

**Truman Village Senior Residential Community**  
**Project Summary – 9-25-12**  
**Wendover Housing Partners**

The following summary reflects the revised plan for the **Truman Village Senior Residential Community** proposed for Truman Waterfront in Key West, FL from Wendover Housing Partners, the Master Developer. We believe these changes reflect the comments and interests of the Key West community.

**I. Project Summary**

- Truman Village will provide a balanced mix of 100 total Independent Living and Assisted Living affordable and market rate units.
- The Independent Living and Assisted Living Facility components of the community will be constructed in one phase on the 3.32 acre site provided by the City.
- Truman Village will pay annual ad valorem taxes to the City and TIF and pay the City a fee for the property at closing of financing.
- The Truman Village Plan has been approved and recommended by the Florida Keys Assisted Care Coalition (FKACC)

**II. Truman Village Details - 100 units senior residential care**

- ✓ **50 Independent Living units**
  - 46 Affordable
  - 4 Market rate
- ✓ **50 Assisted Living units**
  - 5 units @ 50% AMI (very low income)
  - 5 units @ 80% AMI (low income)
  - 15 units @ 140% AMI (moderate income)
  - 25 units @ Market

**III. Independent Living Summary – 50 Senior Residential units**

- ✓ Unit Mix - Mix of 1 & 2 Bedroom units
- ✓ Eligibility – Senior age restricted (55 yrs and older – federal guidelines)
- ✓ Size - 700- 900 sq. feet
- ✓ Rents - Residents will pay rents at the following levels:
  - **\$308 to \$950** per month for affordable units
  - **\$1,100** for market rate units

- ✓ Additional A la Carte services - Residents may choose from full menu of “a la carte” services available for purchase at affordable rates, all voluntary.
- ✓ Amenities - Residents will also enjoy a wide variety of amenities for personal and social activities on site at the community center for the facility.

#### IV. **Assisted Living Facility summary – 50 Senior ALF units**

- ✓ Affordable/Market – 25 Affordable Units & 25 Market Rate Units
  - 5 units @ 50% AMI (very low income)
  - 5 units @ 80% AMI (low income)
  - 15 units @ 140% AMI (moderate income)
  - 25 units @ Market (> 140% of AMI)
- ✓ Unit Mix - Balanced mix of 1 Bedroom and Studio apartments - 300-450 sq feet
- ✓ Occupancy - Private single occupancy rooms with options for shared rooms
- ✓ ALF Services – Premier Health Care Service Plan - Includes weekly housekeeping and linen; medication administration 3 x daily; 3 hours weekly personal assistance; RN health management; Wellness program, meal plan - 3 per day
- ✓ Fees & Income levels – See attached **Summary of Resident fees** by income
- ✓ Additional services - Residents and families may choose from full menu of “a la carte” services available for purchase, all voluntary, on a case by case basis.
- ✓ Respite Care, dementia and Physical Rehabilitation for Seniors available for community residents on a daily rate basis

V. **Property Taxes** - Truman Village will pay all of its annual assessed ad valorem property taxes to the TIF and local government.

VI. **Initial Land Payment** – Truman Village will pay the City of Key West **\$500,000** (five hundred thousand dollars) for the property at closing of financing and start of construction.

VII. **Annual Lease & Payment** – Truman Village will agree to a **50 year lease** w/ extensions and pay the City **\$15,000 per year** starting in **year 11** of operations.

