

VIDA Senior Residences at Brightwood

Background:

This project consists of the construction of a new affordable (50% Area Median Income) independent-living senior (55+) apartment building consisting of four levels of apartments (36 units) over a ground level of common areas with supporting services for the building's residents and other seniors served by VIDA. Services provided will include but are not limited to meals, bingo, chess, music, presentations, dancing, socialization, general recreation, vital signs check-ups, medication management, spiritual activities, and transportation services – two vans will be provided to transport residents to various appointments in town thus reducing the demand for individual cars in the community.

VIDA Senior Centers makes an ideal sponsor for an affordable housing development catering to seniors. As evidenced by the 59 letters of interest included in Exhibit Q, they have longstanding relationships with a multitude of local seniors who are very excited about the prospect of living in The VIDA Senior Residences at Brightwood. While the development team is well aware of the fact that some senior housing development have struggled with lease up, our team is uniquely positioned to mitigate this risk due to the well cultivated relationships we have with the over 600 local seniors that VIDA serves annually. In addition, Ward 4 maintains the highest percentage of seniors of any Ward in the District of Columbia.

Development Team

- Sponsor: VIDA Senior Centers
- Development Consultant: Dantes Partners
- Architect: Zavos Architecture + Design
- Property Management: NDC Real Estate
- General Contractor: Hamel Builders

VIDA SENIOR CENTERS (Applicant/Sponsor)

Vida Senior Centers is the one of the oldest non-profit organization serving seniors in Washington, DC. The organization, previously known as the Educational Organization for United Latin Americans (VIDA), was created in 1969 to assist the local multicultural community to overcome cultural, economic, social and language barriers. In 1974, the organization established a community center for seniors and became the one of the first organization in Washington, DC to specialize in providing bilingual, bicultural services and programs to meet the unique needs of the aging community.

Vida Senior Centers provides a variety of services, including a multipurpose service center, for low-income senior DC residents. Our list of services is comprehensive and tailored to the seniors' unique needs. Services include: health promotion & wellness; recreation and social/cultural activities; self-sufficiency counseling; nutrition; transportation; and education.

Vida Senior Centers serves over 600 seniors living in Washington, DC. Our services address a wide range of compounding demographic and social factors - low income, inadequate housing, and language barriers - that have detrimental effects on the ability of elderly citizens in the District to live independently, maintain a healthy lifestyle, access health care, and self-manage their chronic conditions.

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Dantes Partners (Development Consultant)

Since its inception in 2003, the firm's principal, Buwa Binitie has consulted for a wide variety of clients to coordinate with parties from design and financial teams to program sites from vacant parcels to stabilized buildings. Over the past four years, Dantes Partners has grown exponentially to provide consulting services in the areas of public/private deal structuring and negotiations, predevelopment planning and oversight, community outreach, market analysis, project and asset management, debt/equity underwriting, and portfolio due diligence. Our clients include corporations, government entities, churches, non-profit organizations and individual land-owners.

Dantes Partners was recently selected through a competitive bidding process to serve as a technical real estate finance consultant to support the Deputy Mayor and his staff. Under this contract we will be responsible for analyzing the feasibility and an economic impact of various District financing vehicles including Conduit Revenue Bonds, Tax-Increment Financing (TIF), Tax Abatements, Special Assessment Financing and Payments in Lieu of Taxes (PILOT).

Dantes Partners is also a certified minority-owned Local Small Disadvantage Business Enterprise (LSDBE) in the District of Columbia. As one of the few LSDBE's listed on the Deputy Mayor's economic advisory team, Dantes Partners is poised to serve as a key advisor on District sponsored related transactions.

Zavos Architecture + Design, LLC (Architect)

Zavos has been involved with projects for non-profit developers and community-based organizations throughout the Mid-Atlantic region for the past twenty-two (22) years, providing design, assessment, budgeting, construction and bid documents, and construction administration services for over 12,000 units of affordable and senior housing. This has resulted in many long-term working relationships and buildings that have positively impacted people's lives and their communities.

