

Marina Gardens Apartments
550 Howard Dr. Sparks, NV 89434
APN#: 037-062-06

Project Description

Marina Gardens Apartments entails the acquisition and rehabilitation of an existing 200-unit family development located in Sparks, Nevada.

The goals of the rehabilitation include:

- To secure this important housing resource with affordability restrictions for a minimum of 30 years;
- To modernize units by installing new appliances, countertops, paint, flooring, fixtures, door and window treatments;
- To reduce energy consumption at the development and lower utility costs for tenants and owner; and,
- To increase marketability of the development and provide improved amenities to the residents by repairing deferred maintenance items, modernizing building exteriors, and improving common areas, including the addition of a community room.

Property Description

Marina Gardens Apartments was constructed in 1973 and consists of 31 two-story buildings of wood-frame construction and sloped composition shingle roofs. The property sits on an 11.78-acre parcel and includes a leasing office, 3 laundry rooms, several barbecue areas, 2 playgrounds, and approximately 278 parking spaces. The unit mix is as follows:

	<u># units</u>	<u>% units</u>	<u>square feet</u>
1-bedrooms	60	30	616
2-bedrooms	100	50	768
<u>3-bedrooms</u>	<u>40</u>	<u>20</u>	<u>932</u>
Total:	200	100	151,040 SF

Site and Neighborhood

Marina Gardens Apartments is located in East Sparks, just outside of the downtown. It is within a quarter mile of pharmacies, restaurants, banks, schools, and grocery stores, such as CVS pharmacy, Savemart, and the Dollar Store. Lincoln Park Elementary School, Dilworth Middle School, and Alpine Academy Charter High School are all within a mile of the site. Sparks High School and Reed High School are within two miles.

Marina Gardens is only 900 feet from the Sparks Marina Park, a 77-acre lake that provides recreational activities such as walking, swimming, fishing, and community events. Also nearby are Willow Creek Park, Longford Park, and Shelly Park.

Marina Gardens is also near several employment and leisure centers. Less than a mile east is Legends at Sparks Marina, a new luxury outlet mall with retail, dining and entertainment options. Only two miles west is Victorian Square, in the heart of downtown Sparks. Victorian Square is home to many local businesses and community events, including the City of Sparks fire department, a 14-screen movie theater and a summer-long Farmer's Market.

The apartment complex is within walking distance of several Regional Transit Center (RTC) bus routes, including Route 21, which is exclusive to the Sparks Marina and Legends shopping center. Victorian Square also houses the RTC Centennial Station, the public transit hub for Sparks, which connects to bus routes throughout Reno and Sparks.

Proposed Development Activities

The developer proposes the moderate rehabilitation of Marina Gardens Apartments, including work in three major categories:

1. Site improvements
2. Unit interior renovations
3. Building envelope and exterior renovations

The total anticipated hard cost is \$4.7 million, or about \$23,600 per unit. The rehab scope of works is detailed below:

Site Improvements

- Replace asphalt with new overlay in parking areas and on Spring Meadows Drive;
- Refurbish some existing lawn areas with sod;
- Remodel laundry rooms to include new flooring and paint;
- Remodel management office to include community/exercise room;
- Install new exterior building and directional signage;
- Repair perimeter fencing;
- Fix damaged concrete walkways;
- Install new solid waste bin enclosures;
- Repair/replace playground and barbecue areas as needed; and,
- Remove sections of existing lawn and replace with water efficient xeriscape landscaping.

Unit Interior Renovation

- Remodel kitchens and bathrooms, by installing new cabinets, counters, EnergyStar-rated appliances, water conservation fixtures, and tub/shower enclosures;
- Install new lighting and ceiling fan fixtures;
- New floor covering, door, and window treatments;
- Install new smoke detectors;
- Selectively replace damaged doors;
- Install new wall mounted air conditioning units as needed; and,
- Install new energy star vinyl windows on all units.

Building Envelope and Exterior Renovations

- Re-roof 3 buildings;

- Install stucco siding on all buildings;
- Upgrade building insulation to meet a minimum of R-38 in the ceilings and R-30 in the floors;
- Install new stair railings and replace damaged stairs as needed;
- Replace patio/balcony railings with wood framed half-wall;
- Fix damaged water and waste drain lines underneath buildings; and,
- Install new pipe insulation.

Based on a physical needs assessment, the developer also proposes several changes to the boiler rooms on site, including the addition of 18 new energy-efficient hot water heaters, the exchange of 12 old boilers for new high efficiency boilers, the replacement of circulation pumps in the boiler rooms and underneath buildings, the installation of new expansion tanks and the repair of all existing boilers not being replaced.

