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Wednesday, April 14, 2010

Commercial Real Estate News

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Sherman Associates breaks ground on Metro Lofts

BY TODD RAZOR

It took five years, but Sherman Associates Inc. last week broke ground on Metro Lofts.



Work begins on Metro Lofts.

Crews began moving dirt April 8, one day after the Minneapolis-based developer closed on the financing for its estimated \$20 million housing project at 255 Vine St. It will include 100 affordable-housing units and 11 market-rate apartments.

Sherman had hoped to begin work March 1, but was delayed when the Irvine, Calif.-based tax-credit syndicator it had tapped backed out of a deal to purchase more than \$1.8 million in low-income housing tax credits awarded the project.

Jackie Nickolaus, Sherman's vice president of development, said more working hours, additional work crews and better coordination will now be required in order to complete the project by its scheduled end date of Dec. 31.

As the economy tumbled, traditional investors had less need to offset taxable income through the purchase of tax credits, leaving many developers without enough equity to get their affordable-housing projects off the ground.

"It's been a really tough tax credit market the last couple of years," said Matt Anderson, the city of Des Moines' economic development administrator.

At one point, Metro Lofts had been slated as a 60 percent affordable and 40 percent market-rate project, but that mix was tough for investors to swallow.

"There has been change a change in the way tax credit syndicators are underwriting projects," Anderson said. "Hopefully the environment will improve as the economy improves."

The identity of the new tax-credit syndicator was not disclosed.

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