

Economic Development Commission

March 9, 2020 at 4:00pm

Meeting Minutes

Present at the meeting was Pat McGinley, Tim Warner, Chris Campbell & Patrick Lyp at City Hall.

Resolution No. 1-2020 – A Resolution of the Valparaiso Economic Development Commission Concerning Certain Actions and Proceedings With Respect to the Financing of Certain New Valparaiso Assisted Living Facilities

Report of the Valparaiso Economic Development Commission Concerning the Proposed Financing of Certain Valparaiso Assisted Living Facilities

A brief overview is given as to the Commission's responsibilities and specific criteria to measure.

Representatives of Green Oaks gave a presentation on the Green Oaks of Valparaiso Affordable Assisted Living Facility. Presentation attached.

Public Questions – None

Commission Questions

Motion to Approve Resolution No. 1-2020

Motion Passes 3-0

Motion to Approve Economic Development Report

Motion Passes 3-0

Meeting Adjourned.



EVERGREEN REAL ESTATE GROUP

GREEN OAKS OF VALPARAISO
AFFORDABLE ASSISTED LIVING FACILITY
IN VALPARAISO, INDIANA

PRESENTATION TO THE CITY OF VALPARAISO

March 9, 2020

The Need for Affordable Assisted Living

- 60-70% of seniors cannot afford assisted living.
- 60% of those aged 75+ have income of less than \$35,000 a year.
- 2/3 of seniors have at least 2 chronic health conditions.
- 20-40% of seniors could be better and more cost effectively cared for in an assisted living facility than a nursing home.
- Indiana ranked 51st (U.S. states and District of Columbia) in 2017 state scorecard of options for long-term care services from the AARP Foundation, SCAN Foundation and the Commonwealth Fund.
- Indiana policy is to rebalance the ratio of seniors in institutional care in favor of greater home and community-based care, like assisted living.
- Average age of occupancy in AL facility is 82.

Indiana Support for Affordable Assisted Living Facilities (AALF)

- Indiana is one of only a few states that adequately supports affordable assisted living with the Medicaid Waiver.
- Indiana AL Medicaid rates:
 - Level 1 \$70.85
 - Level 2 \$80.52
 - Level 3 \$93.20
- Average Indiana daily Medicaid rate for nursing home residents is \$200.31
- Services for Medicaid eligible residents are reimbursed through Indiana's Aged and Disabled Medicaid Waiver for assisted living services.
- Spend down/private pay residents will generally pay higher rates until they exhaust their assets and become Medicaid eligible.
- State and local governmental agencies have supported the development of AALFs through LIHTCs, tax-exempt bond issuance, and other initiatives/incentives.

LIHTC Financing for AALFs

- Approximately \$30 million in total development costs.
- 4% Low-Income Housing Tax Credit (“LIHTC”) program:
- At least 50% of development cost financed through tax-exempt bonds.
- For residents up to 80% of Area Median Income.
 - \$40,800 in Valparaiso for 1 person.
- 15-year initial tax credit compliance period and 15-year extended use commitment.