Zavos A+D believe strongly in a collaborative effort between client, funding source, and design team to achieve a successful project outcome. They are well-versed in dealing with agency-intensive projects with various funding sources, differing agendas, and community and governmental involvement.

Their experience is such that truly successful projects not only satisfy the programmatic and budgetary requirements of the clients, but must engage the community at large. Community and neighborhood meetings allow them to present designs in order to elicit feedback and encourage discussions about a project. The design team works hard at consensus building through attentive listening and exploration of design ideas raised at these meetings.

VIDA has partnered Zavos A+D because they have the technical skills and resources to produce projects on time and within budget. Moreover our confidence is bolstered because they are constantly monitoring job costs throughout the planning and design process and are acutely aware of their client budgets, time frames, and milestone dates. Furthermore they utilize the latest building information modeling software (BIM) providing us better coordinated documentation, 3-D visualizations, and reduced cost overruns and change orders.

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In summation Zavos A+D enhances the social and built fabric of the communities they work in by providing appropriate and sustainable design solutions. Be rest assured that Zavos A+D will work diligently to integrate green strategies into our project and we are pleased that the firm is a member of the US Green Building Council. Four of their team members are LEED Accredited Professionals, enabling them to provide expertise and leadership in implementing these green strategies effectively.

NDC Real Estate Management, Inc. (Property Manager)

NDC has established itself as a leader in the management of tax credit properties. Founded in 1982, they have been in the property management business for 26 years. Their company headquarters is located in Pittsburgh, Pennsylvania and they maintain regional offices in Scranton, PA, Washington, DC and Bradenton, FL. They currently manage 27 tax credit properties for third-party owners, 6 of which are located in Washington D.C. totaling 536 units. Including market rate properties, their entire management portfolio consists of 140 properties totaling over 10,000 units located in Florida, Kentucky, Maryland, New York, Ohio, Pennsylvania, Virginia, West Virginia and Washington, D.C.

NDC Real Estate Management, Inc. currently manages more than 6,600 units of affordable rental housing. NDC employs approximately 50 people in its corporate offices, and approximately 400 people on its managed properties. We believe that their extensive experience with affordable housing programs makes them uniquely qualified to handle this assignment. They have the expertise and experience necessary to resolve the problems that are an inevitable part of the property management business.

The reputation that they have earned with their clients, state agencies and tax credit investors is above reproach. It is the result of their commitment to excellence, and their hands-on approach to property management. NDC is an Accredited Management Organization (AMO) with the Institute of Real Estate Management.

Hamel Builders, Inc. (General Contractor)

Originally founded in 1988, under Hamel Commercial, Inc., Hamel Builders has developed into one of the Mid-Atlantic's most valued and respected construction services providers, specializing in the renovation and new construction of multi-family housing. A full service builder with construction management and design-build capabilities, Hamel Builders has established a reputation in the building industry for our strength of character, as well as, professionalism and building expertise.

With corporate offices in Elkridge, MD and Washington, DC, Hamel maintains a presence throughout the region, having constructed more than 15,000 units of multi-family residential, affordable housing, adaptive-reuse, senior living, historic, and mixed-use development, including over 3,000 resident-in-place renovations.

Whether in the Non-profit or For-profit building arena, 12 units or 500, Hamel will schedule, orchestrate and complete each project cost effectively and efficiently. With our recognized ability to assimilate information quickly and develop a fully comprehensive understanding of new projects, Hamel can swiftly meet your project goals and expectations. Our personnel will seamlessly take your project from concept to completion, working with your development team

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to ensure all construction activities from estimates to project management are coordinated and executed thoroughly. Offering results-oriented preconstruction services, construction management, and post-construction services your team can proceed with confidence during each phase of project development

Represented by a staff of diversified construction professionals, with backgrounds spanning all aspects of the development process, Hamel Builders can effectively evaluate projects not only from a construction perspective, but with sensitivity to your property management and marketing needs. Effectively, this enables Hamel to aide architects, engineers, and consultants in identifying problems and developing solutions before construction commences. This hands-on approach has resulted in a large percentage of our work being negotiated and obtained through client recommendations and repeat clients.

