

Contact: Nick Hernandez
Phone: (620) 441-4415
Fax: (620) 441-0869
nhernandez@arkansascityks.gov

City Manager's Office
City of Arkansas City
118 W. Central Ave.
Arkansas City, KS 67005



News Release

Red-Wood Development secures housing tax credits for duplexes

Project to construct 36 rent-subsidized, 12 market-rate units at Veterans Lake

ARKANSAS CITY, Kan. (July 18, 2018) — Joplin, Missouri-based Red-Wood Development has been approved for Low-Income Housing Tax Credits (LIHTC), clearing the way for a senior housing project.

Red-Wood applied for the LIHTC program in 2017 and 2018, finally being awarded the credits this year by the Kansas Housing Resources Corporation, which administers the federal program in Kansas.

The tax credits will make possible a planned 48-unit low-income senior housing development at 1401 S. Sixth St. in Arkansas City, just east of Veterans Memorial Lake, as well as new public amenities.

Red-Wood plans to construct 36 rent-subsidized apartments, in accordance with LIHTC program requirements, as well as 12 more two-bedroom duplexes to be leased at market rental rates. Both sets of apartments will be a mix of one- and two-bedroom units, accompanied by a large community building.

Unit sizes will be approximately 650 square feet for a one-bedroom unit, with LIHTC units renting starting around \$380 a month, and 995 square feet for two bedrooms, with LIHTC rents up to \$520 a month. Because the Lake View Estates project is income based, though, actual rent amounts may vary.

Construction potentially could begin later this year, but should commence no later than in mid-2019.

The developer also has pledged to complete the paving of the Veterans Memorial Lake walking trail on the west side of the property and construct one public restroom, with both men's and women's sides, directly west of the existing Lions Club pavilion — all at no cost to the City of Arkansas City.

Both projects were identified on the City's Capital Improvement Plan as future capital projects, so this agreement will save taxpayer money on those items as well as generate new property tax revenues.

The City has consented to assist with the project using its Neighborhood Revitalization Program or possibly by issuing Industrial Revenue Bonds, as well as aiding with the extension of utilities to the site.

For immediate release

more

This development will improve Arkansas City by providing needed housing and park improvements, all at minimal cost to citizens, as well as satisfy the 2013 Comprehensive Plan and 2014 Cowley County Comprehensive Housing Study, which identified new senior housing and low-income housing as needs.

Red-Wood Development project details

This housing development will be a new construction project, with plans for the following amenities:

- an EF5-rated tornado shelter with a community gathering area that will include an exercise room, a library, a craft area, a business center with computers, a movie theater room with stocked games and movies, a completely furnished kitchen and food pantry;
- a dog park, barbecue area, gardening area and covered outdoor gathering area;
- on-site laundry facilities and a supportive services meeting area;
- security cameras, LED lighting in the entire common space, and motion sensors in bathrooms and laundry rooms;
- apartments that feature low-flush toilets, energy-efficient appliances and HVAC (heating, ventilation and air conditioning) systems, self-cleaning ovens, outside storage closets, ceiling fans, insulated double windows and doors, Energy Star appliances, raised toilets, covered front porches, screen patio doors, solid-core interior doors, grab bars with reinforced backing, cellulose insulation for better soundproofing, hurricane clips, 30-year shingles, trussed roofs, and low-energy windows that help to lower tenant utility costs.

The site design will maximize green spaces and provide beautifully landscaped exterior areas, including common space for outdoor activities well away from streets and parking spaces. Ample, well-lit parking will be provided for both residents and guests.

The construction will be single-level entry, with no steps. The layout of the complex will allow for all units to face one another and the parking lot, which provides extra security and a sense of community.

The proposed site will be accessible from Taylor Avenue, with availability of all utilities. The apartment buildings in the complex will be one-story, garden-style, slab-on-grade, frame construction.

Exteriors will be maintenance-free, with brick veneer, vinyl siding and stone accents. The design will incorporate Universal design and meet all codes and regulations.

Construction will utilize sustainable building techniques by meeting green building rating system requirements.

The apartments will have spacious living areas, fully appointed kitchens, coordinated interior colors and materials, and abundant storage space, along with outdoor storage areas.

more

Development agreement details

The City of Arkansas City already has met some conditions of the original proposal from Red-Wood Development, such as approving in December 2016 a resolution of support for the project that was included with Red-Wood's LIHTC application and rezoning the property for high-density residential use.

