

Sunset Lofts

July 13, 2021

City Council Meeting



Developer – MK Company, Inc.



President: M. Keith Holben

31 years of active development experience

- Real estate finance, construction, marketing, and property/project management
- Specializes in residential/multifamily projects
- Arizona, California & New York
- Planning Commission Member / Development Review Board for the City of Scottsdale in the 1990's and early 2000's.

Local experience:

CR Ranch

- 125-unit single family residential project in VOC 2000-2006

Pinon Lofts

- 2+ acre 45-unit apartment complex West Sedona 2020

Navajo Lofts

- 30 duplex units on 4+ acres West Sedona - in development review

Cottonwood Development

- 64 apartment units near Municipal Complex – project in planning



Affordable Housing Background

- The housing study presented in December 2020 by Elliott D. Pollack & Company identified an affordable housing gap of approximately 1,500 households.
- This gap includes existing demand of 1,260 units and estimated future employment demand of 250+/- units.
- The housing crisis has been further exacerbated since the completion of the study with a first quarter 2021 median home sales price in Sedona of over \$800,000.
- Home sales prices continue to rise dramatically month over month, coupled with historically low inventory of housing for sale or lease.
- ***The Sunset Lofts project is being brought forward within 7 months of the completion of the Affordable Housing Action Plan, and includes 100% affordable and workforce units, well above the 10% goal.***



Site 220 Sunset Drive



Development Agreement - Key Provisions

- City contribution will not exceed \$4.2 million in the form of a loan secured by Deed of Trust and Promissory Note. Total project budget \$13.3 million.
- 46 apartment units with rents set to serve income qualified tenants at 80, 90 and 100% of area median income (AMI).
- City will share in net revenue, which will be reinvested into affordable housing fund.
 - 5% management fee to Owner
 - 1% of outstanding loan balance to City
 - Remainder 50/50 between Owner and City
- Reserved for those working full-time within the City.
- Affordability and workforce requirements ensured by a 50-year Land Use Restriction Agreement.



Rental Pricing

- Rents for these apartments will be based on the Department of Housing and Urban Development (HUD) published rents at 80%, 90%, and 100% AMIs for one- and two-bedroom units. For example, the following are the 2021 HUD rents:

Unit Type	80% AMI	90% AMI	100% AMI
One Bedroom	\$1,058	\$1,194	\$1,275
Two Bedroom	\$1,184	\$1,337	\$1,534

- Includes utility offset of \$100-\$120/month



Site Plan

EXHIBIT B



ZONE: RM-3
MULTI-FAMILY DEVELOPMENT:
 26 - 900 SF (2) TWO BEDROOM UNITS
 20 - 600 SF (1) ONE BEDROOM UNITS

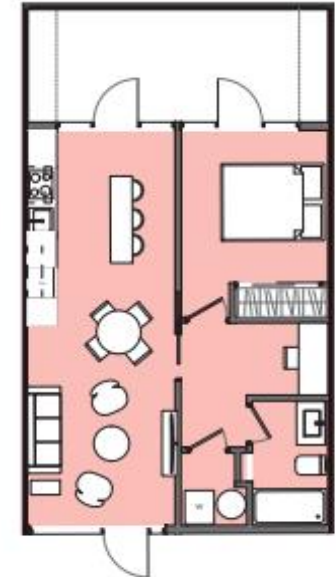
MAX BUILDING LOT COVERAGE = 40%, 43,560 SF
ACTUAL BUILDING LOT COVERAGE = 20,000 SF

MAX TOTAL LOT COVERAGE = 70%, 76,230 SF
ACTUAL LOT COVERAGE = +/- 60,000 SF

ALLOWABLE AREA (VB) = 21,000 SF
TOTAL PROVIDED AREA = +/- 20,000 SF

PARKING REQUIREMENTS: 71 PARKING SPACES
 60 STANDARD SPACES
 7 COMPACT SPACES
 2 MOTORCYCLE SPACES
 2 ADA PARKING SPACES

PARKING PROVIDED: 68 PARKING SPACES
 56 STANDARDS SPACES
 7 COMPACT SPACES
 3 MOTORCYCLE SPACES
 2 ADA SPACES



Annual Reporting

- To include occupancy data
 - Income amounts of tenant occupied units
 - Unit rents
 - Employer
 - Unit type and AMI bracket of each tenant



Questions?



Site

