

# Kachina I & II Apartments

## Section 515 Senior Housing Project

### Casa Grande, AZ

#### Investment Summary:

Address: 316 Avenue A  
Casa Grande, AZ

Price: \$ 2,500,000

Price/Unit: \$ 26,042

Total Building Area: 57,151 sq ft-includes laundry, office & community center

Cap Rate: 7 %

Year Built: Completed in 2 phases,  
Kachina I-1979  
Kachina II-1981

Vacant Land: Approx 7.49 acres,  
included in sale

Parcel Numbers: 505-30-016A, 035A, 035B

Utilities: Electric-APS  
Gas-Southwest Gas  
Water, Sewer Trash-  
City of Casa Grande

Zoning: R-3, City of Casa Grande



**\$ 2,500,000**

**96 Units**



- 96 Units—Two Phases with 48 Units Each and Adjoining 7.49 Acres of Vacant Land
- Senior Housing - Financed by Farmers Home Administration, US Dept of Agriculture
- Assumable Financing
- Superb Casa Grande Location near Downtown
- Separately Metered
- Laundry Facilities, Leasing Office, Community Center for Crafts and Gatherings
- Landscaped Courtyards with Mature Trees and Sprinkler System
- Walking Distance to Restaurants and Shopping

**Exclusively Listed by Crown West Commercial Real Estate**



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**\*\*Please Contact Crown West Commercial Real Estate to Schedule Property Tours\*\***

# Area Description

## Living in Casa Grande

Casa Grande has a population of more than 45,000 full time residents which increases to more than 65,000 people in the winter months. Casa Grande is proud of its forward thinking outlook, while at the same time, exposing its small town charm.

Located at the junction of two interstate freeways. Interstate 10 provides the north/south artery and enables access to the Phoenix Metro Area to the north which is approximately a

45 minute drive to the Southeast Valley cities (Chandler, Mesa, Sun Lakes, Awahutukee) and a 60 minute drive to downtown Phoenix. From downtown Phoenix, I-10 continues West to Los Angeles and splits north providing access to Northern Arizona and Utah. To the South, Tucson is approximately an hour drive and the interstate continues to New Mexico and Texas. Interstate 8 splits from I-10 just southeast of Casa Grande and provides access to Yuma (3 hour drive), and San Diego (six hour drive). Surface streets in Casa Grande connect to these freeways and provide convenient access to all parts of the City.

Casa Grande has a municipal airport, located approximately five miles north of downtown. Casa Grande is also served by Southern Pacific Railroad with a major line that provides rail connections to virtually all parts of the U.S.

Residents enjoy a variety of shopping and dining experiences, historic sites, attractions, golf, movies, museums, community theatre, as well as many unique festivals and events.



## Community Highlights

Casa Grande offers a diversity of employment opportunities in manufacturing, retail, trade, agriculture, mining, government and tourist-related businesses.

In addition, Casa Grande offers a broad range of facilities and activities including the Dorothy Powell Senior Adult Center which offers special interest classes, a meals program, social gatherings, ceramics, lapidary facilities, transportation services and many other activities. There are also the Casa Grande Art Museum, Casa Grande Fine Arts Association, and the Casa Grande Public Library, which operates under the primary campus and the Casa Grande Union High School District.



## Health and Medical Care

Casa Grande Regional Medical Center (CCRMC) is a full service, 187 room, community owned, nonprofit hospital committed to providing quality health care to the Casa Grande Valley as well as the surrounding areas. The medical services provided by CCRMC provide the community convenient access to the latest procedures and equipment available in medical imaging, outpatient rehabilitation, diagnostic and interventional cardiac care.