VIII. **Time Frame** – Financing approvals in **Q3 2013** and construction completion in **Q2 2014**.

**Truman Village Senior Residential  
Assisted Living Facility - Monthly Fee Summary  
25 Affordable Units/25 Market Units**

**I. Low Income (50% AMI and Below) - 5 Units**

Item	Monthly	\$ Source
Apartment Rent	\$752	Optional State Supplement (OSS - \$752.40 for an individual and \$1504.80 for couple)  Optional - Retirement Pension, HUD, Section 8 Voucher, Veterans Administration. family
Full Meal and Snack Service, Transportation, Utilities, Maintenance, Activities, Housekeeping, Wellness Program and Entertainment	\$408	Social Security, Retirement Pension, HUD, Section 8 Voucher, Veterans Administration. family
Health Care: Nurse/Staff 24/7, Medication Monitoring, Personal Care (bathing, toileting, grooming, etc.)	\$1,050	Billed to Medicaid Waiver Program (\$32.20 per day)
<b>Total Monthly Bill</b>	<b>\$2,210</b>	
Resident's Portion	<b>\$1,160*</b>	*Incl. OSS supplement = \$752  <b>*Resident pays only \$408</b>
<i>Comparison - KW Housing Authority Low Income Rent Limit (80%)</i>	\$1,105	<i>*Does not include meals, snacks, housekeeping, activities and entertainment</i>

**II. Low Income (80% AMI and Below) - 5 Units**

Item	Monthly	\$ Source
Apartment Rent	\$1000	Optional State Supplement (OSS - \$752.40 for an individual and \$1504.80 for couple)  Optional - Retirement Pension, HUD, Section 8 Voucher, Veterans Administration. family

Item	Monthly	\$ Source
Full Meal and Snack Service, Transportation, Utilities, Maintenance, Activities, Housekeeping, Wellness Program and Entertainment	\$800	Social Security, Retirement Pension, HUD, Section 8 Voucher, Veterans Administration. family
Health Care: Nurse/Staff 24/7, Medication Monitoring, Personal Care (bathing, toileting, grooming, etc.)	\$1,050	Billed to Medicaid Waiver Program (\$32.20 per day)
Total Monthly Bill	<b>\$2,850</b>	
Resident's Portion	<b>\$1,850*</b>	*Incl. OSS supplement = <b>\$752</b>  <b>*Resident pays only \$1098</b>
<i>Comparison - KW Housing Authority Low Income Rent Limit (80%)</i>	\$1,105	<i>*Does not include meals, snacks, housekeeping, activities and entertainment</i>

### III. Moderate Income (140% AMI or Below) - 15 Units

Item	Monthly	\$ Source
Apartment Rent,	\$1,500	Social Security, OSS, Retirement Pension, HUD, Section 8 Voucher, Veterans Administration
Full Meal and Snack Service, Utilities, Maintenance, Transportation, Activities, Housekeeping, Wellness Program and Entertainment	\$800	Social Security, OSS, Retirement Pension, HUD, Section 8 Voucher, Veterans Administration
Health Care: Nurse/Staff 24/7, Medication Monitoring, Personal Care (bathing, toileting, grooming, etc)	\$1,050	Billed to Medicaid Waiver Program
Total Monthly Bill	<b>\$3,350</b>	
Resident's Portion	<b>\$2,300*</b>	*Incl. OSS supplement = <b>\$752</b>  <b>*Resident pays \$1,548</b>
<i>Comparison - KW Housing Authority Moderate Income Rent Limit (140%)</i>	\$1,935	<i>*Does not include meals, snacks, housekeeping, activities and entertainment</i>

#### IV. Market Income (> 140% of AMI) - 25 Units

Item	Monthly	\$ Source
Apartment Rent	\$2,300	Private Pay, Social Security, Retirement Pension, Veterans Administration, Family
Full Meal and Snack Service, Utilities, Maintenance, Transportation, Activities, Housekeeping, Wellness Program and Entertainment	\$800	Private Pay, Social Security, Retirement Pension, Veterans Administration, Family
Health Care: Nurse/Staff 24/7, Medication Monitoring, Personal Care (bathing, toileting, grooming, etc)	\$1,050	Private pay
Total Monthly Bill	<b>\$4,150</b>	
Resident's Portion	<b>\$4,150*</b>	*All Private Pay  <b>*Resident pays \$4,150</b>

**Wendover Housing Partners** and its team is committed and motivated to making Truman Village the highest quality senior residential community in South Florida. We look forward to working with the City and residents on the project details and timelines.