Green Design:

A green building approach fits well within VIDA's overall goals as an established non profit focused on improving the lives of local senior citizens. Our new Green building will provide a healthy place for our residents to live and our employees to work by providing better indoor air quality for occupants. In addition, our Green building makes good fiscal sense as it will reduce the everyday energy costs for both our organization and the tenants we serve. These cost savings will in turn allow VIDA to use more of its scarce financial resources to fund its programmatic costs. In addition to being consistent with VIDA's overall goals, the project design team is committed to exercising sustainable design practices as part of their overall design philosophy and sense of responsibility to protect health and welfare of the building's end users and that of the larger local and global community of which we are all a part.

A green approach to building has been adopted by Dantes Partners and is a standard model of practice for the design team – given our collective acknowledgment of the impact that buildings have on the environment and our sense of obligation to minimize that impact as much as possible. Specific to this project, the building's program and location are the primary impetus for going green. Programmatically, the long-term cost savings offered by lower operating and maintenance costs will allow VIDA over time to allocate their resources more effectively towards fulfilling their goals. Additionally, the improved indoor environment quality afforded by green building will contribute to the overall well-being of the senior residents, who spend much of their time indoors and are inherently susceptible to problems related to the qualities of the indoor environment, such as air, light, views, etc.

To illustrate our commitment to Green Design, we have engaged the services of Zavos Architecture and Design along with their LEED accredited architects. We have worked with them to create a design plan that incorporates several Green Design elements, including the following green building strategies that will be incorporated in this very important project:

- The project is sited within an established urban neighborhood, with access to public transportation, amenities, and network of existing residential streets – minimizing the residents' need for owning and maintaining a private automobile.
- A private shuttle service (12-person van) will be provided; further reducing the reliance on private automobile.

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- A reduction in parking provided (as aided by the items above) will promote alternative means of transportation and also contribute to the goals of maximizing the number of affordable housing units provided and community services provided via more effective use of the site.
- Use of permeable paving within the parking and drive areas will reduce the size/need for underground storm water structures, allowing potential re-allocation of financial resources to other uses such as subsidizing programs, services, or rents, and/or other implementing more green building measures.
- Use of high-emissive roofing will reduce heat island affect and to reduce cooling loads and associated utility costs.
- Provision of privately-metered electrical services (per unit) and individual hot water heaters will incentivize energy conservation and reduction of utility bills.
- Use of non-vinyl and non-carpet floor coverings throughout will promote indoor air quality and reduce long-term maintenance costs.
- Residential units and common spaces will be designed to receive as much natural light as possible, minimizing the artificial lighting demand and thereby reducing energy costs and heating demands – in addition to maximizing the quality of the interior environment.

Specific to Green Design features, the following green measures will be incorporated in the project:

- Vegetative roofing will be used for approximately 50% of the roof area to further reduce the heat island effect, heating/cooling loads, and need for storm water facilities. It is also a project goal that vegetative roofs be integrated with roof terraces for use by the residents – given the limited area afforded by the site.
- PV panels may be integrated with the non-flat portions of the roof, in the interest of providing an alternative means of power and thereby reducing utility costs.

SITE DESCRIPTION

Address: 1330 Missouri Avenue, NW
Sq/Lot: 2794 0877
By Right Bldg Size: 26,400 SF (Potential)
Lot Size: 8,799 SF
By Right Const.: 36 units
1900 SF of common area space on ground floor
Current Status: Vacant land

CURRENT OWNERSHIP OF LAND:

The site is currently owned by 1330 MISSOURI AVE LLC, a District of Columbia Limited Liability Company. VIDA Senior Centers (formerly the Educational Organization for United Latin Americans) the sponsor, co-developer and applicant executed an exclusive option to purchase contract with 1330 MISSOURI AVE LLC (current owner) as evidenced by the option purchase contract attached in Exhibit B.