Tax-Exempt Bond Financing for AALFs

➤ Tax-Exempt Bonds

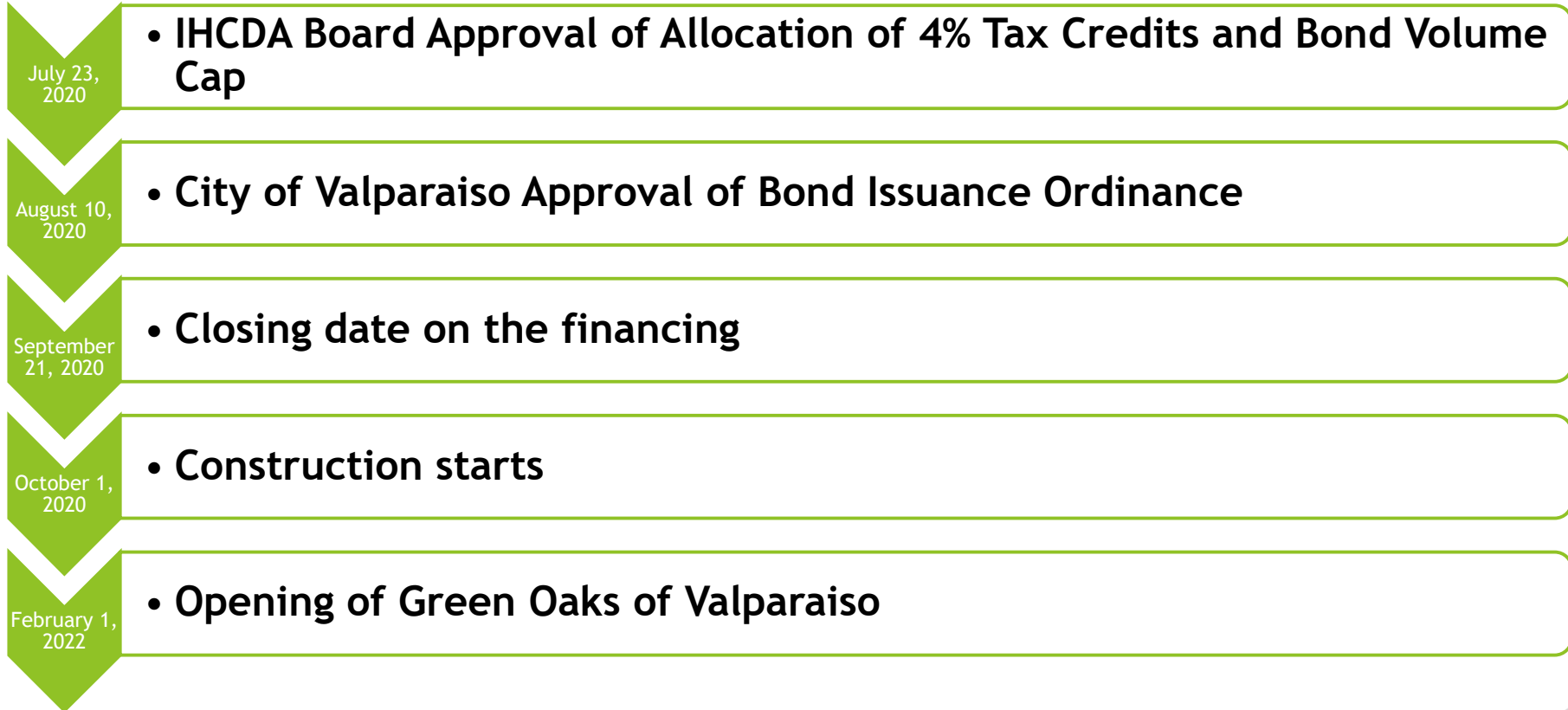
- Bond volume cap availability is based on state population.
 - Indiana has sufficient bond volume cap and is not competitive.
- Issuer must be municipality, town, county, or state agency to allow issuance of tax-exempt of bonds as required by the Internal Revenue Code.
- Issuer serves as conduit issuer and has no liability for the payments on the bonds.
- City is not a guarantor of the project or the debt evidenced by the bonds.
- The issuance of the tax-exempt bonds has no effect on the issuer's credit rating.
- The issuance has no effect on the bond volume capacity of the local issuer.

Tax-Exempt Bond Financing for AALFs

➤ Tax-Exempt Bonds

- Borrower (Green Oaks of Valparaiso) will be solely liable for the repayment of the bonds.
- Borrower will be responsible for satisfying the requirement to permit the bonds to be issued and remain as tax-exempt debt.
- Borrower will have to demonstrate to the investors that the project itself will generate sufficient revenues to pay the operational costs of the project and also the debt associated with the project.
- Inducement resolution is initial step to allow Borrower to complete IHEDA application.
- Borrower will come back to the City for final approval by the EDC and Council to authorize the issuance of the bonds.
- Once the bonds are issued the City will have no further role.

Estimated Development Timeline



About the Developer

Evergreen Real Estate Group

- A commitment to creating vibrant housing communities for every income level and stage of life is Evergreen's driving philosophy. Founded in 1999, Evergreen Real Estate Group is a fully integrated real estate company that develops, acquires and manages affordable and market-rate multifamily communities across 10 states: Colorado, Illinois, Indiana, Minnesota, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia and Wisconsin. Today, Evergreen owns and manages more than 70 properties and 8,000 units of multifamily housing, including conventional market-rate and affordable communities for families, seniors and special needs residents as well as newly built, Class A assisted living and memory care facilities.
- Evergreen is led by a passionate, cross-disciplinary team of developers, architects, urban planners and attorneys who have come together to create high-quality apartment communities, often in collaboration with local municipalities and financial partners who share our vision of investing not just in real estate, but also the people who call our communities home.
- 11 Indiana projects located in the following municipalities: Bloomington, Gary, Hammond, Hobart, Mishawaka, and Whiting.

About the Team

- Developer

- ▶ Evergreen Real Estate Group

- Attorney / Counsel

- ▶ Matthew Carr

- ▶ Member - Frost Brown Todd LLC

- Bond Counsel

- ▶ Laura Theilmann

- ▶ Member - Frost Brown Todd LLC

- ▶ Scott Krapf

- ▶ Senior Associate - Frost Brown Todd LLC

- Contractor

- ▶ Evergreen Construction Company

- Accountant

- Rubin Brown LLP

- Architect

- Gleason Architects, P.C.

