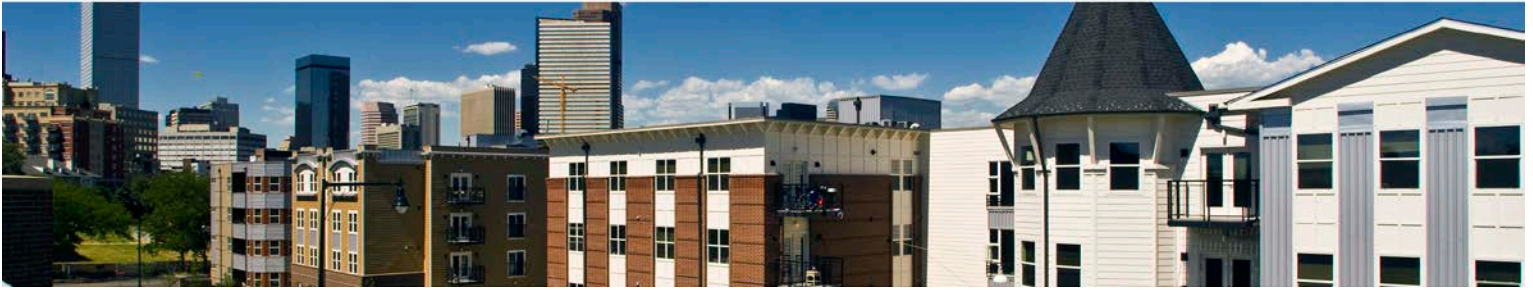


9% lihtc application narrative



Project Name: **Aria Family Apartments** Project Address: **5274 Decatur Street, Denver CO 80221**

I. Project Characteristics:

Aria Family Apartments (Aria Family) is a proposed 65-unit apartment complex located at 5274 Decatur in Denver. Aria Family will serve families earning 30% -60% AMI. 18 of the Units will be set aside for families with incomes of 30% AMI. The Apartments have been designed to exceed Enterprise Green Communities. Aria Family will be developed by Perry Rose (PRCo), the Denver office of Jonathan Rose Companies (JRCo), one of the nation's best and most sustainable affordable housing developers. Bank of America will provide construction and permanent financing and will purchase the Federal LIHTC Equity.

The Aria Family site is part of Phase 3 of the redevelopment of the former Marycrest Convent Campus, now called Aria Denver. It is in the Chaffee Park Neighborhood (Census Tract 2.01) and is in a NSP 2 Target Area. In 2012, City Council designated the Aria site as an Urban Renewal District. Phase 1 of Aria Denver was completed in 2013 and consists of 72-unit Aria LIHTC Apartments and 13 Townhomes. Plans for Phase 2, have been submitted for building permit and scheduled for construction in July of 2016. Phase 2 will consist of 13 townhomes, 6 rowhomes and 28 condos (co-housing with 8 affordable).

Aria Denver is a centrally located mixed-use community. Aria is located on a 17-acre infill site. The place making design and diversity of Aria reflects the heritage of the Sisters' commitment to social and environmental stewardship and community building. Aria Denver focuses on opportunities for a healthy, active, life-long learning lifestyle. Aria is across the street from Regis University, 4 blocks from I-70, 8 blocks from a new Gold Line Station opening in 2016 and 10 minutes from downtown. The location demonstrates Aria's environmental responsibility. Aria Denver is distinguished by its diversity of housing types. The housing types will include townhomes, condominiums, co-housing, market rate and affordable apartments. The first "pocket neighborhood" in Denver will be developed in this community where smaller, more affordable, townhomes will be built around a central green. 14 of the pocket units will be set aside to meet Aria's IHO requirement. At full build out Aria will consist of 400 housing units, linked by pedestrian friendly streets, open spaces and 30,000 square feet of neighborhood serving commercial shops. A Purchase and Sale Agreement has been executed between Marycrest Land and a local commercial developer to purchase the commercial site at the corner of Federal and 52nd. The developer is in discussions with two grocers and a coffee shop. The open space will have community gardens that will provide healthy homegrown produce to the Aria Family residents. A portion of the open space, completed in 2015, is a model fresh food production garden that provides locally grown produce to Regis and to a farm stand that sells the produce on a "pay what you can" basis to low-income residents.

In July of 2014, a partnership of Regis University, Perry Rose, Urban Ventures and Chaffee Park were awarded a \$1 million grant from the Colorado Health Foundation to fund the "Cultivate Health Initiative"

(CHI). This grant is designed to improve conditions in the Chaffee Park, which is currently designated a “health care and food desert” and will directly benefit Aria Family residents. The goal of CHI is to support the wellness of residents in a multi-generational, mixed-income, mixed-use, pedestrian friendly community by promoting active lifestyles, access to healthy food and serving as a community laboratory for the future. CHI has developed a one-acre production farm to provide healthy food to neighborhood residents. CHI will also include: 52nd and Federal intersection improvements, sidewalk, landscape, pedestrian lighting and way-finding improvements along 52nd connecting Aria to: Regis, Zuni Park and Beach Court Elementary School. CHI will provide ADA and Adult Fitness Zones in the Aria community park (100 feet from Aria Family) and at Zuni Park. CHI will provide bicycle racks and bike paths. The character of the Aria community and the interaction among Aria Family residents and the rest of the Aria CHI programs will engage the residents in a vitally active, holistic life style that will improve their wellbeing and physical and mental health. Aria Family will provide low and moderate-income families an opportunity to live in a mixed-income health oriented new community. These factors will allow Aria Family to increase the quality of life for low-income families by reducing housing, transportation, food and health costs. Reducing these costs could save \$6,000 per year and can make the difference between having enough income so the family does not have to make the choice of paying rent, or buying groceries.

II. Why Project Should Be Selected Above Others:

LIHTC approval of Aria Family in 2016 is absolutely essential to the viability of the Marycrest Urban Renewal District. Each year that the Aria LIHTC is not approved, infrastructure costs go up and it becomes more difficult to meet the schedule for generating TIF revenues required by the redevelopment agreement. Approval of Aria Family’s 9% allocation is critical to maintain the momentum of the \$85 million Urban Renewal project. Phase 2 of Aria Denver is already underway including 28 co-housing condominiums, 13 Town Houses and 6 rowhomes (See news article in **Exhibit 1**). If Aria Family is not approved in 2016, the success of Aria Denver will be set back. Therefore, it should be approved above others that are not in urban renewal districts.

Aria Family should be selected above other projects on the Federal Corridor. Recently, the Federal Corridor (from 52nd to 72nd Avenue) was selected by ULI and Denver Planning and Public Works Offices as a model for the development of healthy, safe economically viable urban corridors. Aria Denver is a key node in this corridor and Aria’s momentum needs to be maintained if the corridor is to continue to revitalize economically. If Aria is delayed, other nodes in the corridor will have more difficulty.

Planned Community: Aria Family is a key component of a planned mixed-income community redevelopment strategy for the Chaffee Park/Regis Neighborhoods. It is not just a single affordable apartment building. Aria Family will act as a catalyst for over 300 other housing units. Singular apartment building applications will have less impact on the surrounding neighborhoods and will leverage less public and private resources than planned community projects, like Aria.

Aria Family implements and is consistent with the Mayor’s 2015 Denver Housing Plan. Aria Family ranks high in meeting the housing priorities included in “Housing Denver: A five-year plan – 2015-2019” and is one of Denver’s top ranked LIHTC projects. These priorities include: “Priority 5: Increase Housing Diversity. Aria is a diverse mixed-use, mixed-income community including for-sale units, market rate units, affordable units; Priority 6: Preserve Workforce and Critical Needs Housing. Aria Family provides housing for workforce families earning 30%-60% AMI; and Priority 8: Encourage Sustainable Housing Development.

Strong, Experienced Development Team: Aria will be developed, financed, built and leased by the same successful experienced team that completed the Phase 1 Aria Apartments and that developed the Trocadero and Cottage Hill Apartments. The Team of Perry Rose, OZ Architecture, Palace Construction and Rose Companies Management have completed 3 other LIHTC projects in Denver and have worked together for over 15 years. JRCo is one of the nation's leading green affordable housing developers.

Success of the Phase 1 Aria Apartments and Proven Market Demand: The Aria Family market area has significant unmet demand for affordable housing. The Phase 1 Aria Apartments was fully leased in 90 days, and now has a waiting list of over 900 individuals, showing that this market area and this planned community has more unmet demand and a higher probability of filling this demand than other projects. Aria Family has a capture rate of 6.8%, which is highly attainable in a PMA with an overall vacancy rate of 2%, and multiple properties with wait lists.

Significant Leveraging of Private Investment: Aria Family Apartments will serve as the next step in catalyzing a total project with an estimated value of approximately \$85 Million. Subtracting \$15 Million for Phase 1 that is now complete, there is another \$70 Million of redevelopment to be built on the Aria Denver Site. That is, the \$15 Million Aria Family Apartments LIHTC project will help to create an additional \$55 Million of private development for a leverage ratio of approximately 4 to 1 of other private and public investment for the \$13 Million 9% LIHTC allocation. No other LIHTC allocation proposal will create this magnitude of increased private investment, the economic spin-off of additional construction and permanent jobs.

Strong Support from the City of Denver: Aria Family has strong support from the City as evidenced by Council's approval of TIF financing and the 2011 approval by Denver OED for a \$5M NSP/Skyline Loan to help fund infrastructure improvements for Phase 1. Denver has also named Aria/Chaffee Park as 1 of 2 pilot "Sustainable Neighborhoods" designated by the Office of Sustainability. Aria's 2015 9% LIHTC application was ranked by the City as OED's second highest priority project. Letters of support from Denver OED and Colorado DOH are included.

Proximity to Transit: Aria Family is 2/3rd of a mile from the 60th and Federal, Gold Line Station.

Healthy Living: Aria Family is in a community that has an integrated approach to health. CHI will include services like: a community production farm, pedestrian way finding and walkability. Few other projects can demonstrate such a commitment to the improvement of the physical and mental well-being of residents. These features will allow Aria Family to increase the quality of life for low-income families by reducing housing, transportation, food and health costs.

III. Strengths and Weaknesses:

Strengths:

Catalytic Project. Aria Family Apartments is a catalytic project and is necessary to keep the Aria Denver Urban Renewal project on schedule and to continue the redevelopment of the 17-acre Aria infill site. Without a 9% LIHTC allocation to Aria Family Apartments, the progress that has been made to revitalize the site and the whole Chaffee Park/Regis neighborhoods will be setback.

Green Sustainable Model Low-Income Apartment Building. Aria Family Apartments will serve as a model in the affordable housing industry for green building, renewal energy and LEED Certification. All LIHTC affordable housing projects are required by their lenders to carry a contingency in the construction budget. If Aria Family is built on time and on budget it will use the contingency to pay the final costs for LEED Certification. When other LIHTC projects have unused contingency, they often use the contingency to purchase additional amenities or to pay down the permanent loan. Aria Family Apartments will demonstrate that enhancing environmentally responsible improvements is one of the best

uses of left over contingency.

Compact, High Density Building Type: Aria Family is a high density project, reflecting the characteristics of successful high quality urban infill development. The 4 story family building will have 56.5 dwelling units per acre.

Urban Infill Development: Aria is unique because it provides the opportunity to develop underutilized clean land of the old Marycrest Campus and connect the site to the built-out neighborhoods surrounding it. By building into the existing infrastructure it will bring together disconnected neighborhoods and enrich the surrounding properties, schools, and businesses.

Pedestrian Friendly: Aria Denver will be connected with pocket parks, open space networks, sidewalk/streetscape improvements, way-finding and enhanced bicycle routes.

Access to Local Healthy Foods, Urban Production Farming and Community Gardening: Aria's CHI will result in healthy local food production for use by low-income Aria residents, who will benefit from the "pay only as much as you can afford" neighborhood food stand. CHI has developed a one-acre production farm on the site to provide healthy locally grown food to the neighborhood (**See Exhibit 2**).

Competitive Project Amenities: In-unit and common area amenities exceed market standard per the surveyed rental projects in the Primary Market Area (PMA) of the Market Study.

Weaknesses:

Three weaknesses were discussed with CHFA staff in the follow-up interview after the last submittal:

Lack of Commercial development: The Market Study states: "the project is located further from shopping, services and community amenities than most of its competitors. However, this factor will be mitigated by the completion of the Gold Line and the subject's proximity to it, combined with the build out of the Aria Master planned community." CHFA staff was concerned that the commercial at 52nd and Federal has not built out. However, past experience indicates that affordable housing acts as a catalyst for retail not vice versa. Therefore, it is doubtful that the commercial will precede the LIHTC. As a good example, see **Exhibit 3** for photos of Highlands Garden Village; one with most of the residential complete (including two LIHTC projects with 137 units) and the commercial lot still undeveloped and the second photo of the completed HGV project. We are continuing to work on the leasing and/or sale of the 52nd and Federal Commercial site to quality retailers and Denver is helping with its Federal Corridor planning and improvements. However, we feel that the Aria Family application is competitive whether the commercial site is complete or not and that the proximity of commercial shops and services are less critical to a family project than to a senior project

Capture Rate: Previous submittals were for Senior units with a capture rate of 46%. This submittal has been changed to a family project with a capture rate of 6.8%. So capture rate is no longer a weakness.

Concentration of LIHTC: Previous submittals included Senior and Family units totaling 135 units. This submittal has been changed to a family project with 65 units. So concentration is not a weakness.

IV. Construction Type:

Aria Family will be a wood framed, 4 story building with one central elevator core and two interior stairwells at the end. The type of construction category according to the International Building Code will be Type 5A. The ground floor will contain office, mailroom, common accessible bathrooms, library, business center, and a multi-purpose community room (exercise, communal kitchen/event space). The

site is zoned RMU-30 which permits multifamily construction with a height limit of 55 feet (4 stories). As an elevator building, all of the units will meet both Federal and State Fair Housing requirements for accessibility, including appropriate numbers of Type A and Type B units. The foundation system will be a post-tension concrete slab on grade and the first through fourth level structural system will be wood frame. The exterior material will be fiber-cement siding. The HVAC system will be a highly energy efficient central hydronic fan coil units and condensing A/C system. The building will be fire sprinkled. The architectural style will be contemporary with a low-sloped roof.

V. Population Served:

Aria Family serves families with incomes from 30%- 60% AMI. 27% of the units are restricted to 30% of AMI. This will encourage low income renters to live in an urban infill community where the majority of residents will be market rate homeowners, thus creating a balanced mixed-income community.

VI. Bedroom Mix

<i>Unit Type</i>	<i>Square Feet</i>	<i>30% AMI</i>	<i>50% AMI</i>	<i>60% AMI</i>	<i>Total Units</i>
Studio	682	1	1	1	3
1BR/1BA	693	14	16	20	50
2BR/1BA	994	3	3	6	12
TOTAL		18	20	27	65

VII. Location

Aria Family is to be constructed to the north of 52nd Avenue, on Decatur Street in Denver. The location of the family LIHTC apartments is in the NE corner of the overall Aria Denver site, adjacent to Phase 1 Aria Apartments. This location makes the apartments independent from the future phases of the site creating a phasing plan for infrastructure and vertical construction that is efficient from a development perspective. The site is within the boundaries of Denver but is surrounded on three sides by Adams County. The Downtown Denver Central Business District is just over three miles. RTD’s bus stop on Federal is 0.19 miles from the property and provides high frequency bus service on Federal Blvd every 15 minutes on-peak time. In the future, the Federal Station on the Gold Line will be 8 blocks north from the site at 60th & Federal. The closest elementary School is Beach Court, 0.5 miles to the South. There are multiple community churches nearby. Berkley Park is located one block from the property. Zuni Park is 0.3-mile SE of the property and includes a children’s playground, basketball court, and baseball field.

VIII. Amenities:

Unit amenities:

- Energy efficient stove, refrigerator and garbage disposals;
- Washers and dryers in all units;
- Energy efficient appliances;
- Kitchens with islands or peninsulas;
- Dining areas and eat-at counters;
- Closets and pantries;
- Cable and high speed internet hookups;
- Private patios for the ground floor units;
- Balconies for all upper floor units;
- Water costs paid for by Landlord

Site and Project Amenities will include:

- Socially and Environmentally Responsible Community;
- Mixed-use, mixed-income community;
- Multi-generational community,
- Diversity of housing types;
- Neighborhood serving retail;
- Includes latest, green technologies;
- Pedestrian friendly sidewalks, streetscape, open space networks, bike paths and way-finding signage;
- Outdoor adult fitness trails and outdoor adult exercise equipment (ADA-compliant);
- Central Location;
- Services of the CHI Initiative.

IX. Services

Aria Family Apartments has designated 18 of the project's total units for very low-income families earning 30% AMI. A part-time Resident Services Coordinator (RSC) is on staff and will be responsible for ensuring residents have access to necessary supportive services and adjust comfortably to their new living environment, The RSC will be the liaison between the residents, and other services offered by Denver agencies such as Case Management. The RSC also coordinates resident interaction with Property Management: facilitating effective communication, preventing/resolving tenant issues, and linking residents to in-kind services. The RSC will also coordinate services from the CHI.

X. Energy Efficiencies and Green Features

Aria Family will use energy efficient strategies throughout construction and operations. Examples are: Construction waste management plan will reduce the amount of material sent to the landfill by at least 65%. More than half of the products used for construction will be extracted, processed and manufactured within 500 miles of the site. The roofing is highly reflective energy star compliant membrane material designed to incorporate a 65kW solar system. Green measures include: highly insulated facades; low/no VOC paints; low-e double pane windows; recycled and Green labeled carpeting/flooring; Energy Star appliances, highly efficient lighting, water-conserving fixtures; high efficiency HVAC; and native vegetation with a low-impact storm water system. Aria Family is designed with the same high standards as Aria Apartments that achieved LEED Platinum, was awarded the 2014 Mayor's Design Award for Sustainability and the ULI Impact Award for Infill Development. Aria Family exceeds Enterprise Green Communities requirements for compact development. Open-space includes: gardens and production farming. Car and bike sharing, pedestrian and bike friendly private streets provide paths for connectivity.

XI. Type of Financing

Letters of Interest are included in the application from Bank of America which has committed to provide the construction and permanent loans. Bank of America has also committed to purchase the Federal LIHTC Equity for approximately \$13,151,254 (\$1.10 for each \$1.00 of Federal LIHTC Eligible Basis).

Sources (Permanent)	Amount
Bank of America - Permanent Debt	\$1,650,000
LIHTC Proceeds	\$13,151,254
Owner Equity	\$60,000
TOTAL	\$14,861,254

XII. Local State and Federal Subsidies: No local or state subsidies are required.

Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

Aria Family serves the lowest income tenants for the longest period of time: The project is 100% affordable and deed restricted for 40 years. It serves low-income families with incomes from 30% to 60% AMI. Over 27% of the units are restricted to families earning 30% of AMI or less.

To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria. Aria Family is not in a QCT. However, the site is located in an NSP 2 Target Neighborhood and is in the Marycrest Urban Renewal District.

To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas. Aria Family is in Denver, which has more low-income housing need than any other jurisdiction in the state.

To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit. Perry Rose is a strong, experienced for-profit developer.

To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing. Aria Family will serve 100% low-income families (30%-60% AMI). 27% of the units (18) are 30% AMI.

To provide opportunities for affordable housing within a half-mile walking distance of public transportation such as bus, rail, and light rail. Aria Family is within ¼ mile of the Federal Blvd. High Frequency Bus Route. It is within 2/3rd of a mile of the Gold Line Station at 60th and Federal.

To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing. Aria Family will add permanent affordable housing to an area of NW Denver that is in critical need of affordable rental housing. The Chaffee Park neighborhood has lost rental housing and has experienced over a 40% increase in the average home sale price in the last two years. Thus, the Aria Family site is at risk to convert to a market-rate project. However, the development team is committed to mixed income, affordable housing.

To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low-income housing project throughout the credit period. Aria Family is requesting approximately \$18,393 per unit of Federal LIHTC Equity allocation. This amount is in the lower 50% of all Federal LIHTC Equity Requests in this round.

To reserve credits for as many rental housing projects as possible while considering these Guiding Principles and the Criteria for Approval in the following section. Aria Family's requested allocation of \$1,195,569 is below the \$1,250,000 allocation limit.

1. **Identify which housing priority in Section 2 of the QAP the project qualifies for:** NONE
2. **Describe how the project meets the criteria for approval in Section 2 of the QAP:**

Market conditions: The market analysis indicates that Aria Family will have a large demand from within its PMA, as well as strong demand resulting from the need for more affordable family housing throughout the Denver Metro Area and the state of Colorado. The Market Study concludes that: Aria

Family has a capture rate of 6.8% which is highly attainable in a PMA with an overall vacancy rate of 2% and multiple properties with wait lists. The subject’s proposed amenity package, condition and tenant services will place it at or near the top of the rental market for its product type...”

Readiness-to-proceed: The Aria site is currently Zoned RMU 30, which allows the proposed multi-family uses. The only approval required is a building permit. The PBG Final plan was approved in 2015. We have met with Bank of America, and construction, permanent financing and LIHTC Equity purchase can be closed as set forth in the schedule in this application. Construction is scheduled to start in July of 2017 and will be completed in approximately 12 months (August 2018).

Overall financial feasibility and viability: The attached Debt and Equity Finance Letters indicate that Aria Family is financially feasible and viable. The financing proposed for Aria Family is similar to that utilized for Phase 1 Aria Apartments. Aria Apartments were completed on time and on budget.

Experience and track record of the development and management team: Aria Family is being designed, financed and constructed by an experienced team that has worked together and completed numerous successful projects together over the past decade. OZ Architecture designed both HGV Senior Apartments and HGV Multi-Family Apartments and Phase 1 Aria Apartments. Palace Construction built HGV Multi-Family Apartments and the Phase 1 Aria Apartments. Rose Companies Management has successfully managed HGV Senior, HGV Multi-Family, the Denver Dry Goods Building and the Phase 1 Aria Apartments, all of which include LIHTC units, and have been in compliance with all appropriate regulations JRCo has completed over 3600 units of affordable housing in the past 2 decades.

Cost reasonableness: Aria Family meets the Cost reasonableness test based upon the Unit Basis Limit Calculation. Under the Unit Basis Limit Test, the total eligible basis would be \$15,993,470 resulting in an average per unit cost of \$246,043. The average per unit cost of Aria Family is \$228,635 or \$17,418 per unit less than the unit basis limit. The Construction costs of \$148 psf are reasonable and The land purchase price of \$840,000 or \$12,923 per unit is reasonable when compared to the land and construction costs of other projects.

Proximity to existing tax credit developments: According to the Market Study, “The PMA has 13 existing LIHTC projects containing 600 income restricted units. Of these, five are age-restricted projects with 454 units and the remaining eight are non-age-restricted LIHTC projects with a total of 146 units. There are 3 existing deeply-subsidized LIHTC projects within the PMA including 270 units. CHFA has indicated that there are no projects within the PMA that have received a tax credit allocation in the past two years that have not already been placed in service. Completion of the subject will raise the PMA’s LIHTC inventory to a total of 672 units.” The most recently completed LIHTC project completed lease-up within three months, further illustrating the abundance of pent-up demand in the PMA.”

Site suitability: Market Study states: “subject’s location has adequate visibility and road access, which is enhanced by the desirable attributes of its master planned community and proximity to a light rail station. The proposed amenities, design features and condition of its master planned community will provide a competitive advantage and increase the subject’s market appeal.”

3. Provide the following information as applicable:

- a. **Justification for waiver of any underwriting criteria:** NOT APPLICABLE
- b. **Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:** NOT APPLICABLE

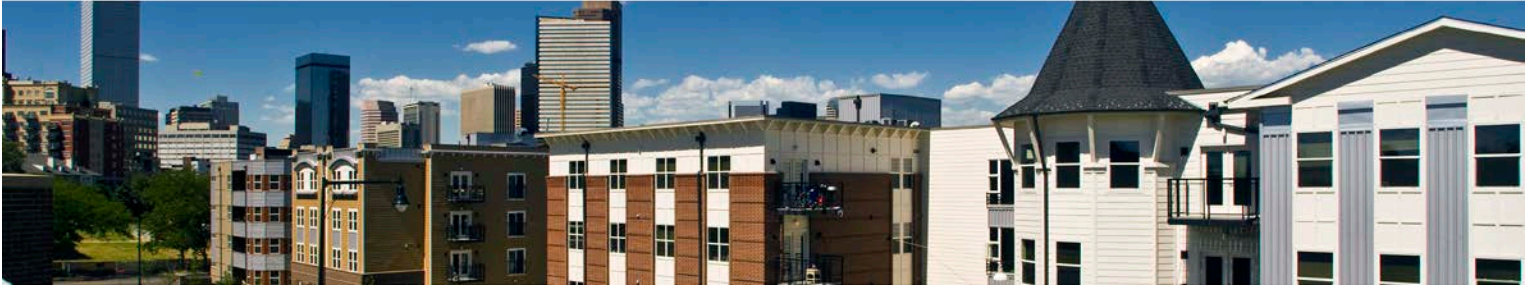
4. Address any issues raised by the market analyst in the market study: NONE Market Study p.5.

5. Address any issues raised in the environmental report(s) submitted with your application, including how the issues will be mitigated, if applicable: No issues. The site is clean.

6. In your own words, describe the outreach to the community that you have done and describe and demonstrate local support for the project (including financial support):

Public outreach for the Aria Denver and Aria Family Apartments consisted of the following: The site was rezoned in 2008. The re-zoning required a public hearing before City Council and there was significant outreach to residents and favorable testimony from the surrounding neighborhood to support the rezoning. In 2012, City Council approved the site as an Urban Renewal District (URA) requiring another public hearing. There was significant outreach to residents of the surrounding neighborhood to encourage comments on the URA and testimony before Council. The support of the community is evidenced by the TIF Financing approved for the URA and a \$5 M Denver OED Loan to fund Phase 1 infrastructure improvements of Aria Denver. In 2012 the first PBG was approved to govern the Phase 1 development. The PBG requires solicitation of public comments. This included soliciting input on the 72 units of family LIHTC Aria Apartments. The Developer has continued to work with the Sisters of Saint Francis, Regis and the surrounding neighborhood to obtain public comment on the proposed activities. For example, a display was posted at Regis from 2012 through 2014 describing the history of the Marycrest Campus and the proposed redevelopment. Significant public outreach was involved in preparing the CHI grant application including working with the Chaffee Park Neighborhood Association, Marycrest Assisted Living, Beach Court Elementary School, Cooking Matters, Denver Urban Gardens, Urbiculture, Groundworks, Trust for Public Lands, Project Recycle, Bicycle Colorado, Caring for Colorado, The Colorado Trust, and other community partners. In 2012 and 2013 the Developers engaged Regis University and the surrounding neighborhood residents to participate in a community garden established on the site. Significant public outreach was undertaken to recruit volunteers to help plant and manage the community garden. In 2013, Aria and the Chaffee Park Neighborhood were selected as a pilot Denver Sustainable Neighborhood. In 2015, the Chaffee Park Sustainable Neighborhood Program continued the community outreach with a new website and enhanced recycling program. These and other activities resulted Chaffee Park being awarded Denver's first Outstanding Sustainable Neighborhood Award. The Phase 2 PBG was approved in 2015 and public comment was received on this application. In 2016, Perry Rose held a public hearing to announce its intent to apply for a LIHTC allocation for Aria Senior and Family Apartments. All attending the hearing testified in favor. These outreach efforts exceed the outreach efforts of other projects and will continue through CHI.

9% lihtc application narrative



Project Name: Atlantis Apartments

Project Address: 201 So. Cherokee St.; Denver, CO 80223

Introduction

Atlantis Community Inc. (ACI) is a non-profit organization, established in 1974. At that time, the practice of “warehousing” young disabled adults in nursing homes and other institutions was common practice. The founders of Atlantis set out to change that and offer these young people alternatives to that bleak life prospect. Its core services were and remain: **Advocacy, Information and Referral, Peer Support, Independent Living and Transition.** Atlantis, the lost city, is and always has aimed to be a place where people with disabilities could establish their independence with community support. The organization is very well known nationwide for its advocacy work on behalf of the disabled and are given great credit for the eventual passage of the Americans with Disabilities Act in 1990.

The Atlantis Community Foundation (ACF), a related 501 (c) (3)) entity whose board members are appointed by ACI, was created in 1998 with the specific mission to support ACI’s independent living efforts through charitable fund raising, real estate acquisition, rehabilitation and operation. ACF currently owns and operates five (5) properties, collectively 105 units, providing affordable housing to at least 57 disabled persons.

In 2014, a new board of directors came into place for the foundation and with them came a new grand vision. A vision to re-purpose its existing real estate assets, particularly 201 So. Cherokee, into a world class Independent Living Center, a “place of full citizenship and full participation” that would “honor the past and reach to the future” of this extraordinary organization. A development team was assembled and in May of 2015, a design charrette was held. In attendance were board members from both ACI and ACF, employees and clients of ACI, and representatives from the property management, design and financial consultants. The result of those efforts is this proposal: The Atlantis Apartments pictured in this Narrative, is the first new construction project by Atlantis since its founding and is intended to fulfill this vision

ATLANTIS APARTMENTS

Project Description

Atlantis Apartments will be a signature project for the disabled community consisting of 60 one- and two-bedroom units that are Universally Designed to be adaptable and accessible so that up to 25% of the units can be occupied by lower income persons with disabilities (physical, developmental, mental, vision and hearing impairments). This will allow the sponsor (ACF) to meet one of its goals to integrate people with disabilities into the general, able-bodied population. The project will also house, as a separate legal entity on the ground floor, approximately 5,140 sq. ft. of office/training space to be occupied by ACI. and a community room of approximately 1,250 sq.ft. Shared parking for up to 48 vehicles, with extra space for vans, will be provided on the ground level. Located two blocks from the Alameda light rail station and on a bus line that stops in front of the site, this project will be a transit oriented community (TOC) that caters to all its tenant populations.



ATLANTIS APARTMENTS

The proposed bedroom mix is as follows:

<u>Unity Type</u>	<u>No.</u>	<u>Avg. Gross Sq.Ft.</u>
1 Bedroom	34	711
2 Bedroom	26	1,117
TOTALS	60	53,216

25%, or 15 units, set aside operationally for people with disabilities.

5%, or 3 units, with features designed specifically for people with visual impairments.

5%, or 3 units, with features designed specifically for people with auditory impairments.

10% of the total, or 6 designated units, with ‘Advanced Accessibility’ features, exceeding ANSI Type A requirements, such as blocking for ceiling-mounted tracks, digital-supportive technologies, hands-free entry, and/or other features that are not typically included in integrated housing developments. Three of the ‘Advanced Accessibility units will be one-bedroom units and 3 will be two bedroom units.

The balance of the units will, at a minimum, meet ANSI Type B requirements but will easily be adaptable to meet or nearly meet ANSI Type A requirements for full accessibility. The remaining 9 tenants with a disability may be assigned to any mix of 1-bedroom, 2-bedroom 1-bath, and 2-bedroom 2-bath units as required by demand.

Amenities, in addition to the proximity of ACI offices/services and the community room include:

- Residential lobby w/ mail room and leasing office,
- Outdoor green spaces,
- Resident terrace above community room,
- Mudroom and workshop,
- Fitness room, and,
- A place to honor the history and accomplishments of Atlantis.

This project will be a 4-story wood framed building on top of a concrete podium that will house the Atlantis office space, community room, residential lobby and covered parking. The building exterior has been skillfully designed to provide a varied and interesting façade. A recessed, landscaped courtyard offers a welcoming front door access to both the Atlantis offices and the residential lobby. The balance of the first floor addresses the front property line with the residential floors above stepping back, allowing the first floor to maintain a scale consistent with the residential uses across Cherokee Street. An outdoor patio area is available to residents on the second floor.

The project design is anchored on the northeast corner by a 1,250ft² community room, which opens onto the building entry courtyard to take advantage of the green space for overflow and indoor-outdoor events. It will incorporate the organizations’ rich history and legacy through interactive technology. This is a space of unity, bringing together the Atlantis community at the project, neighborhood and global level and addresses the vision of a world class center for advocacy and services for persons with disabilities.

ATLANTIS APARTMENTS

The ground floor office space will house Atlantis Community Inc. (ACI), who will be one of the primary service providers for the residential portion of the project. ACI currently has a staff of 21 employees with an operating budget of \$1.13 million. It is the only Independent Living Center serving the City & County of Denver. Inclusion of universal design principles will ensure the environment supports users with a wide array of abilities. This re-development is an opportunity to incorporate upgraded technology, private and common meeting spaces and a new independent living skills teaching area, which will further enhance ACI's effectiveness in the community.

CHFA QAP Principles, Priorities and Selection Criteria

1. The guiding principles in CHFA's QAP that this project meets are:
 - **To support rental housing projects serving the lowest income tenants for the longest period of time**—The Section 811 vouchers will allow the project to serve 15 very low income households. In addition, there will be 22 units at 30% and 40% AMI. As part of the LIHTC Application process ACF is committing to maintain affordability for 40 years. Maintaining the affordability forever is the goal of ACF.
 - To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail and light rail—As noted above, this site is within a 2 block walk of the Alameda Station of Denver's light rail system AND has a RTD bus that stops at its front door, and easy access to busses that run along Alameda, Broadway, Lincoln and 1st Avenue;
2. The housing priority in Section 2 of the CHFA's QAP that this project meets is:
 - Projects serving persons with special needs as defined in Section 5.B.5—As noted above, 25% of the units in this project will be set aside for persons with disabilities. Application for Sec. 811 project based vouchers to support these units has been made to the Colorado Division of Housing; it is expected to be successful.
3. The project meets the selection criteria in Section 2 of CHFA's QAP as follows:
 - Market conditions—This proposal meets a very underserved population with great, unmet needs. It has many elements described in the Market Study strengths that make it unique. It is being constructed in a market area with many rental units (market and affordable) scheduled to come on line in the next 2 years. The only weakness noted in the market study is that the demand for rental units is insufficient to keep the vacancy rate at a balanced level. To address this concern, the rents for 60% AMI and 50% AMI units are set below the Maximum Adjusted rents allowed under the LIHTC program. We believe this will give this property, with its exceptional location in a TOD some flexibility to address an increasing vacancy rate. We also anticipate there will be some demand for affordable, accessible units from people with a disability and a voucher that will further strengthen the position of this project in the market.