In addition, to comply with Federal accessibility requirements, all public spaces will be made accessible for those with mobility impairments. Accessibility improvements include new ramping and the creation of new fully accessible common areas with accessible routes.

Target Resident Population / Relocation

All of the units will be available to households with incomes at or below 60% of area median income, which is currently \$40,740 for a family of four. Renovation will be structured so that current tenants are minimally disturbed. Residents remaining at Marina Gardens will be temporarily relocated to hotels or vacant units during remodeling of their unit/building.

Based on our review of the current resident files, about 80% of households are income-qualified to occupy the units post-rehabilitation. Residents who are over-income may be offer relocation benefits and moving assistance as their leases come up for renewal.

The demand for affordable rental housing in East Sparks area is very strong. Based upon the 2013 Reno-Sparks quarterly apartment survey prepared by Johnson-Perkins & Associates, Inc., East Sparks has consistently had the highest rental rates in the greater Reno-Sparks area and experienced the most significant rent increases this year. Vacancy rates have also decreased almost by 0.75%, down to 3.93%¹. The Report finds that quick access to jobs, services, parks, public transportation and schools makes East Sparks a desirable location for low-income families. And, the lack of existing affordable housing serves as a considerable obstacle for them.

¹ Full report available at <http://www.johnsonperkins.com/apartment-survey/>

Development Team

<i>Developer:</i>	Jack Riley, Pacific Rim Development Company
<i>Owner:</i>	Lake Vista Apartments, LP, a Nevada limited partnership
<i>General Partner:</i>	Lake Vista Apartments, LLC, a Nevada limited liability company
<i>Owner's Rep:</i>	Rex Massey, Research and Consulting Services, Inc.,
<i>Development</i>	
<i>Finance Consultant</i>	Praxis Consulting Group, LLC.
<i>General Contractor:</i>	TBD
<i>Property Manager:</i>	Con-Am Management Corporation
<i>Architect:</i>	A.C.E. Architects, Inc.

Marina Gardens Apartments will be owned by a new sole purpose entity, Lake Vista Apartments, LP, a Nevada limited partnership. The 0.01% General Partner of the LP will be a new sole purpose entity, Lake Vista Apartments, LLC, a Nevada limited liability company, which will be owned by Jack Riley and Paul Owhadi, or an affiliate LLC.

Jack Riley, Pacific Rim Development Company—has been involved in the construction, development, and operation of multi-family housing since 1977. His experience includes managing partner in a general contracting firm (1983-1987) and a property management company (1988-1996). Mr. Riley has been the Managing General Partner of over 1,500 apartment units. He has vast experience with using HUD 221(d)(4) financing, 4% and 9% tax credits, FNMA-enhanced tax-exempt bonds and the use of HUD HOME funds.

Research and Consulting Services, Inc.—is owned and operated by Rex Massey, who provides consulting assistance to the developer. Mr. Massey has provided planning and management services to local governments, government agencies, and private industry for more than 24 years with a focus on development related projects, land use and natural resource planning, housing market analysis, government affairs, utility development, socio-economic and environmental analysis and project management. Mr. Massey has served as project manager, developer, and consultant on various affordable housing projects, including the 16-duplex unit John Marvel Senior Affordable Housing Project. He has performed analyses, project management, and development services for various rehabilitation/redevelopment projects, including the redevelopment of Tahoe Verde Mobile Home Park, Lakeside Mobile Home Park, and College Home Mobile Park. He has completed a variety of Housing and Population Element Master Plans and numerous housing needs assessments, including Nevada's Affordable Housing Needs Assessment. He was also a Western Nevada HOME Consortium Administrator and is a certified HUD HOME program specialist.

Praxis Consulting Group, LLC—helps non-profit, for-profit, and government organizations develop and finance affordable housing. Since 2005, Praxis has secured the financing for over 24 affordable housing developments, totaling over 1,750 units and \$250 million in financing. Financing sources have included project-based housing choice vouchers, public housing operating subsidy, private grants, tax-exempt bonds, 4% and 9% tax credits, ARRA TCAP and section 1602 funds, HUD HOME and state housing trust funds, state transitional housing monies, FHLB AHP funds, RAD funds, as well as conventional construction and permanent debt.