- Engineer

- American Structurepoint

- Management Company

- Gardant Management Solutions

Facility Overview

- Facility
 - Approximately \$30 million in total development costs
 - Approximately \$22 million in tax-exempt bonds
 - Approximately \$16.5 million in construction costs
 - Licensed residential care facility and certified Medicaid waiver provider
 - 3 stories, 120 Units
 - 48 studio units, 350-367 sq. ft.
 - 72 one-bedroom units, 526-536 sq. ft.
- Residents
 - Elderly (age 62 and older) with income up to 80% of area median income
 - 82 is average anticipated age upon residency
 - Cannot live independently and need help with activities of daily living

Facility Overview

➤ Apartment Features and Amenities

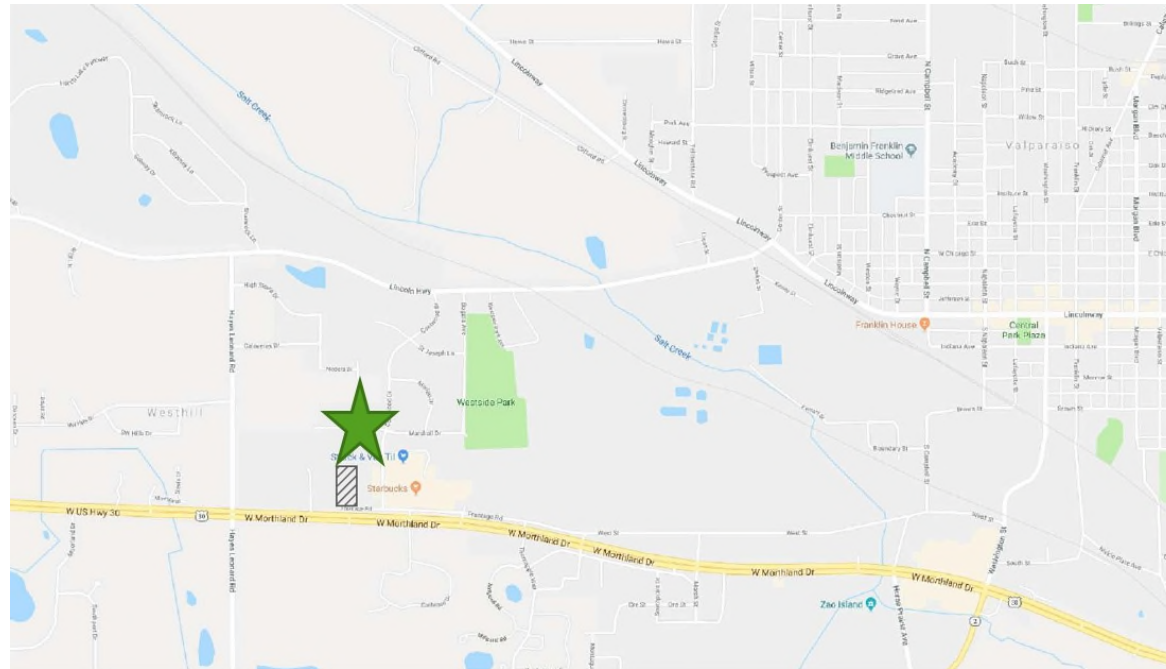
- Private apartments
- Kitchenettes
- Spacious bathrooms with grab bars and showers
- Individual heating and air conditioning
- Emergency alert system
- Prewired for telephone and cable

➤ AALF Amenities and Services

- Certified staff on-duty 24/7
- Dining room - 3 meals a day, plus snacks
- Housekeeping
- Laundry
- Personal assistance and help with medication
- Transportation
- Private dining room
- Activity rooms
- Beauty/Barber Salon
- Exercise area
- Library/Computer area
- TV/Entertainment center

Location

- Premises Address:
 - 2550 Morthland Dr.,
Valparaiso, IN 46385.
- Parcel number: 64-09-27-20-010.000-004.
- Approximately 3.2999 acres total.



Rendering



PRELIMINARY SITE PLAN / SECTION
COPYRIGHT 2019 GLEASON ARCHITECTS, P.C.
DATE 11-14-20
PROJECT NUMBER 19-002



GLEASON ARCHITECTS, P.C.

269 Marland Drive, Unit A, Naperville, Illinois
Phone: 630-466-8740 Fax: 630-466-8760

RENDERING "1" - FRONT ENTRY

SCALE: N.T.S.

