

Valdez Woodside Subdivision Housing Development Proposal

Submitted by:

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Experience and Qualifications

Cordes Development and its principals have completed nearly 100 affordable housing developments in the Western US, with over 20 of those located in Alaska. We own and operate the majority of these properties but also act as turn key developers for non-profits, tribal communities and for-profit entities. While our expertise is in the low income housing tax credit program, we have funded and developed projects utilizing virtually every type of public and private funding sources. We are widely respected in the industry for developing high quality projects within budget and on time. Likewise, we have long standing relationships with Alaska based architect, general contractors, engineers, property management, funding sources and third party providers. A detailed list of completed projects and references is attached. Statement of qualifications for the proposed architect, BDS Architects and general contractor, Sundance Construction Company, and property management company, North Star Management, are also attached.

Finally, we believe that Soundview Apartments located in Valdez demonstrates that our team develops high quality affordable housing complexes that are durable for 20+ years, are well maintained and managed and attract tenants that are responsible members of the community. Soundview is also a testament to our ability to garner community support, with effectively with City officials and successfully gain necessary funding.

Summary Overview

Our overall recommendation is to offer a mix of affordable/income-restricted and market rate housing units in multi-family apartment complexes. This would address the housing needs of low income families who are currently rent overburdened, provide preferential housing for city employees and increase the housing stock for the broader community. We propose the construction be done in three phases. Phase 1 would be a family apartment complex of 24 to 32(space permitting) units, with a mix of 1, 2 and 3 bedroom units. We recommend that 8 to 10 of these units be market rate targeted to households at 80% to 120% of area medium income, with the balance being affordable units targeted to households at 50% - 60% of area medium income. Phase 2 would be a senior housing complex of 18 units with a minimum of 13-15 units being affordable and the balance market rate units. These would be primarily 1 bedroom units with a few 2 bedroom units, a quarter of which being designed for those with mobility impairments. Phase 3 would be a 24 unit multi-family apartment complex. The proportion of

affordable to market rate and bedroom configuration would be finalized based on the lease up and applicant wait list experience of Phase 1.

These proposed configurations and income targeting are based on our experience in developing, leasing and managing Alaska properties. However, a comprehensive market analysis will be required to ensure the appropriate bedroom/household size, income targeting (mix of affordable vs market rate). lease up and absorption rates and rent rates are established. Likewise, it is critical that community and City Council feedback is incorporated into the design process.

For a phased project of this magnitude, the Alaska Housing Finance Corporation's (AHFC) GOAL Program, which consists of low income housing tax credits, HOME funds, NHTF and SCHFD/senior, is the only financially feasible source of funds for a combined affordable/income restricted and market rate project. Funds received from the GOAL will be supplemented with other types of grants and/or low interest financing. A block grant/CDBG funds will be required for off-site improvements. Donated land and financial incentives from the City will also enable the project to maintain competitive market rents.

The Woodside Housing Development offers immense benefits to the Valdez community. Over 70 units will be added to the housing stock. The City can provide high quality competitively priced apartment units to current and prospective City employees. Low income families and seniors will have the opportunity to reside in safe, affordable units while keeping their rent burden within acceptable levels. Solicitation of feedback from community members will enhance community support. As a result, Valdez will enhance the stability of the community, attract new citizens, increase the tax base and provide new economic potential for local businesses and workers.

Detailed Action Plan

Construction Cost Estimate:

Based on our experience and historical data in Alaska, we anticipate the total development cost per unit to be \$270,000 to \$360,000 in Valdez. This cost per unit varies by bedroom mix, amenities and quality standards. Of this, roughly 60% is direct hard construction costs with the balance covering soft costs such as architect and engineering fees, third party studies such as soils, environmental, market analysis, financing charges, legal, reserves and developer fees.

Approximate cost for each Phase is as follows: Phase 1 Family Project - \$6,500,000 to \$10,000,000, Phase 2 Senior Project - \$4,000,000 to \$7,500,000 and Phase 3 Family Project - \$6,500,000 to \$8,500,000.

Site Plan:

Please see site plan with phased development attached. The three phases are identified, and we wanted to present the draft plan graphically to show what is possible with the existing lot. The plan tries to find a balance between the number of apartments proposed while being respectful of

the surrounding neighborhood. To the west a low density single story senior living with attached garages is proposed to keep with the character of the adjacent properties on Copper Drive. To the east we propose multi-family housing two story buildings with shared parking like the adjacent property to the north. The plan revolves around the existing right-of-way extending Woodside Drive and connecting Pacific Avenue. A couple of administrative tasks will need to be considered in the timeline such as replat of lot lines and permitting. The plan is preliminary and will need input and support from the community. In the past we have orchestrated workshops to get the important stakeholder buy-in. Each of the three phases final footprint will be determined once the total number and bedroom size mix of the units have been identified.