ConAm Management Corporation—currently manages a nationwide portfolio of approximately 50,000 apartment units in more than 26 key metropolitan areas. It has significant experience with government regulated and affordable housing projects, including HUD Project Based Section 8, 221d, Tax-Exempt Bonds, Section 42 LIHTC and Rural Development projects. They have managed over 13,000 tax credit units and 19,000 government-regulated affordable housing units since 1985. They have over 20 years of experience with Tax Credit Compliance, including lease-ups and rehabilitation projects and have accreditations through the National Credit Professional (NCP), Housing Credit Compliance Professional (HCCP), Certified Professional of Occupancy (CPO), Certified Occupancy Specialist (COS) and Tax Credit Specialist (TCS).

A.C.E. Architects, Inc.—is a Reno-based architecture company that has been developing projects in the area since 1990. It has experience with a variety of design and construction projects, including new development and rehabilitation of apartment buildings, homes, casinos, parking lots, and hotels. They also have vast experience in the rehabilitation and conversion of buildings, including the conversion of the Comstock Hotel in downtown Reno to condominiums, the rehabilitation of the WorldMark Club to include timeshare units, and its current work rehabilitating the Fitzgerald’s Hotel and Casino.

Project Financing

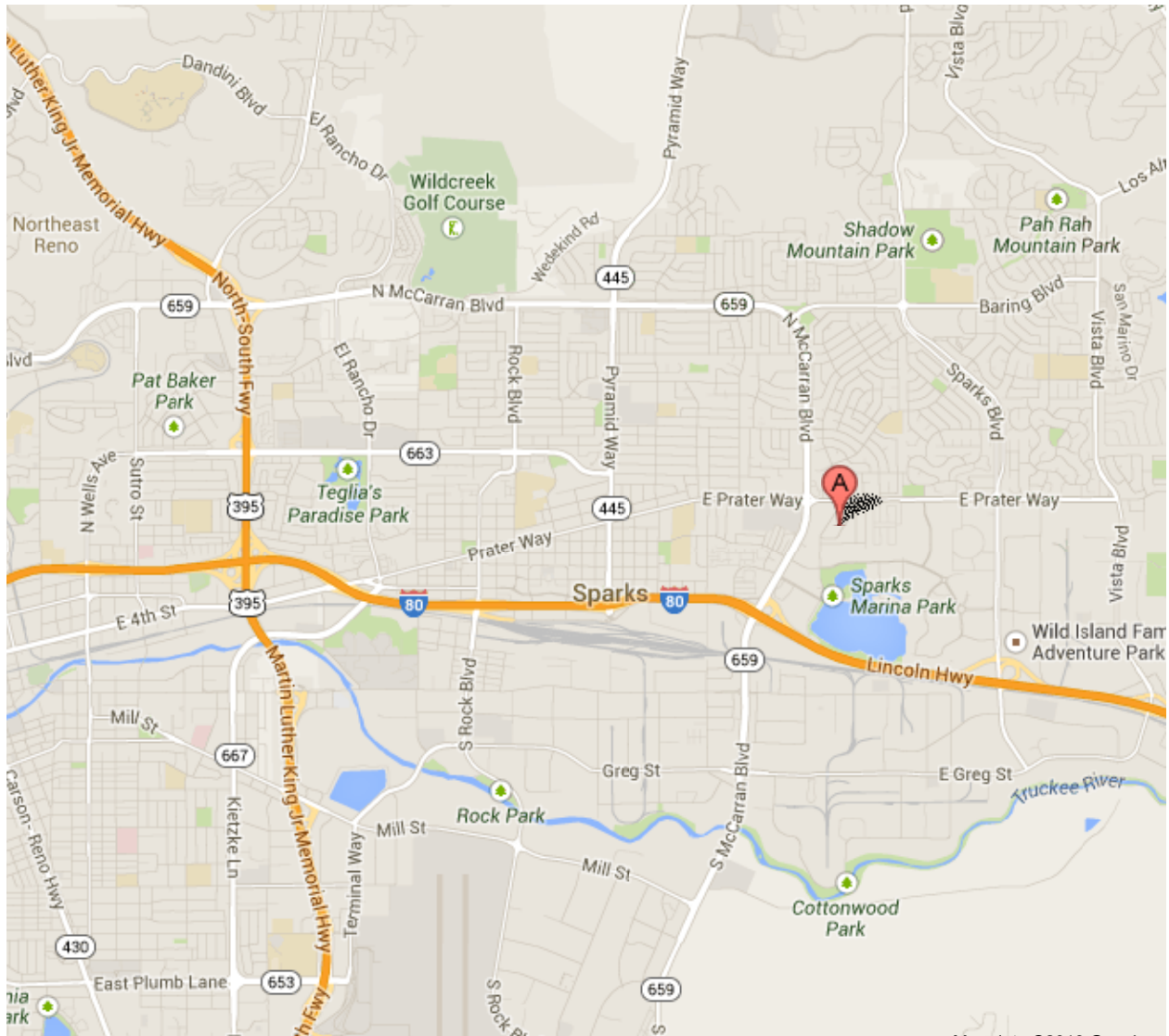
The project financing for Marina Gardens Apartments includes equity from the sale of 4% Low Income Housing Tax Credits and Tax-Exempt bonds issued through the State of Nevada Housing Division and secured with Freddie Mac credit enhancement. The current financing also anticipates take backs notes from both the seller and general contractor. The projected total development cost is about \$23.8 million or approximately \$119,000 per unit.

