



Kinser Flats Micro Apartments in Showers Technology Park Bloomington, Indiana

Project Concept Summary

Vision / Concept

Bloomington's Central Business District and the Showers Technology Park, in particular, is an ideal location for the implementation of an innovative multifamily development concept involving the construction of micro apartments.

Micro apartments are the rental housing arm of the small house movement that has been gaining ground in recent years, particularly in urban areas with tight housing markets, high costs, and limited space for new development. Micro apartments are small living areas that maximize useable space through careful planning and design innovation. Similar to a ship's cabin, built-in furniture and cabinets help make the most efficient use of space within these units.

Micro apartments present a means of producing housing that is both affordable and more environmentally responsible than conventional construction. Smaller units translate to the use of less lumber and building materials to produce the same number of apartments. They also downsize long-term gas and electric usage because there is less space to heat and cool, which is both good for the environment and less costly for residents.



340 s.f. Micro Apartment, Manhattan, NY



391 s.f. Micro Apartment, IKEA Showroom

The Downtown Redevelopment Opportunity RFP highlights that the Bloomington multifamily housing market has seen increasing gross rents in recent years and now commands some of the highest rents per square foot in the state. While that speaks very well for the Bloomington economy, it is important that the construction of market-rate apartments be balanced with additional affordable apartment development in order to meet the varying needs for professional and workforce housing as well as senior citizens.

Kinser Flats will be targeted for persons with incomes up to 60% of area median income. The proposed micro apartments will attract both young workers and seniors due to its location within walking distance to work and downtown amenities, access to public transit and medical care, and rent levels that will fit within a tight budget. These same features will also appeal to people with developmental or physical disabilities; thus, at least 10% of the units will be targeted for special needs populations, and 10% of the units will be designed to meet ADA accessibility requirements.

LIFEDesigns will submit the development for consideration in the Indiana Housing and Community Development Authority's (IHCDA's) Rental Housing Tax Credit (RHTC) General Set-Aside round due on March 6, 2015. The unique design concept will help the project to be very competitive in this funding cycle that focus on development innovations.

The LIFEDesigns project concept varies from the City's stated intent within the RFP for mixed office/retail and residential. Instead, a small multifamily residential-only development is proposed.

LIFEDesigns understands that its proposed activity does not meet the Showers Technology Park Zoning Overlay requirement for residential dwellings on upper floors only and a zoning variance would be required.



Purchase Terms

The amount of land needed for the project ranges from 0.55 to 0.75 acre. Approximately 0.55 acre is needed for the proposed building with a 5 foot perimeter setback plus 21 parking spaces, which is the minimum number of parking spaces required per zoning. Alternatively, approximately 0.75 acre would be needed in order to accommodate the building plus surface parking with 40 spaces, which would enable the development to offer residents one space for each apartment.

The offering price is \$150,000 per acre, with the understanding that the exact purchase price would be established based upon the amount of acreage determined to be available for the project.

Development Terms

As previously stated, this proposal hinges upon approval of a zoning variance to permit residential units on the ground floor of the building.