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Market Information

General Characteristics

Brightwood is a neighborhood located in the northwestern quadrant of Washington, D.C. Brightwood and the rest of Ward 4 are represented in the Council of the District of Columbia by Muriel Bowser.

As defined by the Brightwood Community Association, the boundaries are Walter Reed Army Medical Center and Aspen Street to the north, 16th Street and Rock Creek Park to the west, Georgia Avenue to the east, and Kennedy Street to the south. Nearby neighborhoods include Shepherd Park to the north, Takoma to the northeast, Manor Park to the east, and Sixteenth Street Heights to the south.

Much of the retail in the neighborhood is located along Georgia Avenue. The Takoma Metrorail station is within walking distance (less than one mile NE of 6425 14th Street and 1.16 miles NE or 1330 Missouri). The Fort Totten Metro Station is located 1.72 miles SE of 1330 Missouri and 1.93 miles SE of 6425 14th Street. There are several Metrobus routes that serve the immediate vicinity including the 52, 53, 54, E2, E3, and E4 allowing residents to access the nearby major employment centers of Silver Spring, Bethesda and the Downtown Central Business District.

The neighborhood has seen significant improvements in crime rates in recent times and the subject site is located 2,500 feet from the DC Police 4th District Headquarters. From 2002-2005, the number of property crimes per 1,000 residents has declined every year and is down 14% over that time period¹.

Several prominent national colleges and universities are located a short distance from the area including Catholic University (2.3 miles SE; 5,500 students), Howard University (2.7 miles S; 11,000 students), American University (3.5 miles SW; 9,700 students), and University of Maryland – College Park (4.3 miles E; 36,000 students).

The subject sites enjoy excellent access to local recreation amenities as there are several public parks located in a one mile radius including Rock Creek Park, Emery Recreation Center, Fort Stevens Recreation Center and Fort Slocum Park.

From 2000-2006, the median home sales price in Brightwood increased by over 166% making owning a home relatively unaffordable as incomes in the area have failed to keep pace with the dramatic rise in housing prices. Additional, recent credit conditions in financial markets have made securing a mortgage increasingly challenging especially to first time homebuyers who may have relatively shorter credit histories. As a corollary, the vacancy rate for apartments in Washington DC has remained historically low (below 3.8%) since 2005 and is not forecast to exceed 4.3% through 2012.²

¹ Source: http://www.neighborhoodinfodc.org/nclusters/nbr_prof_clus18.html#Sec_Police

² Source: REIS 2008 data

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Demographics

Aging Population

The rapidly aging population of the United States is widely reported demographic fact. In 2004 the population of the country over 65 years old was approximately 36.3 million (12% of population). By 2050, this number is forecast to increase to 86.7 million (21% of the total population). This will constitute an increase of 147% over this time period while the population as a whole is only forecast to increase by 49%³.

As of 2005, there were approximately 91,000 senior citizens (age 60+) residing in the District of Columbia (16% of the total population). Over the five year time period from 2000 to 2005, the number of persons over age 65 in D.C. increased by 13%.

The greatest share of elderly (seniors aged 65 plus) live in Wards 4 – while the elderly account for 12% of the District's population, persons over the age of 65 make up over 18% of the population of Ward 4⁴.

Employment – As of May 2008, the District of Columbia enjoys a relatively low unemployment rate of 6.6% while Ward exceeds this average boasting an unemployment rate of only 5.3%⁵

Multifamily Rental Market Metrics⁶

The Mt Pleasant Submarket has seen dramatic improvement in rental growth in the past five years ranking in the top 10 of all the submarkets that REIS tracks (818 total) for the past one, three and five year periods. Continued strength is predicted for the submarket as rents are forecast to grow 2.5% annually over the next five year period compared to only 1.8% for the District as a whole.