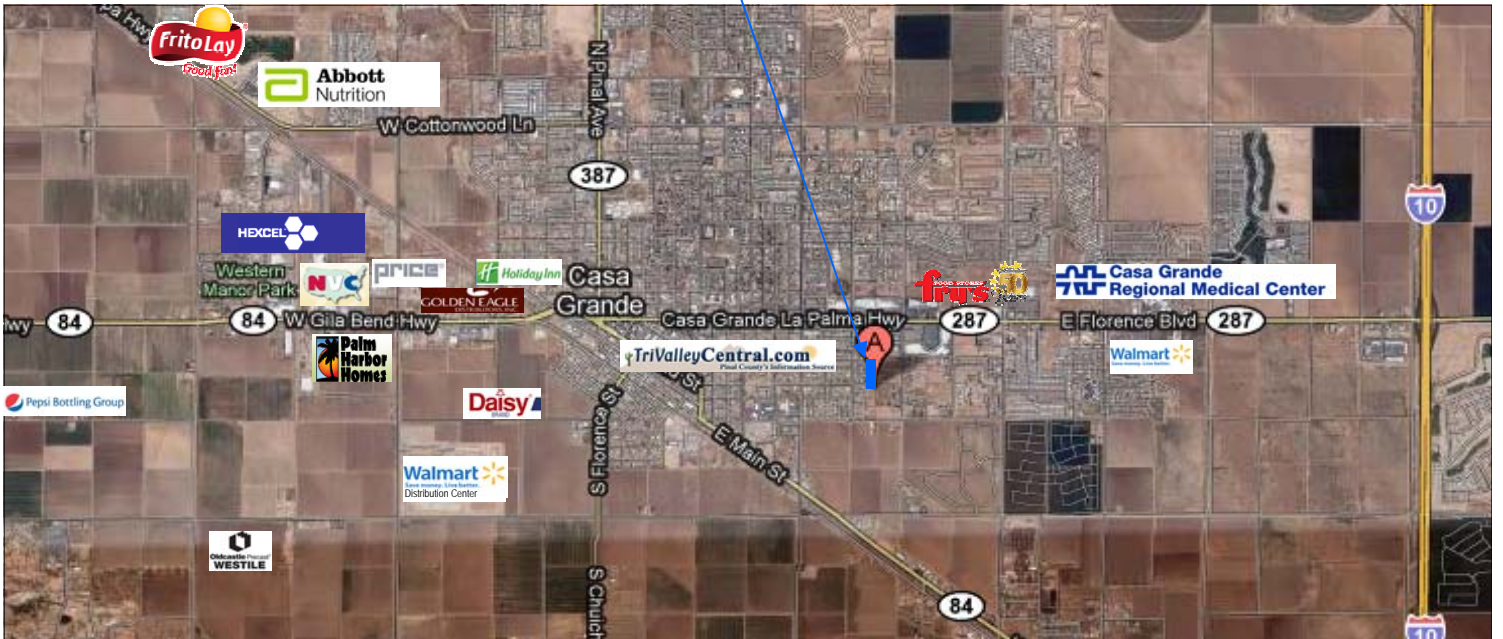
CCRMC has a 24-hour emergency care with physician coverage, and air and ground ambulances. They also have opened an Urgent Care Center in an effort to meet the demand of the community after hours.

The Sun Life Family Health Center is a primary health provider and offers two offices in Casa Grande and the Cottonwood Medical Center is available to provide primary care as well.

# Location



396'	422'	238'
505-30-016A 122,839 sf 16 A Built 1979	505-30-035B 130,680 sf 35 B Built 1981	505-30-035A 73,616 sf 35 A
Avenue A		
		309.1'



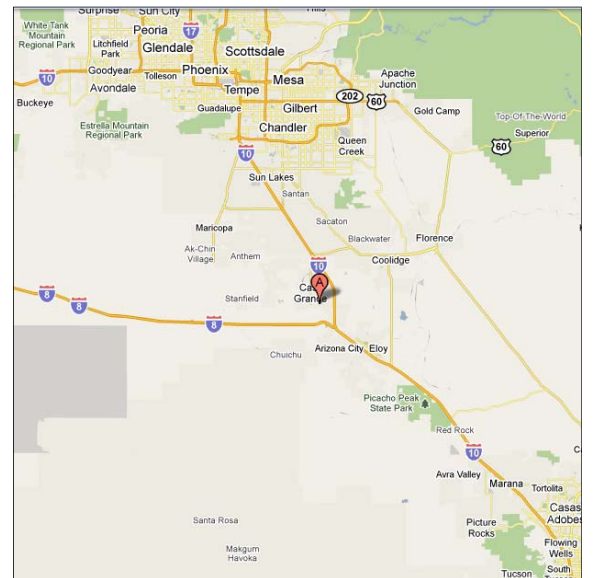
## Key Employers - 5 Mile Radius

### Private Employers

- Abbott Nutrition Supply Chain
- Casa Grande Regional Medical Ctr
- Casa Grande Valley Newspapers
- Frito-Lay, Inc.
- Fry's Food and Drug
- Hexcel Corporation
- Holiday Inn
- National Vitamin Company
- Palm Harbor Homes
- Price Industries
- Wal-Mart Distribution Center
- Wal-Mart Supercenter
- Westile, Inc.
- Pepsi Bottling Group
- Daisy Brand
- Golden Eagle Distributors

