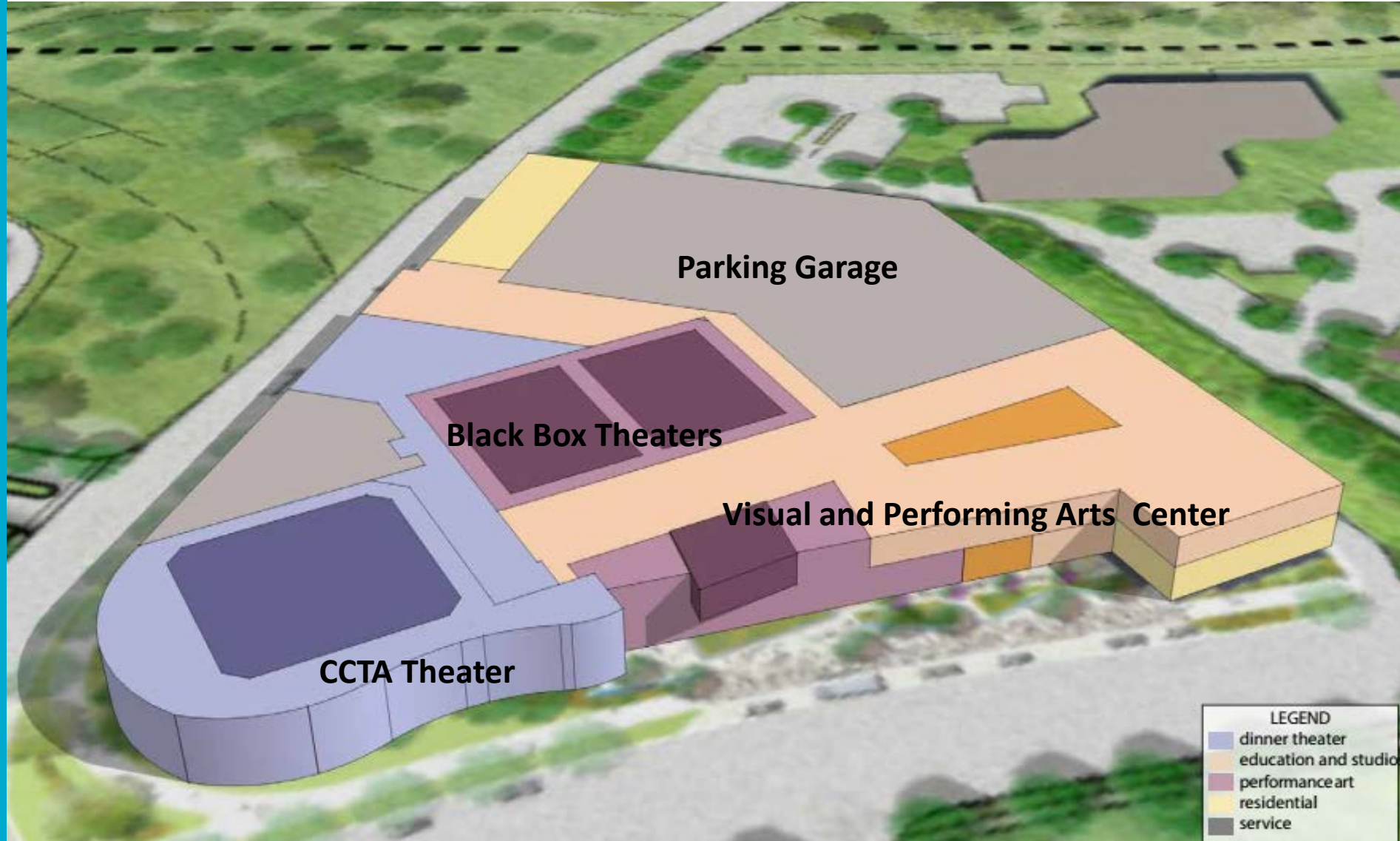
- Current Toby's Dinner Theater continues operation
- Moves into new facility when Phase 1A complete



# New Cultural Center

## Phase 1B – Construction of NCC and Parking Garage

- Construct Visual and Performing Arts center and balance of CCTA space
- Continue construction of parking garage





# Artists Flats








Parking Garage

5 Stories of Housing  
174 Units

Dinner Theater

Arts and Cultural Center

Housing Lobby /  
Leasing Office

LEGEND	
	DINNER THEATER
	EDUCATION AND STUDIOS
	PERFORMANCE ART
	RESIDENTIAL
	SERVICE

# Artists Flats



## Process and Approvals – Current Status

- **Building Design:**
  - Building design and floorplans complete.
  - Must prepare permit submission and construction drawings.
- **County Approvals:**
  - Passed APFO (housing, schools, and roads) August 2016
  - Final Development Plan (FDP) approved April 2017
  - Environmental Concept Plan (ECP) approved February 2017
  - Public Water and Sewer Plans approved May 2018
  - Project deemed Technically Complete in January 2018
  - Site Development Plan approved by the Planning Board in March 2018
  - Traffic study approved as part of the SDP review
- **Additional Environmental Approvals:**
  - Maryland Department of the Environment (MDE) Approval - October 2017
  - FEMA Approval - April 2017



## Process and Approvals – Next Steps

### Next steps to begin once project funding is authorized

- **Final Construction Drawings:** Complete construction and permit plans, 3 month process.
- **Execute Developer Agreement with County:** Agreement is ready to sign.
- **Submit SDP and Plat Originals:** To be submitted after developer agreement is executed.
- **Permit Submission:** 2 to 3 month process for County review and approval.