ATLANTIS APARTMENTS

- Readiness to Proceed—The site for this project is zoned to accommodate the proposed project. The site plan for it has been submitted to the City of Denver and we anticipate receiving approval this summer (2016). Once we get notice of a tax credit reservation, our team will begin with the 30% Design Development plans completed to date and prepare final construction drawings. We anticipate this will take approximately 4 to 6 months. Before the end of this process, the permit set will be submitted to Denver so that within 8 months of getting the reservation, we can close and break ground. The development timeline in the application reflects this schedule.
- Overall Financial Feasibility and Viability—We are confident the construction budget (based on 30% DD drawings) and the operating proforma (which has some rent cushion included) can be achieved.
- Team Experience—Community Capital Corp. & Anderies Consulting, as the lead development consultants, have successfully completed many other affordable and special needs housing projects over the past 30 years. Humphries-Poli architects have been the designers of numerous affordable projects in recent years and Pinkard Construction has successfully built a number of affordable projects recently. These key team members, whose resumes are included in the application, are supported by full team of other professionals with significant experience in LIHTC.
- Cost Reasonableness—We recognize that the total cost/unit for this project is above the guidelines CHFA typically uses for LIHTC projects but we believe this unique project justifies these higher cost. The unique elements include:
 - 6 units will be fully accessible (ANSI Type A) with added enhanced elements described above;
 - 54 units will be fully adaptable (ANSI Type B at a minimum but as close to ANSI-Type A as budgets permit). This involves not only building additional space to accommodate wheelchairs & walkers but also universally designed cabinetry and fixtures;
 - A project of this size would typically be walk-up apartments or have only one elevator but, for the population being served, two elevators are essential;
 - Typical surface parking (without covering) and minimal handicapped spaces will not work for the population being served so the building has been designed to accommodate having most spaces covered and significantly more van and other handicapped type spaces provided;
 - The podium required to separate the 1st floor office and community space from the upper floor living space is not typical in a building with less than five or more stories. This higher cost is amortized over fewer units than is typical.

Even with these higher cost elements, the total cost/unit is only about 5% above the upper limit of project approved in recent years. In these times of increasing costs, we

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believe we have made this project as cost effective as possible for the target population.

- Proximity to Existing Tax Credit Developments—There are six existing tax credit developments within the market area of this project (i.e. within a 2.2-mile radius) with a total of 494 units, a portion of which are in mixed income projects. All are maintaining full occupancy and several have long waiting lists. We do not anticipate these will significantly impact or be impacted by the Atlantis development.

4. Waivers and DDA designation—None
5. Market Study Issues—As indicated above, the one weakness identified in the market study is the one described above concerning weak demand for the volume of rental units “in the pipeline” over the coming 2 years. The Market Study and the Application are based on maximum rents for 60% and 50% AMI units. We believe both the upscale look & feel of this project and its location so close to transportation (2 blocks to light rails and many bus stops within a short walk or roll), employment (also a short walk or roll to Broadway or the Alameda Marketplace on Alameda between Broadway and Cherokee) and shopping (Alameda Marketplace has a grocery store 3 blocks away and many other stores) nearby will make it very attractive at initial lease-up. We are, however, looking at possible alternatives that would allow for underwriting the rents at below the maximum levels.
6. The Phase II environmental report submitted with this application identifies that some very limited contamination is present in groundwater, which was found at 17 to 24 feet below the surface, but not in soil samples. Our design does not require any excavation below five to eight feet. When undertaking this work, the contractor will need to test any ground water encountered for gas intrusion and is prepared to do so. Any potential vapor intrusion will be mitigated by the passive radon system to be installed in the foundation.

Our team has attempted several times to locate the source of the “compromised” domestic water supply source noted in this report but have been unsuccessful in doing so with Denver Water. Its source should more easily be identified during the initial excavation of the site.

7. Outreach—In addition to working through the Atlantis network with disability groups, the team has reached out to the adjacent Baker neighborhood (see attached support letters from the Baker Historic Neighborhood organization and Councilman Jolon Clark) and to the disability communities associated with several board members through ARC Thrift and the Colorado Cross Disabilities Coalition. There are many letter of support and confirmation of available community based services from these outreach efforts included with this application.

In addition to the supportive services provided by Atlantis Community, Inc., which served 237 individuals last year and administers 320 vouchers, 300 for persons with

ATLANTIS APARTMENTS

disabilities, a secondary and complementary service provider will be Bayaud Enterprises who's offices are located just two blocks from the project site. The two organizations have a long history of working together (25 years) because the services provided are complimentary to independent living success. Bayaud Enterprises was founded in 1969 and currently serves over 1200 people annually. Primary funding for their services is generated by earned income from business operations and fee based services along with donations. They provide such services as financial education, job development and placement, employment classes and job retention.

Financing

The financing "stack" will include the following elements:

<u>PERMANENT LOANS</u>	
Permanent 1st Loan—5.5%	\$2,000,000
City of Denver-Loan—1.0%	\$600,000
CDoH CHIF Loan—1.0%	\$1,000,000
CDoH Grant	\$600,000
LP Tax Credit Pay-in—\$1.10	\$13,750,000
Deferred Dev. Fee	\$227,935
TOTAL	\$18,177,935

Requests have been made to both the City of Denver and the Colorado Division of Housing (CDoH) for all elements of the above financing. In addition, this project is one of three that have made a request and been preliminarily approve by CDoH for 15 project-based Sec. 811 rental assistance units (25%).

Why Select This Project

As described above, this project will meet a critical need that has not been previously addressed as comprehensively as Atlantis is capable of doing. It is located on an excellent site that is a TOD and currently functions effectively for many persons with disabilities. The site is currently owned debt free by the sponsor so they are able leverage this equity into a property with all units having enhanced design elements to most effectively serve any type of disability or multiply-disability. It will be a world class Independent Living Center for a nationally recognized advocacy and service organization that will bring considerable notice to Denver and Colorado.

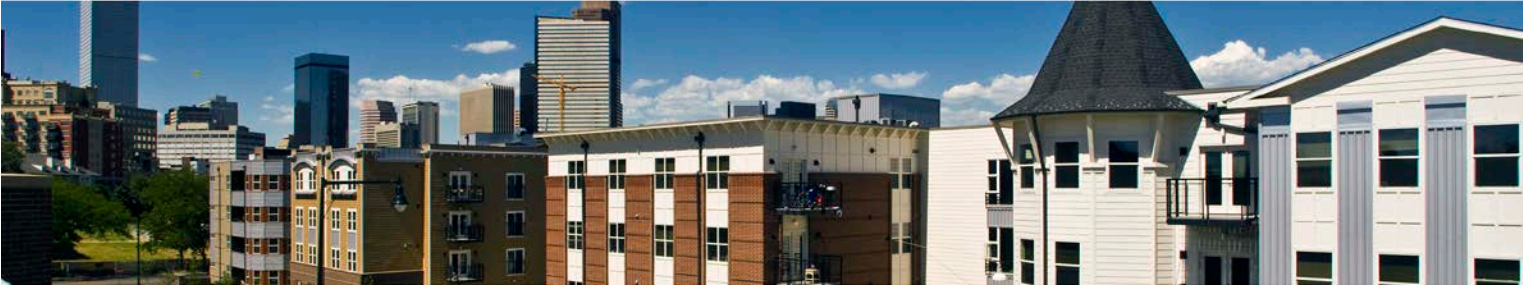
The un-met need for quality, affordable and accessible housing for persons with disabilities is enormous.

- Currently, the Colorado Division of Housing reports that it monitors and refers individuals to over 100 properties with a combined waiting list that exceeds 2,000;
- Atlantis has a wait list of over 180 persons;
- Bayaud Enterprises has about 50 consumers needing affordable housing;
- Each Community Centered Board in the Metro area has wait lists of 200-400 needing Comprehensive services, which includes housing.

ATLANTIS APARTMENTS

- In Colorado, there are currently over 6,000 adults with developmental disabilities living with a parent over 60 years of age. The “tsunami” that is coming is huge.

9% lihtc application narrative



Project Name: Attention Homes Apartments (www.boulderhomelessyouth.com)

Project Address: 1440 Pine Street Boulder, Colorado 80302

Project Description:

In 2015, Attention Homes served over 750 unduplicated individuals at The Source, Boulder County’s only shelter for homeless youth. Based on past experience, almost 300 of the individuals served will return to The Source seeking emergency shelter and services because they can’t find or maintain stable housing. Our community can do better.

In collaboration with Gardner Capital Development (“Gardner”) and the First United Methodist Church of Boulder (“FUMC”), Attention Homes seeks to develop Colorado’s first LIHTC-financed permanent supportive housing community targeting transition-age youth (18-24 years at entry) who are homeless. The project is aligned with the US Interagency Council on Homelessness’ goal to end youth homelessness by 2020 and related funding and policy decisions at the federal level. This is a new strategy for Colorado, but not new for the nation (28th Street Apartments - L.A., Nicollet Square - Minneapolis, The Courtyard – Fort Wayne, Uptown Lofts - Pittsburgh). The time to end youth homelessness is now.

Located in downtown Boulder, the 40-unit project will provide non-time limited housing with project-based rental assistance, on-site supportive services, and job training through an integrated social enterprise. The site is rich in amenities, close to public transportation, basic needs, medical services, and employment opportunities. The location is ideal.

Experienced case managers and clinicians will provide trauma-informed, client-centered, strengths-based case management coupled with employment and career development, independent living skills, substance abuse/mental health counseling, family intervention strategies, supported employment and job training opportunities, and an array of pro-social individual and group activities. The services are age-appropriate, evidenced-based, and outcome oriented.

Now in its 50th year, Attention Homes has provided shelter, structure, and access to crucial services to over 9,000 young adults in crisis. While their programming has evolved to meet the ever-changing needs of the community, Attention Homes’ mission has been steadfast: to assist homeless and displaced young adults on their journey to becoming stable, independent members of the community and, ultimately, to achieve their fullest potential. Early interventions like supportive housing for homeless youth results in better outcomes, costs taxpayers less money over the long term, and prevents chronic adult homelessness.

Project Strengths:

Experienced Team: In 1966, a group of concerned citizens, led by members of the FUMC's adult Sunday school class, envisioned providing an age-appropriate, temporary home for at-risk young adults that met their behavioral and emotional needs better than the local maximum-security detention center. "Attention, not Detention" was their motto. Now, fifty years later, the partnership between FUMC and Attention Homes is flourishing like never before. Buoyed by the affordable housing development expertise of Gardner and their Boulder-based consultants Shannon Cox Baker and Ryan Hibbard Jones, the project's 18 month evolution has been characterized by a deep sense of mission as the team works towards creating housing as a place that transforms lives in ways that matter.

Excellent Location: The project's location in desirable downtown Boulder is a tremendous asset and represents an opportunity to locate affordable housing where it is needed most. The prime location will provide the residents with the best chance for success by immersing them in the community rather than pushing them to the fringes. Evidencing FUMC's commitment, the congregation unanimously agreed to lease the site to Gardner for 60 years. With average home prices in the downtown exceeding \$1 million and commercial lease rates approaching \$40/SF (the highest in the Denver region), the site's appraised value is estimated to be over \$2 million. FUMC's prioritization of mission over profit provides Attention Homes with a unique opportunity to create housing for the community's most vulnerable in one of its most affluent neighborhoods. The site's location one block off of the Pearl Street Mall, its proximity to bus service (200 feet to nearest bus stop) and bike paths (Bike Score of 99), and the 10-minute walk to the 29th Street Mall, Boulder High School, the University of Colorado, and a variety of job opportunities affords tenants a multitude of opportunities.

No Competition: The project is desperately needed to meet pent-up demand for high quality affordable housing in Boulder. Within the PMA, there are no homeless LIHTC units in the pipeline. Moreover, LIHTC properties within the PMA are experiencing vacancy rates below 0.5% and extensive waitlists. From January to April 2016, Attention Homes provided overnight shelter to 48 unduplicated homeless youth and provided housing referrals to 325. Not only is an 11% capture rate attainable, it is well below CHFA's threshold.

Community Support: The project team has invested heavily in education and community outreach. In 2015, Boulder County Commissioners provided Attention Homes with an early win, awarding the organization \$500,000 in Worthy Cause funds (contingent upon an award of credits). Boulder County Department of Housing and Human Services ("BCDHHS") has extended their longstanding partnership with Attention Homes to include funding supportive services for up to 10 units serving youth with County HHS involvement. Additionally, the City of Boulder's Housing and Human Services staff, in acknowledgement of the top two City goals to provide more affordable housing and to end homelessness, has provided positive feedback and encouraged the team to apply for soft funding during the summer of 2016. Lastly, the names and pledges of support from various entities including local churches, businesses, nonprofits, and neighbors are posted on the project website, <http://www.boulderhomelessyouth.com/project-supporters/>.

Project Challenges:

Boulder Process: Compared to other jurisdictions throughout Colorado, Boulder's entitlement process is rigorous, protracted, and highly discretionary. The development team is meeting these

challenges head-on by highlighting the positive reputations and track records of Attention Homes and FUMC, applying lessons learned from the team's experience with successfully entitling similarly challenging projects in Boulder, procuring a local architect and contractor with decades of Boulder development experience, and genuinely engaging with all interested parties on every aspect of the project from building design to operations. The project has received tremendous local support from Better Boulder, Boulder Housing Partners, Boulder's Ten Year Plan to End Homelessness Board, and numerous churches and Whittier residents. To date, the development team has held three well-attended public meetings and others are planned. A planning board hearing on the concept plan is scheduled for July 14th.

Site Development: Commensurate with the ground lease agreement with FUMC, Gardner will retain the existing parking count by constructing a parking structure beneath the proposed building. In order to construct the parking, an existing single-family structure (1424 Pine Street) will require temporary offsite relocation. Gardner has proactively addressed these challenges by excluding both the garage and the existing structure from the project ownership, thereby compartmentalizing the associated costs and the related financing.

Construction Description:

The project is a new construction, 28,500 SF (excluding the podium parking), 40-unit, three-story elevator building with a brick, stucco and stone exterior, with staggered setback façade. The pitched, standing seam roof on the Pine and 15th street frontages mirrors the roofs of the numerous churches in the immediate vicinity. A flat, south-facing roof towards the rear of the building is PV-ready. The units, all of which are located on the second and third floors, will have entrances off of double-loaded interior hallways. The ground floor will provide space for the supportive services, common areas, Attention Homes' administrative offices, and a social enterprise (all of which are non-income producing). Additionally, a secure outdoor courtyard – accessible only to tenants and staff – will be located on the second floor.

Population Served:

The target population for Attention Homes Apartments includes homeless households between the ages of 18-24 years old at the time of entry who are extremely low-income, earning less than 30% of the AMI. Based on data collected on the 9,000 youth served by Attention Homes over the last five decades, statistics show the following: 65% are male, 35% are female, and 5% identify as other; 35% attribute their homeless status to rejection from family due to their sexual or gender orientation; 100% are trauma survivors having experienced neglect, abuse, or victimization; and an overwhelming majority are struggling with untreated mental health conditions and/or substance abuse. Regardless of the term used to describe them – “transition age youth,” “youth in transition,” or “youth aging out” – homeless individuals in this age group experience a number of challenges on their way to a successful adulthood. Poverty and its associated consequences are particularly problematic since once these individuals turn 18, many can no longer receive assistance from the systems of care that previously met many of their needs.

According to the Metro Denver Homelessness Initiative's 2015 Point In Time count, 68 of the county's surveyed homeless persons were between the ages of 18 and 24, representing 17% of the total. Extrapolating to the overall count of 658, there were approximately 111 homeless youth in Boulder County. When added to the estimated number of qualified referrals provided by Denver's Road Homes' Coordinated Assessment and Housing Placement System, Attention

Homes Runaway and Homeless Youth Program, BCDHHS, and the Boulder Homeless Service Collaborative, there are currently 514 potential tenants for the 40 units of proposed housing.

Unit Mix & Rents:

The property includes 26 studio units (65%), 13 one-bedroom units (33%), and one two-bedroom unit (3%). The rent restrictions are 12 units at 30% AMI and 28 units at 60% AMI. Additionally, 10 units (25%) are restricted to homeless households. Pending award of project based rental assistance, all 40 units will be targeted to homeless youth earning less than 30% AMI.

Location:

The project is at the intersection of two collector streets, providing good visibility and access. It is located in the Whittier neighborhood of central Boulder, an established suburban area. The site is within 0.5 miles of a convenience store, grocery store, shopping center, middle school, high school, library, medical clinic, city hall, park and bus stop. The adjacent properties, which include institutional and residential land uses, are in average or above average condition. Overall, the subject site is appropriate for its homeless target market and slightly more desirable than most surveyed general occupancy projects.

Project Amenities:

The project's amenities will include 24/7 staffing with offices on-site for property and case management staff and a front desk attendant. Security features such as limited access entrances, an intercom at the main entrance, and surveillance cameras are included. Community spaces for the tenants include classrooms, meeting rooms, a medical exam room, an oversized living/game room, and a kitchenette. These amenities are intended to facilitate community engagement and program delivery and are exclusively for the use of the building's residents and staff. An outdoor courtyard on the second floor that is both private and secure is accessible to the residents and staff. It will be programmed with gardening beds and community-building activities. The property also includes office space for Attention Homes' administrative staff and space for a program-related social enterprise. Common area laundry facilities are also included.

The compact units are designed to meet the basic needs of the tenants and to encourage self-sufficiency. Designed with durability in mind, each unit will come fully furnished and will have air conditioning, blinds cable and Internet access, a coat closet, refrigerator, microwave, a two-burner cooktop, and private bathroom.

Services Description:

Top among Attention Homes' service philosophies are the core tenets of Housing First and Trauma Informed Care. Participation in case management is encouraged, but voluntary. Sobriety and abstinence are not mandated. Instead staff supports youth on their path to reduce self-harm. By bringing in-kind service partners onsite, Attention Homes is able to motivate tenant engagement by providing convenient access to comprehensive services that (1) facilitate economic self-sufficiency like job training and education and (2) encourage health and wellbeing through onsite delivery of therapy, counseling, and medical care. Even though the skill of setting reasonable and attainable goals is new to many youth, the concept of creating pathways to independence is inherent and developmentally appropriate. Outcome expectations include, but are not limited to the following: 70% housing retention, 80% accessing some form of income, and 90% accessing necessary medical care (including mental health services and substance abuse counseling) after 12 months of tenancy. Additionally, it is expected that 85% will have

established a permanent connection at exit (with family or other support system/person, mentor, etc.).

Energy Efficiency/Green Build Description:

Attention Homes is required to comply with the Boulder Green Points Program, which in some respects surpasses Enterprise Green Communities’ criteria. As a result, the project intends to achieve 49 EGC points through several measures including: implementing advanced energy efficiency measures resulting in a HERS Score of 60 (or 40% better than a similar structure built to Code), installing conduit to the roof to accommodate a future PV system, recycling 45% of construction waste, and providing onsite storage for recycling as well as compost. The site’s location and existing conditions affords additional sustainability opportunities such as achieving an extremely compact design at 77 units/acre, excellent access to public transportation (the high frequency bus line stop is 200 feet from the property), as well as nearby access to fresh, local foods at Boulder’s well-known farmer’s market. Lastly, a commitment to a smoke-free building will have a measureable contribution to the physical health and wellbeing of the building’s residents.

Type of Financing:

Attention Homes Apartments will be financed with equity generated from the sale of 9% LIHTC, local funding from both the County and City of Boulder, Colorado Division of Housing funds, and deferred developer fee. The total development costs are approximately \$299,000 per unit. Leveraged soft funds represent about 23% of total project costs. The land, valued at approximately \$2 million, is being donated for a 60-year term by the FUMC. There will be no must pay debt with this project.

Sources & Uses of Funding					
Sources	Amount	% of Stack	Uses	Amount	% of Stack
Federal LIHTC Equity:	\$9,126,670	76%	Land Acquisition:	\$0	0%
Perm Debt:	\$0	0%	Hard Costs:	\$7,860,459	66%
City of Boulder:	\$1,800,000	15%	Local Development/Permitting:	\$144,426	1%
County Worthy Cause:	\$500,000	4%	Soft Costs:	\$1,780,701	15%
State DOH:	\$400,000	3%	Operating & Services Reserves:	\$963,780	8%
Deferred Developer Fee:	\$145,000	1%	Developer Fee:	\$1,222,304	10%
Total:	\$11,971,670	100%		\$11,971,670	100%

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

To support rental housing projects serving the lowest income tenants over the longest period of time. All 40 of the units planned for Attention Homes Apartments will be targeted to extremely low-income households. A total of 30% of the units will be restricted to 30% of the AMI and 25% will be restricted to homeless households. While Gardner has elected to commit Attention Homes Apartments to a 15-year compliance period plus an additional 25 years, the 60-year lease agreement with FUMC will extend the affordability restriction an additional 20 years beyond the LURA.

To provide opportunities to a variety of qualified sponsors of affordable housing. Gardner Capital Development is a national mission-based for-profit developer and investor in affordable housing. Gardner Capital, a sister company, is a syndicator of both federal and state tax credits and is actively investing in not only developments of affordable housing in Colorado, but also

investments in the tax credits. Attention Homes has a 50-year history providing services and housing to homeless and at-risk youth. In 2015, they provided 2,670-nights of overnight sheltering and short-term housing to 105 unduplicated youth. Chase House, Attention Homes' adolescent residential care program, provided 1,164-nights to 14 unduplicated residents in 2015.

To distribute housing credits to assist in a diversity of populations in need of affordable housing. The availability of project based rental assistance for homeless households coupled with Medicaid expansion for supportive services, a commitment from BCDHHS to fund services for up to 10 units, all coupled with land donated by the FUMC and generous financial support from Boulder County Commissioners, has created a unique opportunity to provide supportive housing to a segment of the population that has for too long been overlooked. A participant in the Governor's PSH Toolkit Program, Attention Homes and Gardner are excited to co-sponsor an application for the first homeless development targeted specifically to youth.

To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail. Attention Homes Apartments is 200 feet from the nearest high frequency bus line, which offers access throughout Boulder, as well as to Denver and surrounding communities. Moreover the site is a walker's (walk score: 97) and biker's (bike score: 99) paradise.

To support new construction of affordable rental housing projects. Attention Homes Apartments will provide high-quality new construction of affordable rental housing.

To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low-income housing project throughout the credit period. With 23% leveraged soft funds, we are able to assume an annual tax credit amount per unit of about \$21,127, which is within the range of awarded projects in 2015. It is important to note that no permanent debt with must-pay debt service is assumed; all debt is paid to the extent cash flow is available. All units will be targeted to homeless youth. Should any project-based subsidy cease, the underlying rent restriction of 30% at 30% AMI and 70% at 60% AMI, coupled with no debt service, would allow the project to maintain operations throughout the credit period.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

To provide opportunities for housing to serve homeless persons as defined in Section 5.B.5. The 40 prospective Project Based Voucher will meet the "homeless" definition as defined in Section 5.B.5 of the QAP.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

- **Market conditions:**

There are three other family LIHTC developments in the pipeline for Boulder, and all existing family LIHTC units in the PMA would have to capture a total of 11.4% of the income- and size-qualified renter households to attain full occupancy, which is a minimal increase from the existing rate of 9.2%. According to the project's market analyst, the project (even with all units targeted to homeless youth) has an attainable capture rate because: (1) from January 2016

through April 2016, Attention Homes has provided overnight shelter to 48 unduplicated runaway and homeless youth and 325 have sought housing referrals; (2) in 2015, Attention Homes served 742 unduplicated homeless youth, including 114 who received overnight shelter and 421 needing housing referrals; (3) approximately 50% of those obtaining housing through Attention Homes are without a housing choice voucher; and (4) subsidized housing will appeal to homeless youth as 74% of Attention Homes' clients who stayed in an overnight sheltered reported being unemployed in 2015, and only six people had a Housing Choice Voucher, indicating that the subject's potential tenants have very low incomes. The overall average vacancy rate in the PMA was 1.6%, an amount below the 5.0% CHFA-defined vacancy threshold, indicating pent-up demand for rental units. Lastly, the PMA is gaining 365 renter households per year and should gain 730 by the time the subject comes online.

- **Readiness-to-proceed:**

Gardner will meet CHFA's threshold requirements of readiness-to-proceed, specifically:

- The site is zoned for the intended use and site review approvals will be in place by carryover;
- The Phase 1 Environmental indicated no Recognized Environmental Conditions were discovered;
- Schematic drawings have been priced and the proposed building is financially viable to construct; and
- Financing and funding commitments from the sources identified in this application will be secured within 13 months of application reservation.

- **Overall financial feasibility and viability:**

Development of any kind in Boulder is expensive due to their exacting design standards and extensive development/permitting fees. However, Attention Homes Apartments is financially feasible if awarded an allocation of 9% LIHTC. In addition to federal LIHTC equity, we are assuming cash flow notes including loans from the Colorado Division of Housing, Boulder County, and the City of Boulder. National Equity Fund, the equity syndicator (an investor in youth-specific LIHTC projects), and the consultant, RCH Jones, have run the project through their tax credit financial models. This extensive up-front underwriting has shown that as conceived, there are minimal risk points. With 23% leveraged soft funds, we are able to assume an annual tax credit amount per unit of about \$21,125, which is within the range of awarded projects in 2015.

- **Experience and track record of the development and management team:**

The 50-member team at Gardner (including experienced real estate developers, construction management professionals, analysts, accountants, attorneys, investment management and due diligence managers) provides all the necessary support from the early stages of a development to construction completion and stabilization. Gardner strives to support the communities in which they operate by working closely with the local officials to ensure all goals are met. In addition the organization teams up with local and national housing organizations to study and sponsor legislation geared at improving and streamlining tax credit programs. As of 2015, Gardner has developed 38 LIHTC projects, consisting of over 1,509 units.

Now in its 50th year, Boulder-based Attention Homes has provided transitional housing, emergency shelter and access to crucial services to over 9,000 young adults in crisis. While programming has evolved to meet the ever-changing needs of the community, Attention Homes' mission has been steadfast: to assist homeless and displaced teens and young adults on their journey to becoming stable, independent members of the community and, ultimately, to achieve their fullest potential. Claire Clurman, Executive Director, who is in her eighth year with Attention Homes, leads Attention Homes' senior management team. She has over 25 years of business experience, including ten years in non-profits. She serves on numerous homeless-related boards including the Metro Denver Homeless Initiative ("MDHI") Coordinating Committee. Chris Nelson, Director of Programs, manages Attention Homes' Runaway & Homeless Youth and Adolescent Residential Care programs. Nelson has nineteen years of experience working with at-risk youth, including fifteen years of specialized work in residential settings. Brittny Wilson, Development Director, has been with Attention Homes since 2013 and manages all fundraising activities.

In an effort to ensure that Attention Homes Apartments provided the best outcome possible for the prospective residents, the surrounding Whittier Neighborhood community, as well as the project's anticipated funders, Gardner retained Ryan Hibbard Jones (RCH Jones Consulting) and Shannon Cox Baker (SCB Consulting) to provide strategic direction and financial advisory services to the project. Collectively, Hibbard Jones and Cox Baker have over 25 years of experience in the affordable housing industry having managed the development of various affordable housing communities across the US, particularly in Colorado – including supportive housing for the homeless.

Ross Management Group will provide property management services. Formed in 1986, they specialize in management of affordable, market rate, and service-oriented housing communities. They have deep experience with managing Colorado LIHTC properties, including homeless housing.

- **Cost reasonableness:**

The project costs for Attention Homes Apartments reflect the most current in hard cost information, and realistic underwriting. Construction costs in Colorado have been going up, by most accounts, by 0.5%, monthly. In order to account for this volatile commodities and labor market, we have included a 7% hard cost contingency (5% with the owner). Considering the exacting design requirements within the City of Boulder along with the high development fee and permitting costs, we believe we have been efficient with our underwriting.

- **Proximity to existing tax credit developments:**

The PMA has 19 existing LIHTC and mixed-income projects containing 911 dwellings, 180 of which are deeply-subsidized family LIHTC units. According to the CHFA and the Boulder Planning and Building Department, the project is one of six LIHTC projects either proposed, under construction or being renovated in the PMA. None will compete directly with the Attention Homes Apartments, as it is the only project targeting homeless households, and the other deeply-subsidized project is age-restricted.

- **Site suitability:**

The site is suitable for the intended use for the following reasons:

- Gardner has secured site control;
- The site is zone for the proposed use;
- The proposed use is congruent with the development goals outlined in the Boulder Valley Comprehensive Plan, the City of Boulder Human Services Plan, and the Boulder County Ten-Year Plan to End Homelessness;
- The nearby bus stop and bike paths provide excellent multimodal transportation options to tenants who cannot afford to own cars; and
- Numerous amenities, educational and job opportunities are within 1.0-mile walk distance due to the site's proximity to additional services.

4. Provide the following information as applicable:

- **Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):**

Not applicable.

- **Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:**

Not applicable.

5. Address any issues raised by the market analyst in the market study submitted with your application:

While appropriate for homeless households that typically have few if any possessions, the project's market analyst noted the units are disproportionately smaller than both subsidized and market rate units and have fewer appliances. However, the market study concludes that the units are right-sized for the population served.

6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

Gardner commissioned a Phase I Environmental Site Assessment in February 2016. No Recognized Environmental Conditions were discovered.

7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

Attention Homes Apartments has garnered significant support from local stakeholders including the Boulder County Commissioners who awarded the project a \$500,000 competitive grant in 2015. Both the City and County housing authorities have pledged their support for the project, including a commitment from the County to fund services for 10 households. Numerous neighbors, religious institutions, and community organizations have pledged their support (letters and comments included with this application). To date, the development team has held three publicly noticed open houses, with another planned for June 2016. The team is in regular contact with Boulder planning staff, City Council, and the Boulder Planning Board. A project website, www.boulderhomelessyouth.com, was created to educate, solicit feedback, and provide updates to the community.

8. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans and relocation plan (if applicable).

Not applicable (new construction).

Summary:

Investing in housing for homeless youth pays off. It prevents chronic homelessness. It gives young a chance to be self-sustaining, contributing members of society. But for the 50-year partnership between FUMC and Attention Homes, the passion and expertise of the team's Boulder based consultants, and the financial commitment of Gardner Capital – this project would be an idea left to languish. The location is ideal, the community support is tremendous, and the cause is worthy.

Additional documentation that supports this narrative:

- Project Based Voucher Services Plan and Budget, MOUs with service providers
- Location maps including regional, PMA, and site
- 2015-2019 Boulder-Broomfield Consolidated Plan
- 2010 Boulder Valley Comprehensive Plan
- City of Boulder Human Services Strategic Plan
- Boulder County Ten-Year Plan to End Homelessness
- Corporation for Supportive Housing March 2016 Report: *No Strings Attached: Helping Vulnerable Youth with Non-Time-Limited Supportive Housing*
- MN Post March 2016 article: *Investing in prevention and transition of homeless youth pays off*
- Enterprise Green Communities Supplement

9% lihtc application narrative



Project Name: AUBURN VILLAS

Project Address: 1033 Auburn Drive, Castle Rock, Douglas County, CO 80109



Figure 1. Auburn Villas Clubhouse/Community Building surrounded by residential buildings (Rendering by PWN Architects & Planners)

Development Overview and History

Auburn Ventures II, LP, in special limited partnership with Douglas County Housing Partnership (“DCHP”), proposes the construction and development of “Auburn Villas”, a senior affordable housing community located at 1033 Auburn Drive in Castle Rock, Douglas County, Colorado. Auburn Villas will feature 100 newly constructed top-quality apartments for **seniors**, aged 55 and older.

Auburn Ventures II, LP is requesting an allocation of \$1,250,000 in Low Income Housing Tax Credits. Auburn Villas, owned by Auburn Ventures II, LP, represents a complimentary Phase II to Auburn Ridge, owned by an affiliate of the applicant. It will be owned and operated as part of the Atlantic Development & Investments, Inc. (“Atlantic”) portfolio of affordable housing communities.

Auburn Villas will include 40 one-bedroom units and 60 two-bedroom units. The rent structure of the 100 units will be:

- \$567 (1 bed) & \$679 (2 bed) for 14 units at 40% AMI
- \$717 (1 bed) & \$859 (2 bed) for 26 units at 50% AMI
- \$867 (1 bed) & \$1,039 (2 bed) for 35 units at 60% AMI
- \$925 (1 bed) & \$1,100 thru \$1,200 (2 bed) for 25 units at Market Rate

The development of Auburn Villas will successfully address the housing, social, and financial needs of the Town of Castle Rock, Douglas County, and the State of Colorado. Auburn Ventures II, LP is confident that upon an award of 2016 Low-Income Housing Tax Credits from CHFA, Auburn Villas will be an award-winning development for the Town of Castle Rock and Douglas County, as well as a welcomed addition to the CHFA affordable housing portfolio.

Location

Auburn Villas will be located at 1033 Auburn Drive in Castle Rock, Colorado. The Town of Castle Rock is the county seat of Douglas County, and is named after the prominent tower-shaped “castle” butte near the center of town. It is part of Colorado’s Front Range Urban Corridor and is located approximately 28 miles (46 km) south of Denver and 37 miles (60 km) north of Colorado Springs. According to the US Census Bureau, Castle Rock had a population of 53,063 as of 2013.

Ranching, the railroad, clay mines, and rhyolite quarries formed the basis for Castle Rock’s early economy. With the construction of I-25 and growth of both Denver and Colorado Springs, Castle Rock’s economic lifeblood became tied to the interstate and the ease of access it provides to both metropolitan areas.

Castle Rock’s physical setting creates a natural shape and identity. Steeply sloping terrain, buttes and ridgelines surround the Town, rising 300 to 800 feet above the 6,200-foot average elevation. Creeks and gulches meander through the many drainage basins and ponderosa pine and scrub oak cover the landscape. Panoramic views of the Rocky Mountains extend from Pike’s Peak north to Long’s Peak. Residents and business owners choose Castle Rock for its strong community identity, small town flavor, clean environment, and natural scenic beauty.

Auburn Villas will be located next to Auburn Ridge, an affordable senior housing community at 1101 Auburn Drive, Castle Rock. Auburn Villas will act as a second phase and complementary “sister property” to Auburn Ridge. The two properties will be designed to be contiguous and accessible to one another, and residents of each property will have access to common amenities and services of each as discussed in the “amenities” section of this narrative.