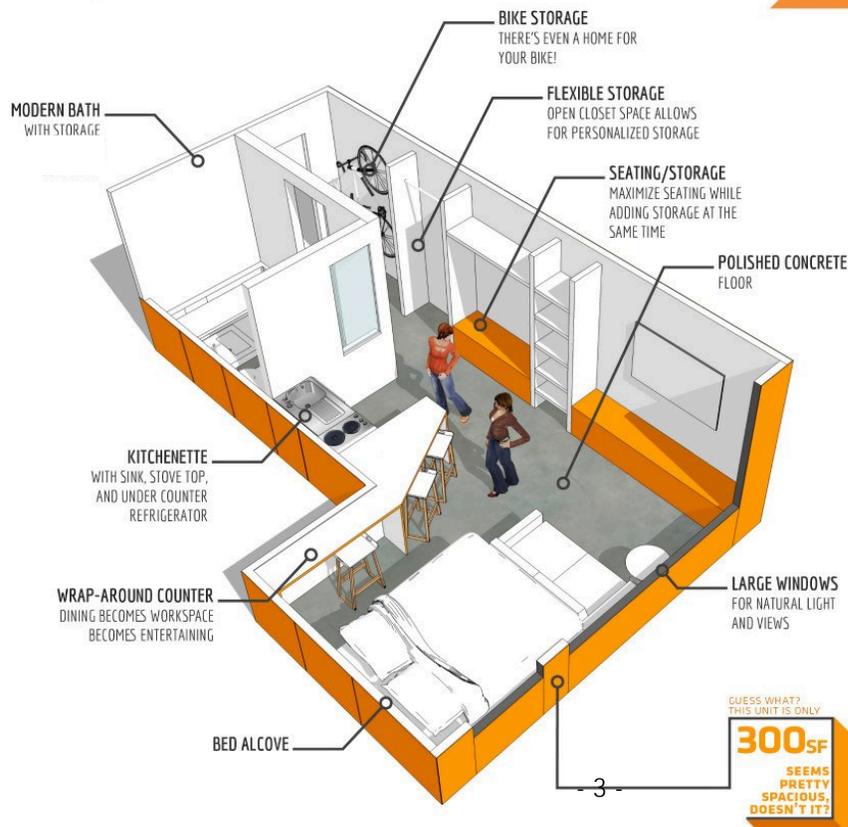
Economic Incentives

Application will be made to the City for a HOME grant of approximately \$200,000.

Total Project Cost

\$4.3-\$4.4 million

OK, WHAT'S A MICRO-UNIT?



Conceptual Layout of a 300 s.f. Micro Apartment.

[For illustrative purposes only; Kinser Flats unit floor plans are not developed yet.]

Proposed Development Schedule

January 2015	Procure Project Architect & Begin Preliminary Design
February / March 2015	Bloomington Developer Selection Announcement
March 6, 2015	Submit IHCDA RHTC Letter of Intent
March 18, 2015	Submit FHLBI AHP Application
April 3, 2015	RHTC Finalist Announcement
April 2015	Conduct Community Meeting #1
April 2015	Submit Bloomington Zoning Variance Request
April 2015	Submit Bloomington HOME Funding Request
June 2015	HOME Award Announcement
July 1, 2015	Submit IHCDA RHTC Full Application
July 2015	AHP Award Announcement
August 2015	RHTC Award Announcement
November 2015	Conduct Community Meeting #2
December 2015	Close on Project Financing and Acquire Site
December 2015	Complete Architectural & Engineering Design
December 2015	Receive Permit Approvals
January 2016	Begin Construction
October 2016	Complete Construction
December 2016	Hold Community Open House Event
April 2017	Complete Lease-Up

Economic Impact

The Kinser Flats micro apartments are projected to generate property tax revenue of approximately \$28,000 annually.

The development of Kinser Flats will also create two part-time jobs – a property manager and a maintenance worker. Each position is anticipated to work approximately 20 hours per week and be paid \$12-\$13 per hour.

Additionally, the development is projected to retain 46 construction related jobs. (Using national averages of 1.16 jobs for building each new multifamily rental unit, as published by the National Association of Home Builders in October 2008.)



Fulfilling City Planning Objectives

Construction of micro apartments meets several aspects of the City's stated vision for the Showers Technology Park:

- The micro apartment concept embraces the vision of a vibrant downtown district, full of things to do and places to go. It is the ideal housing design for residents who desire to live much of their lives outside of an apartment setting, taking full advantage of nearby public gathering spaces and the recreational opportunities and connectivity made possible by the B-Line Trail.
- A micro apartment development achieves a concentration of housing on a small footprint of land, enabling it to be either clustered with other residential uses or situated in more mixed use setting adjacent to retail or offices, depending upon the City's preference. We are not proposing a specific site location so that the project can be sited within the Technology Park however it best meets the City's needs and objectives.
- The proposed apartment size, intentional interior design, and affordability are attractive to small urban households, including the workforce, senior citizens, and persons with disabilities.
- Architecturally, the exterior design is flexible and can be responsive to the characteristics of neighboring properties. The façade can be designed to have the appearance of townhomes, even though the internal structure of the building will be flats.



Prince Street Cottages, Princeton, IN. Apartments are flats but have the appearance of townhomes.

Physical Details

Total Square Footage

One 3-story building, approximate 6,750 sf footprint and 20,250 sf total building.

Parking

Parking may either be on-site or designated spaces off-site. If on-site, at least 21 spaces are needed per zoning overlay requirements, but 40 spaces are preferable in order to have one parking space per apartment.

Residential Units

Up to 40 micro apartments, each approximately 400 sf.

Other Uses / Open Space

Affordable multifamily residential is the only use being proposed by LIFEDesigns. Due to the small size of our land request, no open space is incorporated into this proposal.

Green Building Features

The Kinser Flats micro units are planned to be designed to achieve a LEED Silver certification, which incorporates Energy Star standards. Like Energy Star, LEED requires high achievement in energy efficiency, but it raises the bar regarding sustainability as well.