### Public Employers

- Casa Grande Elementary School Dist
- Casa Grande High School District
- City of Casa Grande



# Financial Information

## Existing Financing

Kachina I & II Apartments were purchased and rehabilitated in 1997, through a loan from USDA Rural Development. Of the 96 units, 48 units are subsidized through a HUD Section 8 HAP contract & 48 through Rural Development's rental assistance program.

### Actual

#### Kachina I & II

316 Avenue A, Casa Grande, Arizona 85122

Units	Type	% Type	Unit Sq. Ft.	Total Sq. Ft.	Avg. Rent	Total Rent	Rent/Sq. Ft.
48	1X1 RH	50.00%	600	28,800	\$342	\$16,416	\$0.57
48	1X1 HAP	50.00%	600	28,800	\$518	\$24,864	\$0.86
96		100.00%	600	57,600	\$430	\$41,280	\$0.72

Income		Per Sq.Ft.		Notes
Gross Scheduled Rent			\$495,360	\$41,280
Less: Vacancy/other losses	6.00%		(\$29,722)	
Less: Loss to Lease	0.00%		\$0	
Less: Non Rev. Units	0.00%		\$0	
Less: Concessions	0.00%		\$0	
Less: Bad Debt	1.00%		(\$4,954)	
Net Rental Income			\$460,685	\$38,390 93.00%
Plus: Other Income			\$10,034	\$836
Plus: utility reimb			\$0	\$0
<b>Total Income</b>			<b>\$470,719</b>	<b>\$0.00</b> <b>\$39,227</b> <b>95.03%</b>
<b>Expenses</b>		<b>Per Unit</b>		
Payroll		\$855	\$82,049	\$1.42 \$6,837
Advertising & Marketing		\$32	\$3,115	\$0.05 \$260
Repairs & Maint.		\$556	\$53,348	\$0.93 \$4,446
Landscaping		\$236	\$22,686	\$0.39 \$1,891
Mgt. Fees	4.66%	\$229	\$21,936	\$0.38 \$1,828
Utilities		\$535	\$51,379	\$0.89 \$4,282
Property Tax		\$10	\$1,000	\$0.02 \$83
Insurance		\$218	\$20,890	\$0.36 \$1,741
Gen'l & Admin.		\$216	\$20,730	\$0.36 \$1,727
Replacement Reserve		\$250	\$24,000	\$0.42 \$2,000
Total Expenses			\$301,133	\$5.23 \$25,094
		Per Unit:	\$3,137	\$0.05 \$261
		Per Foot:	\$5.23	\$0.00 \$0.44
		% Of Income:	63.97%	
<b>Net Operating Income</b>			<b>\$169,586</b>	<b>(\$5.23)</b> <b>\$14,132</b>

Cap Rate Analysis	Price	\$/Unit	\$/Foot	Cap Rate
Purchase Price	\$2,500,000	\$26,042	\$43.40	7.00%