Site Suitability

The *site is highly suitable for the development of affordable senior housing*. The land for Auburn Villas is located approximately 0.8 miles west of I-25, the state’s primary north-south corridor. The site sits atop a ridge southwest of the intersection of E. Wolfensberger Road and Auburn Drive. ***A Phase I Environmental Report by Kumar & Associates, Inc. (completed 3/31/16) raised no environmental issues with the site.***

Auburn Villas will work with the naturally sloped topography of the site by designing the buildings in an “over/under” fashion. See figure 2 below that the buildings closest to single family homes are effectively “one story” from the perspective of neighbors, and two stories on the other side of the building that fronts the entrance to the property, thus taking advantage of the natural slope. This design is the result of numerous community and planning meetings with the Town of Castle Rock staff over the last two years.



Figure 2. Auburn Villas streetscape facing South (Rendering by PWN Architects & Planners)

The site is currently surrounded by Auburn Ridge, a church, single-family and other multi-family housing. The site plan for Auburn Villas proposes a maximum building coverage which is significantly less than the 40% allowed by zoning. The topography and placement of the buildings, including a 25' landscape buffer between Auburn Villas and the adjacent single family homes (when paving is included the distance between these homes and Auburn Villas units is closer to 40'), help to preserve visual corridors for surrounding neighbors. Additionally, the density of the units abutting the single family homes has been purposefully lowered (10 Dwelling Units per Acre compared to 20 DUA for the rest of the site) in response to neighborhood meetings and feedback from the Town of Castle Rock Planning Department.

Proximity to Existing Tax Credit Developments

With regard to ***proximity to existing tax credit developments***, Auburn Villas is proposed as a second phase to the recently completed Auburn Ridge senior development.

Auburn Ridge was the first ever 9% tax credit award to Castle Rock; it was awarded an allocation of LIHTC in 2013 and successfully completed construction in December 2014. The property was 100% pre-leased prior to receipt of its Certificate of Occupancy and fully occupied within a week. There is currently a waitlist of potential renters of approximately 500, strong local support and market demand for a second phase (please see attached letters of support from the Town of Castle Rock, Castle Rock Economic Development Council, Douglas County Housing Partnership, and the local community). Furthermore, at this time, there are no other known tax-credit properties either existing or under development in the market area that are expected to be competitive with Auburn Villas.

Shopping

The nearest shopping center is located approximately one mile from the site southeast along Plum Creek Parkway, and offers a Safeway, Walgreens, salons, Wells Fargo, Coffee Stop, and a pizzeria. The Outlets at Castle Rock is located approximately three miles north of the site and features many popular national retailers.

Senior Facilities

The Castle Rock Senior Center is located less than four miles northeast of the site. The center arranges social activities for seniors; provides services including transportation, financial, and health; and holds special recreational events for seniors such as the Annual Golf Tournament at Red Hawk Ridge Golf Course. Auburn Ridge has fostered a strong working relationship with the Castle Rock Senior Center; this relationship would be furthered through the addition of a second phase.

Houses of Worship

Auburn Villas will neighbor the Epiphany Lutheran Church to its immediate west. In the surrounding area there are several other places of worship including Castle Rock Church of the Nazarene, Calvary Chapel Castle Rock, Christ Episcopal Church, Harvest Baptist Church, and Castle Rock Bible Church.

Medical Services

The nearest medical offices can be found near the intersection of Plum Creek Parkway and S. Wilcox St., located less than 1.5 miles from the site. The nearest full-service hospital is the newly built Castle Rock Adventist Hospital, located just 2.6 miles northwest of the site.

Government

Many city government offices are located less than a mile southeast of the site in downtown Castle Rock, including Castle Rock Fire Department, Castle Rock Police Department, and Castle Rock Town Government. The site is within the 6 minute emergency response time area served by the Castle Rock Fire Department.

Recreation

Castle Rock offers outdoor recreation within the city, as well as beyond city limits. Located less than one mile east of the site, Rock Park features hiking trails and scenic views of surrounding Castle Rock, as well as Pike's Peak and the Front Range.

The site is adjacent to Red Hawk Ridge Golf Course. This golf course, opened in 1999, features scenic views of the surrounding area and is open year-round. The Philip S. Miller Douglas County Public Library is located 1.5 miles to the southeast. The AMC Castle Rock 12 movie theatre is located less than 2 miles to the north, and there is a new activity and recreation center located up the road.

Detailed Type of Construction

Auburn Villas will be a newly constructed garden-style apartment community located on a 6.13 acre site. There will be a total of 100 units spread over 6 apartment buildings, including one 3-story elevator building, one 2-story elevator building, and four 2-story walk-up buildings, as well as a clubhouse building.

The total development square footage is 110,602 square feet, with 4,378 square feet of common space and 106,224 square feet of rentable area (80,167 square feet of which is low-

income). The development will include 40 one-bedroom units and 60 two-bedroom units, with five unit types:

a 1-BR/1-BA unit at 745 square feet and four types of 2-BR/2-BA units at 1,200, 1,240, 1,284, and 1,390 square feet. There will be five Type-A fully ADA Accessible units located throughout the property in accordance with Fair Housing Policy.

Auburn Villas will be constructed with type V-one hour wood framed construction with hardboard siding, including stucco, stacked stone, and cedar plank accents. Roofs will be pitched and surfaced with composition shingles. Windows will be double pane in vinyl frames. Access to apartments will be by exterior stairs and breezeways for the walk-up buildings, and elevators, interior stairs, and hallways for the elevator buildings. ***All units will feature on-grade entry or will be elevated, meaning that stairs will always be optional.***

Floors will be faux hardwood plank vinyl throughout (including kitchens, living rooms, bathrooms, and bedrooms). Good quality fixtures and cabinets, with laminate countertops in both kitchens and bathrooms. Kitchen appliances will include a refrigerator, range with microwave hood, dishwasher, and disposal. Because the property will be designed for seniors, one bedroom units will have a walk-in shower, and two bedroom units will have one walk-in shower and one bathtub/shower combo. Showers and tubs will have unified acrylic surrounds.

Heating and cooling will consist of central air and individual, exterior condensing units with Aquatherm heating. Each unit will have its own water heater.

Community Amenities

Auburn Villas will feature a number of amenities and will also enjoy access to the community amenities at Auburn Ridge. Auburn Villas will have an integrated fitness trail, a dog park, and 147 parking spaces (5 of which are reserved for handicap parking). The community building is 4,378 sf and will feature a light and airy design with large windows and amenity areas that include a leasing office, multi-media/game room, a computer room with single-cup coffee maker providing an internet café feel, fitness center, hearth/gathering area, pool table room, mailroom, laundry facility, and a maintenance room. The clubhouse will exit directly to an outdoor patio and pool area with covered seating. Residents at Auburn Ridge will also have access to this community amenity.

Apartment Amenities

Each of the individual units will have vinyl-tile plank flooring, with vinyl tile and formica counter tops in the kitchens and bathrooms, a combination heating, air-conditioning and water heater

unit on the balcony, ceiling fans, walk-in closets; conventional oven/stove, microwave, refrigerator/freezer, dishwasher, disposal, washer/dryer hookups, and intercom security system.

Conformance with Neighborhood Character

The site for Auburn Villas fronts Auburn Drive, a neighborhood collector street. Landscaping and a dog park will act as a natural buffer between that street and the development. The development will consist of one 3-story building with an elevator (60 units), one 2-story building with an elevator (16 units), and four 2-story walk-up buildings (6 units each). The 2-story buildings will generally ring the outer portion of the community along the eastern and southern sections of the property near Auburn Drive and adjacent to the single family homes to the south, while the taller 3-story building will be located near the center of the site, adjacent to the clubhouse. The placement of the buildings allows for good visibility from Auburn Drive and Wolfensberger Road. Parking will be conveniently located near the buildings. Parking on the site will consist of 147 spaces. These design considerations translate to an architectural design that is compatible with the scale and vernacular style of adjacent existing residential development: a simplified alpine style tailored to today's attainable living. The building has been designed to incorporate materials, colors and architectural elements that are complementary to Auburn Ridge and typical of the surrounding area, thus helping to preserve Castle Rock's distinct character. The generous landscaped common areas, including the dog park, contribute to a harmonious transition between neighborhoods. The proposed development represents over two years of meetings with neighbors and Town of Castle Rock Planning Department staff, who provided input into the design plan at numerous points in time and are supportive of the further development of affordable housing such as this design plan.



Figure 3. Auburn Villas streetscape facing north from adjacent single-family homes (Rendering by PWN Architects & Planners)

The architecture of the building utilizes siding, stucco and stone veneer. Architectural detail includes dormers and multiple gables with exposed cross-bracing and roof brackets. Selected focal points of the buildings are accented with stone veneer. Covered balconies, stucco arches and window shutters add articulation and dimension to the building elevations. The detached garages and trash enclosures will be constructed with materials to match the residential buildings. The vivid color palette of gold and auburn are a continuation of the colors used successfully in Auburn Ridge.

Energy Efficiencies

Auburn Villas’ developer has a proven track record in developing energy-efficient affordable communities, as demonstrated by Atlantic’s most recent senior affordable developments. Ghost Ranch Lodge in Tucson, Arizona, received the Judges Award for Achievement in Sustainability by The National Housing & Rehabilitation Association, in conjunction with the National Trust Community Investment Corporation, at the 2011 J. Timothy Anderson Awards for Excellence in Historic Rehabilitation. Auburn Ridge has successfully completed phase 1 certification through Enterprise Green communities, and expected to finalize its Enterprise Green Communities Certification in the coming months.

Under the guidance of its sustainability consultant, C2 Sustainable Development Services, Auburn Villas will also follow the Enterprise Green Communities Criteria for sustainable development, and will include: advanced water conserving appliances and features, meeting the rigorous building performance standards of Energy Star version 3, Energy-star rated appliances, energy-efficient lighting, and low-water use landscaping.

By utilizing Energy Star version 3, the project will go not only beyond the energy code the project applied for permits under, but also beyond the 2012 IECC the town of Castle Rock has adopted. These standards require rigorous performance testing of the units to ensure they are as air-tight and energy efficient as possible. In essence, Auburn Venture II, LP's goal is to maximize energy-efficiencies in the development of Auburn Villas, in order to create the most sustainable, cost-effective development over the long term.

Population Served

Auburn Villas is designed for *seniors* aged 55 and older, with 75 of the units (75%) rent-restricted for seniors whose income is 60% or less of the AMI. The 100 planned units have a broad income mix, restricted at 40%, 50% and 60% AMI as well as market-rate units

Proposed rents are targeted at the maximum allowable, and residents will pay electric utilities. The rent structure of the 100 units will be:

- \$567 (1 bed) & \$679 (2 bed) for 14 units at 40% AMI
- \$717 (1 bed) & \$859 (2 bed) for 26 units at 50% AMI
- \$867 (1 bed) & \$1,039 (2 bed) for 35 units at 60% AMI
- \$925 (1 bed) & \$1,100 thru \$1,200 (2 bed) for 25 units at Market Rate

Auburn Ventures II, LP has contracted with the Englewood Housing Authority to provide HUD Section 8 Rental Assistance Certificate Holders (and public housing entity waiting list applicants) first priority status for vacant units to the Certificate Holders.

Auburn Villas tenant mix will have a diverse income range and will include 25 market-rate units. These market rate units will serve to help offset the long-term operating costs of the deeply skewed units (i.e. those at 40% and 50% AMI) as the availability of soft funds that typically help to cover such costs up front (e.g. CDBG, etc.) are not available within Castle Rock. The decision to incorporate senior market-rate units into the development is also considered appropriate due to the high cost of developing in Castle Rock as noted by *The 2014-2018 Consolidated Plan Douglas County CDBG Program*, which states:

Although progress is continually being made to increase affordable housing in Douglas County, barriers do exist. Development costs continue to be a barrier. The cost of land being at a premium and water being a scarce resource are factors that contribute to increasing the costs of development. For these reasons, it is extremely challenging to develop affordable housing in this county without having multiple funding sources in place. It is especially difficult to build multi-family residential developments that serve persons and households in the 40 to 80 percent of AMI due to these high costs. ***Even the 60 to 80 percent AMI developments have to include market rate units within their development in order to be financially feasible.*** (p 81, emphasis added)

Amenities

Each unit at Auburn Villas will feature full kitchens with Energy-Star rated appliances (including dishwasher and garbage disposal), walk-in closets, balconies or patios, air-conditioning, walk-in closets, vinyl tile “hardwood” flooring, coat closet, and window coverings. These proposed unit amenities are considered highly desirable by seniors, and should considerably enhance the marketability of the community.

Auburn Villas will also be built with the needs of disabled residents in mind. Five "Type A" fully handicap accessible dwelling units will be built per the Fair Housing Act and the 2009 IBC; this represents 5 % of the total number of dwelling units in the project.

The balance of units in the project will be “Type B”, and adaptable for the needs of handicapped residents. All handicap elements will be installed in these units at first construction. All common areas of the facility will be designed to meet ADA for public accommodations.

Interior common amenities at Auburn Villas will be designed to enhance a sense of community for residents. Residents will enjoy a spacious community building with computers and Wi-Fi, seating, and a café bar, providing a space for residents to socialize, a flat screen TV, and Wii; an exercise room including free weights, exercise machines, and floor/class space; and pool table.

Finally, outdoor amenities at Auburn Villas will include a dog park, security camera system, optional garage parking spaces, and a community patio and pool. Based on feedback from seniors at Auburn Ridge and our experience building and owning senior affordable properties, the swimming pool is considered highly desirable by the senior population who use it for exercise and as a gathering/reflection area. The site will be connected to both Auburn Ridge and public sidewalks at several locations, providing an opportunity for residents to stay fit by walking this route, and also connecting Auburn Villas to the wider neighborhood and enhancing a sense of community within the Town of Castle Rock.

Services

While Auburn Villas is designed for seniors seeking to live an independent lifestyle, we have found at Auburn Ridge that many of our residents desire and need support services, especially as they progress in age. Accordingly, the community's management company, Celtic Property Management, LLC ("Celtic"), now provides a variety of supportive services to residents, and will also provide these services to residents of Auburn Villas. Specific in-house support services we will provide include, but are not limited to: an ADA accessible shuttle van, resident service coordination, on-site health classes, coordination with an on-site visiting nurse, food bank coordination.

Through Celtic, Auburn Villas will promote the social integration of Auburn Villas residents within the wider Castle Rock community. A number of community organizations are excited for the proposed development including the Castle Rock Senior Center.

The Castle Rock Senior Center provides a number of services and activities for seniors in the area, including a local shuttle service, financial advice, and health services.

On-site staff will be equipped to provide support to our residents, some of whom may be disabled or otherwise require assistance with the activities of daily living (e.g., managing finances, health matters, etc.). Celtic will also make referrals to outside agencies and services that may contract separately with residents (e.g., transportation, home health, housekeeping, food delivery, rehabilitation, etc.).

Residents at Auburn Villas will be able to avail themselves of services provided onsite at and also at neighboring Phase 1, Auburn Ridge. For this reason, it is worth briefly discussing some of the services currently offered at Auburn Ridge, and which will be available to residents of Auburn Villas.

Auburn Ridge successfully promotes the social integration of Auburn Ridge residents within the wider Castle Rock community. Auburn Ridge has a strong relationship with the Castle Rock Senior Center, which is located less than four miles away and provides a number of services and activities for seniors in the area, including a local shuttle service, financial advice, and health services.

Phase 1 started their transportation and other services in February 2015 after opening and moving in 90 units at the end of December. Residents were surveyed regarding the types of programs and/or services they would like to see. The top request was for transportation. Auburn Ridge has multiple residents that do not drive or have vehicles. These residents rely on

us, family and friends to provide for their transportation needs. Other residents do not feel safe driving in snowy conditions and they have also used Auburn Ridge's transportation services. On average there are 5 people per day every Tuesday/Friday that use this service. Services are currently being expanded and will be expanded further to meet the needs of residents of Phase 2.

In February of 2015, Phase 1 began a program with the Visiting Nurses Association whereby they provide foot care that consists of toenail clipping, trimming and filing, callous and corn evaluation, circulation assessment, blood pressure and foot care education.

Auburn Ridge also has a local audiologist from Accent on Hearing that does a monthly free hearing clinic for those who do not currently wear hearing aids. For those that currently use hearing devices they can order their supplies through them (batteries, audio wipes, wax traps) and have them delivered on the clinic day. Celtic Property Management, LLC has also coordinated Medicare check-ups for any resident that is new to the area and needed to update their information for Medicare.

Additionally, the Douglas County Senior Council, Douglas County Housing Partnership and other community organizations use the community space at Auburn Ridge to host various events on senior related and housing topics. The property effectively functions as a satellite Senior Center for Castle Rock, and the residents of Auburn Villas will be able to enjoy it as such.

Auburn Villas' Response to Market Study Recommendations

The market study for Auburn Villas was generally supportive of the development and noted the many ways in which we have incorporated design elements that will make Auburn Villas competitive over the long-term. In response to our market study of Auburn Ridge and feedback from CHFA, we made the decision to provide an ADA van for the properties. This van is now operational and ***provides for the transportation needs of residents***. When Auburn Villas is complete, residents will be able to use the Auburn Ridge van as a shared amenity. Furthermore, our excellent relationship with the Castle Rock senior center will ensure that residents are also able to avail of the other existing transport options available in town. We will be sure to highlight these transportation options in our marketing efforts, in response to the market study's recommendation.

The market study also recommended that "The utility savings projected from the energy efficient design features and other environmentally conscious project elements leading to the proposed Enterprise Green Community and Energy Star Community certifications should also be highlighted to prospective tenants" (p. 5).

We are currently working with Celtic Property Management, LLC on drafting an informational packet that will educate both prospective residents of Auburn Villas and current residents of Auburn Ridge on the economic and environmental benefits of living in a property built to Enterprise Green Communities and Energy Star standards.

Auburn Villas and Housing Priorities as set forth in Section 2 of the QAP

Auburn Villas will feature 100 newly constructed top-quality apartments for seniors, aged 55 and older. While seniors are not identified as a priority population in the 2016 QAP, it is unquestionable that they are a population in need of affordable housing. Auburn Villas will provide a supportive community in which seniors in Castle Rock and Douglas County can age in place with peace of mind.

Auburn Villas is Consistent with the Guiding Principles in Section 2 of the QAP

Auburn Villas meets a number of the guiding principles set forth in Section 2 of the Qualified Allocation Plan (QAP).

First and foremost, Auburn Villas will provide housing that ***serves the lowest income tenants for the longest period of time***. Auburn Ventures II, LP is committed to targeting 14 units at 40% AMI, 26 units at 50% AMI, and 35 units at 60% AMI, for a total score of 66 under the Low-Income Targeting Category. Auburn Ventures II, LP has entered into an agreement with the Englewood Housing Authority to provide HUD Section 8 Rental Assistance Certificate Holders (and public housing entity waiting list applicants) with first priority status for vacant units (see PHA Agreement with Englewood Housing Authority). Finally, Auburn Ventures II, LP is committed to extending the 15-year compliance period by an additional 25 years for all rent-restricted units, a total 40-year affordability period, which is the highest possible score of 38 points for extended low-income use under the 2016 QAP. Auburn Villas also provides one of the largest number of new construction affordable units of any applicant for 2016 LIHTC, and represents an efficient use of CHFA's LIHTC resources with a comparatively modest request of \$16,667 per low income unit.

The development of Auburn Villas will also successfully contribute towards a ***distribution of housing credits across the state***. Castle Rock has only ever had one 9% competitive tax credit allocation.

An award of 9% competitive tax credits to Auburn Villas will address the still existing pent up demand for desperately needed affordable senior housing in a market area that has previously been overlooked by developers. The success of Auburn Ridge has created unparalleled support for a second phase.

This momentum and good will with both neighbors and Town staff should be capitalized on, as this area has historically encountered resistance to the development of affordable housing from the local community.

An award of tax credits to Auburn Ventures II, LP will also help to ***provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit.*** Auburn Ventures II, LP's special limited partnership with the Douglas County Housing Partnership will create a private-public partnership that will successfully bring affordable housing to an area previously avoided by developers.

Auburn Villas will create housing opportunities for ***senior citizens*** and ***the disabled*** in Castle Rock and Douglas County, thereby ***assisting an identified population in need of affordable housing.***

The development of Auburn Villas goes towards meeting CHFA's stated goal of ***supporting new construction of affordable rental housing projects.*** Auburn Ventures II, LP is confident that this asset will not only be financially viable over the long term, but will also be an award-winning development for the Town of Castle Rock, Douglas County, and the State of Colorado.

Finally, Auburn Ventures II, LP's request for \$1,250,000 in tax credits is necessary for ***the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period.***

Auburn Villas Meets the Criteria for Approval in Section 2 of the QAP Market Conditions

Auburn Villas will successfully address the identified community housing priorities of Douglas County as set forth in *The 2014-2018 Consolidated Plan Douglas County CDBG Program*. In particular, this regional plan identifies seniors as a population with special housing needs:

“Douglas County experienced a 178 percent increase in the population age 65 and over from 2000 to 2010, from 7,322 to 20,343 people. The total population only increased 62 percent during the same time period. People age 65 and over now make up 7 percent of the population, compared to 4 percent in 2000. By the year 2030, seniors are projected to be 20 percent of the total county population. Over the past two decades, Douglas County has been a “young” county, with a high percentage of children and working-age adults. Now, ***the aging population will require significant changes to the priorities of***

the County, in terms of resources, facilities, and services provided.” (p. 76, emphasis added)

Furthermore, a recent presentation to Castle Rock Town Council by the Castle Rock Planning Department noted that the rapidly growing senior population in Castle Rock will mean that “The development community will need flexibility to adjust their developments and products as market demand changes” in the Town.

This strong demand for senior housing was reflected in the market study for Auburn Villas:

...strong demand is reflected in the PMA by the 500-person waiting list (as of May 2016) and rapid absorption of Auburn Ridge. This high demand level is corroborated by a vacancy of only 1.2% and extensive waiting lists among the comparables used in this analysis, as well as the fact that a majority of those comparables reported 100% occupancy. (p. 54)

The development of Auburn Villas is necessary to meet a pent up demand for desperately needed affordable housing in an area that has previously been overlooked by developers, due to the high cost of developing in the area and previous resistance from the local community.

Readiness-to-Proceed

The Auburn Villas development is ***ready to proceed immediately*** following an award of LIHTC from CHFA.

The land for the site is properly zoned for the development and construction documents will be ready by the end of the summer. The land for the site is zoned Multifamily-2 (MF2) within the Auburn Villas Planned Development (PD). MF2 allows for the construction of age-restricted, independent senior living facilities, with a density of 17 dwelling units per acres, and 40% maximum building coverage. The parking requirements for MF2 require 1 parking space per dwelling unit plus 1 space per 5 dwelling units for guest parking.

The 147 parking spaces provided at Auburn Villas exceeds this parking requirement. Please see zoning verification letter from the Town of Castle Rock in this LIHTC Application.

Financial Feasibility and Viability

Auburn Villas has the financial strength and local support to successfully complete the development. The Town of Castle Rock, Douglas County, and numerous community organizations and local businesses strongly encourage the construction of Auburn Villas.

We have maximized the financing potential of the property, thereby minimizing the total need for tax credits. We have a financing commitment for the construction of the project from National Mortgage Investors, LLC in the amount of \$23,000,000 and an equity commitment of \$13,997,200 from Credit Capital, LLC, our tax-credit investor. We are working with CHFA to obtain permanent financing for the project. In the event CHFA is unable to provide permanent financing, Charter Oak Mortgage and Investment Company is prepared to step in and provide permanent financing.

Due to the number of partnerships we have previously closed with our tax credit investor, Credit Capital is prepared to purchase a ninety-nine and nine-tenths percent (99.98%) limited partnership interest in Auburn Villas upon receipt of the tax-credits at a purchase price which is at the high end of the national tax credit spectrum (**\$1.12 cents per tax credit dollar**), thereby giving greater leverage to the state's tax credits, and keeping rents more affordable.

The \$2,150,000 Developer Fee and \$856,793 Contractor overhead and profit amounts are both within their respective permissible percentages as outlined in the 2016 QAP (these fees were automatically calculated in the CHFA 2016 LIHTC Application on the Contractor-Developer Fee Limits Worksheet).

It should be noted that the \$856,793 overhead and profit amount is a reduced fee in conformance with the requirements of the QAP to counteract the identity of interest between Auburn Ventures II, LP and the contractor Regis Construction, Inc. The Developer fee is also \$255,614 or 10.6% less than allowed. We elected to hold the Developer Fee to less than the maximum allowed to keep the costs competitive.

Auburn Villas' per unit hard cost of \$158,967, and total development cost of \$232,468 per unit are below the 221d4 HUD basis limits. **The costs are considered reasonable** when compared to other tax credit developments, particularly given the considerably high costs associated with completing developments in Douglas County, and have been verified by an independent third-party, PWN Architects and Planners.

As part of our team efforts to keep the costs reasonable for this project the land was sold to Auburn Ventures II at a significant discount. As evidenced in the market study (p.72) comparable properties that have recently sold had a median land cost per unit of \$16,725, versus the land cost for Auburn Villas of \$7,000 per unit, which translates to almost \$1 million less than market rate.

The development team has identified its sources of funding for the project that make the project **financially feasible**. We have firm commitments for both the construction and permanent financing on the project. Additionally, we have a firm commitment from our equity investor, and have chosen to defer 9.3% of the developer’s fee. We have begun discussions with CHFA to apply for \$500,000 in HOF funds

The financing structure is as follows:

Auburn Villas Financing Structure

<u>Source</u>	<u>Amount</u>	<u>Status</u>
1st Mortgage from CHFA	\$8,549,580	Under Review
CHFA HOF	\$500,000	Under Review
LIHTC Equity	\$13,997,200	Committed
Deferred Developer Fee	\$200,000	Committed
Total Sources	\$23,246,780	

The *2014-2018 Consolidated Plan Douglas County CDBG Program* noted that it is extremely challenging to develop in Douglas County. Additionally, **the project is not financially feasible as a non-competitive 4% deal**. Please see the 4% third party analysis attached.

At this time Auburn Ventures II, LP is **not requesting any waivers for the following underwriting criteria**: minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 minimum replacement reserves, vacancy rate below CHFA’s minimum. The DSC ratio above 1.3 in year 15 only speaks to the financial strength of the development and the confidence that CHFA can have in allocating an award of LIHTC.

Furthermore, the Douglas County Housing Partnership (DCHP), a Multi-Jurisdictional Housing Authority, intends to materially participate in the design and development of the project as a special limited partner in the ownership of the development. DCHP has been in existence for over ten years and functions primarily to assist first time homebuyers with down payment assistance. DCHP’s role as Special Limited Partner and co-owner means that Auburn Villas will be exempt from real estate taxes, further ensuring the financial viability of the development (see attached letter of support from Douglas County Housing Partnership and letter of real estate exemption from Douglas County Assessor’s Office).

We are committed to the tax credit program and to the individuals it serves. Our commitment is that upon receipt of a tax credit reservation, we will deliver Auburn Villas as promised and

when promised. We believe that Auburn Villas will be another exemplary addition to the Colorado Housing and Finance Authority's portfolio.

Community Outreach and Local Support

Auburn Villas has a substantial amount of community support both in spirit as well as in the form of financial subsidy.

Neighborhood and Town Support

Discussion of Phase II began at neighborhood meetings held on June 6th and 7th, and September 17th 2012 with all HOAs and homeowners within a 600 ft. radius of the site at a local restaurant, Castle Café, on Wilcox Street in Castle Rock. At these meetings, we presented an overview of the development, including its affordable nature. We have continued to have discussions with the neighborhood, keeping them updated as the development has progressed.

Our most recent neighborhood meeting (held in April 2015), discussed our intention to apply to CHFA for an award of LIHTC, and we have received numerous letters from the community supporting our development and highlighting the need for senior affordable housing in Castle Rock (see attached letters of support).

The Town has worked with us to expedite annexation, rezoning and other approvals. Their support is not only evidenced by their unanimous approval of the annexation and re-zoning of the land for the development on December 11, 2012 by a vote of 7-0, but by the words of support from the Mayor at the Grand Opening of Auburn Ridge and the letter of support from the Town's Long-Term Planner (see attached). Our work on Phase 1 has cultivated unparalleled support for affordable housing in Castle Rock and we need to capitalize on this momentum. Furthermore, our special limited partnership with DCHP strengthens our application as the Town of Castle Rock is one of the local government members of the DCHP and a party to the Intergovernmental agreement that established the DCHP.

County Support

Auburn Ventures II, LP's partnership with Douglas County Housing Partnership also shows the high level of support at the county level for Auburn Villas.

The strength of our organization is unparalleled and we believe that it will allow us to successfully complete the Auburn Villas development. Until Auburn Ridge, Castle Rock was an area that local developers have found difficult to develop due to higher than average costs and NIMBY-ism.

Along with our special limited partner, DCHP, Auburn Ventures II, LP has built strong relationships with the Town of Castle Rock and Douglas County over the last three years and has been told by those in the local municipalities that they have never witnessed such enthusiasm for a LIHTC project before. There is still a need for affordable senior housing in this area, and now is the time to show the community that their faith in our development team will be rewarded by funding the much-needed second phase.

Experience and Track Record of the Development and Management Team

Auburn Ventures II, LP is part of the Atlantic Development & Investments, Inc. family of affiliated companies, headed under the direction of Mark Breen.

Since 1986, Mark has been involved in the development of over 4,000 LIHTC units across the country. Atlantic is dedicated to developing high quality, affordable communities that stand the test of time.

Our winning formula includes innovative designs, value engineering, attentive construction management, quality contracting and a unique ability to adapt to the complexities of any development.

Atlantic's affiliate, Glennmark Construction, Inc., has been a leader in the development of affordable housing communities, and its relationship with National Mortgage Investors, Inc. and Charter Oak Mortgage ensures that construction and permanent financing are in place and firmly committed at the time of application. The financial strength of the developer, who has never sold a LIHTC property since 1987, speaks to our dedication and perseverance through any challenges the market may bring.

We assemble the best possible development team to get the job done as efficiently and cost effectively as possible.

Our property management company, construction affiliates, accountants, lawyers and tax credit investor partners all have extensive experience in tax credit property development, have worked together as a team in the past, and compliment one another's various skills. Affiliates of Glennmark have worked with our tax attorney, Siegel, O'Connor, O'Donnell & Beck, and our CPA, Whittlesey & Hadley, P.C., for over twenty years. They take pride not only in being part of the team but also in developing quality communities that serve our low and moderate-income residents for many years to come.

Our successful balance of equity and debt financing has earned the trust of some of the country's premier investment partners. Among those we have attracted include nationally

known sponsors of affordable housing, several publicly held corporations, including insurance and utility companies and select regional banks. The Richman Group Capital Corporation is one of the premier syndicators in the country. Our 25-year relationship with Bruce Nelson at Credit Capital, on behalf of the Richman Group, provides a strong foundation and ensures that we will receive our equity on time.

This financial footing ensures a strong foundation for each of our community developments. The breadth of knowledge and experience we have in the field of affordable housing together with our financial strength ensures that Auburn Villas will be successful over the long term.

The key to the strength and success of the Atlantic business model lies in the fact that our team has worked together for such a long period of time. This holistic approach to doing business emphasizes the importance of long-lasting relationships and the value that is added when the various individuals composing a development team that are normally disparate are brought together to function more efficiently as a whole.

Our development, construction, and management affiliates are all co-located in the same building, meaning that we can look to other members of the development team for assistance or support at any time of the day and meet face-to-face at a moment's notice. This vertical integration allows us to get the job done more efficiently than other developers. We deliver our LIHTC communities on time and have more "skin in the game" than any other developer, often guaranteeing the financing and construction completion of our projects in order to accelerate the development process for our investors.

This type of business model adds value to the finished product; in particular, the synergy it produces allows us to complete developments more quickly and cost effectively than our competitors and is highly attractive to our equity investors. Our investors know that we are able to respond more quickly than others to their construction, management or development needs due to our ability to have direct oversight over each of these constituent elements. As such, we are able to attract the highest equity pricing in market and build superior affordable communities that stand the test of time. In essence, the efficiency of our development, construction and management organizations, and our willingness to stand by our properties, helps to maximize tax credit dollars.

Today, Atlantic Development & Investments, Inc. is one of the nation's most successful LIHTC developers, and recently one of its affordable senior developments, Ghost Ranch Lodge, was selected as a semi-finalist by the National Development Council for its Academy Award.

Antares Development & Investments, Inc. is the co-developer of Auburn Villas. Jessica Raymond, the principal of Antares, has had primary responsibility for the entitlement process for the land on which Auburn Villas will be constructed and has been integrally involved in securing financing and developing the partnership with DCHP. For its role in the development process, Antares will receive 20% of the developer fee and Jessica Raymond will receive a minority ownership interest in the general partner of Auburn Ventures II, LP.

Auburn Villas has been designed by PWN Architects and Planners, of Greenwood Village, a firm with a wealth of experience in affordable housing construction in Colorado. C2 Sustainable Development Services in Boulder is engaged as the green consultant for Auburn Villas, and Kumar & Associates, Inc. has provided the Environmental report for the development. All of these development team members have extensive experience with LIHTC development and are working integrally with our General Contractor, Regis Construction, Inc.

Regis, proudly a woman-owned business, together with PWN and C2 Sustainability, will ensure that Auburn Villas is designed and built to Enterprise Green Sustainability Criteria.

Regis Construction, Inc. is working diligently with the Castle Rock Economic Development Council to connect with a number of local businesses (e.g. subcontractors, suppliers, etc.), and is currently preparing an invitation to bid from local subcontractors who are all eager for Auburn Villas to be awarded tax credits. The continued success of the Atlantic business model, which Regis follows, has been directly attributable to our ability and willingness to work with local businesses, subcontractors and suppliers. We are in the process of developing similar long-lasting relationships with local subcontractors in Colorado, and have established an office in Denver in our efforts to further build our presence in the state.

Finally, Auburn Villas will be managed by Celtic Property Management, LLC. Celtic's principal team of owners, company managers, and officers has a combined experience of more than 80 years in all aspects of multi-family and affordable housing properties.