Rendering



PRELIMINARY SCHEDULE
DATE: 01/14/2019
DATE: 01/14/2019
JOB NUMBER: 19-002



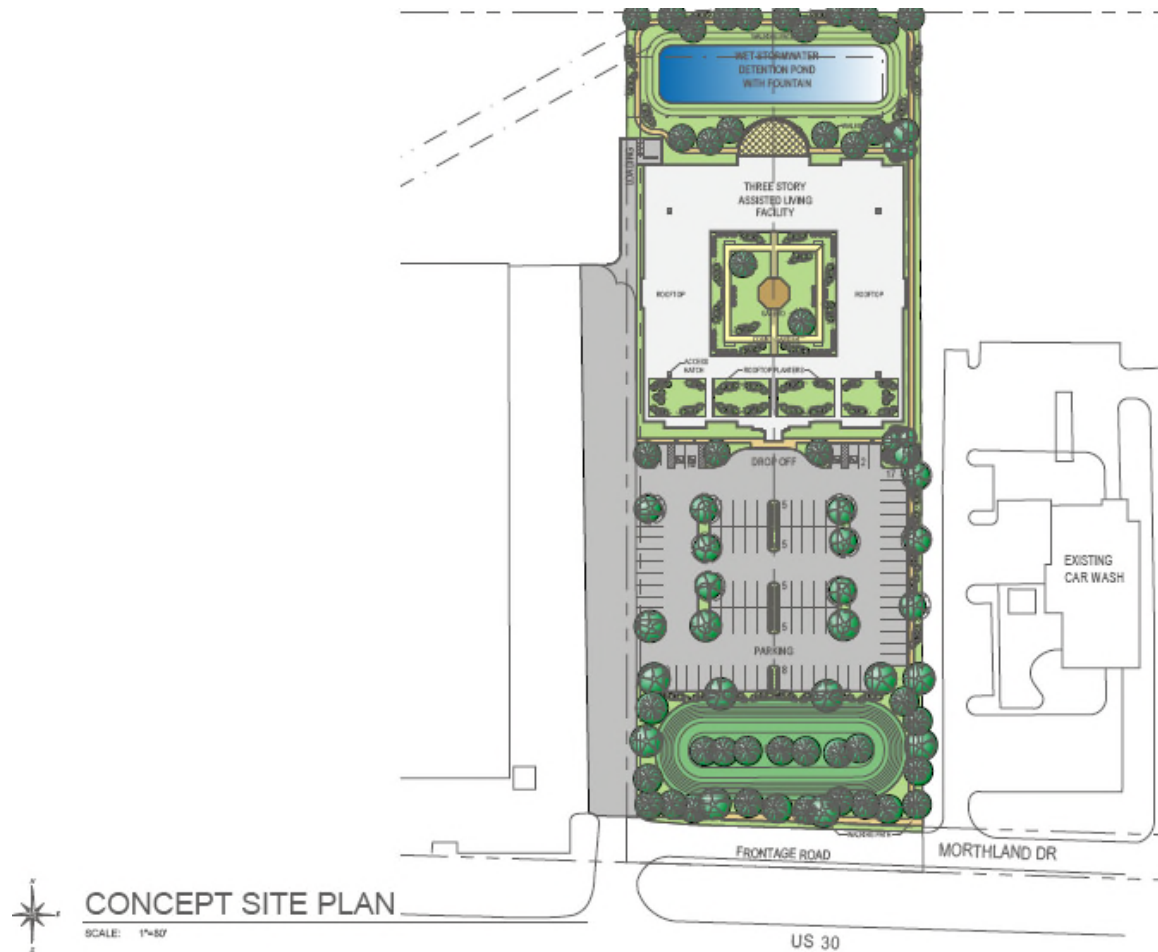
GLEASON ARCHITECTS, P.C.