#### Development Team Contact information

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Truman Village Senior Residential Community plan

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Peo

Jeffrey Sharkey

Sep 25

Jeff

Shawn, Mark Good talking with both of you last week on the revised plan for t...

jeffre

Bogdan Vitas

Sep 27 (13 days ago)

to Don, Jeffrey, Mark, me

Dear Jeff,

Thank you for providing an updated plan. In order to help me better understand this document I would like you to provide us with some additional information. In specific, I would like to learn more about the finances of other similar projects in the State of Florida that you have been involved of a similar nature. I am most interested in learning more about the determination process on the mix of affordable versus market units and the establishment and determination of the income limits, etc. for similar projects. If there are industry standards or formulas in use throughout Florida can you also please share that information in your reply.

Thank you,

Bob Vitas  
City Manager

Jeffreysark

Sep 27 (13 days ago)

Bob Thanks Traveling today and will get you details tomorrow I think I know w...

Jeffrey Sharkey

Sep 28 (12 days ago)

Shawn Wanted to follow up on your concept of holding a commission workshop to...

Jeffrey Sharkey

Oct 2 (8 days ago)

to Bogdan, Mark, me, Don

Bob

Sorry for the delay in answering your inquiry. I have attached a response because it got a little lengthy. I was focusing on the financing and fee structure questions and hope this answers them. I am happy to get on the phone to answer any follow up questions or come down to meet with you or participate in the commission workshop Shawn mentioned.

We would need to get some approval to move forward with site plans and approvals by end of October to make our financing deadlines for this year.

Let me know if you have questions and next steps.  
We are excited and ready to move forward.

Bob

Thanks for the response to our Truman Village Senior Residential Community revised proposal. As mentioned, it is a summary intended to highlight the overall profile of unit mix, unit sizes, market and affordable rents for both the Independent Living and Assisted Living components of the project. We have tried to be as responsive as possible to the feedback from the City Commission, city staff, the FKACC, as well as community stakeholders who have a strong interest in seeing a senior residential facility succeed in Key West. In addition, we are in constant discussions with financial institutions, investors and the various state agencies that will license, regulate and, in part, finance, the project and have incorporated their input into our model to ensure its success as a financially viable senior care facility.

To answer your request for more information, let me break down the two components of the Truman Village concept, the Independent Living and the Assisted Living sections, because they will be financed for construction and operation differently. I will share the financing structure and resident rent and fee structure by income and potential sources of revenue to pay for the room, board and care for each section along with some statewide figures for comparable facilities and our team experience.

**I. Overall Unit Mix** - As mentioned in our summary, Truman Village will consist of 100 total units, 50 IL and 50 ALF. The unit and market/affordable mix is as follows

✓ **50 Independent Living units**

- 25 - 1 bedroom, 25 - 2 bedroom
- 46 Affordable
- 4 Market rate

✓ **50 Assisted Living units**

- 20 studio apartments, 30 1 bedroom units
- 5 units @ 50% AMI (very low income)
- 5 units @ 80% AMI (low income)
- 15 units @ 140% AMI (moderate income)
- 25 units @ Market

**II. Independent Living** - The Independent Living component of facility will be high quality Key West design, two story complexes with a community center, kitchen and dining area with various areas for recreation, family visitation, arts & crafts, lifelong

learning and wellness. The 50 units will have the same layout, design, and energy efficiency elements regardless of renter's income.

A. Financing - We will be financing the IL facility with federal housing tax credits and private tax credit investors that allow for funding site acquisition costs, infrastructure, hard construction costs, and professional soft costs for of the 50 IL units, community center and amenities, parking lot for the site. This will be approximately \$12.8 million. This funding source is one of the only available resources to finance senior multifamily apartments that we can identify. In addition, our team has extensive experience in financing and developing such properties in Florida. The tax credits will allow us to cross subsidize the infrastructure and amenity costs for the ALF. These tax credits require a predominance of affordable units in the facility to be affordable for residents up to 60 % Area Median Income (@\$37,000), although we will also provide for 10% of the units at market rate.