As of February 1, 2008, Celtic assumed full-time management responsibilities for 1,150 units of affordable multi-family housing in 10 communities. Since its establishment in 2008, Celtic has tripled its portfolio to include more than 4,000 units in over 30 properties across the country. This includes management of six senior rent-restricted properties, and five 100% Project-Based Section-8 properties (two of which serve elderly and/or disabled residents). Celtic's properties are held to the highest standards and compliance is overseen by our in-house compliance department. Celtic is currently managing an ever-growing waiting list for Auburn Ridge (and now Auburn Villas!) comprised of individuals from the community who have spontaneously

called or emailed asking about the development, and requesting to be placed on its wait list (there are currently approximately 500 names on this list).

Closing

For the past two and a half years we have demonstrated to CHFA, Douglas County, the Town of Castle Rock and the community that all of our commitments have been fulfilled. Furthermore, we have delivered everything that we have promised to date. Phase 1, Auburn Ridge, has been a tremendous success (it has already been nominated for a Vanguard Award from the National Affordable Housing Management Association), and has educated an entire community about the importance of senior affordable housing, and created support for the LIHTC program in new areas of the state.

Neighboring towns are now interested in how they can support the development of affordable senior housing in their communities and a once vacant parcel of land has been transformed into a property of which the Town of Castle Rock, Douglas County, and the State of Colorado can all be proud. With CHFA's award of tax-credits to Phase 2, Auburn Villas, we will continue to show our commitment and build on the time-sensitive positive moment and support for affordable housing that we have cultivated within the Town of Castle Rock and Douglas County.

Auburn Ventures II, LP is committed to commence construction no later than third quarter 2016 and shall be complete with construction the second quarter of 2018. Essentially, we believe that we will be the first to commence construction and the first to complete construction for the 2016 tax-credit year. Our affiliates have never had to return any credits to any state for failing to complete a project on time. All of this speaks to the dedication, commitment and experience we have in the field of affordable housing.

We believe that no one else can make this commitment, and as such we respectfully submit that everyone will benefit from an award to the development of Auburn Villas.

Auburn Ventures II, LP would like to thank Douglas County, the Town of Castle Rock and the multitude of neighborhood and other community organizations for their continued support. Finally, we want to thank the state of Colorado, particularly the Colorado Housing and Finance Authority, for its time and dedication to the review the LIHTC application for Auburn Villas. We know that upon receiving an allocation this year, as we look back in years to come, everyone involved in the development of Auburn Villas will know that it was a worthy cause.

9% lihtc application narrative



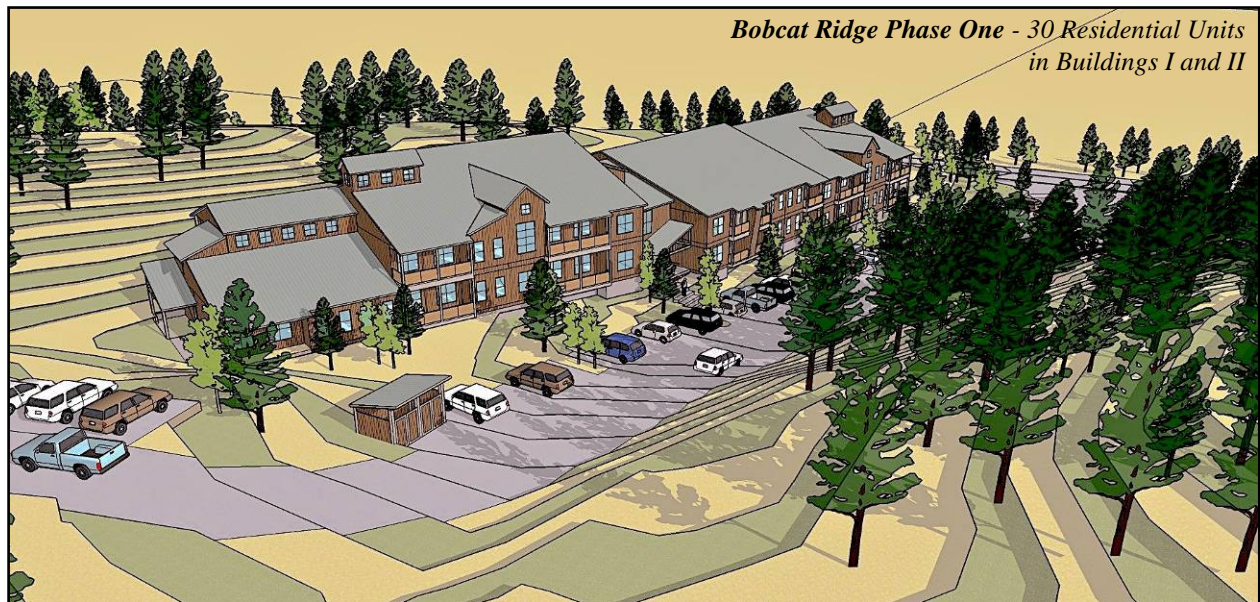
Project Name: The Bobcat Ridge Community

Project Address: 250 Eldora Road, Nederland, CO 80466

Introduction

Mountain Housing Assistance, LLC (MHA) is very pleased to present this application for the Bobcat Ridge Community in Nederland, Colorado to CHFA for consideration. MHA is seeking Federal Low Income Housing Tax Credits for the development financing of its first phase; 30 affordable rental housing units in Nederland, Colorado.

Bobcat Ridge will provide much needed affordable housing for people in need including community teachers, families, elderly, people with special needs, and local workforce. Bobcat Ridge calls for the construction of up to 48 apartments across two residential phases, the installation of a long sought after community Nature Center, a 500,000 gal water storage facility, and public access trails system.



Not only will Bobcat Ridge change the lives of its residents, the benefits of this special property will be passed along to the community in significant ways. Bobcat Ridge will revitalize a property distressed Nederland community, promote economic and social integration within Boulder, and provide real opportunities for better educational, employment and health outcomes for the people who live here.

Nederland, Colorado

Nederland is located 19 miles west of Boulder up Boulder Canyon in a mountainous area. The community includes approximately 15,000 people. Nederland is a vibrant, optimistic, successful community, whose local economy is driven in in large part by food, fuel, and retail sales. Nederland serves as a welcome hub for visitors traveling along the Peak to Peak highway, and for those who come to enjoy our outdoor recreation activities.

For the Nederland area residents, the value and benefit of living in and around the Nederland community is entirely different. Nederland schools are excellent, residents are colorful, diverse and friendly, and our unique culture blends the arts, natural sciences, and music with the daily life of business and communication.

As the cost of housing in the area as steadily risen year by year, many productive, valuable members of our community have become unable to find the resources or opportunities they needed. Some people have been forced to leave Nederland due to a lack of affordable housing resources in the area, while others left after struggling to afford the costs of housing a family in the area.

The economic recession of 2007-2009 created a special challenge for all of our small mountain towns in Colorado, where hospitality is a big part of how the people in the area make a living. The slowdown in travel, business and spending became a trigger for financial hardship.

Fourmile Canyon Fire of 2010 destroyed 169 homes just a few miles north of Nederland, and the Flood of 2013 badly damaged Boulder Canyon and deeply affected the area residents. Within just a few days of the water receding, the Nederland Community Center became a FEMA disaster relief center, and the Town of Nederland a hub for critical services.

The Mountain Housing Assistance Program (MHAP) was organized in the summer of 2014 in Nederland, Colorado as a solution to an identified problem. The group was formed to address a common concern that a gap had been growing between the cost of living in the mountains, and available housing opportunities for young families, educators, elderly and families in distress. Residents, managers, caregivers and stakeholders all along the Front Range Mountains have been working overtime since the area have experienced a compressed series of natural and economic disasters over the past 10 years. In frequent discussions with caregivers, town managers, and area residents, all cite the affordability and quality of housing as the most important and variable factors in our overall health and well-being.



Community Involvement

The Bobcat Ridge Community has been developed over several years by utilizing a 'Heart and Soul' based design methodology. The Heart and Soul community planning approach begins by asking as many residents as possible what makes their town special; why they choose to live there; and what makes it stand out from other communities, as towns across the country are struggling with how to maintain their identity. The question is, "How does a

community change while still holding on to its heart and soul, or its unique community identity? Rather than be run over by or reactive to development, communities are trying to come together to decide what they want to be. Instead of saying no to a particular development, they're determining what they're saying yes to." That is what Heart and Soul planning is all about. This approach is uniquely applicable in small town Colorado, where all too often citizen engagement gets put on the back burner due to limitations of town budgets, personal bias, and professional expertise. The MHA Team has been utilizing and pursuing this bottom-up approach to implement visions and fit land-use regulations based on broadly held values and a strong community identity. The proactive approach leads the public engagement process, instead of what often happens when the community organizes independently in reaction to oppose a development. The process approach yielded a very positive result. The design solutions incorporate the historical context of the area, and gave the MHA team a very clear picture about housing assistance could mean in Nederland. Architectural guidelines were established with and by the community to focus on;

- A. architectural elements set into the terrain
- B. respect to the areas historical mining origin
- C. utilizing sustainable development techniques and technologies
- D. prioritizing cost of construction with effective design details
- E. maximizing larger community benefits.
- F. minimize visual and environmental impacts

Management guidelines were established to provide:

- A. financial, social, and environmental sustainability
- B. service for people with diverse and unique needs
- C. preference policy for existing, and especially long time, area residents
- D. a high level of social care concurrently with the property management
- E. minimal negative impacts on the surrounding neighbors
- F. minimal negative impacts on the environment
- G. maximum positive impacts on the community

Chronology:

- In 2013, a core group of Nederland area residents began meeting monthly to discuss a common concern that there was a lack of affordable housing in the Town of Nederland and its surrounding area.
- MHA principals begin consideration of several sites within the Town of Nederland, including a 17 acre tract, part of the 650 acre Arapaho Ranch. The site was identified and nominated by the Town as the most viable site to provide affordable housing in the area.
- In January 2014, the Evans Annexation petition was submitted to the Town of Nederland, and on March 3rd, 2014 the Town passed Resolution 2014-2 which accepted the Annexation Agreement, Initiated Annexation Proceedings, and Set
- The Public Hearing was held on March 18th 2014.
- In June of 2014, the Town of Nederland engaged Bowen National Research to provide a Housing Needs Assessment, and Housing Market Support for Potential Annexation for the Bobcat Ridge property. The conclusions of both studies study indicate very strong support for the site. The Housing Needs Assessment for the Town of Nederland concluded that Nederland area is experiencing several significant housing challenges, including; (a) a rapidly increasing base of seniors and empty nesters, (b) few available hosing options, (c) the lack of available housing is likely leading to a loss of younger residents, (d) the existing housing supply in Nederland is aging, and that (e)there is a lack of available and build-able sites.
- In September of 2014, MHA Principals met with representatives of the Boulder County Housing and Human Services Housing Division to introduce the project and establish a working relationship.

- On Dec. 16th, 2014, Boulder County held a Public Hearing for annexation. At the hearing, the County Commissioners indicated support of the project, but also stated that, per the Code requirements for Annexation, the application materials were incomplete, and placed the project on hold pending delivery of these materials. In attendance were dozens of members of the Nederland Area community.
- In the summer of 2015, **Mountain Housing Assistance** was formally registered as a Limited Liability company with the Colorado Secretary of State, and opened its bank account.
- In March 2016 a new member, Maria Roditis, was added to the MHA Board as its Finance Director.
- On May 20th, 2016 Kayla Evans, on behalf of the Evans family, and in full support of the project, formally agreed to sell the 17 acre site to Mountain Housing Assistance for \$1
- On June 1st, MHA submits the Bobcat Ridge project to CHFA for consideration.

Location

The location of Bobcat Ridge is unique, in that it shares its property boundary with the Town of Nederland, and sits between the downtown area and the Nederland Middle/High School. The eastern property boundary is at the



southeast corner of County Road 130, approximately 0.2 miles west from State Highway and scenic By-Way CO 119, better known as the Peak to Peak Highway. The western property boundary sits approximately 0.15 miles from the school property. The site consists of approximately 17 acre of undeveloped land in Boulder County, adjacent to the Nederland Town boundary.

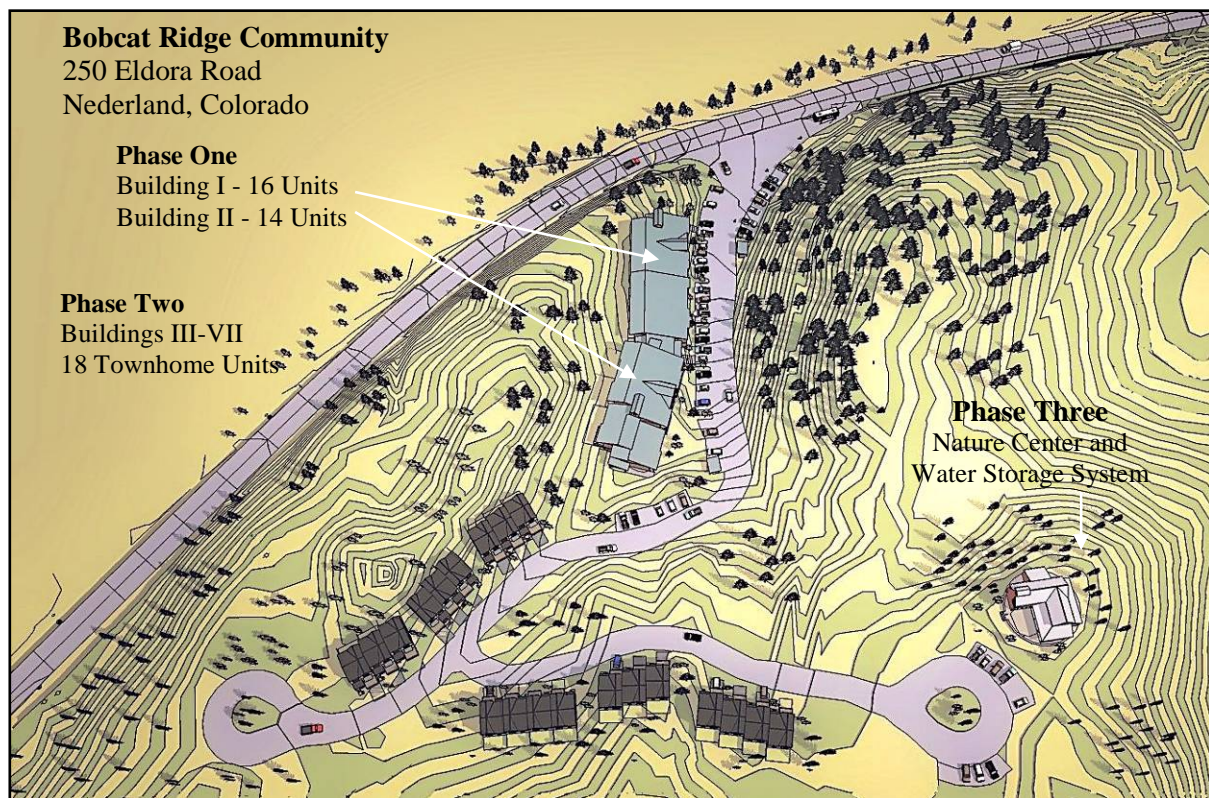
The surrounding land uses include heavily wooded forested lands, public biking and hiking trails, Middle Boulder Creek, and the Nederland Middle-High School and its athletic fields. The immediate area is predominantly forested terrain. The Nederland Middle-High School is considered to be in excellent condition and quality, and will positively contribute to the marketability of Bobcat Ridge.

Bobcat Ridge is an easily accessible site, and in close proximity to the Peak to Peak highway. Both Peak to Peak and Eldora Road are both well-traveled roads. Although no trail currently connects the School with the downtown area, there is still a significant amount of existing bicycle and pedestrian traffic along Eldora Road. The installation of the Bobcat Ridge Trails system will make the connecting route between the school and downtown Nederland much safer for pedestrians, as visibility is at times limited all along the road, and visitors to Eldora frequently exceed the speed limit.

The 150,000 square foot Caribou Shopping Center, located 0.6 miles to the northeast, is the closest shopping area to the site. The Nederland Downtown District 0.1 miles farther away, also has shops, restaurants, and services within 0.7 miles, and includes approximately 12 retailers, 6 restaurants, a dentist, accounting firm, real estate companies, two fuel stations, bank, library, and other businesses are all within 1.3 miles of the site. The Caribou Shopping Center and Downtown District are also employment centers for the area, providing a diverse array of jobs. Columbine Medical Center .6 miles away is the closest medical facility, while the new Boulder Community Hospital is only 22 miles away.

There is an existing RTD bus stop 0.1 miles from Bobcat Ridge, and the RTD has a Park and Ride facility only 0.8 miles from the site, with regular bus service to Boulder and Denver.

The property resides in the middle of census tract area 137.02, a tract which has no previous LIHTC project.



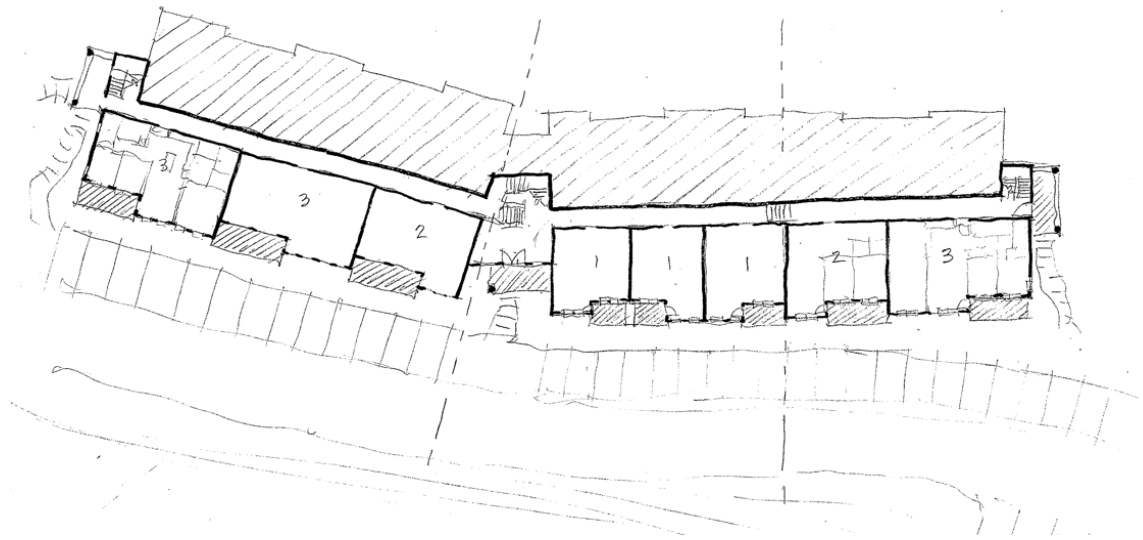
The Development

The first phase of the Bobcat Ridge Community will consist of 30 apartments 1, 2 and 3 bedrooms, built across two buildings linked by a central connector. It is the first phase of Bobcat Ridge that is the scope of this application. The second phase of the project will include 18 - 20, 2 and 3 bedroom townhouse units for which we will seek 4% LIHTC funding in a future funding round. Phase 2 calls for the reservation of specific units for service to seniors, people who have special needs, and qualified homeless.

Phase 3 is non-residential, developed in adjunct with Phase 2. Calls for the installation of a long sought after Nature Center near the public West Magnolia Trails System, and a 500,000 gallon water storage tank. Development financing for Phase 3 is being made available entirely through a private equity investment. Phase 3 may be subdivided from the residential components of the property as may be providential, and its installation may be concurrently/overlapping with either phase one or two. A model for installation as part of phase one is reflected in the CHFA Application Spreadsheet, as the 'commercial' part of the development.

Each of the subject's units will include carpet, a coat closet, ceiling fan, storage closet, patio/balcony, refrigerator, stove/oven, dishwasher, disposal, microwave, cable TV hook-up, and washer/dryer hook-ups. Additionally, some units will have vaulted ceilings. Tenants will provide their own water, sewer, gas, phone and cable, as each unit will be separately metered. Units will have electric stove/cooktops, and use natural gas for heat. Property will pay for trash removal. The site amenities include the Nature Center building, wildlife proof garbage enclosures, 45 parking spaces, enhanced natural trails along the property boundaries, outdoor picnic, campfire and grilling areas, Wildlife information signs, group mailbox stations, proximity to trails and ski area.

Construction Type



The first phase of the Bobcat Ridge Community will consist of 30, 1 - 2 and 3 bedroom apartments in what is effectively two buildings that are linked by a central connector. Construction will be type V-B (non-rated) and the building will be fully fire sprinkled (NFPA-13R). All buildings will be wood frame construction with blown-in fiber-glass insulation with an additional layer of rigid insulation placed on the exterior surface, bridging the studs. The windows will have minimum U Values of .30. Exterior cladding will be a combination of cementitious "board and batten" siding, corrugated metal siding. The roof structure will be manufactured truss with standing seam metal class-a roofing, and include a 50kw solar system. Proposed materials have been chosen for their fire resistive qualities. All appliances will meet the Energy Star standard and all light fixtures will have compact fluorescent or LED bulbs. All plumbing fixtures will be low-flow, water conservation designs. Floors will be Gypcrete floor with Acousti-mat underlayment.

Market Conditions

Prior and Associates was chosen as the Market Consultant for Bobcat Ridge to provide service in two parts; (1) a preliminary advisory/memo, and (2) the actual Market Study. The preliminary advisory was helpful in determining

critically important factors such as the real area capture rate, marketability of units, and determination of overall unit mix, size, and type. The report indicated that as the market area was limited in size, and so recommended phasing of residential units. Also, the report identified 4 bedroom units as problematic, in that with other similar projects 4 bedroom units have unduly high vacancy rates.

Prior's determination in the Market Study Report dated May 27th, 2016 indicates a sustainable capture rate at 17%. The projected capture rate is significantly below the CHFA threshold of 25% because;

- the PMA has an overall vacancy rate of 0.0%, with several of the rental properties surveys having waitlists.
- The property is the only income-restricted project ever planned or under construction in a PMA that is ganging 10 renters annually, and has severe limited affordable housing inventory, and has its market rents inflated by its proximity to Boulder.
- The property will fill a significant void in the PMA housing stock and offer excellent value in comparison to average market-rate rents.
- The property rents are targeting below the Section 8 Payment Standards, indicating that the subject can target Housing choice Voucher recipients, broadening its target market significantly.
- The property will attract renters from Boulder and other areas of the MSA, as a result of Nederland serving as a bedroom community to the Boulder MSA, as well as quality of life amenities.

The PMA's projected annual growth of ten renters coupled with the existing pent-up demand for 35 additional rental units suggests that there is sufficient demand to absorb the 39 new units in the development pipeline, including the subject. The developer projects it will lease 7-10 units per month and reach stabilized occupancy within four months. Concessions may be necessary to complete lease-up at the proposed rents for its 55% and 60% AMI units, given that there is no proof that sufficient market area renters are willing and able to afford such high income-restricted rents. Although all factors indicate that these units will be attractive to the market, concessions may be needed because there is no current experience with rents at this level. There is significant competition for affordable housing units from renters, with the closest projects in service are 24 miles away in Boulder, where Boulder County Housing and Human Services is experiencing a significant and growing waitlist.

After Bobcat Ridge completes lease-up, the developer projects it should achieve an average stabilized annual occupancy rate of 95%, an average annual turnover rate of 20% and average yearly rent increases of approximately 1.0%.

Bowen's Housing Needs Assessment/Market support for Annexation concluded that the Bobcat Ridge site is a marketable site for residential development, and that the service area would draw from the surrounding communities including Boulder, and also indicates a reasonably low capture rate with high demand. Bowen states "Its access, visibility, and proximity to community services will contribute to the marketability of rental units developed at this site. We believe its proximity to adjacent educational facilities is a positive attribute for a project that serves family households"... in addition to local working class, younger people, and seniors.

Project timeline

Contingent upon the award of Tax Credits 10/1/2016, and Building Permit Issuance by 6/1/2017, MHA anticipates the delivery of 30 units with Certificate of Occupancy by 6/1/2018.

Bedroom, Unit mix, and Rents:

<i>Unit Type</i>	<i>30% AMI</i>	40% AMI	50% AMI	60% AMI	Total Units	% of Total	Size	Type
1 Bedroom	1	1	2	8	12	40%	700	V-B
2 Bedroom	1	1	2	8	12	40%	900	V-B
3 Bedroom	1	1	1	3	6	20%	1100	V-B
Total	3	3	5	19	30			
% of Total	10%	10%	17%	63%	100%	100%		

Development Team:

In 2013 Kayla Evans, Owner and Manager of the 650 acre Arapaho Ranch in Nederland, enlisted the help of highly qualified Colorado Class A Multifamily and Mixed Use Builder/Contractor Henry Zurbrugg, Owner of Symmetry Builders. Henry began development analysis, helped the sponsor hire a planning architect, initiate engagement with the Town and local public, and the Sponsor initiated the annexation. By mid-2014, and with help from Boulder County Zoning, the sponsors determined the project was (a) viable as affordable housing, (b) the best choice for an affordable housing site in the nearby Service Area, and (c) the plan was ready to both evolve and refine to fulfill the requirements of all of the stakeholders.

In early 2014, upon recommendation from the Town of Nederland Administrator, the Sponsor met and recruited real estate specialist Michael Ackerman, the Managing Principal at CREA Real Estate. By mid-2014, much progress had been made, and the MHA Team was formalized with the addition of a 3rd Manager, Alan Wheal. Alan is a long-time family friend of the sponsor, and is very qualified as an Asset Manager. Alan Wheal joined the MHA Team in August 2014, Alan has been the Group CEO for EA-RS Group and Renewable Power Network Ltd in London. Throughout 2015 the MHA Principals methodically organized the development components, and managed the Heart and Soul program. In early 2106, the Team admitted one additional Member, Maria Roditis, Board Director at SCB Bank, to serve as the MHA Finance Director.

The Mountain Housing Assistance Team is well capitalized. Managing Principals and Principal Team Members each have many years experience with multifamily, retail, office, estate, SFR Community, special use and mixed use properties, specializing in different facets of the industry. The MHA Principal Team members have been assembled to include the very best and most experienced professionals from real estate, development, finance, design, and Colorado LIHTC.

MHA Principal Team Members

MHA Principal	MHA Role/Title	Qualifying Position
Kayla Evans	Chairperson/Sponsor	Owner/Operator of the 650 acre Arapaho Ranch in Nederland, Colorado
Michael Ackerman	Real Estate Manager	Managing Broker/CEO CREA Real Estate, LLC
Henry Zurbrugg	Development Manager	Owner, Symmetry Builders

Alan Wheal	Asset Manager	Group CEO, EA-RS Group and Renewable Power Network, Ltd.
Maria Roditis	Finance Director	Board Director, SCB Bank
Cindy Brown	Board Advisor (Active)	Former Co-Executive Director of the Boulder Housing Partners
Dan Morgan	Tax Syndicator	Owner, Daniel G Morgan and Associates
Tom Lyon	Design Team Lead	Owner, Wolff/Lyons Architecture
Paul E Smith	Tax Council	Principal Attorney, Bryan Cave

Finance

MHA has received interest from more than one qualified private party, interested in an equity participation. We have already secured more than the ability to meet the minimum capital and equity requirements of this project. The Team has allocated liquid contingency budgets for both construction and finance. The MHA Team has many years combined experience with the organization, development and management of development partnership entities of this type, involving projects in the mountain areas of Colorado.

Centennial Bank, Cachebank, and Community Banks of Colorado have all provided significant interest in funding the commercial banking components. Each institution is qualified, has specialized, dedicated staff experienced with Colorado LIHTC financing, and expressed significant desire that they be selected by MHA to provide construction and permanent loan financing for the proposed assets.

MHA selects CHFA as its first choice to provide permanent financing.

The Town of Nederland has also expressed interest in participating with the project, and anticipates providing a relief on Bobcat Ridge development costs and expenses, such as a significant reduction of Water and Sewer tap expenses. In addition, Town administrators and managers expressed interest in learning more about a potential public-private partnership, and tax increment financing.

MHA Principal Michael Ackerman met with Boulder County Housing and Human Services Housing Division staff member Norrie Boyd in Nederland on 5/27/2016 to review the progress on the Bobcat Ridge project, and tour the site. Boulder County Housing and Human Services Housing Division has expressed interest in the project, and Norrie has agreed to meet with the Town of Nederland and Boulder County Zoning representatives to help the parties work towards zoning solutions.

The land is currently secured in two ways by MHA , (1) through its operating agreement, which includes a 99 year Ground Lease, and (2) the property owners have agreed to sponsor the project in the true sense, and will close an outright sale of the 17 acre parcel to MHA for \$1 within 7 days of the Tax Credit Allocation requested herein.

Sources of Funds and Uses of Funds

Perm Loan	\$	1,600,000
Deferred Developer Fee		650,000
Federal Tax Credit Equity		<u>6,593,619</u>
	\$	8,843,619

Strengths:

- The Bobcat Community will directly address the critical need for affordable housing for the Town of Nederland.
- Bobcat Ridge will be Nederland's first affordable tax credit development.
- The site is well-located only approx. ½ mile of the grocery store and ¼ mile of the High School/Middle School.
- Support for the project is strong in the community after three years of outreach and discussions amongst Nederland citizens.
- Mountain Housing Assistance (MHA) has engaged in a public process which has informed a site plan and building program that will be responsive to the needs of the community and the concerns of the neighbors.
- The placement of buildings on the site is responsive to the concerns of the neighboring property owners.
- The property is currently secured by a 99-year ground lease between the owner (the Evans family) and MHA.
- An agreement is in place that insures that the 17 acre property will be sold to MHA for \$1. The property sale will take place within one week of Tax Credit Approval.
- The designs of the site plan and buildings are appropriate to the character of Nederland.
- Individual units are energy efficient and have numerous desirable amenities.
- A connecting trail along Eldora Road will provide an important part of the link from the High School to town.
- Bus service is already in place along Eldora Road and can easily be provided to the site by adding a simple turn-out.
- Trail head parking as well as trail linkages will be provided for the Magnolia Trail system.
- A Phase I Environmental Study has been completed and the site is free of hazards.
- Utilities are currently in place in Eldora Road adjacent to the site.

Weaknesses:

The project is dependent upon voters affirming the use of the site for housing; this presents an obvious risk and weakness to the project. As is often the case in mountain communities, the site has areas with steep slopes and natural terrain which influence where development can take place, and adds to the construction costs. As a result, the proposed rents at Bobcat Ridge are still lower than the market rents by quite a bit, but are higher than the average LIHTC rents, which include properties in easier to develop areas. The developer will provide concession during lease-up to help affect the stabilization rate. Although there is no precedent for LIHTC rents in the PMA, the subject's proposed rents provide a discount to Class B market of 18%, which is an appropriate amount. However, because its proposed LIHTC rents are higher than the surveyed LIHTC projects outside the PMA and there is no proof yet the low-income tenants in the PMA are willing and able to afford the 55% and 60% AMI maximums, concessions are recommended for these unit types during lease-up.

Readiness to Proceed

Today, the Annexation Process with the Town of Nederland is open, ongoing and awaiting further action by the Developer. To date, MHA has either competed, or is in the process of completing 100% of the Boulder County Annexation Application materials, and is prepared to move forward with the annexation process and the project immediately upon Tax Credit approval.

Summary

In summary, the Bobcat Ridge development represents a unique opportunity to provide affordable housing, a nature center, water storage facility, and trail connections in an area that is difficult to develop. The development will provide high-quality and much needed housing for teachers and other vital community workers, along with seniors who otherwise may be priced out of the market.

9% lihtc application narrative



Project Name: Broadmoor Bluffs Apartments

Project Address: 4375 Broadmoor Bluffs Blvd. Colorado Springs, CO 80906

Why this project should be funded

The Broadmoor Bluffs Apartments will bring sixty new affordable family units to a high opportunity area of Colorado Springs, a market that has 0% vacancy in tax credit projects and has seen little investment in new housing in recent years. The most recent housing study completed by the City of Colorado Springs and El Paso County indicated that the region is short over 24,000 units for households earning less than \$67,000 a year and that deficit is expected to grow. Colorado Springs alone is short over 12,000 units with affordable rents for low, very low and extremely low income households. Despite being the State's second largest city, they have not had a 9% tax credit allocation for a new family project in over twelve years. The soft market of the recession years is over in Colorado Springs and families are once again struggling to find safe, decent affordable housing in the city.

Project Overview

Located in southwest Colorado Springs, Broadmoor Bluffs will be developed through a unique partnership between Commonwealth Development Corporation and Greccio Housing. These two companies bring specific strengths to the development which will help guarantee its success. The development site was previously approved and platted for sixty multifamily condominium units prior to the recession. This project takes advantage of previous approvals and current multifamily zoning making readiness to proceed very high. Only minor changes to the previous site plan and building footprints have been made to minimize the entitlement period following a tax credit award.

The partnership between Commonwealth and Greccio will leverage the strengths of each organization resulting in a great project and increased local capacity for the city's only Community Development Housing Organization (CHDO). Commonwealth has developed over 1200 tax credit units in 35 different projects and has the financial capacity and experience to see this project through from start to finish. Greccio manages over 500 units in the market, of which they own over 400 units. Through hard work, innovation and dedication to the mission of

providing stable, safe, supportive housing, Greccio has grown its portfolio, purchased and turned around troubled assets and created countless opportunities for families in Colorado Springs. By partnering with Commonwealth, Greccio will gain exposure to all aspects of developing a tax credit project with the goal of being able to do it on their own in the future. As the city's only CHDO, it's critical for the community that this capacity exists and that Greccio is able to continue to expand its reach by using tax credits.

With favorable tax credit pricing and stabilizing construction costs, Broadmoor Bluffs Apartments will be able to serve households most in need. Units will be set aside for households earning 30%, 40% and 50% of area median income.

Strengths

Market: The Colorado Springs rental market rivals and exceeds many other cities in the state with low vacancy and pent up demand, particularly for low and very low income units. All tax credit properties surveyed in the market study are reporting 0% vacancy. The overall vacancy rate in the PMA is 1.2%. Capture rates on the new units in Broadmoor Bluffs Apartments will be 0.3%, 0.6% and 1.3% for set aside units at 30%, 40% and 50% respectively.

Education: Broadmoor Bluffs Apartments will be located in one of the top public school districts in the State of Colorado. Out of 119 districts in the state Cheyenne Mountain School District No. 12 was ranked second highest by schooldigger.com (ranking list attached). Having access to high quality education will open new opportunities for families living at Broadmoor Bluffs and will help attract quality tenants who value education.

