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Denver firm acquires local affordable housing building for \$22M

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Edgemark Communities, the affordable housing division of Denver-based Edgemark Development, has made its first acquisition in Colorado.

Edgemark purchased the Residences at Franklin Park, an affordable senior housing project in Denver, for \$22 million. The Residences at Franklin Park, 1535 Franklin St., is located at the corner of Colfax Avenue and Park Avenue.

The 10-story building consists of 92 studio and one-bedroom apartments that receive Department of Housing and Urban Development subsidies. In a commitment to long-term affordable housing in Denver, Edgemark renewed the property's housing assistance payments contract for 20 years. The 55,493-square-foot building is 98% occupied.



PROVIDED BY EDGEMARK COMMUNITIES

Denver-based Edgemark Communities has made its first local acquisition of an affordable housing community.

Edgemark itself has been around for more than 20 years, investing and developing a variety of real estate sectors from retail to self-storage to market-rate apartments.

But Rick Sapkin and Aaron Metz, managing principals at Edgemark Communities, have grown the firm's affordable housing practice across the Midwest and the South, with properties in Kansas, Nebraska, Oklahoma, Texas, Missouri, Arkansas and now Colorado.

To invest in affordable housing can be more intricate and nuanced than market-rate investing, due to the government involvement, compliance and paperwork required.

"We saw a global problem that had a fragmented solution," Metz said. "Affordable housing didn't have a really obvious, national leader. It's a very nuanced industry that adds a level of complication on top of traditional multifamily. We had to put our pencils down and become students of the industry for a good six months, learning the massive code that HUD put out."

Despite the extra work, Sapkin said that investing in affordable housing is worthwhile to them, as they view the industry as a long-term investment that also does social good.

"We get a greater sense of fulfillment as we provide something with long-term benefits," Sapkin said. "We are able to buy real estate benefitting the people who are our residents and customers."

With already a large regional footprint, Edgemark Communities has goals of being a national provider of affordable housing. Having that scale means operating more efficiently and operating with more resources, which means exceeding HUD standards and providing better service for customers. But all of the efficiencies start with listening to customer needs.

"If people are not happy, they might not treat the property like it's their own home," Sapkin said. "[In a property in Texas] we added facilities they did not have, such as laundry rooms. We added playsets, but we also put in trees because the heat on a playset doesn't work for a child. When you look at things, the first thing you have to do is look at and listen to the residents and ask them what they're missing."

In the Residences at Franklin Park, Edgemark plans to make some aesthetic improvements to the lobby, common gathering areas and offices. They also plan to make upgrades to the interior units.

While this is Edgemark Communities' first investment in Colorado, Metz said the firm has plans to look into more affordable housing opportunities in Denver, including converting buildings and building new housing.

“We appreciate that [the Residences at Franklin Park] is in our own backyard,” Metz said. “We know and like the Denver market and there is a clear need for affordability.”

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