

Novogradac Journal of Tax Credits

News, Analysis and Commentary On Affordable Housing, Community Development and Renewable Energy Tax Credits

July 2012, Volume III, Issue VII

Published by Novogradac & Company LLP

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The Timing of a
Partnership Flip

LOW-INCOME HOUSING TAX CREDITS

Affordable Option for Seniors in Growing Utah Town

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ON THE COVER

Tuscany Villas provides 76 affordable apartments for low-income seniors in Midvale, Utah. (Photo: Courtesy of Wasatch Advantage Group LLC); Finished torrefied wood pellets are automatically dispensed onto trucks from a silo at the Quitman Torrefaction plant in Quitman, Miss. (Photo: Courtesy of New Biomass Energy LLC)

COVER STORY

Tuscany Villas: An Affordable Option for Seniors in Growing Utah Town

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Photo: Courtesy of Wasatch Advantage Group LLC

Wasatch Advantage Group held a grand opening in May for Tuscany Villas, which was financed with 9 percent LIHTCs.

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Tuscany Villas: An Affordable Option for Seniors in Growing Utah Town

By Jennifer Hill, Staff Writer, Novogradac & Company LLP

Wasatch Advantage Group (WAG) in May celebrated the grand opening of Tuscany Villas Apartments, one of the last stops on its journey to transform a former Superfund cleanup site into Bingham Junction, a transit-oriented development in Midvale, Utah. Located just steps away from a light rail station and a full-service grocery store, Tuscany Villas is the affordable senior housing component of the 160-acre master-planned community.

"We felt that a senior community would be a great complement to the rest of the communities we have in place there," said Kipling S. Sheppard, WAG's president and CEO. The developer has already completed Florentine Villas Apartments, an affordable multifamily community, plus two market-rate luxury apartment communities at Bingham Junction. Having gone through the environmental remediation process for these other communities, the site preparations for Tuscany Villas went smoothly, Sheppard said. All of the building's 76 units are affordable and reserved for residents ages 55 or older who earn 50 percent or less of the area median income.

"This particular project helps ensure that as Midvale transforms from a blue collar community with ore smelting roots to a white collar business town and destination bedroom community, affordable housing opportunities are preserved for the very retirees who helped build this community," said Utah Community Reinvestment Corporation (UCRC) president Steve Graham, who noted that without Tuscany Villas, Midvale's rising cost of living might have priced out this population.

UCRC committed \$2.5 million in permanent financing for the \$10.5 million development, which also received approximately \$8 million in equity from low-income housing tax credits (LIHTCs) syndicated by Red Stone Equity Partners. Sheppard said that because of the intense competition for 9 percent LIHTCs in Utah, the



Photo: Courtesy of Wasatch Advantage Group LLC

A light rail station with service to downtown Salt Lake City is across the street from Tuscany Villas, and a grocery store with a pharmacy is within walking distance.

company felt fortunate to receive an allocation the second time it applied.

"Salt Lake County is a big need for some of the banks relative to their Community Reinvestment Act requirements," said Don Snyder, director of acquisitions at Red Stone, noting that Tuscany Villas met pent-up demand for affordable senior housing in the area.

JPMorgan Chase invested in Tuscany Villa's credits, and U.S. Bank provided an \$8.8 million loan that allowed construction to begin in June 2011. Tenants began

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moving into the community in March, and some have written letters to WAG's property management team to express how comfortable and secure they feel in their new home.

"Most of the residents have called it their own personal five-star hotel," said property manager Clark Hunt. He noted that residents have moved to Tuscany Villas from across the Salt Lake Valley region and even surrounding states. "They can get more of a value for their dollar here and we're close to public transportation," he said. As of this writing, the building was 64 percent leased.

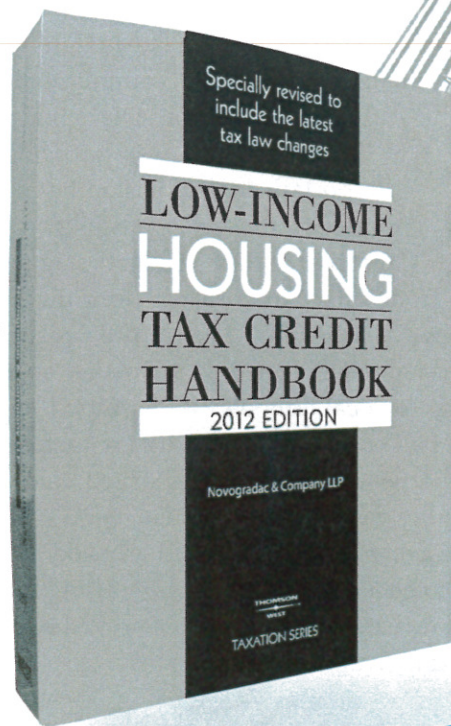
One of the first families to move into Tuscany Villas, Michael Fairbanks and his wife Nicquita were looking for an accessible home that would allow Michael, who has a rare genetic disorder, to maintain his independence. "I'm a strong believer in prayer and this place was the answer to my and my wife's prayers to find somewhere that would be compatible with my needs," Fairbanks said, noting that five days after praying about it, he discovered Tuscany Villas.

Because of Michael Fairbank's condition, the bones in

his left leg are fused and the range of motion in his right leg is only 20 percent. When getting in and out of the tub shower in his former home became dangerous, the couple began to look for apartments with walk-in showers. "My doctor says I have so many calcium deposits that a fall could paralyze or kill me," he said. "I needed someplace safe where I don't need my wife to help get my leg over the tub." Tuscany Villas has grab rails in the showers, and the doors are wide enough to accommodate a wheelchair. Five of its units are accessible, five are reserved for persons transitioning out of homelessness, and another five are set aside for persons with mental disabilities.

Tuscany Villas' amenities include an outdoor hot tub, a business center, a fitness center, and a community room with a full kitchen where residents can host events. Midvale Senior Citizen Center provides a van for trips to the grocery store or to attend off-site activities.

Sheppard said Bingham Junction's retail, office, and housing components are in place but that there is still more to come, with nine acres of undeveloped land remaining. ♦



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