Deconcentrating Poverty: The site is located in a census tract with virtually no poverty. This new residential community seeks to deconcentrate poverty and create new paths for families in a high opportunity part of the city.

Readiness to Proceed: The development site is zoned for multifamily and was previously platted for this type of development. All utilities and infrastructure are in place. Readiness to proceed is extremely high within a very supportive city.

Unique Partnership: The partnership between Greccio Housing and Commonwealth pairs a successful national tax credit developer with a strong local nonprofit and Colorado Springs' only CHDO. This partnership will leverage the strengths of each organization to deliver a project that performs economically and meets the needs in the community. This partnership isn't one where the local nonprofit is simply used to bolster a funding application. Greccio will be an integral part of the project and will be the Property Manager upon completion. What's unique

is that Commonwealth will use this project to help build Greccio's capacity and understanding of tax credit development.

Weaknesses

The site has a "Somewhat Walkable" score of 55 and a Transit Score of 24. Being adjacent to a Safeway grocery store and other shopping conveniences, the lower Walk Score doesn't necessarily reflect the level of services and amenities near the site, as tenants typically place great value on being close to groceries. The low transit score is a product of the nearest stop being approximately 0.6 miles from the site. Despite being relatively low, the Walk Score is actually higher than the city average of 35 and the Transit Score is higher than the city average of 18. No weaknesses were noted in the market study.

Type of Construction

The project will feature three wood-framed walk-up buildings. All buildings will include fire suppression systems and the ground floor on each building will feature a number of accessible units. Foundations will be slab on grade with typical footings keeping costs down. Subject to any procurement requirements from funding sources, the general contractor will be a partnership between Commonwealth Construction Corporation and H&K Construction. Recently formed, H&K Construction is a Colorado-based contractor whose owner and founder came from Dohn Construction in Fort Collins. H&K is acting as site work and infrastructure subcontractor on Commonwealth's project in Greeley. They are also the local project manager on the job. This emerging small business has principals with years of experience building multifamily projects in Colorado and their continued work with Commonwealth will help develop their capacity as an emerging player in construction industry.

Population Served/Unit Mix

Broadmoor Bluffs will serve a diverse mix of income levels and family sizes. All rents will be substantially below market rents. Variance to market ranges from as high as -73% for the 30% units to -47% for the 50% units. Broadmoor Bluffs will offer families an exceptional value and the opportunity to not be rent burdened.

Although we are not requesting any special needs set asides, many of Commonwealth's and Greccio's existing projects serve households with special needs. We will exceed minimum accessibility requirements to better house those residents with long term mobility impairment. As a Service Disabled Veteran owned company, Commonwealth always looks for opportunities to house veterans. The following is a detailed breakdown of income set asides and unit mix:

Unit Type	% AMI	# of Units	Net Rent
1 Bedroom	30%	2	\$316
2 Bedroom	30%	2	\$378
3 Bedroom	30%	2	\$432
1 Bedroom	40%	2	\$449
2 Bedroom	40%	2	\$538
3 Bedroom	40%	2	\$617
1 Bedroom	50%	2	\$582
2 Bedroom	50%	26	\$697
3 Bedroom	50%	20	\$802

Location

The following amenities and services are located within a ¼ mile of the site:

- Safeway Grocery/Pharmacy – 0.1 mi
- Bank – 0.1 mi
- Coffee Shop – 0.1 mi
- Restaurants – 0.1 mi
- Primary care medical offering TRICARE and affordable services to families – 0.2 mi
- Dental Clinic – 0.1 mi

Services

Upon completion, Greccio will offer a host of services to the residents. Through their Resource and Opportunity Center, Greccio will deliver the third pillar of their mission to provide Safe, Stable and Supportive housing. Residents will have access to successful programs such as emergency assistance and life skills coaching, vocational coaching, financial literacy, case management, childhood literacy programs, food stability and competency programs, eviction prevention and opportunities for community building events both on site and off site. These services are designed to allow residents to succeed in housing and to gradually move out of other assistance programs. The operating budget contains a small and economically supportable amount of funding to reimburse Greccio for supportive service staff that will be assigned to the property.

Energy Efficiency Measures

The project will meet both 2015 Enterprise Green Communities and Energy Star standards. In balancing cost with sustainability, Commonwealth will employ sensible energy efficiency measures designed to lower utility costs for tenants and to create a viable healthy community. Examples include low flow water fixtures, energy star appliances, high efficiency furnaces, durable flooring and healthy air quality through the use of energy star ventilation.

Financing Summary

The financing package includes funding from both local and state sources. Both the City of Colorado Springs and the Division of Housing welcome a full application for financing upon award of tax credits. See attached letters. The amount of credit requested in relation to the number of units proposed is near the recent average for CHFA-funded 9% projects. The project will maintain a minimum debt coverage ratio of 1.15 for compliance period and beyond.

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

To support rental housing projects serving the lowest income tenants for the longest period of time.

Broadmoor Bluffs will commit to a minimum of 40 years of affordability and the average AMI to be served will be 47%.

To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas.

Colorado Springs has not received a 9% tax credit allocation for a new family project since 2004. There were five 9% allocations in Colorado Springs since the last family project was awarded credits and all five were for seniors or assisted living. There have been some 4% allocations in the last 4 years, but without leveraging the equity raised by the 9% credit, the income set asides in those communities are much higher than we are proposing for Broadmoor Bluffs. The City of Colorado Springs has been disproportionately underfunded when it comes to 9% allocations for working families.

To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit.

In 2015 Commonwealth Development Corporation earned a spot on Affordable Housing Finance's Top 50 Developers (# 23). Commonwealth continues to build new communities across the country, including 50 new family units for survivors of the 2013 floods in Weld County. Greccio Housing, Colorado Springs' only CHDO, has a remarkable track record of being innovative and entrepreneurial in their pursuit to serve lower income families in the area. Despite not having developed or acquired units using the tax credit program, Greccio owns over 400 units and manages an additional 118 units that serve households with an average median income of 37%, with an average occupancy of 97.3% over the last five years. Through the development of Broadmoor Bluffs Apartments and through the

partnership with Commonwealth, Greccio will gain valuable exposure to the process of developing new units using low income housing tax credits. This exposure will allow Greccio to increase its impact throughout the community in future work.

To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing.

CHFA's investment in Colorado Springs has historically been targeted towards senior housing. New family housing is a priority for the city because of shrinking vacancy rates and rising rents in larger units.

To support new construction of affordable rental housing projects.

Broadmoor Bluffs Apartments will bring sixty new units to a high opportunity neighborhood of Colorado Springs, a city with a need of over 12,000 units.

To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period.

The credit request was sized to fill the gap on the project. The team has confidence in the soft funding sources included in the proforma, despite both soft lenders having received a high number of requests for funding in recent months. The amount of city funding in the application is a result of talking to Community Development staff about a realistic funding award given their available resources. The Division of Housing amount was set as a match, but not to exceed, the city funding amount. The credit request per low income unit is in line with allocations from previous years.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

While Broadmoor Bluffs isn't intended to be a special needs projects, both Greccio Housing and Commonwealth have a long history of serving residents with diverse needs. Through targeting and outreach we anticipate that many of the units at Broadmoor Bluffs will be occupied by veterans and people with disabilities. **All residents will benefit from the services offered through Greccio's Resource and Opportunity Center.** Specific service provisions will be crafted once the building is occupied and Management has determined what needs exist by conducting move-in interviews. Greccio currently offers 520 units across 23 properties, with over 80% of residents earning 50% or less of AMI. Greccio serves many residents with special needs including

veterans, elderly, disabled, and emancipating formerly homeless youth. Approximately 31% of Greccio residents are children and 9% of residents benefit from Section 8 housing vouchers. We anticipate that Broadmoor Bluffs Apartments will have a similar tenant base upon occupancy and Greccio will leverage its existing relationships to help house clients from various service agencies.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

a. Market conditions:

The Colorado Springs rental market has been tightening steadily since the end of the recession. Renewed economic expansion and a growing population coupled with limited new home construction has pushed vacancy rates down. Vacancy in tax credit projects in the PMA is 0% and the broader market has an average vacancy rate of just 1.2%. Like the Denver metro area, rents are on the rise and more and more households are rent burdened. As evidenced in the market study, rents are rising at annualized rates of between 4.9% and 9.6% depending on unit type.

The team has discussed market conditions with CHFA Asset Management Staff in light of a recent Asset Management report showing 86% occupancy in the region that includes El Paso County. CHFA staff confirmed that the data in the Multifamily Asset Management report likely contain erroneous information or information that was reported incorrectly. Actual occupancy data at both tax credit and conventional apartments is much higher as noted in the market study.

b. Readiness-to-proceed:

Readiness to proceed is very high. The site is zoned for multifamily, utilities and site infrastructure are in place and all relevant city agencies have been consulted with regarding our development plans. The site was previously approved for sixty multifamily units and the plans for Broadmoor Bluffs Apartments will adhere very closely to that previous development plan. Upon receipt of a tax credit award the project will be submitted for final site plan approval and building permits. No zoning change or conditional use approvals are required.

c. Overall financial feasibility and viability:

Broadmoor Bluffs is a very financially viable project. High tax credit pricing and availability of soft sources will allow us to serve households with an average median income of 47%. Commonwealth has the financial capacity to cover

predevelopment costs and to provide the required guaranties for the partners in the project. The long-term debt coverage ratio is stable and we are seeking no waivers of CHFA's underwriting guidelines.

- d. Experience and track record of the development and management team:

Commonwealth and Greccio have over 50 years of combined experience developing and operating affordable housing. Greccio has proven to be a highly effective owner/operator and resident service provider in Colorado Springs. Commonwealth brings a deep level of experience with the low income housing tax credit program. Resumes and experience information for both organizations are attached to this application.

Greccio will manage the property upon completion. Greccio Housing has over 26 years of experience administering and ensuring compliance with a variety of sources and requirements, including HOME and CDBG, Neighborhood Stabilization Program (NSP), Federal Home Loan Bank, CHFA traditional loan programs, post-15 year tax compliance, and CHDO project development and operating support. Greccio is currently pursuing acquisition of an existing tax credit project still in the 15-year compliance period and has its leadership scheduled to train and receive Housing Credit Certified Professional (HCCP) designation in early June, 2016.

Lead staff for each organization will include:

Daryn Murphy, Vice President of Development, has over fifteen years of experience with affordable housing. Prior to joining Commonwealth, Daryn held positions with a state agency, a tax credit syndicator and a non-profit community based tax credit developer. Daryn will be responsible for day to day tasks related to Broadmoor Bluffs, including due diligence, equity and loan closings and overseeing compliance with the QAP and all local, state and federal guidelines.

Lee Patke, Executive Director for Greccio Housing, has over 23 years of experience in nonprofit service delivery and administration, including six years of affordable housing development and integrated housing and service delivery. Prior to joining Greccio, Lee was Chief Operating Officer for a nonprofit offering adolescent treatment, day treatment/education, group homes, and independent living services; all heavily regulated and monitored by the State of Colorado, Colorado Department of Education, Medicaid billing systems, various county-based agencies or out-of-state contractors.

Kelly Jennings, Operations Director for Greccio Housing will oversee property management for Broadmoor Bluffs Apartments. A resume is attached to this application.

e. Cost reasonableness:

Broadmoor Bluffs is as cost effective as a project can be in today's market conditions with high construction costs. The development site was previously platted and approved for sixty units of multifamily as a second phase of a condo development completed in 2006. Infrastructure is in place at the site, all utilities were previously installed at the building locations and much of the site work has been completed. Developer and builder fees are below the maximum allowed by CHFA. The partnership between Commonwealth Construction and H&K Construction (a Colorado general contractor) will guarantee the most competitive construction costs given the market conditions through access to larger numbers of subcontractors. The City of Colorado Springs does offer a deferral of water and sewer hook-up fees. However, the team completed an analysis of the cost to pay the fees up front versus deferring the payment by 5 years and being subject to interest and other fees and we have determined that it is most cost effective to pay the fees at time of permitting.

f. Proximity to existing tax credit developments:

There are no existing tax credit developments in the census tract and very few other tax credit projects in the SW section of Colorado Springs. The closest project is on the east side of Route 115 and is a thirteen year old family community. There is one senior development about 1.5 miles north of the site for Broadmoor Bluffs.

g. Site suitability:

The Broadmoor Bluffs site is highly suitable for new family units. This rare infill site in SW Colorado Springs will give residents the opportunity to have their children attend great schools and will allow families to have convenient access to shopping and other neighborhood amenities. The site for the project was intended to be the second phase of a condo project originally built around 2006. When the condo market collapsed, plans for the second phase were put on hold. Since 2006, the development site has sat empty, with infrastructure in place. Broadmoor Bluffs Apartments will restart what has been idle for the past decade and will bring new opportunities for families to live in a great neighborhood with many units featuring unobstructed mountain views.

4. Provide the following information as applicable:

- a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):

No underwriting waivers are being requested.

- b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:

The project does not need the discretionary basis boost.

5. Address any issues raised by the market analyst in the market study submitted with your application:

No issues were raised by the market analyst.

6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

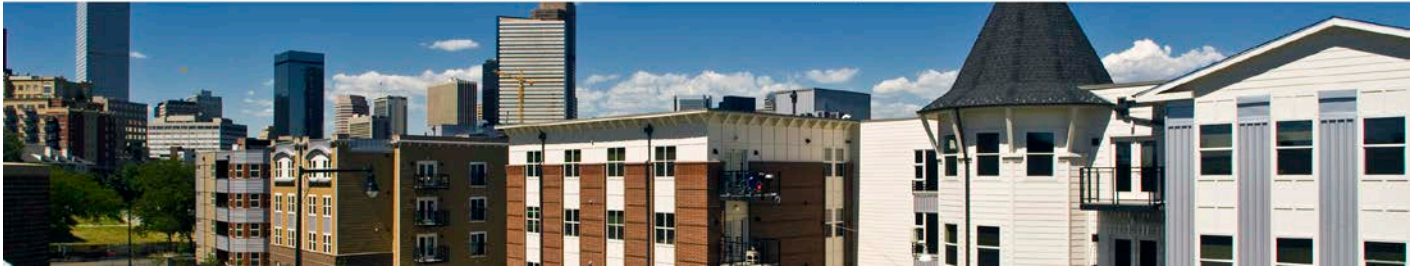
No issues were raised in the environmental report.

7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

The development team has been working with the community and city leadership on the project and the City's Community Development Department is highly supportive. Attached to the application are letters of support and preliminary funding letters from the City of Colorado Springs and from the Colorado Division of Housing. Both local housing authorities operating in the area (Colorado Springs Housing Authority and Fountain Housing Authority) were also contacted and both are supportive of the project. The Fountain Housing Authority is reporting a 47% utilization rate for its Section 8 vouchers because of difficulty finding appropriately priced units, which further highlights the need for this project to be funded.

Commonwealth and Greccio Housing would like to thank CHFA for reviewing our application and we look forward to working with you on this project.

9% lihtc application narrative



Project Name: The Calkins Historic Rehabilitation and New Construction

Project Address: 121 E. First Street – Cortez, CO 81321

Summary:

The Calkins Historic Rehabilitation and New Construction Project (the “Calkins Center”) presents a distinctive and important opportunity to bring a 9% LIHTC allocation to the reutilization of the beloved Calkins historic school building, a keystone fixture in central Cortez, Colorado. The project sponsor is the Housing Authority of the County of Montezuma (HACM) and the developer is the locally-based Calkins Redevelopment LLC. Thirteen new apartments will be constructed within the historic structure itself, while an additional 36 units will be built in an adjoining apartment complex (the “Annex”) to be built on a portion of the school’s sports field for a total of 49 units. The garden level of the historic school will be converted into management offices, community rooms, and one of the site’s several community laundry facilities, all for use by residents. Forty-one of the 49 units will be permanently affordable at the 30-60% AMI level and the remaining units available at market rate rents that are comparable to the community’s relatively low rental level. Overall, the community includes 24 one-bedroom and 25 two-bedroom units, with 22% of units available at the 30-40% AMI level, 61% of units available at 50-60% AMI, and eight units available at unrestricted market rent.

The historic Calkins school was listed on the National Register of Historic Places in March 2016. First built in 1909 by the Baxstrom family using stone from the local sandstone quarry and built at the same time and in the same style as the historic downtown bank and theater, the Calkins school was a major community anchor until its discontinued use as a school in 1969. It was then used by the school district as administrative offices from 2006-2010. It was clear that the building required a degree of rehabilitation and preservation work if it were to remain a usable building. Using grants from the Colorado Department of Local Affairs (DOLA) and the State Historical Fund, the school district performed preliminary abatement, electrical and structural work, until all available funding was utilized. The school district made the decision to locate its administrative offices elsewhere and without additional funding available for preservation, the building has sat vacant.

With the building sitting vacant under only partial rehabilitation, it has become clear that the costs to preserve this important architectural asset by putting this building to a

functional use are steadily increasing year by year, while its vacancy accelerates the building's decline. For example, in just the past year, vandals have begun breaking the glass in the large historic windows, and a roof leak has created notable water intrusion. It is estimated that the cost to rehabilitate this building has doubled within the past 10 years. At this time, converting the Calkins school to affordable housing appears to be the highest and best use of such a historic, public structure, since neither the City, County nor the school district are able to put this building to functional use. The layout of the existing building is ideal for apartment conversion and the generous allotment of land surrounding the school provides an excellent opportunity for construction of the Annex building. Affordable housing use preserves the public mission and community-oriented use of the building and land. HACM will bring expert management and compliance to ensure the project's on going success. The passion of the Calkins Redevelopment LLC development shows in its attention to detail in preserving and enhancing the property's function as a civic building – by including public-created art, revitalized outdoor public space and attention to design details.

Currently, the Cortez community is in short supply of affordable rental options. This project's creation of new affordable rental units, coupled with the preservation and reuse of the school, garners significant community support from local government, the local economic development community, the community's movers-and-shakers, and other Cortez residents.

It is critical that this project receive a 9% LIHTC award in 2016. The current funders have indicated that funds invested in preliminary rehabilitation will need to be returned by the school district if the building is not put to active use and further rehabilitation. Having to repay these already-spent funds will place a significant financial burden on this small, rural school district. The timing is also critical to ensure that the building incurs no other significant damage.

Strengths:

- **Increases Cortez's affordable housing options:** The 49 units in the project will be the first newly-built affordable apartments in the Cortez community since 2011. A greater number of units ensures that community members, including seniors, families, and other households, have greater housing choices to suit their needs and lifestyles. This is the only LIHTC project in the pipeline in a rental market with 0% vacancy with significant waitlists for all other LIHTC development. Capture rates at all income levels are well within CHFA guidelines and the market study indicates tremendous demand.
- **Significant community support:** The Calkins building is a beloved community icon and its preservation and adaptive reuse is a high priority, as evidenced by the significant number of support letters provided with this application.

- **Superior project:** The market study assesses the project to receive highest marks in most features (location, in-unit features, amenities, rental levels) enabling the project to compete very effectively and be highly marketable in comparison with other housing options in Cortez.

Weaknesses:

- **Unit size:** The market study indicates the project has slightly smaller unit sizes than other rental properties in the area. However, the market study goes on to say that the smaller unit size will in no way impact the overall demand for these units.
- **Proximity to Major Arteries:** Because Cortez is not on one of the direct interstates there is an additional cost to construction.

Construction Type and Energy Efficiency:

The Calkins rehabilitation project will include 13 one- and two-bedroom units located within the historic Calkins School building. Nearly all existing internal features, with the exclusion of elevator shaft, stairwells, hardwood floors, and load-bearing internal walls, will be rebuilt and reconfigured for the conversion to residential use. Therefore, the rehabilitation of the Calkins building should be considered as an adaptive reuse and most comparable to a new construction project. According to historic preservation guidelines, first priority is given to retaining the historical nature of the exterior features (e.g. upgrades to the historic brick masonry, replacement of historic windows, fire escapes, the roof, and upgrading entrances to be ADA accessible). Historical preservation priority is then given to interior common areas, with special attention paid to the original staircases and banisters, and finally to unit interiors. Other historic preservation priorities include refurbishment of the radiators, hardwood floors and plaster ceilings and walls. Rehabilitation will also include upgrades to electrical and plumbing, HVAC, entrances, fire systems, and accessibility features including an elevator. The Calkins garden level will be converted into management and maintenance offices and exercise and community rooms available to all residents in both buildings. The school district has already provided significant rehabilitation investment in the Calkins building, including environmental remediation and other work, all without increasing the purchase price to the project.

The New Construction project is a 36-unit, 34,000 square foot multifamily building, referred to as the Annex. It will be constructed to the west of the historic school building on vacant land. The Annex will be two-story wood construction with a design that integrates into the site and neighborhood.

Both buildings will exceed Enterprise Green Communities standards for energy efficiency.

Overall, the site will be upgraded into a modern housing complex in the heart of town, with mature trees and upgraded landscaping and pathways. Thoughtful design features will link the two buildings into a single, two-building project. Outdoor spaces and public interior spaces will include public art and will tie into the history of the site.

Amenities and Services:

Units within the Calkins building will benefit from the large historic windows and high ceilings, making these units light-filled and spacious. The Annex building will be situated amongst the large existing trees and will have views to the mountains and the open landscaped site. Units will include desirable features such as air conditioning and ample in-unit storage (walk-in closets, pantries, coat closets). Community space will be located in the garden level of the Calkins building and will provide features for the residents to use, including an exercise room and a multi-use room where The Piñon Project and Education Unlimited, HACM’s resident services partners, will be able to offer a variety of education services on-site for interested residents. HACM is also partnering with the Montezuma County Historical Society to create a dedicated historic museum space in the garden level. The room will also be available for other resident activities. The garden level will include one of several community laundry facilities. The Annex building will also include community laundry facilities. The site will have a children’s playground and butterfly gardens planted with native and xeric plants.

Population Served:

Five of the 13 units in the school building will be available to households with incomes at or below 30-60% AMI. The remaining eight units will be available at market rate and will not require income verification, although they will be offered at rents that are close to the 60% AMI affordability level. All 36 units will be available to households earning 30-60% AMI or below and there will be one- and two-bedroom units available. Forty-one of 49 units will be affordable, with 11 of 41 units available at 30-40% AMI, 23 units available at 50% AMI, and the remaining seven units at 60% AMI. There will be 24 one-bedroom and 25 two-bedroom units within both buildings. All units will be available to any type of household and will be marketed to underserved populations. It is expected that the unit types and location will make this project attractive to smaller households and senior households.

Location:

The Calkins Center is located in downtown Cortez, Colorado. The City of Cortez is located in the southwest corner of Colorado, about 45 miles from the Four Corners, about 55 miles from Durango, only a few miles away from Mesa Verde National Park and Hovenweep National Monument, and a short drive from two major Native American tribal reservations.

About 8,500 people live in Cortez, and local industry includes oil and gas, National Forest Service, National Park Service, the local casino, and municipal government for both the City as well as for Montezuma County. Osprey outdoor equipment company headquarters and manufacturing is also located in the area. The City of Cortez is located within a Colorado Enterprise Zone and a Qualified Census Tract.

Cortez has developed a thriving downtown district that includes a significant number of historic houses and commercial buildings. The downtown includes a farmer's market, two grocery stores, a hardware store, post office, movie theater, medical and dental offices, banks, recreation center and park, public library, multiple restaurants and cafes, and small boutiques and other retail business, all within walking distance of the Calkins Center. The project has received a walk score of 82, 71% better than the average score for LIHTC projects.

Potential senior residents will be very close to the Montezuma County Senior Center, also located downtown, which offers daily meals and other senior-oriented programming (please see materials attached to this narrative.) Residents are also within a mile of the Cortez City Park and recreation center, which offers a significant number of classes and program (please see materials attached to this narrative).

Children living at the Calkins Center will be within walking distance to elementary and middle schools as well as to the other family-oriented community amenities located nearby, including library, childcare and preschool. Other shopping, services, and schools are located only a short drive away. There is a Walmart Supercenter, Safeway, City Market, Walgreens and other local and national chain businesses located within 1½ miles from the site.

Financing:

The project will apply for both Historic Tax Credits (HTC) and Low Income Housing Tax Credits (LIHTC) beginning in June 2016 with an award expected to be announced in September 2016. HACM will participate as the general partner within the tax credit investment partnership. HACM will also be the long-term owner and property manager of the property, bringing its long housing experience to ensure the success of the project. The project is seeking funds from the State of Colorado to support both the affordable housing and infrastructure costs, both through a grant as well as through a CHIF loan for construction. Remaining capital funding will be provided by a conventional construction-to-permanent loan. Calkins Redevelopment LLC will also defer a portion of its developer fee payment as a source to the project.

- 1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:**

- **To support rental housing projects serving the lowest income tenants for the longest period of time:** This project includes apartments at a variety of affordability levels including 30%-60% AMI and unrestricted market rate. All affordable units will be covenanted for the maximum of 40 years.
- **To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria:** The project is located in a QCT and is called out by name as an economic development priority in the Region 9 Economic Development District of Colorado's Comprehensive Economic Development Strategy.
- **To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas:** The project's location in the rural city of Cortez ensures that a credit allocation will be invested in a region of Colorado that sees far less LIHTC development than other parts of the state. Montezuma County's last LIHTC project placed in service in 2011 and before that in 2000.
- **To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit:** The partnership between HACM as the local housing authority with significant LIHTC and other affordable housing experience, and Calkins Redevelopment LLC, owned by two experienced and passionate commercial developers, creates a unique and capable development team to receive a LIHTC award.
- **To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing:** The project will be unrestricted by population, allowing it to serve the needs of a diverse group of residents, from individuals to families to seniors.
- **To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail:** The project's location is highly walkable and located within immediate walking distance of downtown Cortez, allowing residents to walk or bicycle to retail, restaurants, the post office, the library, the rec center, municipal offices, the Montezuma County senior center, and schools. Additionally, senior residents will have access to the MoCo call-and-ride senior bus, which provides low-cost transportation to anyplace that residents need to go, including to the nearby communities of Mancos, Dolores, Dove Creek and Durango.

- **To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing:** This project offers the opportunity to bring LIHTC investment to a high-priority, critical needs rehabilitation project. The rehabilitation of the historic school and new construction of units on the ground expands the overall supply of affordable housing in the community along with this critical rehabilitation.
- **To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period:** The project's credit ask has been carefully evaluated based on the costs to develop in a remote rural county, the affordability of rents appropriate for the area, and the availability of local and state funding. Although there are additional costs specifically associated with historic rehabilitation, a significant amount of these costs will be funded with the proceeds from Historic Tax Credits, ensuring that only the necessary amount of LIHTC are attributed to the project.
- **To reserve credits for as many rental housing projects as possible while considering these Guiding Principles and the Criteria for Approval:** Similarly to the response above, an appropriately-sized LIHTC request enables CHFA to maximize the number of projects that receive a LIHTC award.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

- **Projects in Counties with Populations of Less Than 175,000:** According to US Census data, Montezuma County has a population of 25,535 people.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

- Market conditions:** According to the current market study, market conditions are extremely favorable for this project. There is currently a 0% vacancy and significant waitlists for all existing LIHTC projects in the area and the capture rates for all income levels are well within CHFA guidelines. Absorption of this project is anticipated to be completed within three months.
- Readiness-to-proceed:** The sponsor anticipates a financial close by February 2017. A Conditional Use Review, the only outstanding part of the entitlement process, will be approved by July 2016. Upon an award of 9% LIHTC, the project will be able to immediately

move forward with final selection of financial partners in anticipation of a February 2017 closing.

- c. **Overall financial feasibility and viability:** The project is able to be fully funded using a combination of permanent debt, LIHTC and HTC equity, grant dollars, and deferred developer fee. The capital costs have been confirmed by an experienced General Contractor. The amount of permanent debt is appropriate to sustain long-term operational viability.
- d. **Experience and track record of the development and management team:** HACM has developed, managed and maintained a portfolio of LIHTC, HUD-subsidized, and USDA housing within the Cortez, Mancos, and Dolores communities. Their mission, capacity, and experience make them ideal sponsors for new affordable housing development in Cortez. Calkins Redevelopment LLC, their fee developer, has many years of commercial real estate experience and have retained consultants and development team members to assist with the specifics of the LIHTC program. Please see the attached set of resumes for more information.
- e. **Cost reasonableness:** The scope of construction and adaptive reuse have been evaluated and given preliminary pricing by a general contractor who is familiar with the southwest Colorado construction market, having recently completed construction on recent projects in Cortez. The cost to construct in Cortez is higher than in other communities due to its location more than 100 miles away from any major interstate highway. The cost to provide historic rehabilitation is being supported by equity from Historic Tax Credits.
- f. **Proximity to existing tax credit developments:** There are no other LIHTC development projects currently being constructed in Cortez and existing LIHTC properties within the community experience 0% vacancy. Capture and absorption rates evidenced within the market study demonstrates the high demand for these units and indicates it will have no problem leasing up and maintaining high occupancy.
- g. **Site suitability:** This site is ideal for residential apartment living. Located in downtown Cortez, residents will enjoy a high quality of life in proximity to community amenities and services. The site is highly visible and has no environmental issues.

4. Provide the following information as applicable:

- a. **Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):** The initial debt coverage ratio is anticipated to be at just over 1.3.

This initial coverage ratio is essential to ensuring adequate debt coverage for the entire 15-year compliance period.

- b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:** The project qualifies for the 30% basis boost due to its location within a Qualified Census Tract. The Region 9 Economic Development District of Colorado's Comprehensive Economic Development Strategy has explicitly identified the revitalization of the Calkins building as a priority project.
- 5. Address any issues raised by the market analyst in the market study submitted with your application:** The market study describes the Calkins Center to have smaller than average unit sizes but goes on to say that this fact will in no way diminish the project's marketability.
- 6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:** No issues have been identified.
- 7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):** The local community is very supportive of the Calkins Project because it satisfies several community goals, including preservation of the Calkins school and the creation of 41 units of affordable rental housing, including deeply affordable units offered at the 30-40% AMI range. Please see the large number of support letters garnered from the community attached to this narrative. In addition, the project is receiving support from the Montezuma-Cortez School District RE-1, who is offering the property for sale at a low price, even though it has invested significant funding into environmental remediation of the Calkins building.
- 8. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans:** As described above, the conversion of the Calkins building into residential units will closely resemble new construction. Vacant since 2010, many of the building's interior walls have been demolished or damaged and many windows, both broken and whole, have been boarded over. Recent capital expenditures, begun by the school district when the Calkins building was slated for use as administrative offices, include construction of an elevator shaft, upgraded electrical wiring, and abatement of asbestos. Funding for these improvements was received from DOLA and the State Historical Fund. As the building has sat vacant, the amount of cost to preserve

and put the building back into use have accelerated, and are estimated to now be more than double what they were in 2006. Recently, roof leaks have damaged floors and walls and vandals have damaged outside masonry and interior walls. It is imperative that renovation begins before further damage is incurred. Note that the project is not seeking acquisition credits.

9% lihtc application narrative



Project Name: The Apartments at Cinnamon Park

Project Address: 1333 Cinnamon Street, Longmont, CO 80501

Project Summary:

Senior Housing Options (SHO) is pleased to present this application for 9% low income housing tax credits for the construction of The Apartments at Cinnamon Park, a 24 unit senior living facility located in northern Longmont, Colorado (the "Project"). The proposed development is situated on a vacant lot adjacent to SHO's existing 48-unit assisted living property known as "Cinnamon Park"

<http://seniorhousingoptions.org/properties/cinnamon-park/>. SHO has operated Cinnamon Park since acquiring it and the vacant lot in 1992. Approximately 75% of Cinnamon Park's assisted living residents are on Medicaid.



The overall goal for the proposed 24 new affordable senior rental units is to help alleviate the need for low and very low income housing in Boulder County, while the Project's specific vision is aimed at a distinct market niche -- senior apartment living for low income elders 62 and older who want to age independently in-place within a supportive environment. All units will be ADA accessible and have safety and security features connected to the adjacent assisted living property for 24-hour emergency support. The Project will have a resident service coordinator and part-time activities coordinator, be served by the SHO operated transportation bus at no cost, and offer residents the option to purchase meal plans, housekeeping, salon, and other non-medical services from SHO.



Project Strengths:

Market Need: In Longmont and its immediate vicinity, the Nielson Company indicates that there are 2,149 senior households with incomes of \$25,000 or less. Currently, there are only eight senior properties (two of which are not yet completed) that offer any kind of supportive services. Of these eight properties, only two offer units at a restricted rent level. In addition, census data from the City of Longmont reveals that there are more than 12,000 senior individuals who are living independently but with difficulty. It is clear that The Apartments at Cinnamon Park will fill a significantly needed gap in the housing market: rent-restricted senior housing that also offers a supportive service choices at a reasonable rates.

Provides Affordable and Predictable Rent Structure: Covenanted, affordable rents that are not subject to large upward changes help senior residents, many of who are on a fixed income, to budget effectively rent and other living expenses. This predictability allows senior residents to feel confident in arranging and paying for additional services as needed, ensuring essential care within an independent living setting. Predictable living costs also allow residents to invest in classes, hobbies, family, friends, and other important factors contributing to high life satisfaction.

Utilities Included in Rent: Utilities are included in the monthly rental payment, insulating residents from dramatic fluctuations in utility costs.

Unique Targeted Age: The expected resident age is more 75 to 85 as opposed to more active, independent senior communities targeted to 55 to 70 years. The provided transportation option will serve elders no longer capable or desirous of owning cars.

Diverse Residents: The Project will offer apartments to senior residents age 62+ at rents restricted to persons earning 30-50% AMI. There will be four units at 30% AMI, ten units at 40% AMI, and ten units at 50% AMI. In addition, this project will round out the Cinnamon Park campus, offering both apartment living units to compliment the assisted living units already available. (The current Cinnamon Park assisted living units are approximately 75% utilized by Medicaid eligible residents.)

Accessibility: All units will be Type A ADA accessible and served by a building elevator. Constructing units up front with full accessibility ensures that residents with mobility limits now or in the future will be able to function in and enjoy their apartments for as long as possible.

Amenities: SHO intends to provide a variety of service options for residents to select as needed or desired. A commercial kitchen and dining room will provide a full nutritious meal program (at cost). A comprehensive safety and security system for emergencies connected to the Cinnamon Park on-site staff 24 hours a day is included. An onsite beauty salon and exercise room will be located on site. SHO will lease the commercial kitchen facility from the Project. The goal of Project is to create a community that focuses on security and inclusiveness. SHO believes that self-directed personal choices will enhance independence while Project residents' age gracefully in their own homes.