Development Schedule

Multi-Family Bond Application	December 2013
Bond Issuance / Start of Construction	March 2014
Construction Completion	April 2015
100% Qualified Occupancy	June 2015
Conversion	October 2015

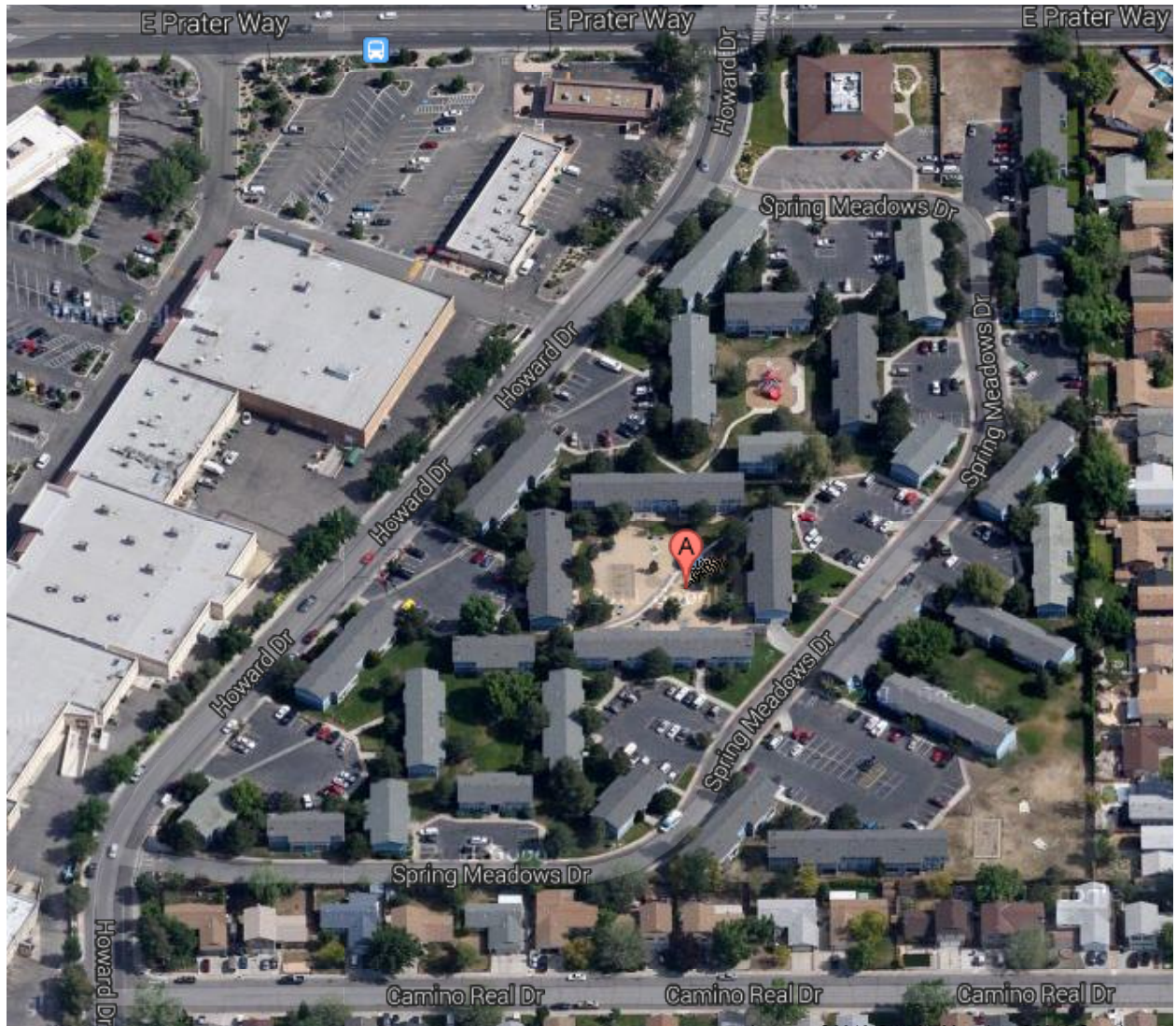
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Location Map



