

Senior Housing Will Be Built Near Mercado District of Menlo Park

Teya Vitu | Downtown Tusconan | Posted: March 23, 2011

Construction could start as soon as June on West Congress Street on a 143-unit low-income senior housing project that could be ready for residents as soon as September 2012.

This six-story structure would be the first phase of construction for a 14.3-acre plot of city-owned land between Avenida del Convento and the Santa Cruz River.

The senior housing starts the long-awaited mixed-use development by Tucson-based The Gadsden Company, which won the development agreement for this city property in 2008.

Eventually, Gadsden wants to fill this nine-block Mission District with three residential towers of six and eight stories to house 400 people; 250,000 square feet of retail; a boutique hotel and two more markets to join the recently completed Mercado San Agustin.

The city, Gadsden and Chicago-based Senior Housing Group are each rushing to complete all tasks to meet a May 16 desire to close on a three-way sale of the 14.3 acres. The city intends to sell the so-call Block G, where the senior housing will be built, to Gadsden for \$250,000, and Gadsden will immediately sell Block G to Senior Housing Group, which will build and own the senior housing complex, for \$1.4 million.

The deal involves a slew of credits involving affordable housing, a parking garage, a public market, moving a water reclamation line and a \$2.85 million annual low-income housing tax credit the Senior Housing received from the Arizona Department of Housing that could ultimately be worth as much as \$28.5 million.

This senior housing project is meant as a one-for-one replacement for the 143-unit Armory Park Apartments, 211 S. Fifth Avenue. Senior Housing Group President Steve Greenbaum is in the process of buying and transferring the its federal Section 8 low-income housing subsidies the new West Side structure. All the Armory Park Apts. residents are expected to move to Greenbaum's new structure.

Greenbaum said all the new apartments would be 650 square feet with one bedroom, a contrast from the primarily 412-square-foot studio apartments at Armory Park.

"I want to make sure that just because it's low-income senior housing does not mean it has to look any different from any conventional apartment building," Greenbaum said. "I really want to own a building where I would be comfortable to take my mother."

Greenbaum intends to have a signed construction contract ready by the time the sale closes May 16 so he can start the estimated \$17 million construction in June.

City Councilmember Paul Cunningham brought ghosts of Christmas past into the discussion.

“What happens if your funding falls apart?” Cunningham asked. “What are the penalties on the back end if this doesn’t get done? We’ve gotten burned so many times in the last five years.” This was a direct reference to Bourn Partners never building anything on the Thrifty Block on Congress Street between Stone and Scott avenues after acquiring the property from the city for \$100.

An awkward exchange followed where City Attorney Mike Rankin didn’t have an immediate direct answer and Greenbaum insisted the money’s all in place. Ultimately, if the senior housing is not completed, the city can cancel the development agreement with Gadsden for the full 14.3 acres, Rankin said.

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