Construction Type:

The Project will be new construction, rectangular shaped, two-story, 24-unit, income-restricted senior apartment property. The building will include 20 studios (470 sq. ft.) and four 1-BR units (640 sq. ft.) 23,800 square-feet in total, with residential units totaling 12,000 square-feet; the common areas totaling 3,800 square-feet; circulation and mechanical totaling 8,000 square-feet. The Project will be fully accessible to all residents and guests. Special attention to ADA compliance will enhance the project for the future needs of residents aging in-place. The main entrance will be located in the center of the building. It will have a reception area with an administrative office that will be staffed during regular business hours. The after-hours secure entry system will have automatic exterior doors that open to the vestibule. A proximity reader will activate the vestibule doors. Residents will be able to admit guests remotely from their apartments with controlled access. There are additional exterior doors on the first floor at either end of the building that will be locked at all times. Residents will have an access card for entrance through these doors at any time. The first floor lobby will have comfortable seating, a gas fireplace, conversation areas and benches near the entrance for those waiting for rides or the mail. The mailboxes are also near the lobby located behind a stand-alone wall for privacy. The second floor lobby will have more comfortable seating, a game table and chairs for residents and will be close to the large laundry room, beauty salon and exercise room.

Population Served:

As SHO evaluated the current best use of the vacant parcel, it was evident that due to the small lot size, smaller apartment units would create an opportunity to serve older adults who might need and could benefit from the ancillary services already available in the community. This vision is consistent with current trends of affordable housing for older adults that allow residents to age in-place with services brought into the home. The economics of building more low-income assisted living units on this scale were not feasible; moreover, the lack of adequate Medicaid reimbursement rate increases for assisted living services under Colorado's current budget environment make such impossible. It should be noted, though, that the tenants may still be eligible to receive Medicaid Home and Community Based Services in their apartments. SHO believes the Project will allow residents to age in place with a sense of community and security and provide access to much needed services to live independently as long as possible.



The Project will offer apartments to senior residents age 62+ and at rents affordable to those earning 30-50% AMI. There will be four units at 30% AMI, ten units at 40% AMI, and ten units at 50% AMI. In addition, this Project allow SHO to provide community food service (at cost) to Project residents, the adjacent Cinnamon Park assisted living residents, and other seniors from the surrounding low income community.

The market need for supportive senior housing in Longmont is well documented, according to data provided by the Highland Group. In Longmont and its immediate vicinity, the Nielson Company indicates that there are 2,149 senior households with incomes of \$25,000 or less. Currently, there are only eight senior properties (two of which are not yet completed) that offer any kind of supportive services. Of these eight properties, only two offer units at a restricted rent level. In addition, census data from the City of Longmont reveals that there are more than 12,000 senior individuals who are living independently but with difficulty. It is clear that The Apartments at Cinnamon Park will help fill a significantly needed gap in the housing market: rent-restricted senior housing that also offers a continuum of service choices at a reasonable rates.

Location: The Project is located at the intersection of Cinnamon Street and Townley Circle in north-central Longmont less than one mile from the City's center. Longmont, with a population of approximately 90,000, is located in Boulder county 15 miles from the City of Boulder and 37 miles northwest of Denver. Within one mile of the Project site is located Centennial Square Shopping Center, NextCare Urgent Care Center, Walgreens, churches, a salon, a barber shop and Dominos Pizza.

Services: As noted above, the Project will have an on-staff resident service coordinator to support tenants with arranging outside health and other in-home service requirements. A part-time activities coordinator is also provided in the operating expense budget. Transportation for weekly grocery and outings will be provided by SHO free of charge; trips for healthcare appointments are at cost. Food, housekeeping, salon, and other non-medical services will be provided (at cost recovery rates) by SHO in conjunction with its adjacent assisted living staffing.

Energy Efficiency: Energy saving features to be utilized include Energy Star lighting, water conserving plumbing fixtures, utilization of day lighting features, and efficient HVAC systems. All of these features will bring cost savings to the Project.

Type of Financing and Subsidies: The Project will be financed using a combination of 9% LIHTC equity, a small permanent conventional loan, and a combination of local, State, and owner-provided funding. SHO has owned the vacant parcel since 1992. The substantial equity provided by the 9% LIHTC and the secured site control significantly reduces both project costs and the need for long-term debt, enabling the Project to serve residents with much lower incomes. Under the competitive requirements for 9% LIHTC, the Project will commit to maintain its affordability for a minimum of 40 years. Senior Housing Options' mission is to provide affordable elder housing options indefinitely.

- The Project has been preliminarily awarded a \$220,000 grant and \$150,000 low-interest loan from the City of Longmont for providing low-income affordable housing.
- The Project anticipates requesting \$240,000 from the Colorado Division of Housing (CDOH) and has received a supportive letter for such. The amount and source of CDOH funds awarded will be influenced by the amount and type of funds awarded by the Division. The project will apply for CDOH funding in August 2016.
- SHO has been encouraged in discussions CHFA that its self-limited, and smaller sized annual credit request for a property offering both included and optional services along with its the non-profit/mission-driven sponsorship would allow this Project to compete strongly for a 9% allocation. Wells Fargo, SHO's long time banking partner has provide a letter of intent to invest equity at \$1.07 per \$1 of credit; such generate approximately \$5.6 million.

- A commercial construction-to-permanent loan paid down by tax credit equity to \$160,000 perm debt with debt service coverage that starts at 3.05x but deteriorates to 1.15x in year-15 under the 2% rent/3% expense growth assumption due to the small unit count, the 7% vacancy, and the larger operating costs which includes provided services.
- Due to the above described tight cash flow constraint, SHO has chosen to limit its developer fee to 12% (15% is allowed) with a 20% of such deferred. (The maximum that can be repaid over 10-years.)

In addition, the narrative should address the following:

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:
 - **To support rental housing projects serving the lowest income tenants for the longest period of time:** The Apartments at Cinnamon Park seeks to fulfill this CHFA guiding principal by providing 24 new units of affordable senior rental housing available to those earning 30-50% AMI households. All units will be permanently affordable.
 - **To support projects in a QCT, the development of which contributes to a concerted community revitalization plan:** As is documented in the Scoring Determination attachments, the Project is located in a QCT per the HUD maps for 2015/16. After July 1, 2016 the census tract still qualifies to be a QCT on the basis of area median income and while not in a designated community revitalization area, the City has demonstrated its strong commitment to the Project by awarding it both a \$220,000 grant and \$150,000 low interest rate loan.
 - **To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit:** SHO is a non-profit operating for 38-years in Colorado and has been a community partner in Longmont for 24-years; the Project will be SHO's first LIHTC project although it has developed and operated many new construction and acquisition/rehab both independent senior and assisted living projects throughout its history. SHO will manage the Project, has staff who have completed certified CHFA training, and will engage an experienced consultant for establishing the initial tenant files and systems for maintenance of such.

- **To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing:** The Project is strategically targeted toward low income elder residents 62 and older who want to age independently in-place within a safe and supportive environment utilizing services available in the community. The Project will provide both resident service coordinator, an activities leader, provide free transportation, and offer nutritious meals and other non-medical services at cost provided by Senior Housing Options.
- **To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail:** The proposed project is located within two blocks of the RTD's Ride Free Longmont on the 326 Westside Crosstown route.
- **To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period:** Given that the Project is technically in a QCT until July 1, 2016 and as such the 130% basis limit credit is \$597,102. SHO is requesting an annual credit amount of \$495,450, only 83% of such adjusted basis. After July 1, 2016 the subject census tract still qualifies as a QCT due to low area median income, but HUD is not designating it as QCT qualified due to the ratio of QCT tracts and population in Boulder County. The Adjusted basis without being treated as a QCT provides for an annual credit amount less than the requested amount, but only a 7% basis boost adjustment is required to reach the requested annual credit amount. The sponsor has self-limited its developer fee to help minimize the allocation request while maintaining appropriate financial security for construction and lease-up risk.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

- The Project is located in Boulder County which was impacted by the 2013 flood but chose to apply for 9% competitive credits due to its size and niche-targeted population service. The Project will provide 24 new low-income units for seniors in the County.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

- **Market conditions:** While there has been several LIHTC awards in Longmont in the past several years, this highly targeted niche Project has strong capture rates

per the market study performed by the Highland Group and serves a population that has limited choices for .

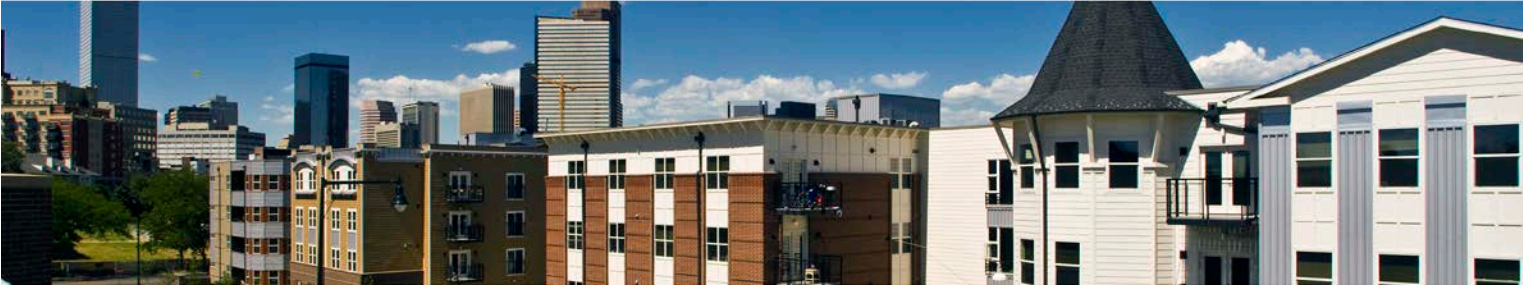
- **Readiness-to-proceed:** SHO owns the land, has applied for amendment to the PUD to allow construction which is expected by July 2016, has competitively selected its architect/engineering team and contractor. The Project will proceed immediately to construction drawings and specifications upon award of credits. Given the Project's small size construction start in early 2017 with units on-line in late 2017 or early 2018.
- **Overall financial feasibility and viability:** SHO is an established non-profit with adequate balance sheet to guaranty delivery of the Project. The underwriting has been conservative with low perm-debt. The reputation of Cinnamon Park and SHO in the Longmont community will aid in promptly filling the units.
- **Experience and track record of the development and management team:** SHO's track record of strong management with excellent community support is documented in attached letters of support. CHFA and SHO have been a long-time partners including SHO taking over a distressed property in Cortez CO for CHFA.
- **Cost reasonableness:** SHO's contribution of the land and self-limited developer fee is further supported by a very competitive construction cost estimate provided by BC Builders. Yet the design approach, based on SHO's long-time property ownership and management experience is for long-term durability.
- **Proximity to existing tax credit developments:** The Project is located proximate to the Kimbark Apartments 48 family units awarded competitive credits in 1994 and non-competitive ac/rehab credits in 2015 also a family project with all 50% rents. Mountain View Place, an 80-unit senior project was awarded non-competitive credits for ac/rehab all at 60% in 2005. Parkside Apartments, 50 family units were awarded non-competitive ac/rehab credits in 2005 all at 60%. Mountain Meadows a 27 family units new construction project was awarded non-competitive credits all at 60% in 1997.
- **Site suitability:** The site and parking lot was originally planned for follow on construction of another 24-unit assisted living building when the initial two 24-unit assisting living buildings for Cinnamon Park were constructed in the 1980s.

The City and surrounding neighbors have been highly supportive of SHO's plans for the Project. Relative to parking, there are currently 24 parking spaces in the center of the campus and six spaces in the alley behind the property. SHO intends to reserve 12 parking spaces for residents of the Project - given current utilization, there would probably be more availability. SHO studied the parking utilization over the last year and concluded that between 4 and 15 parking spaces are typically used by the existing 48 assisting living units at any given time. Such results have been shared with the City of Longmont. There is no zoning requirement as to parking requirement by the City. (See Parking Studies attached.)

4. Provide the following information as applicable:
 - a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum): **The starting coverage ratio is in excess of 1.3x because under the 2%/3% growth rates for income and expense, respectively, the high operating expenses with added free services provided, and the very small number of units, such coverage rapidly deteriorates. The perm loan is sized to maintain 1.15x in year-15.**
 - b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis: **The site is currently in a QCT but will be basis limited after July 1, 2016 under the new HUD QCT determination (see above and attachment). A small basis boost (7%) is needed for the annual credit amount requested.**
5. Address any issues raised by the market analyst in the market study submitted with your application: **NO ISSUES RAISED.**
6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated: **NO RECOMMENDATIONS MADE.**
7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support): **SHO conducted a neighborhood meeting in Fall 2015 and received positive encouragement from the surrounding neighbors. The Cinnamon Park administrator has led the property for 24-years, she is a member of the Longmont Senior Center board and is a member of Longmont Rotary.**

8. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans and relocation plan (if applicable). Address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, nature disaster). **N/A**

9% lihtc application narrative



Project Name: Colfax Gardens

Project Address: The subject site is vacant land, located on the Northeast Corner of Xanadu St and 13th place in Aurora, CO (APN# 1973-01-1-08-007 in Arapahoe County). Per the Arapahoe County Assessor's office, the address is 1348 Xanadu Street. However, the City of Aurora Addressor's office has recommended either 1314 or 1324 Xanadu Street and will be assigning the final site address upon project approval.

I. Why this project, why now, and why us?

Retirement Housing Foundation (RHF) understands the competitive nature of this process and the number of other qualified applicants. That being said, RHF believes that its proposed Colfax Gardens project compares superiorly amongst others and addresses an immediate need in an area of Aurora that is experiencing a significant positive gentrification. Furthermore, RHF has the experience, financial strength and resources to build an excellent senior affordable housing project on time and on budget.

As evidenced by the Highland Group market study, Colfax Gardens ranks above comparable properties, both inside and outside the market area, in terms of unit sizes, quality, amenities, and location. RHF has spared no expense in the budget to make sure the project is developed as an Enterprise Green Community, rich in amenities and project activities, that meets RHF's high standards of excellence. Furthermore, RHF is contributing \$650,000 of its own money and deferring \$146,322 of its developer fee over 12 years, and reducing its eligible basis to 70% in order to maintain this high level of quality, which sets us apart from other developers and projects.

The area immediately surrounding the subject site encompasses the Fitzsimons Boundary Area II, a newly adopted Tax Increment Financing area and the expansion of the Anschutz Medical Campus. New development planned within this area include new homes, retail and a \$90 million, 245-room, Hyatt full service hotel with a 30,000 square-foot conference center. Colfax Gardens will be an excellent addition to the future new development in the area, all working to reverse neighborhood blight. As part of this redevelopment, the new \$1.67 billion Veteran's Affairs Medical Center is currently under construction to the north of the subject site, just across Colfax Avenue, and therefore Colfax Gardens provides the opportunity to house a senior Veteran population desperately in need of affordable housing. To that end, Colfax Gardens understands

the particular demands of a senior veteran population and is attempting to sign an agreement with a Veteran Care Service Provider in order to offer onsite services to meet the specific needs of these Veterans.

The City of Aurora significantly leads the supply for senior affordable housing to meet its growing need. In the City of Aurora, there are only 49 30-60% AMI units that currently exist and no other units are expected to come online other than Colfax Gardens. This lack of supply is contrasted by the 662 income and age qualified households within the market area. This number is further increased when you account for the number of individuals who live outside the proposed market area that will be interested in this development. In addition, there are currently no 30% AMI units in the market area. Colfax Gardens will provide 20% of its units at 30% AMI with the hope of helping Veterans and other very low income seniors. Colfax Gardens will double the number of tax-credit affordable senior units in the market area and will provide much needed 30% AMI units.

II. Project Summary

a. General Project Description:

Colfax Gardens is a proposed 50-unit affordable senior housing community designed for individuals 62 years and older with a focus on the residents' health and wellness. The project will be 100% rent and age restricted to persons whose incomes do not exceed 30%, 50% and 60% AMI levels for Arapahoe County. Proper forward planning as well as close collaboration with our highly experienced market consultant, The Highland Group, led to a sustainable Enterprise Green Community (EGC) offering superb amenities and program activities while providing a tremendous value to the residents. In addition, the close proximity of the Fitzsimmons Urban Renewal Area, a locally designated redevelopment area, offers residents many shopping, dining and recreational choices as well as health and medical services.

b. Common Area Amenities:

Colfax Gardens will offer the following common area amenities:

- Community Room with flat screen TV and sink, dishwasher and microwave for social gatherings, educational activities, potlucks and games.
- Internet Café with common-use computers available to all residents as well as WiFi throughout the common areas for individual, private point-of-access.
- Large Outdoor Garden Patio with barbeques, raised planter boxes for gardening projects and a large garden trellis as the central landmark.
- Fitness Room complete with exercise bikes, treadmills, resistance machines and other fitness equipment such as medicine balls.
- Walking Trail which circumvents the site and incorporates activity nodes such as fitness stations and other exercise opportunities
- Multi-Purpose Room with arts and crafts area, sink and large storage closet to expand or reduce sitting and card/utility tables as needed.

- Yoga Studio with floor to ceiling mirrors, hand rails and laminate flooring.
- Library with periodicals, magazines and other subscription material as well as an assortment of traditional books.
- Social Services Office for a full-time coordinator who will provide residents with services and materials to help them live independent and dignified lives as they age in place.
- ViewRoom on the top floor accessible to all residents.
- Secured Building including surveillance cameras and controlled key-access entry.
- Two Elevators with back-up generator in case of power failure.
- Owner paid hot & cold water, sewer and trash services. Residents will receive a monthly utility allowance towards electricity.
- Daily Resident Activities and Services coordinated by RHF personnel, including fitness and yoga classes, dance sessions, pot-lucks, arts and crafts classes and health and wellness seminars. One such activity includes assigning a pedometer to each resident to calculate walking distances and rewarding residents for improvement, consistency and participation.

c. Unit Amenities:

The individual units at Colfax Gardens are feature rich and include:

- Vertical Terminal AC (VTAC) units which is a ducted heating/cooling system typically found in higher end hotels and apartments.
- Window covers and blinds
- Coat & walk-in closets (in almost all units)
- Energy-star ceiling and bathroom fans
- Energy-star refrigerators and dishwashers
- Patios and/or balconies
- Stove/oven
- Garbage Disposal
- Built-in microwave/vent hood combination
- Energy-star washers and dryers
- Emergency pull cords in each bedroom and bathroom

III. Project Highlights

a. Strong Demand:

Colfax Gardens will serve a large senior population looking for affordable, quality housing with rents at 30%, 50% and 60% of Area Median Incomes (AMI) for Arapahoe County. According to the market study, prepared by the Highland Group (and attached as part of this application), demand for Colfax Gardens is strong, with an overall capture rate of 13.7% of the age and income qualified households in this AMI range for the designated market area. Moreover, the relatively large units, the individual

balconies/patios, and the high quality amenity package provide Colfax Gardens with a marketing advantage over comparable properties. (As is typical of RHF projects, affordability was maximized to the extent possible without compromising the amenities and health & wellness programs slated for this community.)

b. Readiness to Proceed:

Colfax Gardens is now fully entitled, including the approved rezoning to a Transit Oriented Development (TOD) overlay. Furthermore, our construction drawings have addressed all planning concerns and requirements by the City of Aurora.

The entire development and consultant team were selected from local (Denver MSA) areas and have been working on this project for the last two years.

In line with RHF's commitment to sustainable and responsible planning & development (as well as being a good neighbor), we conducted a neighborhood outreach to better understand the culture of the surrounding area in order to put forth a thoughtful project that will blend well within the existing fabric of the community. Through those efforts, we reduced the size of the project from 64 to 50 units (although the site can be developed "by-right" for up to 70 units per the City of Aurora Planning/Zoning Code).

In addition, RHF has obtained financing commitments for both the equity and debt and has secured soft financing.

c. Proximity to Transportation Infrastructure:

There are two main bus routes serving this area, with bus stops within ½ mile of the site. One bus line is on Potomac Street (serving North/South) and the other is on Colfax Avenue (serving East/West). Furthermore, the new I-225 light rail line is currently under construction and will be online and operational in 2016 (prior to lease up of Colfax Gardens), with the Colfax Station located less than ½ mile from the site. A map of the new rail line is shown below. Finally, the site is within walking distance to coffee shops, casual dining and the Anschutz Medical Campus.



d. Area Redevelopment:

The proposed project is within close proximity of the Fitzsimons Boundary Area II, a newly adopted Tax Increment Financing area located south of Colfax, which is an extension of the Fitzsimons Life Science District on the Anschutz Medical Campus. New development planned within this area include new homes, retail and a \$90 million, 245-room, Hyatt full service hotel with a 30,000 square-foot conference center. Colfax Gardens will be an excellent addition to the future new development in the area, all working to reverse neighborhood blight. Directly to the North of the subject site is an existing low-income housing community in poor condition. Colfax Gardens will serve as a pleasant buffer between this aging project and the single family homes to the South, a benefit that was well received by the various neighborhood groups.

e. Local Support:

The project has documented support from both the Mayor’s office (Honorable Steve Hogan) as well as the district/ward supervisor (Ms. Sally Mounier—see attached support

letters). Further, RHF has met with and received verbal support from the surrounding home-owners groups and the nearby St. Pius Church.

f. Local subsidies:

Due to the overwhelming need for affordable housing for the elderly, the City of Aurora has agreed to waive certain taxes and zoning fees related to this project. The site is within a Qualified Census Tract (Census Tract 73.01 in Arapahoe County) and therefore qualifies for a 30% basis boost.

g. Cost reasonableness:

The general contractor, Pinkard Construction, has been retained through a pre-construction agreement to be part of the design team. As a result, they have worked closely with the architect since the beginning, providing valuable feedback regarding project systems, efficiencies, and construction means and methods. RHF has worked with this same design team (Pinkard Construction and The Abo Group) previously on our Harvest Pointe project (HUD 202 building) in Loveland, CO, and we are confident in their ability to accurately estimate, construct and deliver this project based on their preliminary budget and recommendations.

h. Proximity to existing tax credit developments:

There is one other tax-credit senior apartment property in the market area, located approximately 2.5 miles from the site, named Pinewood Lodge. That property is a 103-unit 9% tax credit project constructed in 2004 and is completely leased with an existing waitlist. Of the total unit count, only 46 units were identified in the demand calculation, of which are the total of their 50% and 60% AMI units and are relevant to our proposed AMI mix. The other 57 units are 40% AMI units and not within the range of our proposed AMI mix.

i. Site suitability:

Both RHF and the Highland Group feel that the subject site is in an excellent location for affordable seniors housing. The site has not previously been developed, and according to the environmental Phase 1 report, it has no environmental issues of concern. It is flat to gently sloping and has access to all necessary infrastructure and utilities. The site is not in a flood plain and is surrounded by single family homes, apartments and a Catholic Church. It is within a few blocks of a coffee shop, casual dining, the Anschutz Medical Campus, bus stops and a future light-rail station. Denver's extensive paved multi-use paths, greenways and parks can be accessed via a trailhead 1/2 mile north of the site.

IV. Financing:

RHF has secured commitment letters from Wells Fargo for the debt and the tax credit equity (at \$1.15 per credit). Furthermore, in order to build the very best community on the site, without compromising its unique amenities and features, RHF Foundation Inc. will make a loan to the project of \$650,000, secured by a 40-year residual receipts note. Finally, as previously

mentioned, the project qualifies for a 30% boost due to the QCT overlay and it will realize fee and tax relief from the City of Aurora.

RHF prides itself on developing quality and financially sound projects and Colfax Gardens will be no exception. The architect, The Abo Group, has completed the schematic design and has started design development. The general contractor, Pinkard Construction, has performed detailed take-offs of the drawings and obtained a competitive construction budget. The financial sources and uses are shown below.

SOURCES	
First Mortgage	\$ 1,900,000
Limited Partner Equity	\$ 11,884,133
GP Equity	\$ 1,188
Commercial Space	\$ -
Fee Waiver	\$ -
Angelus Trust - Gap Loan	\$ -
RHFFI Angeles Land Loan	\$ 650,000
Deferred Developer Fee	\$ 146,322
Total Sources	\$ 14,581,644
USES	
Acquisition	\$ 693,000
Construction and Construction Contingency	\$ 9,164,577
Architect	\$ 475,520
Construction Interest	\$ 294,761
Lender Costs	\$ 197,082
Impact Fees and Permits	\$ 861,298
Reserves	\$ 148,198
Third Party Consulting Fees	\$ 100,000
Other Costs	\$ 872,758
Developer Fee	\$ 1,774,449
Total Sources	\$ 14,581,644

V. Experience and Track Record:

Retirement Housing Foundation (RHF) is one of the nation’s largest non-profit developers and managers of housing and services for older adults, persons with disabilities and low-income families. Formed in 1961, RHF currently owns and operates 182 housing communities in 32 States, the District of Columbia, Puerto Rico and the U.S. Virgin Islands, serving more than 20,500 residents. While these communities are comprised mostly of apartments, RHF also owns and operates assisted living facilities and skilled nursing beds. We are a member of Leading Age, the International Association of Homes and Services for the Aging, LeadingAge State affiliates, the American Senior Association of the National Multi-Housing Council, the Low Income Housing Coalition, American Society on Aging, the Association of Housing Management Agents and the Stewards of Affordable Housing for the Future (SAHF). RHF's overall goals and policies are set by its Board of Directors and its President/CEO. Headquartered in Long Beach, CA, RHF employs over 2,800 people. All RHF communities are managed in-house through its two subsidiaries—RHF

Management, Inc. and Foundation Property Management, Inc. A resume of key Corporate Members is attached.

VI. Outreach efforts:

RHF has met with local neighbors, the St. Pius Church, local HOA's as well as representatives from the City of Aurora in an effort to design and build a sustainable community that will have the support of all stakeholders. At a presentation on June 18th, 2014, the public opinion towards the project was unanimously positive.

VII. Enterprise Green Communities and sustainability:

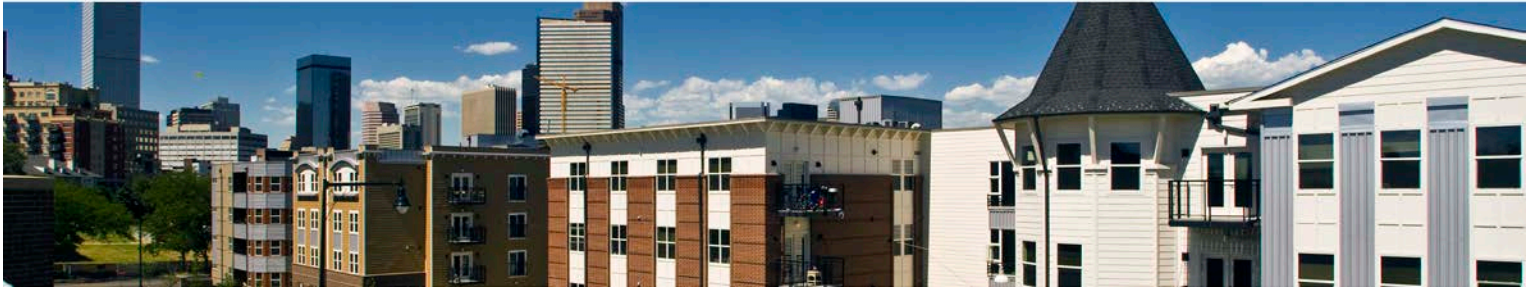
RHF has been working with Group 14, a sustainability/green consultant, to design the green elements of this building. Some of those elements include: efficient lighting and controls, efficient heating and cooling systems, well-insulated building exteriors, recycled and regional materials, high performance water fixtures and green streets/on-site water management. The project will incorporate native landscaping, efficient irrigation and improved stormwater management. Water conservation shall be achieved through the use of high efficiency water closets, low flow shower heads, low flow sinks and faucets, metal aerators and energy-star dishwashers and clothes washers. Further, this project is designed to allow residents to recycle materials by using a dedicated trash chute specifically for recyclable materials. Windows shall be low e-glass, roof insulation shall be R-38 batt and walls shall be R-19 batt (and up to R-21 in some areas). All clothes washers, dishwashers, microwaves and refrigerators shall be energy-star certified as will bathroom, ceiling and kitchen hood fans. Most lighting will be hard-wired pin-based fluorescent or LED fixtures with use occupancy sensors installed in the staircases and common corridors. This project shall comply with EGC criteria 5.1b Verification of Energy Performance through the CHFA and Enterprise approved alternative compliance path outlined by Xcel's Energy Design Assistance (EDA) program's Verification methodology. In addition, this project will implement "Healthy Interiors" and engage occupants to educate them about conservation and best practice techniques in our conservation efforts.

VIII. Surrounding Land Uses and Amenities:

The University of Colorado's Anschutz Medical Campus comprises the majority of the area to the north of Colfax Avenue. This newer campus houses the University Hospital and numerous physician offices, including University eye and dental teaching clinics. The new Veteran's Affairs Medical Center is currently under construction to the east of Anschutz. To the south of the site, the majority of the area is comprised of single family homes. Approximately one-half mile south and east, along N. Potomac Street, are the Aurora Medical Center, Spaulding Rehabilitation Hospital and Kindred Hospital Aurora. A newer retail center exists roughly two blocks to the north along Colfax Avenue, and contains a Caribou Coffee, Smash Burger, Chipotle, Spicy Pickle, Noodles, a FedEx store and dental office. Beyond this, and crossing I-225, are additional single

family neighborhoods, a mobile home community, and shopping, banks and restaurants along E. Colfax Avenue. Generally, the areas west of the site consist of older single family homes and the Fitzsimmons Urban Renewal Area, which will include future development including a new hotel and conference center adjacent to the newly-constructed Marriott Springhill Suites Hotel, Fitzsimmons Offices, 1st Bank, and retail spaces. Older retail and commercial space are interspersed along N. Peoria Street.

9% lihtc application narrative



Project Name: Collegiate Commons

Project Address: SEC Pine and Utah Streets
Buena Vista, CO 81211

The Narrative

Characteristics of Collegiate Commons & Why It Should Be Awarded Tax Credits

Collegiate Commons is an excellent candidate for funding based upon the severe and persistent shortage of affordable housing located in Buena Vista, and Chaffee County in general. The town, county, and employers feel that lack of affordable housing options is so great that the economy and growth in the area are being negatively affected by the shortage. At a meeting with the Town of Buena Vista, we were informed that there is such a housing shortage of temporary housing that residents are forced to sleep in tents and campers. This is evidenced by the fact that the current Town vacancy rate is well below 2%. Urban, Inc. was sought out specifically by the director of Chaffee County Economic Development Council (“CCEDC”) due to its history of successful development and management of affordable housing projects in Buena Vista and throughout Colorado. Urban, Inc. is very fortunate to be able to work with a Town whose leaders and employers display unwavering commitment to the support and success of their community, including monetary contributions, in order to alleviate the shortage of affordable housing. The Town of Buena Vista is donating half a million dollars in land that is one of their prime pieces of land in the center of town. Collegiate Commons will utilize several sources of funds to make this project feasible and alleviate the severe housing shortage in Buena Vista.

Project’s Strengths

- This project is the result of a tremendous need for affordable housing in Chaffee County as illustrated from the overwhelming support from the Town of Buena Vista, Chaffee County, Chaffee Housing Trust, Council of Governments, and CCEDC. All sources surveyed feel that this project will allow for community growth that has been suppressed by a severe shortage in affordable workforce housing which is hurting Chaffee County’s and Buena Vista’s ability to attract and retain employees.

- CCEDC is supporting the project by donating \$25,000 towards construction and the Town of Buena Vista is working with the Developer to reduce and waive various development fees, along with donating the ground, valued at \$500,000.
- Urban, Inc. is a strong developer and manager of affordable housing over the last 43 years and as a result was selected for this project by CCEDC, and worked with the City for the last two years to develop this project.
- The project will provide safe and affordable housing to the employees and residents of Buena Vista, Colorado.
- The vacancy rate of Buena Vista is less than 2%. Average monthly rental is \$824.00.
- Median earnings for Buena Vista is \$29,050. The average wages are under \$12.50 per hour.
- 24% of Buena Vista renters earn between \$25,000 and \$34,999 per year.
- 88% of Buena Vista and Chaffee employers think that housing is a problem. Collegiate Commons will allow the Town to have the local work force live where they work.
- 40% of residents of Buena Vista pay 35% or more of their income towards housing.
- The property is located in central Buena Vista within walking distance of shops, restaurants and transportation lines, and within 3-4 blocks of elementary, middle and high schools.
- The property rents are below the market rents for Buena Vista.
- Current primary overall capture rates are 6.0%.
- The PMA, which is gaining 56 renter households prior to opening the project, does not have any other project in the development pipeline. CHFA has not funded a tax credit project in Chaffee County for over 12 years.
- Completion of these units may cause the PMA's rental vacancy rate to increase from 1.7% to 3.6% over the next two years but remain well below the 5.0% vacancy rate.
- The prospect's in units features and project amenities will all be superior to the vast majority of surveyed market area apartments.

Project Weaknesses

- None

Description of the Project

Type of Construction

Collegiate Commons will consist of two, three-story wood frame, exterior access, walk-up garden style apartment buildings. It will utilize post tension slab foundations with three story wood framing (Type 5a code compliant) and 1hr fire separations between all units as required by code. Each unit will have a dedicated furnace and air conditioning unit and will be

separately metered for gas and electric. Each unit will have a living room, kitchen with adjacent dining space, bedrooms with ample closet space, and one or two bathrooms depending on unit selection. The square footage ranges from 639 to 736 for a one-bedroom unit, 817 to 941 for a two-bedroom unit, and 1105 for a three-bedroom unit.

Population Served

Collegiate Commons has been developed to meet the needs of individuals and families with incomes falling within the range of 30%-60% AMI. In Buena Vista, this income range encompasses a wide variety of wage earners including those in grocery and hospitality, public administration, healthcare and social workers, retail, construction, entertainment, food services, transportation, warehousing, and many other categories identified as low wage earners by the Buena Vista Town Administrator. Generally speaking, salaries for these positions range from minimum wage to eighteen dollars per hour. By targeting the 30%, 40% and 60% AMI levels, we are specifically filling an unmet need as there are no other properties serving these tenants.

