



The Englewood Group

Development
Construction Management
Consulting
Property Management
Compliance

December 18, 2015

VIA EMAIL - lkirch@ajcity.net

City of Apache Junction
c/o Mr. Larry Kirch
300 E. Superstition Boulevard
Apache Junction, AZ 85119

RE: The Crossings at Apache Junction Rehabilitation Proposal

To whom it may concern:

Our group represents the owner of the Crossings at Apache Junction (380 S. Phelps Drive) as well as the affiliated development/construction/property management company collectively known as The Englewood Group (Englewood). Englewood is responsible for the development, construction and has remained the property manager of the Crossings since opening. An affiliate of Englewood is the General Partner of the community. We have appreciated the opportunity to continue to provide safe, affordable housing for the residents of your community. It is our desire to remain in the community for many years to come.

Since completing the Crossings, we have developed/constructed/manage 791 affordable units across the state of Arizona. We are attaching a project list and photographs of some of the properties for your review. We continue to be active in these services and in fact, office space at the Crossings serves as our Arizona satellite office for our operations.

The Crossings has now been in service for 15 years and is eligible to go through the Qualified Contract Process which could allow us as owner to market the property and if a buyer is not identified, could remove the affordability component and take the rents to market-rate levels. It is our understanding Indian Wells/Sonoma Valley Apartments (975 S. Royal Palm Road) has just completed this process.

The residents making up the Crossings are quite diverse:

- About 1/3rd are single seniors, either retired or disabled
- 1/3rd are single parent households with mothers working as waitresses, bankers and cashiers, but many are working to increase their earning potential by going to school part time at Central Arizona College
- The final 1/3rd are family households with two parents where one or both parents work

A large percentage of our residents work at Fry's Food, Burger King, McDonalds & 99 Cents Only stores in the vicinity.

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EDC, LLC • Eight-Sixty Realty, LLC • Englewood Development Co., Inc • Home One Development, LLC • Housing Directions, LLC
Mountain Trace Development, LLC • Vasil Management Co., Inc d/b/a Village Management Company • Venture Design Group, LLC



"This institution is an equal opportunity provider"

It is not our intent to proceed through this process for the Crossings and instead, we are interested in rehabilitation of the property using the Low Income Housing Tax Credit Program. In reviewing the ADOH 2016 QAP, we note the inclusion of 'affordable housing preservation' priority. The Crossings would meet the criteria of this priority and more importantly, would provide means to protect the affordability of the rents/property for 30 more years. Taking the property through the 9% LIHTC competitive process would allow the substantial rehabilitation of the property ensuring its physical component is able to last the 30 years of affordability period. While we're still finalizing the costs/scope of rehabilitation, we've identified the following to begin with:

- New Paint (inside/outside)
- Roof repairs
- Outfit the roofs for the future installation of solar panels
- Balcony repairs
- Drainage/landscape/sidewalk improvements
- Parking lot reseal/repair
- Pool repair/upgrade
- Playground equipment upgrade
- Replace backflows/fire hydrant
- Replace the perimeter wall
- Dumpster enclosure repairs/re-design
- New cabinets/countertops
- New flooring
- Lighting upgrades (energy efficient)
- Plumbing upgrades (water conservation features)
- HVAC upgrades (energy efficient)
- New windows (energy efficient)
- New appliances (energy efficient)
- Upgraded insulation
- New drywall
- Renewable energy (we're still investigating this, but are looking to at least to site, design, engineer and wire the development to accommodate future install of solar RV in the future where all that will be needed to be done is to connect the panels to the electrical panels – we're engaging a solar consultant to better understand the options/site)

Select major building components used will be fabricated in the State of Arizona and/or will be environmentally preferred products. While our company is based out of Indiana, we will be using an Arizona prime contractor and local subcontractors to lead the construction for us.

This work will address long-standing maintenance concerns as well as meet the current energy efficiencies as per the QAP/current standards which will also keep resident utility bills low, if not lower than current levels.

A major component of the rehabilitation will be the relocation plan while the improvements are made. Our company does have experience with this procedure and we feel confident in our abilities to appropriately budget resident displaced expenses/reimbursement and stage the site to keep the construction activities as minimal of a disturbance as possible. We preliminarily envision a phasing where a contiguous building made up of 16 or 24 units are under construction at one-time taking 6-8 weeks each. There are 7 existing buildings therefore taking a total rehabilitation time of plus/minus a year's time. We would expect this timeline could go faster once the earliest buildings are completed and a scheduling/process is fine-tuned for future buildings once the inherent existing conditions are understood.

As you're aware, the QAP has a 'Local Government Contribution' component. The points of this component are needed for our proposed LIHTC submission to remain competitive for the funding needed to complete the rehabilitation. I'm attaching the direct pages from the QAP which clarify the options for the funding and the documentation we would need in our submission. Based on the QAP criteria and population of Apache Junction, our proposal would need 1% of total construction costs in new funding from the City of Apache Junction. Our current estimates of total construction costs is \$50-60,000/unit x 117 total units x 1% which equates to \$58,500 - \$70,200 needed from the city. Again, we are still getting final numbers and will update the city with our final results.

We understand the new funding source likely will be in the form of a city loan and request to be considered for commitment for a loan in order for us to proceed with an application for LIHTC's for the preservation and rehabilitation of The Crossings at Apache Junction.

Thank you for your time and consideration.

Sincerely,



Brian R. Pozen
Director of Development

Cc: Bryant Powell, Apache Junction City Manager via email
Matt Busby, Apache Junction Assistant City Manager via email
Gina Dillman Hoskins, The Englewood Group via email