B. Housing Tax Credits - The housing tax credit financing is competitively issued by the Florida Housing Finance Corporation on an annual basis. This year's funding cycle starts in February 2013 and will conclude in June 2013. We have been successful in maintaining a project funding set aside for the Florida Keys so we will be submitting for funding in February. If successful, and we believe we will be, the project will be underwritten by third party credit underwriters and the tax credit allocation will be sold to private equity providers (such as Wells Fargo) and the equity will be given to the project for construction completion. A first mortgage is also typically required to bridge the gap between the total project cost and the tax credit equity investment. The tax credit equity buys down the cost of construction which in turn allows the rents to be restricted to income eligible tenants. The project pro forma must be approved by the state and equity investors for a 30 year period. The rents must be able to cover the cost of operating the property and service the first mortgage debt. The property must carry an affordable housing restriction on the deed or Land Use Restriction for 50 years.

C. IL Rent and Eligible Income levels - The State of Florida and HUD set the allowable rent levels for the units, as well as the eligible income levels for tenants (60% AMI and below). The goal is to ensure that renters do not spend more than 30% of their income on housing, and that is the calculation that determines the rent levels. In addition to the 4 units we will set aside for market rate tenants and the majority of units for residents at 60% AMI, we will be setting some of the units aside for residents at 25% of AMI. The rents for Key West/Monroe County by income level are as follows:



<u>Income Level</u>	<u>1 Bdr</u>	<u>2 Bdr</u>
<b>25% AMI</b> -	<b>\$308</b>	<b>\$371</b>
<b>60% AMI</b> -	<b>\$844</b>	<b>\$950</b>
<b>Market</b> -	<b>\$1,000</b>	<b>\$1,100 - \$1,400 (TBD)</b>

The affordable rents are dictated by the Florida Housing and the state and are listed in the attached matrix published by FHFC. You will notice that in that matrix, the listed tenant rents are eligible rents minus a utility allowance set by the Housing Authority.

D. Experience – Wendover Housing Partners has extensive experience (over 20 years) with the development of senior residential communities throughout Florida identical to the Independent Living component of Truman Village. We are very familiar with the requirements for securing financing, dealing with tax credit syndicators and investors, managing development and construction, leasing, managing and compliance requirements. In addition to these senior and family properties, WHP has been responsible for the development of market rate apartments, mixed use residential communities and other commercial developments. Below is a list of Wendover Housing Partners’ senior residential communities financed with housing tax credits in Florida. The rent structure is similar in each property based on the area median income.

<u>Property</u>	<u>City</u>	<u>Units</u>
Rotonda Lakes	Rotonda, Florida	176 Units
Cove at St. Lucie	Port St. Lucie, Florida	144 Units
Whistler’s Park at Lakeside	Kissimmee, Florida	160 Units
Crescent Club	Orlando, Florida	215 Units
Irongate	Ruskin, Florida	160 Units
Lansdowne Terrace	Lutz, Florida	160 Units
Marcis Pointe	<u>Jacksonville, Florida</u>	<u>120 Units</u>
	<b>Total Units</b>	<b>1,135 Units</b>

**III. Assisted Living Facility** – The ALF section of Truman Village will be built simultaneously with the IL section. We are currently refining the site plan and building design. The ALF will be adjacent to the IL and community center and direct access to dining room, nurse stations, recreational areas and amenities. The ALF unit size is smaller than the IL, designed to be 300-450 sq. feet, private occupancy with options for sharing. The facility will cater to residents who need 3-4 services providing assistance with daily living; it will provide support for early stage dementia, but not nursing home care. WHP will own and manage the facility and

will hire an experienced ALF operator to run the day to day operations, provide assisted care to residents, provide outreach to the health care and medical community, and manage professional health care staff.

