

Cleveland financial advisor puts together financing to redevelop historic NASA Glenn site



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NASA Glenn built its Development Engineering building and annex from 1963 to 1964 to house 1,100 engineers and others who developed rocket launching systems, This photo is circa 1965 and taken from NASA's application for a listing on the National Register of Historic Places.

By [Mary Vanac](#) – Staff Reporter, Cleveland Business Journal
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Few investors or lenders have the appetite for financing hotel development these days.

And no wonder — reactions to the coronavirus pandemic have all but shut down business and leisure travel, cutting to a handful overnight stays for many hotels.

As a result, 50% more hotels have defaulted on their mortgage payments since April than during the recession in 2008 and 2009, said [Anthony Delfre](#), managing director and principal at Cleveland investment bank and financial advisor Brown Gibbons Lang & Co.

So Delfre and his colleagues in the firm's Real Estate Advisors group had to be creative to put together more than \$42 million in adaptive reuse financing for Ceres Enterprises, the Westlake, Ohio, developer that is redeveloping two historic buildings at NASA Glenn Research Center in Fairview Park as a hotel, apartment and event property.

Ceres Enterprises develops and operates select-service hotels in the Midwest and is a preferred developer and operator of Marriott, Hilton, Wyndham and Choice Hotels, according to a Brown Gibbons Lang statement.

The developer plans to repurpose two former Development Engineering buildings on the north side of the NASA Glenn property as a:

- 3-story, 59-room, select-service Trademark Collection by Wyndham hotel.
- 92-unit, Class-A apartment building.
- 6,600 square-foot banquet and event space.
- 13,000 square-foot future brewery and pub, according to Brown Gibbons Lang.

There was little appetite among conventional lenders or in debt markets for financing the deal because of its hotel component.

"You really did need to find a creative way to capitalize the hotel portion of the transaction," Delfre said.

The development financing comprises:

- Senior construction debt for the apartment conversion with Erie Bank.
- Senior construction debt for the hotel conversion through a private loan syndication and subordinated bridge debt with Foss & Co.
- Subordinated term debt with Cleveland Development Advisors.
- Federal and state historic tax credit equity with Foss & Co.
- Property Assessed Clean Energy (PACE) financing with Pace Equities.
- Equity from Ceres Enterprises.

"In addition to all of the usual financing sources for a historic tax credit transaction, this was a little bit more challenged because we had to find significant subsidies for the hospitality portion so that we could then source a very small but necessary private senior mortgage," Delfre said.

Officials at Fairview Park, Cleveland, Cleveland Hopkins International Airport and Metroparks of Greater Cleveland had a hand in enabling financing for the adaptive use project, said [David Crisafi](#), president of Ceres, the developer, in a statement.

"It's going to be a great project for all," Crisafi said. "I also want to thank Brown Gibbons Lang & Co. Without their efforts, this deal would not have gotten done."

Delfre and his team used Property Assessed Clean Energy funding from Pace Equities to enable Ceres Enterprises to finance the up-front cost of energy improvements to the former NASA Glenn buildings.

Without the PACE funding, which came through Fairview Park, the project "otherwise might not have been financeable because of the energy inefficiencies of the buildings," Delfre said.

The financing also includes historic preservation tax credits from the federal government of between \$7 million and \$8 million and more than \$4 million from Ohio, Delfre said.

NASA Glenn (then known as NASA Lewis Research Center) built two Development Engineering buildings from 1963 to 1964 in response to President [John F. Kennedy's](#) initiative to land a man on the moon.

Building K and Building L housed 1,100 engineers and others who developed rocket launching systems, physically separating them from NASA's research engineers, according to NASA Glenn's application to earn a spot for the buildings on the National Register of Historic Places.

"The engineers and staff working on this campus played a significant role in the development of the Agena, Atlas and Centaur rocket programs and contributed their rocket expertise ... to the manned Apollo program through the 1960s," according to NASA's national historic register application.