While rent growth has shown dramatic strength, vacancy rates have continued to remain low as they have been substantially outperforming the National multifamily market in this category as shown below:

Historical Vacancy Rate Comparison		1 Year	3 Year	5 Year	Forecast
Mt.	Pleasant	4.50%	3.90%	3.60%	5.90%
District	Columbia	4.40%	4.10%	4.40%	5.10%
South	Atlantic	7.20%	6.70%	6.90%	8.00%
United	States	6.20%	6.00%	6.20%	7.00%

³ http://seniorliving.about.com/od/lawpolitics/a/senior_pop_demo.htm

⁴ State of Washington, D.C.'s Neighborhoods, Office of Planning, September 2008

⁵ Source: D.C. Department of Employment Services, Office of Labor Market Research and Information.

⁶ From REIS report dated April 2009

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Project Financing

The VIDA Senior Residences at Brightwood will be rented exclusively (100% of the units) to seniors earning a maximum of 50% of Area Median Income. Financing will come from three Sources as described below:

9% Low Income Housing Tax Credits:	5,972,845
Permanent Debt:	1,996,247
<u>Deferred Developer Fee (50%):</u>	<u>422,497</u>
TOTAL SOURCES OF FUNDS:	8,391,589

In order to maximize our total points pursuant to the District of Columbia Qualified Allocation Plan, we have elected to defer the maximum of 50% of the Developer Fee. It should also be noted that the total developer fee is equal to only 11% of project cost, well below the allowable maximum of 15%.

While the restricted rents at the property will greatly limit the amount of debt the project can support, we would like to entertain the possibility of monetizing a portion of the allocated tax credits in the event that tax credit pricing in the open market continues its downward trend. As evidenced by the Letters of Interest from various LIHTC syndicators (Exhibit W), this project is the type that active market participants are excited to invest in for many reasons including the following:

- The total project size is manageable for active lenders
- The captive audience that VIDA currently serves will greatly reduce lease up risk - see the 59 letters of interest from prospective tenants in Exhibit R

Using the monetization option, the sources of funds could look as follows (uses 45% of allocation as monetized credits with the balance sold to investors at \$0.70 per credit):

9% LIHTC (Monetized):	3,081,327
9% LIHTC (Syndicated):	3,101,466
Permanent Debt:	1,786,299
<u>Deferred Developer Fee (50%):</u>	<u>422,497</u>
TOTAL SOURCES OF FUNDS:	8,391,589

Project Timeline

As detailed in Exhibit D, our current design for the VIDA Senior Residences at Brightwood is fully by-right with the small exception of a parking variance. The current zoning calls for 6 parking spaces while our design incorporates 4 spaces.

The senior population that VIDA serves does not rely on private automobiles for their transportation needs. VIDA currently provides two 12 person vans to transport seniors around the neighborhood, to and from the current center and to any necessary appointments. A private shuttle service (12-person van) will be provided at the 1330 Missouri Avenue site for residents' transportation needs.

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In addition, the project is sited within an established urban neighborhood, with access to public transportation, amenities, and network of existing residential streets – minimizing the residents' need for owning and maintaining a private automobile (see maps on following pages).

A reduction in parking provided (as aided by the items above) will promote alternative means of transportation and also contribute to the goals of maximizing the number of affordable housing units provided and community services provided via more effective use of the site.

Date application for zoning change filed	07/01/09
Date of final hearing on zoning change	10/01/09
Date of final approval of zoning change	11/01/09
Date financing applications filed with other lenders (public and private)	08/15/09
Date of financing reservation from the Department (60 days from app. deadline)	08/01/09
Date firm commitments received from other lenders (public and private)	10/14/09
Date final plans and specifications completed	11/01/09
Date 10% of project costs incurred (less than 5 mo. from carryover allocation)	01/30/10
Date of construction loan closing (all sources)	12/01/09
Date construction or rehabilitation begins (12 month cons. period)	01/01/10
Date 50% of construction or rehabilitation completed	06/30/10
Date of substantial completion of construction or rehabilitation	01/01/11
Date first certificate of occupancy received	02/01/11
Date final certificate of occupancy received	02/01/11
Date sustaining occupancy achieved	07/01/11
Date of permanent loan closing	08/01/11