We visited the site last July and noticed a couple of features. Located in the property is an eagle's nest which presents a unique challenge and will require coordination with regulatory agencies. A soils test of the entire property would be required and might reveal a better location for the buildings. We also noticed that the property was traversed by many pedestrians and as part of the planning process we might consider connecting neighborhoods. The site plan considers the preservation of the eagle nest and ample room for snow storage. Access points, road and parking are also identified.

It is recommended that road preparation and utility infrastructure be funded by a block grant. Cordes Development will prepare the application and all supporting materials to assist the City with their application. We have used CDGB funds for off-site infrastructure in supporting affordable housing projects both in Alaska and the other western states. Ideally, this infrastructure would need to occur in the first phase with site preparation, road connections and utility hook ups done concurrently and, hopefully, the block grant is sufficient to cover off-site improvements. This would allow the next phases to proceed unencumbered with infrastructure costs.

Project Schedule and Timeline:

This timeline is predicated on the assumption that a Developer will be selected on or about January 2020 and that we are successful in achieving a tax credit award from our first application. If re-application is necessary for any of the phases, the timeline would be extended by one year.

January to May 2020: . Begin dialog/politicing with AHFC, including discussions with State legislature. Conduct market analysis. Conduct soil and environmental studies. Solicit community feedback and support. Planning sessions with City staff and Council Begin applications for alternative financing sources (CDGB, AHP, Rasmusson).

April 2020 to July 2020: Refine planning for Phase 1. Complete applications for grant and other soft funding. Actively participate in AHFC comment period and other forms of political support.

July 2020 to December 2020: Submit AHFC pre and final tax credit applications for Phase 1. Gain necessary City and building department approvals.

January 2021 to March 2021: Commence site preparation and utility connections.. Begin planning for Phase 2.

April 2021 to July 2021: Commence construction for Phase 1 Refine planning for Phase 2. Actively participate in AHFC comment period if further QAP changes required. Complete applications for grant and other soft funding.

July 2021 to December 2021: Submit AHFC pre and final tax credit applications for Phase 2. Gain necessary City and building department approvals for Phase 2..

January 2022 to June 2022. Complete construction of Phase 1. Begin lease up of Phase 1. Complete any remaining site work and approvals for Phase 2. Commence construction for Phase 2. Plans for Phase 3.

July 2022 to December 2022: Submit AHFC pre and final tax credit applications for Phase 3. Close out Phase 1.

January 2022 to March 2022: Complete construction of Phase 2. Begin lease up of Phase 2. Gain necessary City and building department approvals and applications for additional financing for Phase 3.

April 2022 to July 2022: Begin construction of Phase 3. Close out Phase 2.

June 2023 to December 2023: Complete construction of Phase 3 and lease up of Phase 3.

Proposed City Support:

The Developer would seek political support, personnel and financial incentives. Political support is necessary to influence the Alaska Housing Finance Corporation (AHFC) Qualified Allocation Plan (QAP). The current QAP has a few point categories that need to be changed to ensure a more favorable outcome for projects located in Valdez. Under the current QAP, a preliminary scoring of the proposed project in Valdez would yield a score of +/- 130 points yet a score of over 140 is typically required to win a tax credit award. We believe a concerted effort on the part of City officials, state level assistance and our experience will yield the changes to the QAP necessary to win. Developer will provide guidance, structure effective arguments and data to support proposed QAP changes. However, AHFC is more likely to alter the QAP when City Mayor and Council take a stand. The time commitment will be significant but confined to the comment period (3 to 6 months) We strongly recommend that the City appoint a staff person who is authorized by the City Council to work with the development team. This person should have experience in working with the City Council, engaging in public outreach and be philosophically aligned with affordable housing. Their chief responsibility would be as liaison between developer and City Council/administration, guidance and participation in public feedback and point person for information collection and dissemination. Staff would also be required to file the block grant application. The staff person will be integral to gaining the community support and feedback critical to the success of the project. The staff person should be assigned for the duration of all three phases with the understanding that the time commitment

will be the greatest during the planning stages. Once construction starts, their role will be reduced.

The tax credit program rewards (assigns points) to projects that receive City financial support and are part of a Community Revitalization Plan. As such, we would recommend that the City donate the land or provide a 30 year low cost lease. Other financial incentives such as waiver of permit fees and reduced or no cost utility hook ups will also be requested.

Development/Partnership Agreement: Once a tax credit award is granted, developer will work with legal counsel and the tax credit syndicator to draft a Partnership Agreement. A draft Development Services Agreement is attached.