759 Highland Drive, Unit A, Deger Grove, Illinois
Phone: 630-466-8740 Fax: 630-466-8760

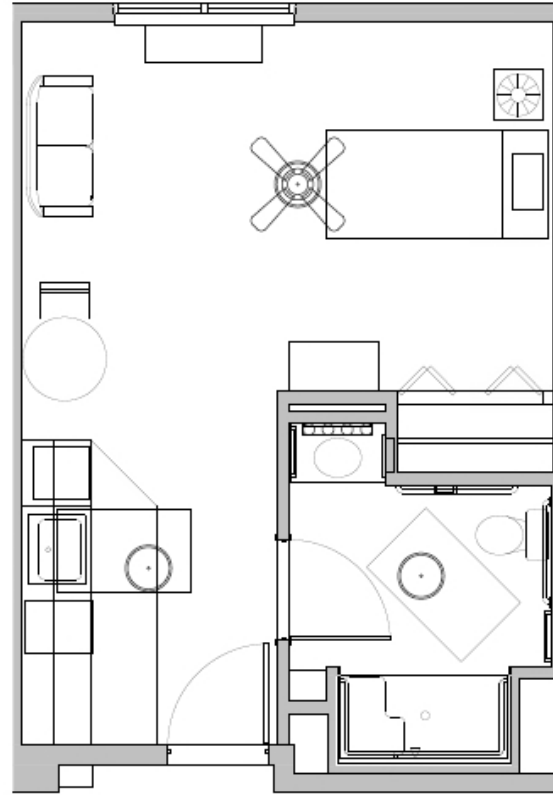
RENDERING "3" - REAR, NORTHWEST CORNER

SCALE: N.T.S.

Site Plan



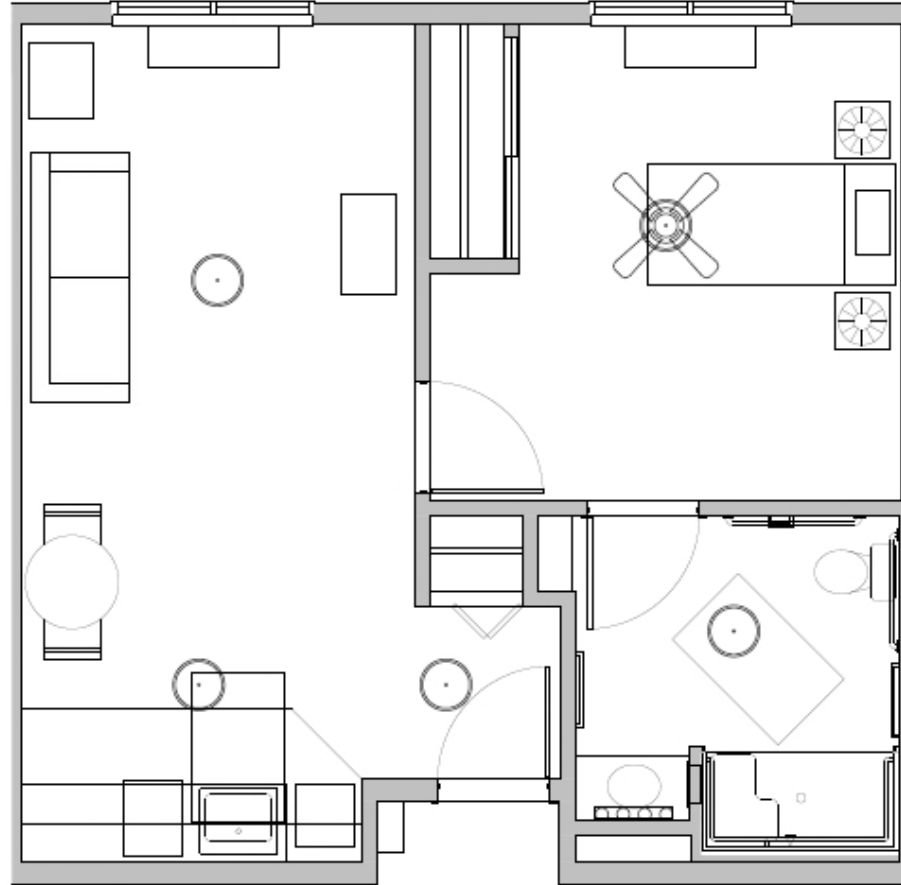
Studio Unit



UNIT PLAN - STUDIO TYPE A

SCALE: 1/4" = 1'-0"

One-Bedroom Unit



UNIT PLAN - TYP. ONE BEDROOM

SCALE: 1/4" = 1'-0"

Projected Benefits to the City

- Permanent Job Creation
 - 40-50 jobs upon stabilized occupancy
 - Nearly \$2.0 million in annual wages
- Temporary Job Creation
 - +/- 300 construction related jobs
- Approximately \$1.4-\$1.5 million in annual charity/community benefit to the City based on dilution/reduction in revenue from acceptance of Medicaid Waiver for reimbursement of assisted living services.

Summary

- Construction of \$16.5 million facility (15 months)
- 3 story, 120 unit facility
 - Studio and one-bedroom apartment units
 - Low-income elderly residents (up to 80% AMI)
- Assisted Living services through Medicaid Wavier (Aged & Disabled Waiver)
 - Assistance with activities of daily living
- High demand for affordable assisted living units
- Experienced development team



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thank you