Estimated Land Value equal to \$1 per square foot or \$323,264



### Property Highlights

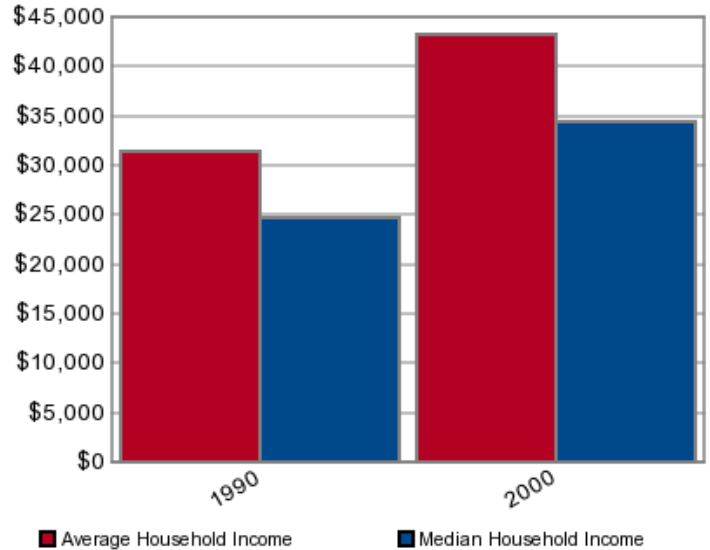
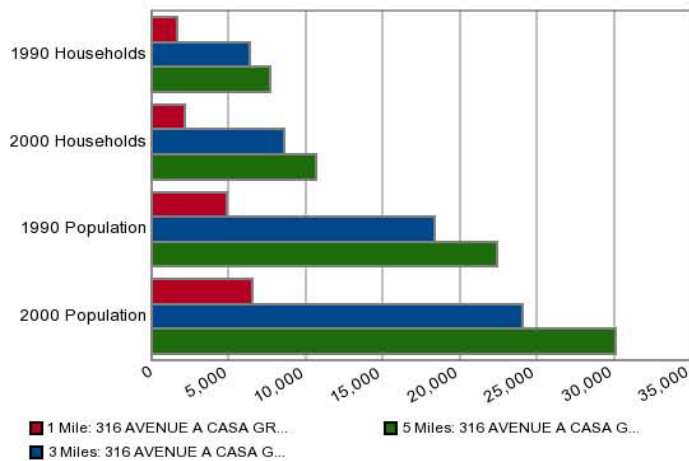
Both Kachina I and Kachina II Apartments are financed by the Farmers Home Administration, US Department of Agriculture, per Section 515 of the Housing Act of 1949. The initial loan for Kachina I was executed in 1979, and the initial loan for Kachina II was executed in 1981.

In 1997, the Seller assumed the note for a balance of \$647,642.50 for Kachina I. As of July, 2010 the balance was \$623,053.80. The loan term is for 30 years, but is amortized for 50 years. The interest rate on this loan is 7.25%. In 1981, the Seller assumed the Kachina II note for a balance of \$797,862.26. As of July, 2010, the balance was \$767,994. The loan term is for 30 years, but is amortized for 50 years. The interest rate on this loan is 7.25%.

As a part of the financing, these properties are restricted to tenants who are 62 years of age and older, or are disabled, regardless of age. Kachina I applicants must complete a Rural Development form 3560-8 and meet the requirements of the program. Kachina II applicants must complete a HUD form 50059 and meet the requirements of the program. The requirements represented on both forms are very similar.

These loans are assumable with the approval of USDA Rural Development.

# Demographics



## Taxes

Property Tax Rate	1990	2000	2008
Elementary/High Schools	6.46	8.98	5.75
City/Fire District	0.97	1.00	0.75
Countywide	7.46	7.63	5.36
<b>Totals</b>	<b>14.89</b>	<b>17.61</b>	<b>11.86</b>

Source: Arizona Tax Research Association

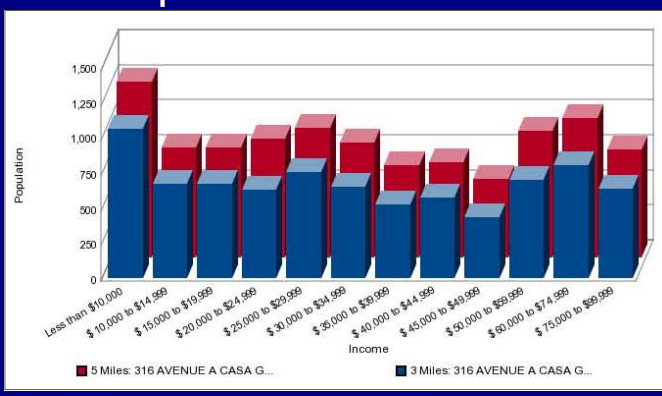
Note: Tax rate per \$100 assessed valuation

NOTE: School district participates in the Central Arizona Valley Institute of Technology (CAVIT).

Sales Tax	2008
City/Town	1.80%
County	1.00%
State	5.60%

Source: League of Arizona Cities & Towns, Arizona Dept. of Revenue

## Population vs. Income



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