A. Financing - The ALF facility will be financed with private debt and equity. WHP has several ALF investors and operators interested in participating in the project. Our goal is to keep the cost of the construction down for this section to keep overall costs for construction, operation and debt service for the ALF manageable. We anticipate that the cost of construction for the ALF will be \$9 million. Most of the infrastructure costs, land acquisition costs, amenities, and professional costs will be absorbed under the IL financing structure, leaving only direct hard unit construction costs to be borne by the ALF. This keeps the costs and expenses at a manageable level for the ALF operator.

B. ALF Units, Fees and Income levels - The Truman Village rents and fees for ALF care were calculated in accordance with the operating pro formas provided by our ALF operator partner. Although there are no standard models for ALF's in Florida, the majority of ALF providers in Florida operate predominantly on a private pay model, catering to a "market rate" clientele. The inclusion of "affordable" rates for low income residents is accomplished by use of Medicaid waivers as well as some cross subsidization of higher fees for private pay residents. As you can tell from our spreadsheet on income and fees, Medicaid pays only a fraction (\$1050) of the actual costs for ALF nursing care, the balance has to be subsidized from other sources. Our rate structure utilizes both Medicaid and cross subsidization to accomplish providing the 25 affordable units at affordable rates.

We are providing a balance of 25 units at market rents and 25 affordable (%50%, 80% and 140% of AMI) to meet the needs of the community. Here is the mix:

✓ **50 Assisted Living units**

- 5 units @ 50% AMI (very low income) = Resident pays \$408
- 5 units @ 80% AMI (low income) = Resident pays \$1098
- 15 units @ 140% AMI (mod income) = Resident pays \$1,548
- 25 units @ Market = Resident pays \$4,150

We have priced our fees, which include rent, board, and assisted care, at an average of **\$3500** per month per resident based on our operator models. This fee level was confirmed by our market study completed in August 2012.

C. Comparable Fees at ALF's in Florida - To compare the Truman Village ALF fee structure with fees from comparable ALF facilities around the state, we have provided below a schedule from the State Agency for Elder Affairs of the maximum and minimum rates at similar facilities around the state. Note that the maximum Truman Village ALF rate is well below that of most of the other facilities, and certainly those in South Florida.

Here is a list of the average monthly rates broken down by city for a one-bedroom, single-occupancy apartment in a Florida assisted living facility:

City	Minimum Cost	Maximum Cost
Bradenton	\$2,000	\$4,970
Clearwater	\$975	\$6,277
Fort Lauderdale	\$1,200	\$6,300
Jacksonville	\$1,100	\$5,370
Miami	\$1,200	\$6,300
Ocala	\$1,100	\$4,775
Orlando	\$1,400	\$4,650
Palm Bay	\$2,000	\$5,500
Palm Coast	\$2,500	\$4,350
Pensacola	\$1,550	\$3,788
Port Saint Lucie	\$1,600	\$4,848
Saint Petersburg	\$975	\$6,277
Tampa	\$975	\$6,277

We believe our rate structure will help ensure a financially viable ALF facility and help cross subsidize the lower rates for lower income residents.

- D. ALF Experience – We have enlisted strong interest from several experienced ALF operators to partner with Wendover Housing Partners on Truman Village, including The Waters Senior Living based in Minneapolis, Terrace Communities in Tequesta, Florida and Advocate HCS in Ft Lauderdale. We are in negotiations with these prospective partners on the details of the operations component of the ALF facility. We have done a thorough review of the proforma with each and feel comfortable that our operating revenue and costs are viable. Each of the operators has extensive experience in the ALF business, is licensed in Florida and is highly interested in the possibility of operating the facility should the project receive approval from the City. Once approved, we will lock in the ALF partner operator and provide a more detailed business plan for the city and FKACC.

Wendover Housing Partners would be the management partner for the facility, along with AHI should a not for profit be an attractive component to the project. WHP would manage and oversee development and operations of the property, the IL and ALF health care operator's contract, and all other aspects of Truman Village.

Bob, we would be happy to come down and meet with staff to go over the fee structure or financing at your request. Please let us know next steps.

Thanks

Jeff