The City also has agreed to donate the approximately 300- by 700-foot parcel of land, or about 5.6 acres, located along Taylor Avenue and directly east of Veterans Memorial Lake, but will retain about a 20-foot strip of land on the west side of the parcel, where the walking trail is located.

The City also will retain the Lions Club pavilion and a piece of land, approximately 40 feet by 150 feet, in the northwest corner that surrounds the pavilion. The new public restrooms will be constructed directly west of the pavilion and eventually deeded back to City control once they are completed.

All buildings, pipes and other materials will be removed from the land before the closing date, including a Quonset hut south of the pavilion that currently is used for Public Works materials storage.

Finally, the City agrees to abate real estate taxes on the development through either the Neighborhood Revitalization Program or Industrial Revenue Bonds.

Red-Wood will construct a continuation of the asphalt walking trail on the west side of the property, approximately 8 feet by 300 feet, at no cost to the City and facilitate extension of the 8-inch sewer main from Sixth Street to the development site. There is gravity flow and a lift station should not be needed.

The City and Red-Wood will split 50-50 the cost of extending either an 8-inch water main from Sixth Street and Tyler Avenue or connecting to a 16-inch water main from Taylor Avenue and Third Street to the development site and all the way around it, for approximately 3,000 feet.

About Low-Income Housing Tax Credits

The Low-Income Housing Tax Credit (LIHTC) program is the largest and most important resource for creating affordable housing today in the U.S. It is administered by the Internal Revenue Service (IRS).

The LIHTC program does not provide housing subsidies. Instead, the program provides tax incentives, written into the Internal Revenue Code, to encourage developers to create affordable housing. These tax credits are provided to each state, based on population, and are distributed to the state's designated tax credit allocating agency.

In turn, these agencies distribute the tax credits based on the state's affordable housing needs with broad outlines of program requirements from the federal government.

On their own, tax credit subsidies provide a moderate level of affordability through rent restrictions.

However, many units or tenancies are subsidized through additional sources of federal or state funding, which allow for deeper affordability to lower-income families.

Created by the Tax Reform Act of 1986, the LIHTC program gives state and local LIHTC-allocating agencies the equivalent of nearly \$8 billion in annual budget authority to issue tax credits for the acquisition, rehabilitation or new construction of rental housing targeted to lower-income households.

The LIHTC database, created in 1986 by the U.S. Department of Housing and Urban Development (HUD) and available to the public since 1997, contains information on 46,554 projects and 3.05 million housing units placed in service between 1987 and 2016.

An average of more than 1,435 projects and 108,810 units were placed in service annually between 1995 and 2016. There are about 2 million tax credit units today, and this number continues to grow by an estimated 100,000 annually.

About Red-Wood Development and partners

This property will be developed by Rick Schroeder and Red-Wood Development, Inc., who have developed more than 70 tax credit properties in Kansas, Missouri and Oklahoma since the inception of the Low-Income Housing Tax Credit program in 1986.

Day-to-day operations of the complex will be managed by Bell Management, Inc., Red-Wood Development's sister company, founded in 1986 to specialize in multi-family property management.

Red-Wood Development, founded in 1976, is a Joplin, Missouri-based developer and contractor with an outstanding reputation for quality and affordability. This firm has developed and built more than 3,500 multi-family units in three states.

The units include a mix of senior and family apartments, designed with their specific needs in mind.

Red-Wood Development specializes in developing high-quality affordable housing and construction at the most reasonable costs. Its staff has the experience, expertise, skill and strength to successfully complete any venture in a timely and efficient manner.

The design is by Blackledge Architects, who have served as architects for Red-Wood since 1998, as well as other developers in the Midwest. David A. Turk, CPA, LLC will be responsible for the auditing of all financial records, and has an extensive client list of Rural Development and tax credit properties.

Bell Management takes great pride in maintaining a 98- to 100-percent occupancy rate. As a management agent, it uses state-of-the-art software to accurately maintain the properties' financial and management information.

Employees regularly attend training to keep abreast of all industry changes and are extensively trained to provide knowledgeable support to residents. Bell specializes in ensuring each property is a safe, comfortable and clean environment for all residents.

For leasing information, contact Frankie Ginn with Bell Management at (417) 624-4144 or fg@bellmanage.com.

###