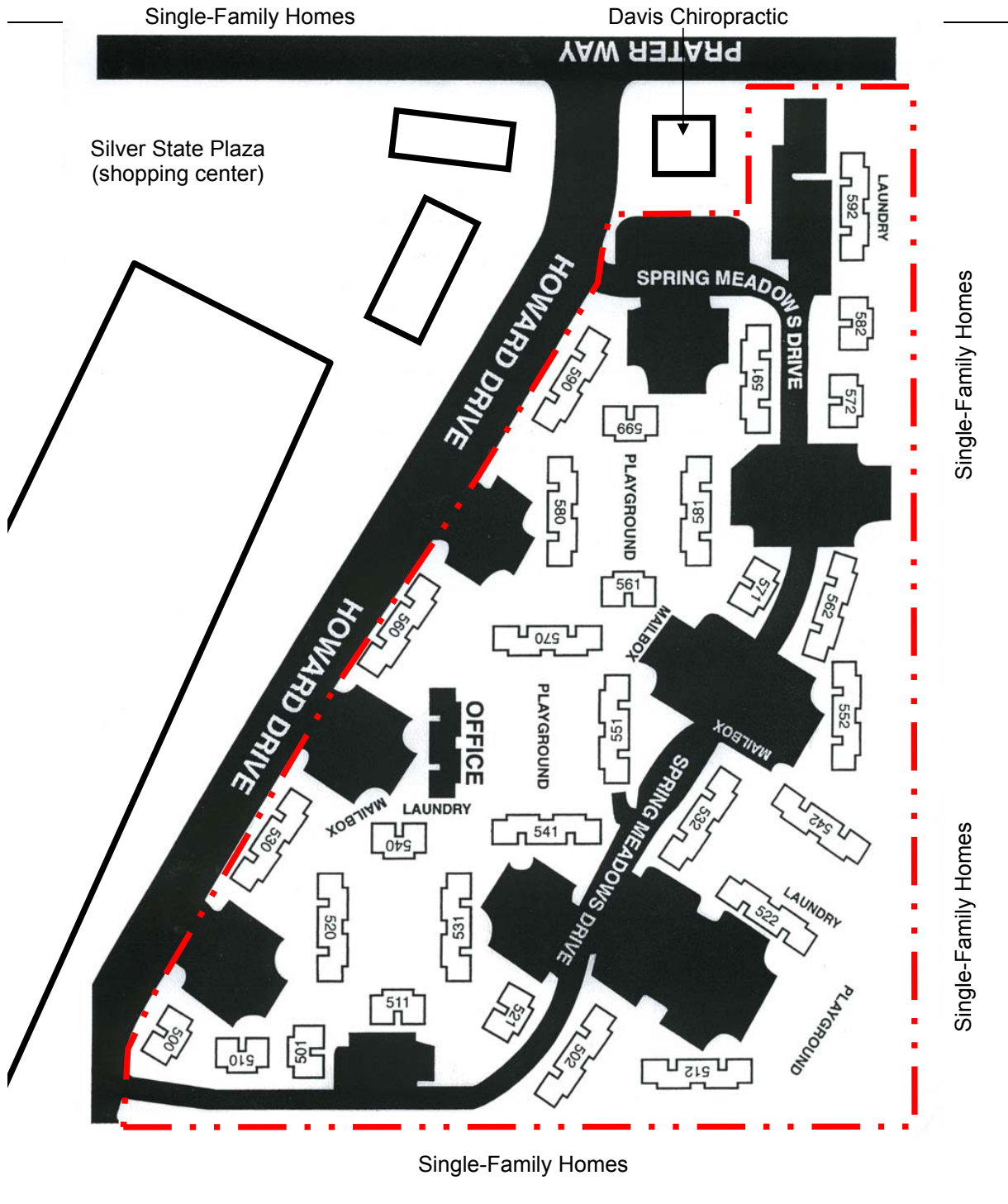
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Aerial Photo



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Site Plan



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Site Photos



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Site Photos