Bedroom Mix

Collegiate Commons will consist of 48 units within two buildings. The units will be rented at the 30%, 40% and 60% AMI levels. The 60% AMI units will actually be rented at the 50% and 55% rent levels. Please see chart below.

	30%	40%	60%	Total
1 Bedroom	1	1	16	18
2 Bedroom	1	1	22	24
3 Bedroom	1	1	4	6
Total	3	3	42	48

Location

Collegiate Commons will be constructed on 3.1-acres of a highly desirable 4.16-acre lot located in central Buena Vista within Chaffee County. The proposed site is two blocks from the town’s main street, South Main (new, upscale housing and commercial district) and elementary school, and 0.4 walking miles to the town high school. The site is zoned for “B-1 OT” which specifically allows for multi-family construction. The site is within walking distance of virtually all services.

Amenities & Services

Collegiate Commons will feature modern facilities, in-unit washer and dryer, exercise room, business center, computer lab, basketball court, tot-lot, ample parking, attractive landscape

design, multiple unit variations, private patios/balconies, Energy-Star rated appliances, air conditioning/heating, and a host of other amenities to ensure a comfortable and attractive home. The property has also been designed to feature premium mountain views from nearly every unit.

The Upper Arkansas Workforce Development is a local organization in Chaffee County that offers training programs. Wendell Pryor is on the Board of Directors. Their services will be available to Collegiate Commons tenants, including the 30% AMI residents.

Energy Efficiencies

Collegiate Commons will be built to Enterprise Green standards which provide a framework for constructing energy efficient buildings. Some of these efficiencies include certification under ENERGY STAR New Homes, proper sizing of heating and cooling equipment, installing ENERGY STAR rated washers, dishwashers, and refrigerators, installing energy efficient interior and exterior lighting, and installing individual electric meters in all dwelling units to promote energy conservation.

Type of Financing & Subsidies

The project will be financed with a construction and permanent loan provided by Wells Fargo Bank. In addition, Wells Fargo Bank will be the tax credit investor for the project. Additional soft funds are anticipated from the Town of Buena Vista, the CCEDC and Colorado Department of Local Affairs - Division of Housing (“DOLA – Division of Housing”). Urban, Inc. will also defer a portion of its developer fee. Please see the chart below for the construction and permanent sources and terms.

Construction Sources

Construction Loan	\$7,740,000	3.68% UW Rate	24 Months	Wells Fargo
Tax Credit Equity	\$1,942,827	1.02		Wells Fargo
Waived Tap Fees	\$64,918			Town of Buena Vista
Donated Land	\$500,000			Town of Buena Vista
Donated Materials	\$25,000			CCEDC
DOLA - Division of Housing	\$240,000			DOLA - Division of Housing
Deferred Costs	\$1,264,490			Urban, Inc.
Total	\$11,777,235			

Permanent Sources

Permanent Loan	\$1,096,000	5.40% 1.30 dsc	18/30 Yr.	Wells Fargo
Tax Credit Equity	\$9,714,135	1.02		Wells Fargo
Waived Tap Fees	\$64,918			Town of Buena Vista
Donated Land	\$500,000			Town of Buena Vista
Donated Materials	\$25,000			CCEDC
DOLA - Division of Housing	\$240,000			DOLA - Division of Housing
DDF Note	\$137,182			Urban, Inc.
Total	\$11,777,235			

Additional Items the Narrative Should Address

1. Guiding Principles in Section 2 of the QAP – Project Meets and Why

Collegiate Commons supports and integrates CHFA’s Guiding Principles by implementing as many of the concepts for quality affordable housing as possible. The following details represent the developer’s commitment to successfully constructing and managing Collegiate Commons within the framework established by the Guiding Principles.

Collegiate Commons will offer units to individuals and families with incomes falling within the range of 30%-60% AMI. The community will maintain occupancy restrictions for the mandatory 15-year period as well as waiving rights to terminate the extended use period for an additional 20 years.

The development will be the sole affordable housing community located in Buena Vista, Colorado. Only two other affordable housing properties exist in the entire boundary of Chaffee County. The first is located in Salida and offers housing to low-income seniors. The second is located in Poncha Springs. Both properties are fully leased and utilize wait lists.

Urban, Inc., a for-profit company, has been heavily involved in the construction and management of affordable housing since 1974. Its extensive background in low income housing will help ensure the successful completion and operation of the Collegiate Commons development.

Housing credits awarded to the Collegiate Commons project will allow for the construction of a 48 unit 100% affordable housing option where none currently exists. Not only will residents benefit from the addition of affordable housing, but the developer also intends to use local labor, supplies, and businesses when possible generating an infusion of investment dollars into the local economy.

The town of Buena Vista does not currently offer bus, rail or light rail services. Two options exist for those in need of third party transportation. Chaffee County Shuttle and Neighbor to Neighbor Inc. offer public transportation Monday through Friday from 8:00 a.m. to 3:00 p.m. Chaffee County Shuttle offers door to door service at no charge. Additionally, nearly all town amenities are less than one mile away, with most being located under one-half mile from the proposed site.

Extensive research has been invested into the planning of the development to create a conservative, but viable construction and operations budget. Current modeling produces a strong assurance of successful project completion as well as financial stability throughout the term of the compliance period.

2. Identify which Housing Priority in Section 2 of the QAP – Project Qualifications

According to the 2014 United States Census Bureau, Chaffee County contains 18,363 residents. Estimated population for 2016 is 18,604 according to Nielsen Clarita, Ribbon Demographics. CHFA considers counties with fewer than 175,000 residents to be a housing priority due to the unique challenges of development for smaller communities.

3. Criteria for Approval in Section 2 of the QAP

a. Market Conditions

Of the PMA's 67 existing family LIHTC units, 61 are 40% and 50% AMI units. The subject's proposed 60% AMI units will fill a void and address the need for households who have incomes above the 50% AMI level, but do not have sufficient incomes to pay the prevailing market rents, which exceed the maximum 60% AMI limits. In addition, the subject will be one of the newest apartments in the market area which, combined with its rent restrictions and affordability, should be an attractive rental option for renters living in older, lower quality, below average housing. The county's largest employer, the Buena Vista Department of Corrections, employs new hires for a one-year probationary period at which time they need rental housing. Additionally, during this period, the guards are generally below or near the maximum income threshold for 60% AMI units. The subject's proposed 30% AMI rents are 58%-61% lower than surveyed Class B market rents and its 40% AMI rents are 41% to 45% lower. Its 60% AMI rents are 9% to 29% lower than surveyed Class B market rents. providing a rent advantage over market. None of the PMA's existing non-subsidized LIHTC projects have one-bedroom units. The subject, which will be comprised of 38% one-bedroom dwellings, can attract one-person renter households, who make up 46% of the PMA's renters. All of the other rental units in the PMA were constructed between 1900 and 2003.

b. Readiness-to-proceed:

Collegiate Commons is ready to proceed as soon as the credits are awarded as the property is zoned B-1 OT which allows for immediate construction of the subject property.

c. Overall Financial Feasibility and Viability

Collegiate Commons has been structured to meet the needs of Chaffee County's workforce affordable housing shortage. The AMI levels and unit mix were determined based on several meetings with CCEDC, the Town of Buena Vista, and local employers after they conducted several community studies. The project provides a range of incomes targeting the 30% and 60% AMI levels. The rent levels are well supported by the market and provide a discount compared to the other limited available product. Nonetheless, since there are limited affordable comparable projects, the proforma 60% rents have all been discounted to the 50% and 55% rent level.

The debt is sized based on debt service coverage at 1.30x dsc in order to maintain a 1.10x dsc throughout the 15-year period. This is a requirement of the lender and it provide cushion for changes in NOI. Based on the small size of the project and its rural nature, the 15-year cash flow is minimal. The Deferred Developer Fee is 11% given the limited cash flow in the project and the need to ensure it is paid off within the tax credit period. This cash flow is typical for a small rural project.

The project meets all of CHFA's underwriting criteria including a 7% vacancy. As per the market study, the current low-income vacancy is well below 2%. The operating expenses are conservatively estimated above CHFA's required minimum. Our development budget is very realistic and the construction numbers have already been vetted by more than one contractor. Per the lender's requirement, we are budgeting a six-month operating reserve, which is greater than CHFA's required four months. We have also conservatively budgeted construction interest expense for 20 months.

Overall, this is a very strong financial project that has been structured to ensure long-term viability.

d. Experience and Track Record of the Development and Management Team

Urban, Inc. is a development and management company owned by Colorado natives since 1974. Steve Shraiberg, Al Blum and Jim Murphy are the principals and have operated over \$300 million of residential and commercial properties, including the development and management of over 2,000 units of affordable housing throughout Colorado. The project sizes range from 20-400 units. Urban, Inc. is a very liquid company with very strong financial capability.

e. Cost Reasonableness

Collegiate Commons meets CHFA cost reasonable guidelines. The project eligible basis is \$1,358,232 below the Threshold Basis Limits. In addition, the project is not seeking the full

amount of tax credits that it qualifies for based on eligible basis, but rather is filling some of the gap with other soft funding options. The project is also assuming a 5% construction contingency (owner and contractor combined). While CHFA allows 10% Builder Profit and Overhead, our budget only includes 8%. In addition, the land is being donated.

The lender will also order an appraisal and a construction cost review as part of their underwriting of the transaction.

f. Proximity to Existing Tax Credit Developments

It is difficult to come up with strong comparables for Collegiate Commons since there are no family tax credit developments within 20 miles of the site. There are very limited multifamily units available, let alone affordable. It has been over 12 years since credits have been awarded in Chaffee County. Sunrise Manor (301 Alsina Street, Buena Vista) is 1 mile away. However, it is a 100% Section 8 low income housing for seniors over 62, so it will not be in competition with Collegiate Commons. Urban, Inc. knows Buena Vista well having built Sunrise Manor in 1985. Sunrise Manor was sold in 2001 after 16 years of successful operations. There are two other tax credit projects within Chaffee County. River Bend Apartments was built in 1997 and is 21.9 miles away in the Town of Salida. DeAnza Vista I & II was built in 2002 and is 22 miles away in the Town of Poncha Springs. All of these properties have waitlists. The combined waitlist is over 40 people with an approximate wait time of 2 years or more.

g. Site suitability:

This site is the premium apartment site in Buena Vista and all of Chaffee County. The site is zoned B-1-0 T, which allows this development of 48 units. The site is located two blocks from the elementary school, and three blocks from the middle school and high school, two blocks off of Main Street. City Market is .4 miles southwest of the property. The shopping corridor along East Main Street includes restaurants, coffee shops, salons, and other independent businesses.

The site is adjacent to two town streets, Pine Street and Carbonate Street. Water, sewer and electrical services are immediately adjacent to the property thus requiring virtually no offsite construction.

4. Applicable Additional Information

a. Justification for Waiver of Any Underwriting Criteria

Not Applicable. Collegiate Commons meets all of CHFA's underwriting criteria.

b. Justification of the Financial Need for CHFA's DDA Credit up to 130% of Qualified Basis

Not Applicable. Collegiate Commons does not require DDA Credit.

5. Issues Raised by the Market Analyst in the Market Study

The market study dated 5/25/16 does not raise any issues or weaknesses.

6. Issues Raised in the Environmental Report & Mitigation

There are no environmental issues raised per the Phase 1 study dated 5/17/2016.

7. Community Outreach & Local Support for the Project

Urban, Inc. was initially approached by CCEDC headed by Director Wendell Pryor to explore affordable housing, as there was a dire shortage of housing for its workforce. The CCEDC heard from employers that there was a lack of affordable housing. Over a third of the work force in Chaffee county are employed in retail, food service and accommodations, and arts and entertainment industries and were earning less than \$31,000 per year. The CCEDC is likewise motivated in that it is contributing \$25,000 of the earthwork to the project.

Urban, Inc. met with a large group of employers in Buena Vista who expressed a real need for affordable housing. Following those meetings Urban, Inc. met with the city Administrator for Buena Vista who expressed the same concern and visited several sites to determine their support. At a public meeting, Council voted to provide its full support to the development of the project. The town is donating the land currently appraised at \$500,000 to the project for the price of \$10. This demonstrates the deep rooted commitment of the community to see that affordable housing is provided with this project. The town is so motivated to move forward that is willing to work with Urban, Inc. on fees associated with the development, and to negotiate concessions where possible to ensure the viability of the project. It is anticipated that they will contribute \$64,918 in waived tap fees.

Please see attached Mayor Support Letter & Town Contribution, as well as the Town Support Letter from the Town Administrator dated May 24, 2016. CCEDC and various other entities have provided letters of support as well including Chaffee Housing Trust.

In the outreach conducted by Urban, Inc., we approached a number of employers to determine their support including the Dept. of Corrections, Monarch Ski Area, Heart of the Rockies Regional Medical Center, Mt. Princeton Resort, Eddyline Brewery and Pub, etc., who all indicated a dire need for affordable housing. Please see attached Employer Support Letters.

The US Congressman for the Fifth District has provided strong support for this project as well as the State Representative for Buena Vista. They recognize the great need for affordable housing in Chaffee County and Buena Vista. Please see their attached letters. In addition, The Upper

Arkansas Area Council of Governments has submitted a letter indicating their desire that this development proceed.

In addition, Wendell Pryor and Urban, Inc. met with the DOLA – Division of Housing. They indicated strong support for the project and is willing to support an application for funding to finance the project. (See the attached letter).

8. For acquisition/Rehab

Not Applicable

Additional Documentation

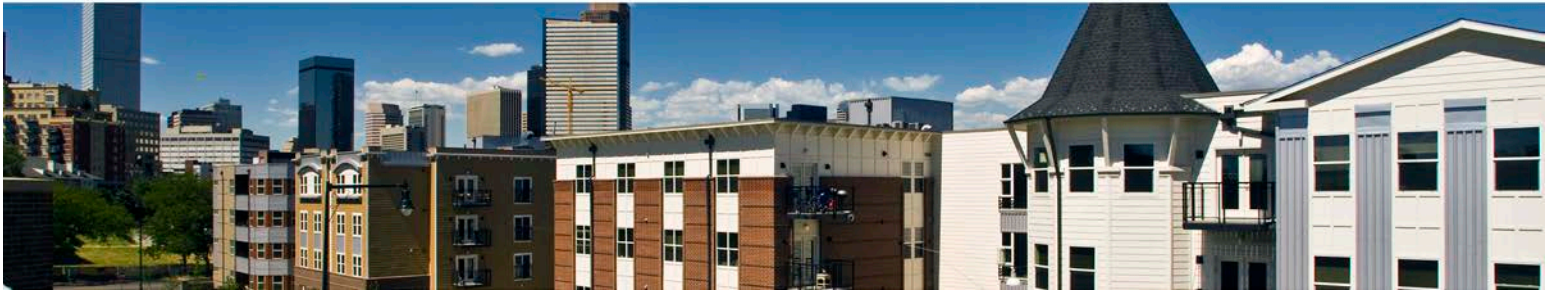
As part of our application we are including letters evidencing soft funding commitments, several letters of support and the results of an employer survey. These documents support the Community Outreach & Local Support for the Project, the project's Overall Financial Feasibility and Viability as well as the Housing Priority for the community.

Evidence of Soft Funding Contact.pdf

Letters of Support.pdf

Employer Survey.pdf

9% lihtc application narrative



Project Name: Cornell Senior Housing

Project Address: 12251-12253 E. Cornell Avenue, Aurora, CO 80014-3374

Narrative – Project Overview

Community Housing Development Association, Inc. (CHDA) proposes to construct 50 one- and two-bedroom service-supported, affordable rental units for seniors age 62+ on a 1.67 acre infill vacant site located within .3 miles of the Nine Mile Light Rail Station at I225 and Parker Road in Aurora. In March 2016, CHDA successfully rezoned the site to TOD-Transition, which supports both multifamily and senior housing. The project envisions a high quality sustainable building and site design that will create quality, affordable living opportunities and enhanced community value for neighboring properties. The property is part of the City of Aurora’s Nine Mile Station Area Plan which encompasses the Regatta Plaza Shopping Center adjacent to the south of the site. This blighted shopping center site is slated for redevelopment starting in 2016 as mixed use commercial and residential development.

The property will be owned/operated by CHDA, a highly reputable local nonprofit housing organization with more than 20-years’ successful comparable business history. Consistent with CHDA’s mission, 20% of the units will be set aside for residents with special needs, including mental illness, substance abuse disorder, or developmental disabilities. These residents will receive support services from CHDA’s three Partner Agencies - Developmental Pathways, AllHealth Network, and Arapahoe House. CHDA’s Community Navigator staff will provide additional support services and program coordination.

Project Strengths/Weaknesses

The project creates new affordable senior housing units that are financially viable on a recently rezoned, long-vacant infill TOD development site in a safe, stable neighborhood with convenient access to nearby transportation, shopping, health care, employment, and recreational opportunities. The creation of new affordable rental housing units is highly consistent with the City of Aurora 2015-2019 Consolidated Plan that prioritizes increasing the supply of affordable housing to meet the needs of low and moderate income residents – both family and senior.

Additionally, the May 2016 Market Study prepared by Prior and Associates identifies the following strengths, and indicates that the project has no apparent weaknesses.

- The surveyed senior and family LIHTC developments were 100% occupied and maintained extensive waitlists, indicating substantial pent-up demand for low-income rental housing.
- The subject is 0.3 miles from RTD’s existing Nine Mile Station, making the project a transit oriented development (TOD). It is also 1.3 miles from RTD’s planned Iliff Station, which will provide access to destinations throughout eastern Aurora and the Denver International Airport, enhancing the site’s accessibility significantly. Public transportation via bus is only 325 feet from the property.

- The site is within close proximity to abundant shopping and services, including an adjacent neighborhood shopping center.
- The Primary Market Area (PMA) is gaining 276 senior (62+) renter households per year and should gain 552 by the time the subject comes online.
- The subject's in-unit features, location and condition represent its greatest advantages, while it has no starkly deficient attributes relative to market area apartments.
- The subject's slightly larger than average unit sizes, relative to its primary competitors, will enhance its marketability and enable it to compete effectively over the long-term.
- The subject is the only age- and income-restricted project in the pipeline.
- The PMA does not have any existing age-restricted 30% AMI units. By providing this unit type, the subject will cater to an underserved market.
- The subject is 50 feet from Regatta Plaza, a shopping center that is undergoing substantial redevelopment. Construction will begin by the end of 2016 and will include a new King Soopers with a fueling station, shops, restaurants, an urban park, office building and residential dwellings. At build-out, the plaza will have a very positive impact on the subject.

PROJECT DESCRIPTION - TYPE OF CONSTRUCTION AND ENERGY EFFICIENCY

The improvements will be a free-standing, three-story elevator building with a brick and stucco exterior with hardi-board accents, varied façade and flat roof. There will be 35 one- and 15 two-bedroom units. Parking will be along the driveway, in a surface lot at the north end of the site and in a secured, enclosed parking garage directly north of the building. The project will have 46 surface and 19 parking garage spaces for a total of 65 spaces, or 1.3 per unit. The site will be heavily landscaped. An attractive, brick privacy fence will be constructed on the northern property border adjacent to existing single family homes. A rod iron fence will be constructed on the western border between the adjacent businesses and the project. This will include a gate to provide for a limited amount of shared parking with the employees of the adjacent dental office.

The units will have entrances off of double-loaded interior hallways. Each unit will have central air conditioning, blinds, carpet, cable TV hook-ups, a refrigerator with icemaker, stove/oven, disposal, dishwasher, microwave, ceiling fan, interior and exterior storage closet, coat closet, walk-in closet, in-unit washer/dryer and free high-speed internet. Some units will have a patio/balcony.

Preliminary planned common amenities will include the following:

- Onsite offices for management and support services staff, including small conference room that can be used as private space for coordinated care, classes, etc.
- Coffee bar and small gathering space with tables and seating for resident social interaction.
- Lighted outdoor landscaped area including community garden, walkways, and outdoor seating.
- Flex space library/business center/theatre including resident-accessible computer, printer/scanner.
- Dog wash near covered parking.
- Outdoor deck on third level with shade structure and decorative two-way gas fireplace adjacent to flex-space Community Room.
- Interactive demonstration kitchen with stove, refrigerator, sink, island counter adjacent to Community Room, separated by attractive barn doors.

The project will be designed as a dense TOD Development that meets Enterprise Green Communities criteria. Green building items will include LED fixtures; E-Star Doors and Windows; flat/PVC membrane – solar ready Energy Star roof; wall insulation with R factor of 21; close-combustion heating;

Formaldehyde-free products; smart irrigation system; recycling/composting; native/xeriscape plantings; and, 20% open space set aside.

The site planning process will also adhere to TOD-Transition design codes to create:

- A well-connected network of detached sidewalks with tree lawns to create a pedestrian friendly environment.
- Community green/recreation spaces to foster social interaction.
- Pedestrian scale lighting and site amenities such as benches and bike racks.
- Screening from public view for unsightly elements.
- Parking primarily located behind the building, with a portion of parking being covered.
- Native plant material with a diversity of texture and colors for year-round interest.

POPULATION BEING SERVED

The project will provide service-supported affordable housing for seniors age 62+. Twenty percent of the units will be set aside for seniors with special needs including developmental disabilities, mental illness, and/or substance abuse disorder. 70% of the units will be restricted at or below 50% AMI, and 30% being restricted at 60% AMI. More specifically, 5 units will be restricted at 30%; 11 at 40%; 19 at 50%, and 15 units at 60%.

LOCATION - NEIGHBORHOOD/COMMUNITY

The development site is located in an established suburban area in southwest Aurora near I225 and Parker Road 3.6 miles southwest of Aurora City Hall. It is near the northeast quadrant of South Peoria Street and East Cornell Avenue in the Dam East-West neighborhood, which is a low- to moderate-income, mixed residential and commercial community that was developed in the 1970s and 1980s.

The immediately adjacent property uses include single-family homes to the north; dental offices and a bank to the west; a day care center and office condominiums to the east; and, the Regatta Plaza neighborhood shopping center to the south. The site is within walking distance of the Nine Mile Light Rail Station which provides access to destinations throughout the metropolitan region, and enhances the area's desirability. The site is also within 0.5 miles of a supermarket, convenience store, specialty grocery store and neighborhood shopping center. The site location provides convenient access to extensive established community infrastructure including health care, recreation, employment, and government and social services.

SUPPORT SERVICES AND PROGRAMS

CHDA will set aside 20% or 10 units for residents with special needs that receive case management and support services from CHDA's three human service partner agencies, Arapahoe House, AllHealth Network, and Developmental Pathways. These organizations provide a full array of programmatic services including case management, vocational, educational, and health services to help ensure special needs residents affiliated with their organizations succeed at living independently in an integrated housing environment.

Additional support services and program coordination will be provided by CHDA's Community Navigator whose focus is to proactively support all residents' successful tenancy and enhanced quality of life. The Community Navigator provides support to non-special needs residents to help these residents access various community resources and services, such as food banks, transportation and rental assistance,

financial literacy, and home healthcare. The Community Navigator will also coordinate on-site programs, such as cooking classes, community garden, budget and finance classes, social gatherings, and other quality of life programs for all residents.

PROJECT FINANCING

The combined financing components include 9% LIHTC; City of Aurora HOME grant funds and/or fee waiver/abatement; HOME grant funds from Arapahoe County and the Colorado Division of Housing; owner equity; and a deferred developer fee. Wells Fargo has provided a Letter of Intent to purchase the tax credits and provide construction/permanent financing. CHFA Risk Share financing is expected to be used for the permanent financing. Real estate tax exemption is provided by statute via the CHDA ownership and restricted use for seniors age 62+.

1. Guiding principles - Section 2 of the Qualified Allocation Plan (QAP)

To support rental housing projects serving the lowest income tenants for the longest period of time. Proposed income targeting includes 70% of the units being restricted at or below 50% AMI, and 30% being restricted at 60% AMI. Income targeting includes 10% of units at 30%; 22% at 40%; 38% at 50%, and 30% of units at 60%. Long term affordability will be ensured under a LURA with a 40-year restrictive use period.

To provide for distribution of housing credits across the state. The Project is located in the City of Aurora. Three 9% LIHTC projects have been awarded in Aurora since 2010, including Westerly Creek I and II (2010 and 2013) and Edge Point Apartments (2011). These projects however are located in north Aurora and not in the PMA for the subject which has not seen new LIHTC development since 2005.

To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit. CHDA is an experienced nonprofit housing development organization with a strong track record of securing and utilizing grant, tax credit equity, and debt resources for the successful development, ownership and management of quality, affordable service-supported multifamily rental housing for low- income and Special Needs populations.

To distribute housing credits to assist a diversity of populations in need of affordable housing, including homeless persons, persons in need of supportive housing, senior citizens, and families. The Project will provide quality, affordable housing for seniors age 62+, with 20% of the units being set aside for seniors with special needs including developmental disabilities, mental illness, and/or substance disorder.

To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail. The Project is 0.3 miles from RTD's existing Nine Mile Station, making the project a transit oriented development (TOD). An RTD bus stop is 325 feet west of the property on Peoria Street, a minor, heavily trafficked north/south arterial in Aurora.

To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those at risk of converting to market rate housing. The Project will create 50 new affordable units for seniors age 62+ on a TOD development site that is part of the Nine Mile Station Area Redevelopment Plan. The site is adjacent to the Regatta Plaza Shopping Center that is being revitalized to include new retail and

office uses, along with a mix of workforce and market rate rental housing. With recent rezoning to TOD Transition, the site has become especially attractive as a prospective market rate housing development site, which further reinforces the need to preserve its use for affordable housing development.

To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low-income housing project throughout the credit period. Financial feasibility and viability is facilitated by leveraging LIHTC equity with local city, county, and state funding combined with permanent financing from CHFA. The project will create an efficient building with large units, storage, functional and attractive common areas with limited wasted circulation space resulting in an efficient use of credits for a quality sponsor also delivering reputable, much needed services to a senior population.

To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections. The project is requesting less than \$1.0 million of tax credits. The Project also meets all of the Section 2 QAP Guiding Principles, and closely aligns with the majority of the Section 2 QAP Priorities (see below). Through creative financial engineering with our expected limited partner, Wells Fargo, we expect to make efficient use of the scarce 9% LIHTC with pricing of at least \$1.12 per credit. More importantly, we are seeking total credits of \$879,979 for 50 units of new construction in Aurora (which has notoriously high tap fees). This equates to \$17,600 of 9% tax credits per unit, which is a reasonable per unit subsidy in a high development cost jurisdiction made possible by leveraging \$900,000 of soft loans from City of Aurora, Arapahoe County and the Colorado Division of Housing, along with \$283,000 in deferred developer fees.

2. Housing priority in Section 2 of the QAP the project qualifies for: N/A

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

a. Market conditions:

The market study prepared by Prior & Associates concluded that the existing capture rate for all LIHTC projects in the PMA is 11.1%. Given the project's strong location and higher quality units, the overall capture rate with the project only increases 2.4% to 13.5%. Existing senior projects in the PMA were built in 2004 and 2005. These projects are fully occupied with significant waitlists. There are no new senior developments in the pipeline. Demand expected to grow with by an additional 276 senior renters annually in the PMA, a gain of 552 by time project comes online in 2018. This favorably impacts an already attractive capture rate. The PMA currently has no 30% units. The project will provide 10% of its units at 30% AMI.

The market study also concludes that the project's location is more desirable than its primary competitors. It is adjacent to a bus stop, supermarket and neighborhood shopping center, and within 0.5 miles of a convenience store and specialty grocer. However, its marketability is most extensively enhanced by the subject's proximity to RTD's Nine Mile light rail station. The accessibility provided by the light rail service, coupled with the subject's proximity to shopping and services, enhances its marketability and will enable it to attract renters from outside the PMA. Overall, the subject's location is desirable for an apartment project targeted to seniors, slightly superior to most surveyed family LIHTC developments and comparable to the surveyed senior LIHTC properties.

b. Readiness-to-proceed:

CHDA owns the development site. The formal design and site planning process will be completed early first quarter 2017. The General Contractor will be selected early first quarter 2017. Partnership and financing closings are targeted for completion first quarter 2017. Construction is expected to start early second quarter 2017 and be complete mid-2018. The Project meets other Readiness to Proceed Thresholds as follows:

- In March 2016, CHDA successfully rezoned the development site to TOD-Transition which allows medium density multifamily residential development.
- The Phase I and II Environmental Audits indicated no environmental contamination or concerns.
- Preliminary schematic drawings are included in application exhibits. Detailed site planning and building design will be undertaken once funding is awarded.

Development budget includes cost estimate from B.C. Builders, a third party General Contractor.

c. Overall financial feasibility and viability:

The financing structure provides strong assurance of long-term operation as a financially viable affordable housing project. The combined financing components include equity via an allocation of 9% LIHTC along with HOME grant funds from Arapahoe County, the Colorado Division of Housing, owner equity, and a deferred developer fee. Local funding support from the City of Aurora is expected from a combination of HOME grant funds and/or fee waiver/abatement. CHFA Risk Share financing will be used for the permanent financing. Real estate tax exemption is provided via the restricted use for seniors age 62+. The financing structure facilitates a beginning DSCR of 1.20 which increases to 1.27 in year 15. The deferred developer fee is projected to be repaid from cash flow by year 9. Projected rents and operating expenses are considered conservative and achievable.

d. Experience and track record of the development and management team:

Resumes and/or statements of qualifications for the Development and Management Team are included in the application exhibits. A brief discussion of the entities' qualifications is presented below.

COMMUNITY HOUSING DEVELOPMENT ASSOCIATION, INC. (CHDA) – SPONSOR/OWNER

CHDA was formed in 1995 by three human service organizations to address the unmet need for affordable housing for modest wage earners in south metro Denver including persons with developmental disabilities, mental illness and/or substance disorder. Support services for CHDA residents are provided by AllHealth Network, Arapahoe House, and Developmental Pathways and CHDA Community Navigator staff.

CHDA's current housing portfolio consists of five properties located in Littleton, Englewood, and Aurora. Four of the five properties were acquisition/rehab, one was new construction. Four of five were financed using 9% LIHTC, HOME/CDBG, FHLBank AHP, and private debt for financing. One is fully grant funded with County and State HOME funds, and an FHLBank AHP grant. Additional funding has been provided to all CHDA properties by the Arapahoe County Weatherization Office, Governor's Energy Office, and Xcel Energy. A new 4%/PAB has been approved for Willow Street Residences. The new funding package will be used to pay off the maturing permanent debt; accomplish significant project renovations and updating, and provide long-term favorable permanent financing.

CHDA's properties include the 80-unit Willow Street Residences (new construction - 2000); 36-unit Lara Lea Apartments (2006); 33-unit Presidential Arms Apartments (2008); 12-unit Regal Apartments (2011); and, 43-unit Canterbury Apartments (2013). CHDA properties are professionally managed by Silva-Markham Partners, and have maintained near 100% occupancy for the past two+ years. CHDA properties are not age restricted. Current demographics include 46% seniors age 55+; 14% - residents age 50-54; 25% singles age 49 or less; and 15% families with children. Forty-six percent of residents have Special Needs – 19% of these residents are clients of CHDA's three partner agencies.

SOLVERA AFFORDABLE HOUSING ADVISORS – DEVELOPER

Solvera Advisors is a developer and financial consultant offering a broad spectrum of services to the affordable housing community, ranging from turnkey development of new housing projects to restructuring, refinancing and preservation of existing communities. Solvera tailors the scope of its services to meet the needs of their clients, which range from large owner/developers to small, community-based organizations, with a special emphasis on Housing Authorities and the non-profit community.

Solvera will be the developer of Cornell Senior Apartments. With the oversight and input of CHDA, Solvera will be primarily responsible for directing design, development, construction, and financing of the project. Including the development history of MGL Partners, an affiliated predecessor affordable development company. Solvera and its principals have financed and developed more than 1,900 new construction, market rate and affordable units at a total cost in excess of \$400 million.

SOLVERA AFFORDABLE HOUSING ADVISORS - FINANCIAL CONSULTANT

Solvera Advisors will also serve as the financial consultant for the project. Solvera and its principals have extensive history of affordable development financing. They have a track record in structuring, managing, and closing project specific plans of finance with resources including private activity bonds, public and private debt placements, limited partner tax credit equity financing, fixed and floating rate debt structures, other financing programs including HUD HOME, Community Development Block Grant (CDBG), as well as numerous other customized financing programs tailored to the needs of individual projects.

SILVA-MARKHAM PARTNERS - PROPERTY MANAGEMENT

Silva-Markham Partners is a seasoned property management company, with team members who have a collective 100 years of experience in the property management industry, specializing in Tax Credit, Affordable, HUD, Section 8, and Conventional properties. Staff professionals add additional expertise in the areas of multi-site lease-ups, rehab, takeovers, repositioning, Tax Credit Compliance as well as accounting, human resources and administration. Silva-Markham Partners manages all of CHDA's properties.

WILLIAM C. CALLISON, ESQ - FAEGRE BAKER DANIELS

"Bill" Callison will serve as legal counsel to CHDA for the LIHTC partnership structuring and documentation. Bill has provided legal counsel on all previous CHDA housing development projects. He is a nationally recognized affordable housing and tax expert, and has been highly instrumental in the formation and evolution of the LIHTC program, and other legislation and implementation of programs that support the development, ownership, and management of affordable housing.

HAYNIE & COMPANY PC - TAX ACCOUNTANT

Feldhake & Associates have served as CHDA’s accountant providing audit and tax advice since 2000. In 2015, Feldhake sold their practice to Haynie & Company PC. Jim Feldhake and Lori Morris, CHDA’s primary auditors remained with Haynie and still function as CHDA’s auditors. Now adding to Feldhake’s 40+ years working with affordable housing properties and developers, Haynie & Company has been working with entities that develop affordable housing since the early 1970s. They serve a number of clients who develop affordable housing utilizing LIHTCs. They currently serve a substantial number of LIHTC projects and for-profit and not-for-profit organizations that have filing requirements with HUD or CHFA.

B.C. BUILDERS - GENERAL CONTRACTOR

B.C Builders is expected to serve as the General Contractor. B.C. Builders, LLC is a general contractor and developer specializing in multifamily wood frame construction and renovation. The company is led by a group of managers who have a long and established reputation for extremely high quality, affordable multifamily construction in the Front Range area of Colorado. At the core of B.C. Builders, LLC’s philosophy is the concept of value engineering. This is evident in each phase of design, where B.C. Builders, LLC has established development processes and consultation practices that consistently deliver proven results.