### Housing Funding Deadlines:

- LIHTC and State funds awarded 2019.
- LIHTC Completion Deadline: Project must be completed before end of 2024.

## Housing Program – Bedroom Mix

	Affordable	Market	Total
1 BR	39	48	87
2 BR	29	38	67
3 BR	19	1	20
<b>Total</b>	<b>87</b>	<b>87</b>	<b>174</b>





## Housing Program – Mix of Incomes and Rent Levels

% of Median Income	Number of Units	Rent (Varies by BR Size)	Maximum Income (Varies by BR Size)
20%	11	\$314 to \$341	\$15,600 to \$18,720
30%	22	\$483 to \$651	\$23,400 to \$32,448
40%	6	\$678 to \$809	\$31,200 to \$37,440
50%	33	\$873 to \$1,192	\$39,000 to \$54,800
60%	15	\$1,068 to \$1,462	\$46,800 to \$64,896
<b>Total Affordable</b>	<b>87</b>		
<b>Market Rate</b>	<b>87</b>	1BR - \$1,994 2 BR - \$2,350 3 BR - \$3,400	NA

- Rents are set based on 2020 Area Median Income of \$104,000 for a Four Person Household.
- Affordable Rent and Income will vary by bedroom size and household composition.
- Project includes 31 Project Based Vouchers. Tenants pay 30% of their income for rent and utilities.

## Project Financing

- Project funding awarded by DHCD in 2019.
- No County funds are being used for the housing portion of the project.
- Project will use a “twin” LIHTC structure. Separate condominium ownership structure required to use 4% and 9% LIHTC and maximize federal funding.

Sources	Amount
Private Loan	\$6,585,733
Tax Exempt Housing Bonds (Issued by the MD DHCD)	\$26,887,449
Low Income Housing Tax Credit Equity (Tax Credits Awarded and Issued by MD DHCD)	\$18,894,547
MD DHCD - Rental Housing Works Program	\$2,500,000
MD DHCD - Partnership Rental Housing Program	\$5,395,480
Columbia Downtown Housing Corporation	\$2,500,000
Deferred Developer Fee	\$1,810,889
Federal Home Loan Bank - Affordable Housing Program	\$700,000
<b>Total Sources</b>	<b>\$65,274,099</b>



## Business Structure - Housing

Orchard Development and Housing Commission are co-developers.

- Orchard Development Roles and Responsibilities:
  - Lead design and County approval process
  - Joint responsibility for predevelopment costs
  - Manage construction process, provide construction guarantees
  - Provide property management through Armiger Management Services
- Housing Commission Roles and Responsibilities:
  - Responsible for securing project financing
  - Joint responsibility for predevelopment costs
  - Will serve as managing general partner in ownership
  - Provide operating guarantees to investors and lenders
- Developer Fees and Cash Flow
  - Split of Developer Fees: 49.8% to Orchard, 50.2% to Housing Commission
  - Future cash flow to Housing Commission

## NCC Program - 134,000 SF

### Basement, Floors 1 & 2, Floor 3 Plaza

#### Shared

- Two-story entrance lobby – rentable for events
- 3<sup>rd</sup> Floor Public Terrace - rentable for events
- Restrooms and back of house support spaces

#### Columbia Center for Theatrical Arts (“CCTA”)

- 350-seat dinner theatre with kitchen
- 300-seat black box theater with support spaces
- Cafe/bar
- Three (3) Performing Arts Classrooms
- Box office, Sales, Coat check, and Office Suite

#### Dept. of Recreation and Parks – Visual and Performing Arts Center

- 300-seat black box theater with support spaces
- Public Gallery for the visual arts – can be rented for events & corporate functions
- Two (2) dance studios
- Seventeen (17) Classrooms and Studios including Multi-purpose, Vocals, Kiln, Sensory Play, and Demonstration classrooms, with five (5) rooms having moveable partitions for flexibility
- Information Desk and Office Suite





## New Cultural Center Financing Overview

### Original Proposed Structure - Total Sources of \$73.3 million

- Howard County GO Bonds: \$62 million
  - \$28 million supported through CCTA Lease / DRP revenue
  - \$34 million supported through Downtown TIF revenue
- TIF Bonds for Parking Garage: \$9.8 million
- State grant: \$500,000
- Personal donation: \$1 million

### Revenue Projection from NCC

- Annual Revenue: \$1,677,550 Total (Based on stabilized operations in 2027)
  - CCTA Lease: \$808,550, rises by 3% annually (\$785,000 rent in 2026 base year)
  - Recreation and Parks Revenue: \$869,000, **no escalation in underwriting**