LIFEDesigns is exploring the feasibility of utilizing Energy Star certified ductless heating and cooling systems. These are highly efficient products that deliver warm or cool air directly into an apartment instead of routing it through ducts first. With conventional HVAC systems, about 20% of the air that moves through the duct system can be lost due to leaks, holes, and poor connections. With ductless heating and cooling, duct losses are eliminated, increasing energy efficiency, improving comfort, and saving residents money. The small size of micro apartments lend themselves well to the use of a ductless heating and cooling system. Instead of bearing the expenses of conventional HVAC equipment that would be drastically oversized for a 400 s.f. space, a ductless unit that is right-sized for the space can be used.

Additional examples of green features likely to be utilized in some or all of the development include:

- Sustainable construction materials
- Recycled content construction materials
- Locally sourced construction materials (within a 500 mile radius of Bloomington)
- Durable exterior (such as brick and fiber cement board)
- Low VOC paints and cabinetry
- Energy Star windows and doors
- Energy Star roofing
- WaterSense labeled high efficiency toilets

Financial Details

Sources and Uses

<u>Sources:</u>	RHTC Equity	\$3,720,023
	Bloomington HOME Funds	\$200,000
	FHLBI AHP Funds	<u>\$500,000</u>
	Total Sources	\$4,420,023
 <u>Uses:</u>	Land Acquisition (@ 0.75 acre)	\$112,500
	Hard Costs	\$2,896,000
	Soft Costs	\$847,030
	Reserves	\$166,493
	Developer Fee	\$243,000
	CBRE Fee (3.5%)	<u>\$155,000</u>
	Total Project Cost	\$4,420,023

Equity

The primary source of financing is equity from a RHTC investor. Great Lakes Capital Fund (GLCF) has been identified as the potential equity investor. LIFEDesigns has an established relationship with GLCF since they also served as investor on our recent Crawford Apartments development, which is also located in Bloomington. LIFEDesigns will negotiate with Great Lakes to ensure the best possible pricing from the sale of RHTCs is achieved.

Debt

No conventional debt is proposed for this development.

Affordable Rents

\$245-\$565 rent range is tentatively proposed.

LIFEDesigns is exploring the feasibility of Project-Based Section 8 rent subsidy for up to 5 special needs units.

Development Process

Project Scope

The proposed project will involve the new construction of up to 40 micro apartments for persons with incomes up to 60% of the area median income. The development will be “open” occupancy, so units will be available for lease to any qualified residents, including those in the Bloomington workforce, senior citizens, and people with disabilities. At least 10% of the units will be targeted for special needs populations, and 10% of the units will be designed to meet ADA accessibility requirements.

Design Involvement / Engaging City & Community / Community Relations Plan

As previously discussed, this proposal has been left open-ended in regards to the development’s exact site location within the Showers Technology Park in order to be responsive to the City’s needs. Additionally, we are open to engaging in a discussion with the City regarding your preferences for the building’s exterior design and whether the required parking is better suited to the City’s plans as on-site surface parking or designated spaces at a nearby off-site location, either as surface or structured parking.

Once selected by the City as a project developer, LIFEDesigns and its housing consultant, Milestone Ventures, will conduct an initial community forum to present the proposed micro apartment concept and solicit input from interested community members.

The community will also have opportunity to comment on the development during required public meetings associated with the proposed property tax abatement and zoning variance requests.

Prior to the start of construction, another meeting will be held to provide the community the opportunity to view and comment on the proposed unit plans and building elevations.

LIFEDesigns will also host an open house at the conclusion of the project to allow community residents to view the completed units and project amenities.

Local Construction Trades and MBE/WBE

LIFEDesigns will make every effort to engage local, minority, or women owned subcontractors to participate in the project.

Transparency

LIFEDesigns will establish a website link to provide updates to the community on project progress.

Developer Resources and Approach / Construction Management

LIFEDesigns has teamed up with Milestone Ventures to successfully complete two prior Bloomington affordable housing projects in recent years – Housing Options II and Crawford Apartments. Similar to those undertakings, construction management for the proposed micro apartment project will be overseen as a combined effort by LIFEDesigns and Milestone Ventures.

As further discussed in the Developer Qualifications section, LIFEDesigns is able to have close oversight of the construction process due to our proximity to the construction site, and Milestone Ventures has extensive expertise in constructing quality affordable housing developments.

Developer Qualifications

Ownership Structure

LIFEDesigns, Inc., a 501(c)(3) not-for-profit organization, will serve as developer and applicant for the proposed HOME, AHP, and RHTC funding requests. LIFEDesigns, Inc. will also be the sole member of a to-be-formed limited liability company, which will serve as the general partner in a to-be-formed limited partnership that will own the micro apartment development.