GO Bonds	TIF Revenue	NCC Revenue	Total
Loan Amount	\$34,000,000	\$28,000,000	\$62,000,000
Rate	4.50%	4.50%	4.50%
Term of Loan (months)	240	240	240
Annual Debt Service	\$2,596,062	\$2,137,933	\$4,733,995
Annual Revenue	\$2,596,062	\$1,677,550	\$4,258,759

# New Cultural Center Modified Proposal





## Reduce Capital Cost

- Cost saving measures proposed to reduce hard costs by up to \$7 million
- Total GO bond issuance reduced from \$62 to \$55 million

Current Budget	NCC	Garage	Total
<b>Total</b>	<b>\$59,766,396</b>	<b>\$13,106,223</b>	<b>\$72,872,619</b>

Cost Savings Measures	NCC	Garage	Total	Cumulative Savings
Arcadis / Whiting-Turner Repricing	\$3,066,255	\$0	\$3,066,255	\$3,066,255
Eliminate 120 Parking Spaces	\$0	\$2,677,875	\$2,677,875	\$5,744,130
Defer Portion of Developer Fee	\$1,255,870	\$0	\$1,255,870	\$7,000,000
<b>Total</b>	<b>\$4,322,125</b>	<b>\$2,677,875</b>	<b>\$7,000,000</b>	<b>\$7,000,000</b>

## Reduce Reliance on Project Revenue to Service Bond Debt

- Increase portion of debt supported by TIF revenue from \$34 to \$39 million
  - At 3% interest rate, can service \$5 million more debt with same annual payment
  - No impact to schedule of Downtown Projects financed by TIF
- Reduce portion of debt supported by project revenue from \$21 to \$16 million
  - At 3% interest rate, annual debt payment can be reduced by ~\$530,000
  - DRP revenue needed to service debt is reduced by over \$600,000
  - Majority of DRP revenue can be used to offset operational costs

New Bond Payment:	\$1,065,000
CCTA Lease Payment:	\$808,550
<u>Revenue Needed From DRP:</u>	<u>\$256,000</u>
Remaining DRP Revenue:	\$613,000

## Lower Operating Costs

- Dept. of Recreation and Parks and Dept. of Public Works refined budgets and projections from what was submitted to Council in the spring
- Projected operating costs have been lowered significantly through additional analysis, *no change to program operations*
- **DRP – Reduced budget from \$848,000 to \$755,000**
  - Lower projected staffing costs
- **DPW – Reduced budget significantly from \$2,400,000 to \$641,000**
  - Budget adjusted to remove CCTA portion of utilities and common area maintenance
  - Applied data from more modern County facilities to provide a better estimate of operating costs
  - Conducted additional research to provide more accurate parking garage maintenance costs



## Proposed Next Steps in Process

Action	Immediate Action	1 Month Delay	2 Month Delay
Additional work session (if needed)	End of Aug	End of Aug	End of Aug
CE to submit request for legislation	Aug 27	Sept 24	Oct 22
Legislation is agendized	Sept 8	Oct 5	Nov 2
Council work session on legislation	Sept 21	Oct 19	Nov 16
Vote to remove funding from contingency	Oct 5	Nov 2	Dec 7
Purchase & Sale Contract deadline to secure financing	Sept 1, 2020	Must Extend	Must Extend
Construction Documents finalized	Oct – Dec 2020	Nov 2020 - Jan 2021	Dec 2020 - Feb 2021
County Permit Review Complete	Jan - March 2021	Feb - Apr 2021	March – May 2021
Construction Start	April 2021	May 2021	June 2021
Housing Construction	Oct 2022 – Oct 2024	Nov 2022 – Nov 2024	Dec 2022 - Dec2024
Leasing & Occupancy Start	Oct 2024	Nov 2024	Dec 2024
LIHTC deadline for housing occupancy	Dec 31, 2024	Dec 31, 2024	Dec 31, 2024

## What Is the Impact If Funding is Not Approved This Fall?

- **Project Will be Presumed Dead**. Parties have spent 5 years on process and over \$2 million on predevelopment. Deadlines and key decisions cannot be delayed indefinitely.
- **Affordable Housing Lost**: Loss of 87 affordable housing units. County will turn down **\$65 million** in outside funding for its housing needs. Commission to be penalized in future funding applications; will be very difficult to secure funding for future mixed-use projects such as the library, fire station, and transit center.
- **Downtown Plan Jeopardized**: The construction of affordable housing is a requirement of the DRRA. Unclear how or by whom this will be met.
- **Toby's and CCTA Future in Doubt**: Current facility is aging and in need of capital investment. Owners must decide whether to sell the business, the property, or both. Future of CCTA uncertain without a permanent home.
- **No Downtown Arts and Cultural Center**: Site control for the arts and cultural center will be lost. No other location is identified for such a facility.



Discussion



Front View - From Symphony Wood Road



NCC Entrance



Side/Rear View