Relationships

Third party firms will be utilized for all aspects of the project beyond those identified above. These functions include, but are not limited to, housing consultant, architect, engineer, high performance building consultant, general contractor, and property manager.

Capacity

LIFEDesigns and Milestone Ventures have demonstrated their capacity to successfully complete RHTC projects. For more information about these companies, please refer to LIFEDesigns' 2013 Annual Report and Milestone Ventures' company résumé, which are both provided as attachments.

Local and National Experience

LIFEDesigns is a well established housing provider in Bloomington and its nearby communities. All of LIFEDesigns' and Milestone Ventures' development experience has occurred within Indiana.

Development Name	Location	Year Developed	# of Units
Crawford Apartments*	Bloomington	2013	25
Dunn Group Home	Bloomington	2004	6
East Group Home	Spencer	1991	4
Fairlawn Group Home	Columbus	1994	7
Grandview Group Home	Bloomington	1984	6
Housing Options, Phase I*	Bloomington	2007	12
Housing Options, Phase II	Bloomington	2012	10
Jefferson Group Home	Spencer	1991	6
Limestone Group Home	Ellettsville	1996	7
Parklane Group Home	Nashville	2004	6
Rhinestone Group Home	Ellettsville	1993	6
Ridgeview Group Home	Columbus	2001	6
Winslow Group Home	Bloomington	2001	6

* RHTC Developments

Years of Experience

LIFEDesigns has been building inclusive communities since 1982 (33 years in 2015). Milestone Ventures was formed in 2000 to develop affordable apartment communities and provide consulting services to not-for-profit organizations (15 years in 2015).



Case Studies / Similar Urban Projects



Crawford Apartments Bloomington

LIFEDesigns (Developer)
Milestone Ventures (Consultant)
Infill New Construction
25 Apartments
\$6.2 Million

Phoenix on the Square Paoli (Courthouse Square)

Milestone Ventures (Consultant)
Infill New Construction
12 Apartments / 4 Retail Bays
\$6 Million



Stork Place Huntingburg (Downtown)

Milestone Ventures (Consultant)
Adaptive Reuse of Former
Hospital / Nursing Home
17 Apartments
\$4 Million



**Prince Street Cottages
Princeton (Downtown)**

Milestone Ventures (Developer)
Infill New Construction
36 Apartments
\$6.3 Million

**Stalker Apartments
Bedford**

Milestone Ventures (Consultant)
Adaptive Reuse of Former School
18 Apartments
\$5.1 Million



**Stonecutters Place
Bedford (Downtown)**

Milestone Ventures (Consultant)
Adaptive Reuse and Infill New
Construction
30 Apartments
\$8 Million

Note: Architect Rendering,
Project is Under Construction

References

See Milestone Ventures' resume.

Key Staff / Roles

Susan Rinne, CEO, LIFEDesigns – Susan is the driving force behind LIFEDesigns' affordable housing endeavors. She oversaw the development of Crawford Apartments and Housing Options II. Likewise, she will direct this development team, including the project consultant, architect, engineer, and contractor.

Cindy Fleetwood, Administrative Director, LIFEDesigns – Cindy oversees all housing development and property management activities, including leasing efforts, compliance with all funding sources, ensuring properties are properly maintained, budgeting, and hiring property management.

Milestone Ventures' duties include feasibility analysis, project development, project management, and financial management. The workload will be shared by all staff: *Carla Naum, Principal; Charles Heintzelman, Principal; Sheryl Sharpe, Development Manager; Robin Bradley, Development Associate; Cindy Cole, Staff Accountant; and Don Heintzelman, Construction Manager.*

Green Development Experience

Crawford Apartments was Indiana's first LEED Platinum certified affordable multi-family housing community.

Milestone Ventures also broke new ground in 2009, serving as the consultant for Country Trace, the first-ever new construction LEED for Homes Certified apartment building in Indiana.

Milestone Ventures has been the developer or consultant for a total of 13 LEED and/or Energy Star certified developments to date. They have one additional LEED certification in process for a recently completed project and two more LEED projects currently under construction. They will assist LIFEDesigns in making design choices to effectively utilize their available project budget to maximize energy efficiency and sustainable design practices. Milestone Ventures stays abreast of changing technology and construction techniques to ensure clients end up with the best possible product.

In addition to solar power at Crawford Apartments, Milestone Ventures has developed projects with green features such as hybrid water heating systems, high efficiency insulation and construction techniques, geo-thermal and other high efficiency heating and cooling systems, and sustainable environmental site design features including saved trees, native landscapes, rain gardens, and pervious pavement.