B.C. Builders, LLC has a bonding capacity of \$50 MM and currently has approximately \$43 MM in its active pipeline. Since 2004, B.C. Builders has been one of the most active and reputable general contractors in the multifamily commercial construction market for both affordable and market rate apartment projects built in the Denver Metro area as well as along the Front Range.

e. Cost reasonableness:

CHDA acquired the land for \$675,000, which equates to \$13,500 per unit for a well-located TOD site with zoning in place. CHDA put the land under contract for purchase without zoning in place, and along with Solvera Advisors subsequently devoted significant resources of time and money to successfully rezone the parcel as a TOD site that allows multifamily development. Comparable TOD sites with zoning in place range in value from \$17,000 to \$40,000 or more depending upon the municipality and parking requirements. CHDA is proposing to contribute the land parcel at its acquisition cost.

New construction development in the City of Aurora is particularly expensive due to two primary factors; City of Aurora tap/impact fees and covered parking requirements pose as additional constraints on new multifamily development in Aurora. The total development budget for Cornell Senior Housing is projected at \$13.2MM, or approximately \$264,000 per unit. This is inclusive of approximately \$21,000 per unit of tap and impact fees paid to the City of Aurora. The budgeted hard cost for the project is \$147,000 per unit, which is also inclusive of an attached, covered parking structure. The building design and cost budget is particularly efficient due to the high quality design and full complement of amenities included in the hard cost budget.

CHDA as sponsor is requesting a total of \$879,979 (\$17,600 per unit) of credits for 50 units of high quality, new construction senior housing to be ideally located at a TOD location in the high cost municipality of Aurora. In order to minimize the amount of credit requested, CHDA is leveraging \$900,000 of soft debt financing, deferring developer fees and also providing a statutory real estate tax exemption to the project.

f. Proximity to existing tax credit developments:

There are no existing LIHTC projects in the 80114 zip code. The market study indicates that the PMA has 19 LIHTC projects containing 2,043 income-restricted units. Many of these utilized 4%/PAB financing. Three of the nineteen projects are age-restricted with 120 deeply-subsidized units and 235 LIHTC dwellings. Sixteen are non-age-restricted properties that have 1,688 dwellings. The subject will compete directly with 235 of the tax credit units that are comparable in terms of age restrictions and target market. CHFA confirmed there are no projects within the PMA that have received a tax credit allocation in the past two years that have not already been placed in service. Both non-subsidized age-restricted LIHTC properties were surveyed, as well as four family LIHTC projects within the PMA.

The site is ideally located just .3 miles from the RTD Nine Mile Station, and 1.3 miles from RTD's planned Iliff Station. The PMA has not seen any new senior affordable development since 2005, and there are no age-restricted 30% units in the PMA. The project will serve a market already gaining 276 qualified, senior renters per year, and with 20% of the units set aside for special needs (services provided onsite), the TOD location will be a particularly valuable to option seniors in this PMA that require very low income units.

g. Site suitability:

The 1.67 acre flag-shaped development site is vacant, gently sloped, and vegetated with native grasses. The site provide adequate space for the proposed multifamily senior apartment development which is allowed by the existing TOD – Transition zoning. The site is located in the Dam East-West neighborhood area, which is a low- to moderate-income, mixed residential and commercial community that was developed in the 1970s and 1980s. The subject's immediate neighborhood includes residential, commercial and retail land uses. Property uses immediately adjacent to the site include the following:

- North:** There are six single family homes immediately adjacent on the northern property boundary. These homes are part of the Dam East Neighborhood with homes built in the 1970s that currently sell for \$245,000 to \$290,000.
- East:** The Rising Stars Day Care Center and Stonehenge Towne office buildings eastern property boundary. The buildings and site improvements are in average condition.
- West:** Immediately west of the subject is a U.S. Bank with approximately 5,000 square feet of space and a townhome style dental office building owner-occupied by a number of dentists and orthodontists. Both are in good condition.
- South:** The site is bordered on the south by East Cornell Avenue, a two-lane collector street. Across East Cornell Avenue, 50 feet from the site, is the Regatta Plaza neighborhood shopping area, with approximately 125,000 square feet of space that is in below average condition and mostly vacant. The plaza is being redeveloped and will include a new King Soopers with a fueling station, shops and restaurants, an urban park, office building and residential dwellings. Beyond the shopping center, 0.2 miles from the site, is South Parker Road. The Nine Mile Light Rail Station is 0.3 miles from the site.

4. Provide the following information as applicable:

- a. Justification for waiver of any underwriting criteria: N/A
- b. Justification of CHFA's DDA credit up to 130 percent of qualified basis: N/A

5. Market Study:

The May 2016 Market Study prepared by Prior and indicates that the project has no apparent weaknesses.

6. Environmental:

There were no environmental concerns or needed mitigation identified by the Phase I and Phase II environmental audits.

7. Community Outreach and local support:

Extensive local outreach and community input was accomplished in conjunction with the rezoning process. Numerous large and small meetings with elected officials, City staff, residents and business owners in the immediately adjacent and larger community were held between October 2015 and the March 2016 City Council approval of the TOD rezoning. Initial plans to develop affordable family housing were met with strong community opposition due to concerns about traffic, parking, criminal behavior, noise, privacy, school overcrowding, poor property management and maintenance, and low-income and special needs residents. However, consistently from the very first community meeting, there was a strong preference for development of senior housing. Several design and use revisions were made to accommodate community input. These included added parking in excess of TOD requirements; building design modifications to insure privacy for both residents and neighbors; reducing the bedroom and unit count and condensing the building footprint; moving the building as far away from existing residences as possible; building a brick privacy fence adjacent to single family residences and a rod iron fence adjacent to neighboring businesses; allowing onsite parking for adjacent dental office employees.

Ultimately it was determined that a senior project would be the most favorable and complimentary site use. A "Good Neighbor Agreement" (GNA) was created to evidence CHDA's good faith intention to develop the site for senior housing once the rezoning was approved. The GNA was signed by CHDA and a number of homeowners and businesses in the area surrounding the site. The GNA essentially provides for the community to support CHDA's application for LIHTC and other project funding in exchange for CHDA agreeing to seek an allocation of 9% LIHTC for a minimum of two application rounds. If the project does not receive an allocation of 9% LIHTC, CHDA will evaluate optional site usage, which may include an alternate allowable TOD development, or the sale of the site. Copies of the signed GNA's are included in the application exhibits. CHDA will continue to seek community input through the site planning and design process.

Project Support

Following below is a list of attachments evidencing local support and intended grant funding:

- Letter of support – Members of Aurora City Council.
- Aurora City Council meeting minutes - TOD-Transition Rezoning Approval.
- Arapahoe County Housing and Community Development.

- Colorado Division of Housing.
- Letters from Arapahoe House, AllHealth Network, and Developmental Pathways confirming provision of support services.
- Signed Good Neighbor Agreements from numerous adjacent residents and businesses.

8. Acquisition/rehab: N/A

9% lihtc application narrative



Project Name: **The Dell**

Project Address: **2941 Evergreen Parkway, Evergreen CO 80439**

*The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project's strengths and address its weaknesses. It must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc. **This document should be no more than 10 pages.***

The Dell, a multi-family affordable housing development located in Evergreen, will provide housing and access to Evergreen's "Blue Ribbon" schools to families of lesser incomes. Currently, the Evergreen area (including Genesee, Kitteridge, Bergen Park, Aspen Park, Morrison, Conifer and Indian Hills) lacks basic, habitable, safe multi-family housing with an even greater scarcity of affordable units, and there is a strong desire on the part of the community to create access for the families that compose the workforce. Currently in Evergreen, low income families are often "under housed" living in buildings that are not suitable, including old cabins meant only for seasonal occupation which lack running water and electricity, but which are the only available housing for families seeking the strong public schools, lifestyle, community, and amenities of Evergreen, and workforce who do not want a long daily commute.

The project will focus on providing housing that supports working families and promotes workforce development for these families through partnerships with the Jefferson County Workforce Development Center and the Evergreen Christian Outreach, a faith-based organization serving unemployed and under-employed; American Job Center, a public agency focused on workforce development; Mountain Resource Center and Jefferson County Housing Authority.

The Dell meets the demand for new housing in the Foothills at a time of rising population and housing demand throughout the Front Range. The project will be designed to achieve LEED-Gold certification by the developer that has built more LEED-certified new-construction properties than any other developer in Colorado. The property pays particular attention to creating a set of community amenities which serve as a paragon of quality affordable housing in the region, ensuring that the property feels like multi-family, not like an "affordable project."

Developers have sought affordable housing sites in Evergreen for decades. The area is difficult to develop because of a lack of residential-zoned or, simply, buildable parcels in the County and, though changing, a historic lack of community support. Zocalo Community Development has found a buildable

site that will be entitled and zoned by this fall. Zocalo has also met with the neighbors to engage them in the process. Two editorial articles indicating community support of the project are submitted herewith.

Location:

The last successful LIHTC application in the Foothills was 1981. In the 35 years since, Evergreen has grown in population and the demand for workers for low- and moderate-income occupations has risen accordingly. The Dell, located in a dense *Community Activity Center*, will alleviate the housing demand while incorporating the sustainable development initiatives that have become the hallmark of Zocalo. At the same time, The Dell embodies the ethos of Evergreen with a creek and walking path running through the property and connecting the residents to the amenities surrounding the site, including direct access to one of the favorite County parks, Elk Meadow. The new construction multi-family housing will be built to achieve LEED Gold certification and encourage an active community with a playground, community gardens, and a dog park adjacent to the Evergreen Tennis Center. It will include Zocalo’s *Velo Room* a famous (and copied) bike and ski/snowboard repair shop with over one thousand dollars of tools and resources available to residents at no cost. The site is well connected to numerous walking and biking paths to Jefferson County open space. In addition, the site is 1,000 feet away from the Hwy 74 Frontage Road RTD stop, serviced by the ES, EV, and EX bus lines.

Resident Description:

All 60 units will be available to families through a mix of 1-, 2-, and 3- bedroom units. These residents have historically been unable to find quality affordable housing in the Evergreen/Foothills region. Units will serve the following income levels:

AMI	# of units	%
30%	3	5%
40%	7	11.7%
50%	30	50.0%
60%	20	33.3%
TOTAL	60	100%

Why the project deserves an award:

The Dell is planned to be a multi-dimensional residence for families in an area that has not received a LIHTC award for over 35 years but where affordable workforce housing is strongly needed. The Project received support from the Jefferson County Housing Authority and the Jefferson County Office of Human Services who have highlighted the critical need for workforce housing. Zocalo Community Development is planning a designated workforce development space in partnership with Jefferson County and with Evergreen Christian Outreach (EChO). This workforce development space within the Project not only provides workforce training to residents and the broader Evergreen community, but creates an active, integrated property that creates community for Evergreen. More generally, there are well over an estimated thousand service jobs in the twelve census tracts that compose The Dell’s market area. The Dell would provide access to the area’s “Blue Ribbon” schools to these residents’ children and the ability to create access to Zocalo’s award-winning living amenities and high-quality, sustainable, and desirable housing for the community.

Project Strengths:

The project will be the first LIHTC project in the region in 35 years and will meet the demand for workforce housing in an area of high cost of living while creating an opportunity for low income families to enjoy the benefits of the community, its highly rated school system, and the beauty of the area including Evergreen Lake, many parks and the surrounding mountain views that entice many people to call Evergreen home.

Zocalo, the state's builder of the largest number of LEED New Construction-certified buildings, will build to meet LEED-Gold standards promoting active, healthier living through Zocalo's *Velo Room* and connection to outdoor amenities. A culture of active living, common in Evergreen, will be further enhanced at The Dell, by its location next to the Tennis Center, walking paths that connect the property to a network of trails in Evergreen, and the beautiful setting of the development helping to entice families outside and away from the ever-increasing pull of screens and technology that keep kids and families inside.

Evergreen Christian Outreach (EChO) has shown interest in partnering with the development to lease the community space and provide a range of services to tenants and the Evergreen population. EChO currently organizes job fairs, educational seminars, and computer training for families in need, as well as referrals to job placement agencies, food banks, and other programs for at risk families. EChO will be able to assist tenants of The Dell by offering their services and resources while helping families develop a plan to reach self-sufficiency and sustainability. The Dell will amplify the effect of workforce housing with the relevant services provided by EChO to fully activate the project and its community.

Other partnerships serving the residents of The Dell include, first, American Job Center, a public agency serving Jefferson, Clear Creek and Gilpin with workforce development, education and placement. The agency is keenly interested in establishing a presence in Evergreen, and is one of the potential tenants for the office space at The Dell. Second, the Mountain Resources Center, located 12 miles south in Conifer, is a community based non-profit serving the mountain area, has programs in health care, health education, family resources, veteran support, financial counseling and a resale store. Third, Jefferson County Housing Authority has expressed an extremely high demand for their Housing Choice Vouchers and thus the need for properties such as The Dell to serve the Evergreen market as a welcome choice for households seeking to lease an apartment using a Housing Choice Voucher.

Additional strengths identified by the market study include:

- Very strong market conditions with limited inventory and no other similar product;
- Rent levels with strong discounts compared to what is available in the market;
- Wide range of unit sizes and AMIs served;
- Balconies or patios on all the units;
- Owner-paid utilities;
- Development in an underserved market with no existing LIHTC inventory.

Project Weaknesses:

The market analyst indicated an opportunity to improve the site plan by making buildings smaller, offering fewer parking spaces that are less concentrated, enhancing outdoor gathering spaces and

creating pedestrian connections to and through the site. While this recommendation might create a different overall feel to the project, The Dell was designed with a focus on maximizing units to respond to the extreme demand and underserved affordable market in Evergreen while making it accessible for the tenants and their guests. As the market study has always pointed out, Evergreen is an auto-dependent community, hence The Dell project was committed to providing enough parking to serve all of its tenants and their guests.

The market study also pointed out that elements of the proposed project that may be detrimental to marketability include the relatively poor frequency of public transportation, lack of elevators, configuration of all unit types as flats, and no coat/linen/pantry storage space in some one-bedroom units. As stated above, The Dell was designed to maximize units while fitting in the context of the Evergreen community. This outdoor-focused community is used to walk-up apartment living and additional amenities focused on bringing the tenants outside include the patios and balconies, community garden plots, playground, the walking path by the creek that runs through the property, and the Zocalo Velo Room providing opportunities for bike and snow-sport storage and repair, all enhance this overall culture. Further, nearly every single family home in this topography-challenged community requires at least two and likely three stories of stairs.

Construction:

Construction is expected to take place over 13 months. The buildings are constructed with wood framing and have a mix of siding and natural wood exteriors. The roof will be pitched, in keeping with the typical residential architecture. In keeping with Zocalo’s mission of green building standards, the units will have Energy Star windows, doors, LED light fixtures, formaldehyde-free products, recycled building materials, approximately 1.25kW of solar photovoltaics per unit and solar-heated water from a central system. Zocalo Construction will be the general contractor on the development, led by Clark Atkinson, formerly president of Shaw Construction.

Population Served and Bedroom Mix:

The project is intended to target workforce households and families with units ranging from one-bedroom to three-bedroom. The units will have the following area median income (AMI) limit restrictions and bedroom count:

	Target AMI Restriction	# of units
1BR/1Ba	30%	1
2BR/2Ba	30%	1
3BR/2Ba	30%	1
1BR/1Ba	40%	2
2BR/2Ba	40%	4
3BR/2Ba	40%	1
1BR/1Ba	50%	7
2BR/2Ba	50%	15
3BR/2Ba	50%	8
1BR/1Ba	60%	5
2BR/2Ba	60%	10
3BR/2Ba	60%	5
		60

Amenities:

The site is located adjacent to the Evergreen Tennis Center and connected to a myriad of biking and hiking paths. The Dell will have a leasing office and provide room for supportive services as outlined above, a playground, a 32 plot community garden, and a dog park on site. A small creek runs through the site with a walking path that provides a beautiful respite and reflects one of the largest draws to the community—its location in the desirable Evergreen community, a gateway to the Rocky Mountains, yet accessible to the larger Denver metro community. The adjacent Tennis Center and fitness room will provide availability for residents. In addition, the Dell will include Zocalo's *Velo Room* ("velo" is "bike" in French), a bike and ski/snowboard repair shop with tools and resources available to residents. The site will provide 118 surface parking spaces (2.00 per unit). The units will have EnergyStar fans, refrigerators, dishwashers, stove/ovens with built-in microwaves, washer and dryers, and patios for 1st-floor residents and balconies for upper level units.

The site is located near a number open space parks including Elk Meadow Park, a 1,700-acre Jefferson County Open Space, providing excellent mountain views, 16 miles of trails and wildlife habitat. There are several convenient amenities and employment opportunities in walking, biking, or short driving distance and The Dell is equal distance between the employment centers of Evergreen and Bergen Park.

Financing:

The following financing sources will be used:

- 9% LIHTC equity
- Construction to Permanent financing
- Solar Tax Credit Equity
- Deferred Developer Fee
- CDBG funds from Jefferson County
- State Division of Housing

The project is requesting fewer tax credits than the amount available based on eligible basis.

In addition, the narrative should address the following:

- 1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:**
 - a. To support rental housing projects serving the lowest income tenants for the longest period of time**

All 60 of the affordable units will be available for families, with a mix of 30%, 40%, 50%, and 60% AMIs. Zocalo Community Development will commit to a total of 15 Years Compliance + 25 Year Waiver affordability period.
 - b. To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas**

This development is in a suburban area in the Foothills of the Front Range in a region that has seen less housing development than other parts of the Denver metro area and has not received a LIHTC award in over 35 years.

c. To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit

Zocalo Community Development is a for-profit housing developer that has been recognized with among the following awards:

- Zocalo received the prestigious *Project of the Year* award from the Downtown Denver Partnership for Cadence in 2014.
- Zocalo's Cadence Union Station project sold in February 2014 for the highest price per-unit and per-foot recorded in Colorado.
- Cadence Union Station received the 2013 *Limelight* award by the LoDo District.
- Zocalo's Solera project, completed in 2010, held the record for the highest price per-foot and per-unit paid for an apartment project in Colorado until eclipsed by Zocalo's Cadence project.
- Zocalo received the prestigious *Developer of the Year Award* by the Denver Business Journal in 2012.
- Zocalo is a two-time recipient of the University of Denver's *Project of the Year Award* presented annually by the Burns School of Real Estate.
 - RiverClay: Recognized as not just the first-ever LEED®-Certified multi-family project in the Rocky Mountain region, but for the project's market success. All 62 condominiums sold out despite the 2008/09 market crisis.
 - Solera: Recognized as the Rocky Mountain region's first LEED®-certified multi-family high-rise.
- Zocalo's RiverClay condo project, completed in late 2008, won the *Innovative Green Business Idea Award* in 2009 from the Environmental Defense Fund.

Zocalo is exactly the type of dependable, experienced for-profit developer that can be expected to deliver the highest-quality affordable project.

d. To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing

This property will focus on families and workforce households.

e. To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail

The property is located 1,000 feet away from the Hwy 74 Frontage Rd RTD stop, serviced by the ES, EV, and EX bus lines.

f. To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing

The Dell will provide 60 units of LEED Gold-certified new construction development.

g. To reserve credits for as many rental housing projects as possible while considering these Guiding Principles and the Criteria for Approval.

The development requests less than the full amount of tax credits it qualifies for to provide CHFA the opportunity to invest in a number of projects.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

The Dell does not directly respond to any of the housing priorities.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

a. Market conditions:

As is made clear in the market study, the Evergreen community has a strong demand for affordable and workforce housing. The capture rates at a combined 14.1% reflect this high demand.

b. Readiness-to-proceed:

- The land is controlled through a special warranty deed and will be sold into the partnership at construction closing.
- Zoning for the site is currently under review.
- The rezoning was submitted on Tuesday, May 31, 2016:
- As in the execution of most of its projects, Zocalo will act as developer and general contractor.
- The financing partners will be quickly assembled through a competitive process when the project receives a tax credit award; strong letters of intent are in-hand.

c. Overall financial feasibility and viability:

- The project will utilize 9% LIHTC allocation to complete the residential portion of the project. The amount of tax credits requested of approximately \$19,000/unit is less than the average tax credit request for this round.
- The per-unit cost is approximately \$280,000 is in line with development in the area.

d. Experience and track record of the development and management team:

Zocalo’s leadership have long-standing development and property management experience in Denver and Colorado. Specifically, Clark Atkinson, partner of **Zocalo Construction** constructed the following LIHTC projects:

Owners/Developers:					
Grand Junction Housing Authority - Jody Kole	Henry Burgyn	Arthur McDermott	Mark Hendricks	Amory Host	Joyce Alms-Ransford
Projects:					
Linden Point	Clary Street Residences	Conter Estates - Phase 2	Panorama Pointe	Egel Place Townhomes	Willow Green Townhomes
Arbor Vista	Terraces on Pennsylvania	Dahlia Square Senior - Phase 1	Libretto		
Village Park	Chaffee Park	Dahlia Square Senior - Phase 2			
The Highlands	The Fourth Quarter				
	Shoshone Senior				
	University Hills				
	Ruby Hill				

Zocalo staff has the following property management experience: Principal, Susan Maxwell, started her career in LIHTC and Section 8 management in Austin, Texas. Kari Kerr, Zocalo's Director of Real Estate, spent over nearly five years as the Senior Regional Manager for Dominion Management Services, a privately-held developer and owner of LIHTC assets. She oversaw a portfolio of 42 assets in seven states, including Colorado.

Kari oversaw multiple lease-up's, including Leather Trade Lofts and Metropolitan Artist Lofts in Saint Louis. Dominion was the receiver for US Bank on multiple foreclosed/distressed assets which fell in Kari's portfolio including one in Denver. The successful compliance, maintenance and preservation of these assets led to successful sales on all assets. Kari received her Certified Occupancy Specialist designation in August 2012 and has taken multiple LIHTC classes at CHFA.

- e. **Cost reasonableness:**
 - As noted above, in line with metro area, particularly, Foothills development costs.

 - f. **Proximity to existing tax credit developments:**

There are no existing tax credit developments in the Primary Market Area. The market study uses two tax credit developments in Jefferson County outside of the PMA as comparable projects for the purpose of the study.

 - g. **Site suitability:**
 - The site is connected to walking and cycling paths and encourages residents to take advantage of outdoor amenities through the playground, dog park, community garden, and Zocalo Velo Room for bike and snow-sport storage and refurbishment. All of these elements are enhanced by the aesthetic of a creek that runs through the property capturing the ethos of Evergreen's mountain location.
 - The site is in close proximity to shopping, education, recreation, youth activities, and transit, making this site ideal for workforce and family housing.
 - The site is 1,000 feet from an RTD bus stop allowing residents access to Evergreen and the Denver MSA.
4. **Provide the following information as applicable:**
- a. **Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):**

N/A

 - b. **Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:**

The Project is not requesting a DDA boost and is in fact self-limiting its credit request. However, the Project is located in a Small Area Difficult to Develop Area per the HUD 2016 mapping (see attachment.)

5. Address any issues raised by the market analyst in the market study submitted with your application:

The market study identified a few project weaknesses, which are outlined below:

- Site plan is dominated by large parking lot on the south side.
Response: As the market study has pointed out throughout, Evergreen continues to be a predominantly car-centered community, hence the project, out of an abundance of caution, provides ample parking for the residents.
- Interior north facing units with fenestration on only one side.
Response: Only one or two unit type among eight unit types have no south-facing or east-west fenestration. The project has attempted to create ample opportunities to encourage families to take advantage of the outdoor amenities of the Evergreen community through community gardens, walking paths and the Velo Room.
- Three story walk-ups will impact larger households, single parents, residents and visitors with mobility restrictions.
Response: This model of housing is very common in Evergreen, and the property management company will strive to accommodate tenants opposed to the third floor walk-up to the best of its ability. Due to the challenging topography in Evergreen, the market is accustomed to many flights of stairs in dwelling units. The Dell is no means atypical for the market.
- All units are flats.
Response: With the dearth of affordable options in Evergreen, townhome construction was beyond the scope of this modest project focused on maximizing the number of units in the beautiful though more restricted location with the creek and walking paths. Further, flats are far more cost-efficient to construct.
- Infrequency of RTD service renders the site fairly auto dependent.
Response: As stated in the first bullet point above, Evergreen is indeed auto dependent at this time, hence the development hopes to bridge the gap by being located near RTD service, although infrequent, while providing ample parking for the tenants.
- Some unit floor plans lack basic amenities.
Response: The development has attempted to maximize the space for units due to the strong demand for affordable workforce housing in Evergreen. Where units lack amenities the community amenities including the garden and Velo room aligned with the outdoor-focused culture of Evergreen will hopefully balance any challenges in the individual units.
- Elevations not ready for review.
Response: Elevations are included in the application attachments uploaded to the "Procorem" website.

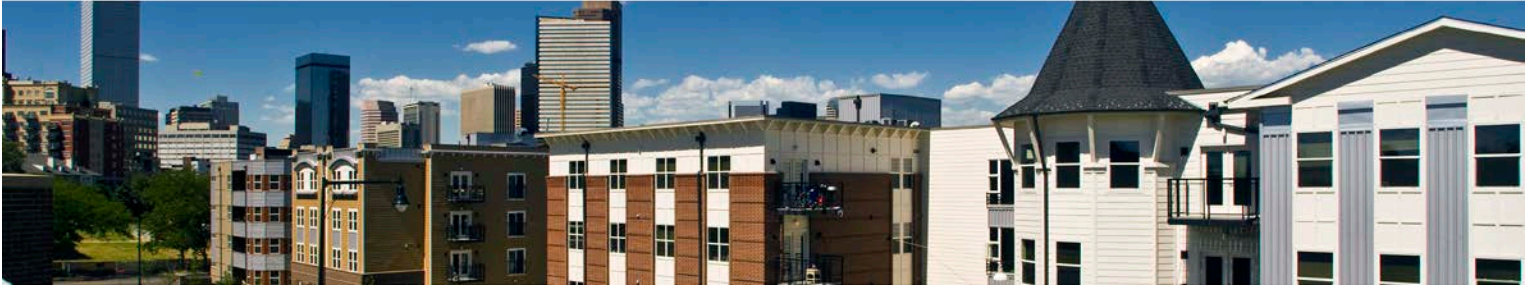
6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

There are no recommended actions in the Phase 1 report.

7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

Zocalo has been in discussion with the Jefferson County Office of Human Services who have enthusiastically supported the development of workforce housing in Evergreen. Zocalo has also discussed the potential for a collaborative workforce development center with partnerships between Jefferson County and Evergreen Christian Outreach (EChO). In addition, Zocalo has conducted a large community meeting, attended by well over 100 people at the site. Further, Zocalo has met at least five additional times with smaller groups of nearby neighbors. Zocalo continues to incorporate community feedback.

9% lihtc application narrative



Project Name: Denison Placer

Project Address: 83 McGee Lane, Breckenridge CO 80424

Project Description

The Town of Breckenridge Housing Authority (TOBHA) is proposing to build 66 units serving low-income families with large flats and townhomes. The 60 two- and 6 three-bedroom units will be part of a mixed-income neighborhood for which the Town adopted a Plan in 2007 that calls for a diverse mix of ownership and rental housing. The proposed 66 LIHTC units at Denison Placer will be developed as part of a larger rental development that also includes 30 studio and one-bedroom apartments on an adjacent parcel.



The 30 non LIHTC units (the three parcel 2 buildings noted in the drawing above) will be located immediately to the north of the proposed LIHTC property and will allow the Town to partner with local employers to meet the needs of households at 60-100% of AMI. The Town is financing the non-LIHTC project; employment and income restrictions have not yet been determined. Construction on these units is scheduled to start in summer of 2016 and be completed not long after construction is started on the proposed LIHTC units. Corum Real Estate Group will manage both properties in a similar set up to Pinewood Village 1 and 2, the other mixed income/ LIHTC properties in town.

A new park, Oxbow Park, is being developed adjacent to the site with a bridge connecting Denison Placer and Block 11 to the Blue River Recreation Path, which provides a direct route to the elementary school, child care centers, transit center, the recreation center, a grocery store and a non-profit center that provides services and financial support for families in need.

Strengths

Denison Placer's location is exceptional, especially for a land-constrained area like Breckenridge where the Forest Service owns large portions of undeveloped land. The property is on two free public transit systems running to center of town and connecting to countywide transit. It is also on the widely used Recreation Path that connects to town, shopping, school, recreation center and services.

Denison Placer will have large units, two and three bedrooms, well suited for the families they are planning to serve. There are no other LIHTC family developments in Breckenridge.

The Summit County rental market is extremely tight with a vacancy rate of less than 1%. Additionally, there are no vacancies at any of the LIHTC properties in Summit County at a time of year when turnover is at the highest.

The project has excellent amenities that will appeal to the target market including storage lockers, a community building, balconies or patios, a new adjacent park, and it will be pet-friendly.

Weaknesses

As noted in the market study, 30% AMI units have not been done in mountain towns previously and do not have a proven track record. However, the TOBHA is committed to serving households at lower incomes and believes there is a need for these units. The market study identifies sufficient households at that AMI level.



Building Type

Denison Placer has been designed to complement the existing Breckenridge mountain vernacular design seen throughout town. As such, these two and three story multi-family residential buildings will be constructed of wood framing with traditional gable roof forms and double hung windows. The main siding materials will be a combination of fiber cement lap board, and board and batten siding. A corrugated metal wainscoting is provided along the base of the buildings to add architectural variation, and to also serve as an additional barrier from snow, which will help with long term maintenance and durability. Wood accents will be provided throughout in the form of window trim, fascia, and porch columns to help bring additional articulation and traditional styling to the project.

The two story townhome style buildings house two & three bedroom units, each with individual ground floor entries and yard spaces. The three story apartment buildings house 2 bedroom flats with individual balconies, and entries from a common interior stairway. The project also includes a single story Community Building which will house a maintenance garage, interior storage units, leasing office, and community flex space. Denison Placer will have 15 residential buildings plus the Community Building. The two apartment buildings will have eight flats each. The remaining 13 residential buildings will each have between three and five townhomes.

Unit and Project Amenities

The 16 two-bedroom flats will have:

- Bedrooms on opposite sides of the units
- One large bathroom with linen closet
- L-shaped kitchens
- Foyers with coat closets

- Laundry/storage rooms with stackable or side-by-side washers and dryers
- Balconies or patios

The 50 townhomes units are all similar in design except as noted. They will all have:

- Recessed front door covered with small shed roofs
- Back doors that access concrete patios and fenced back yards
- L-shaped kitchens with pantries
- Large coat closets
- A bathroom on upper floor between the two bedrooms
- A stackable washer and dryer on the upper floor
- Linen closets in the upper floor hallway
- A storage closet under the stairs

All the units at Denison Placer will have:

- Microwaves
- In-unit washers and dryers
- Balconies or concrete patios with fenced back yards
- E-star appliances
- Ceiling fans

The Denison Placer Community Building will house an on-site leasing office that will also serve the 30 units being developed to the north (non LIHTC), a small kitchen and community room for gathering. We understand that using the Community Building for non-LIHTC residents will mean excluding its cost to construct from basis but we have sufficient extra basis in the project that makes this a non-issue.

There will be an outside seating area large enough for approximately six tables and benches and a small fenced tot lot. The building will also house a maintenance garage and have storage lockers for the townhomes intended to hold gear such as bikes, skis, and other seasonal items. Storage lockers for the 16 flats will be attached to one of the apartment buildings. Additionally, pets will be allowed at Denison Placer, a feature that will appeal to many renters in the community.

The LIHTC portion of Denison Placer will have 113 off-street parking spaces, or 1.7 spaces per unit, plus 20 on-street spaces. This exceeds the Town's requirement for 99 spaces (1.5/unit).

Energy Efficiencies

The Town of Breckenridge has adopted very stringent energy and sustainability codes. Denison Placer will meet those requirements and also achieve LEED Silver Certification for the two apartment buildings and Enterprise Green Community Certification for the townhomes. Some of the specific energy efficiency elements of the project include energy star appliances, low flow/water conserving plumbing fixtures, high efficiency lighting (all LED or CFL), efficient

irrigation, boilers, and framing, compact development, and local/environmentally preferable materials including low VOC paints and sealants, locally sourced drywall and recycled content aggregate, and tight building envelope including R-23 walls, R-49 ceiling, R-10 slabs, and U35 or better windows.

Population to be Served and Available Services

With the larger units planned, the target population for the development is families. Currently, there are only 10 two bedroom and 2 three bedroom LIHTC units in all of Breckenridge. The TOBHA understands that they have housing needs at all income levels and household sizes and they are trying to thoughtfully plan each development to meet a segment of that need. These larger units and planned amenities are carefully tailored to meet the needs of families.

The three units proposed for 30% AMI will be the first LIHTC apartments in Summit County and possibly the first in Colorado's mountain towns to serve extremely low income households. This is partially due to concern about dual income households exceeding income limits and lack of services for very low-income households.

The Family and Cultural Resources Center (FIRC) provides a full array of education and support services in Summit County including a food bank, emergency assistance, parenting classes, nutrition and cooking classes, thrift store, financial management counseling, cultural integration and in-home child visits. FIRC has been serving Summit County since 2012 from a single office in Silverthorne. In March, FIRC opened an office in Breckenridge less than 1 mile from the Denison Placer site and easily reached by bus and bike. Of the 3,500 locals that annually use FIRC's services, approximately 700 or 20% are from Breckenridge. It can easily take an hour by bus for these residents to go to Silverthorne. The growth in the population of families in Breckenridge that could utilize their services led FIRC to open the Breckenridge facility.

Unit Mix and Rents

	30% AMI	40% AMI	50% AMI	60% AMI	Total Units	% of Total	Avg. Size	
2 BR/1 BA	1	3	4	8	16	24%	834	flats
2 BR/1.5 BA	2	10	10	22	44	67%	978	townhomes
3 BR		1	2	3	6	9%	1195	townhomes
Total	3	14	16	33	66	100%	963	
% of total	5%	21%	24%	50%				

The rents will include all utilities. Rents are currently set at the LIHTC maximums although the TOBHA has said that they will likely provide the units at a discount from maximum when it comes time to lease up the units.

Financing

Denison Placer is requesting just over \$1.1 million in LIHTC, which will generate over \$12 million in equity. The credit ask per unit is less than \$17,000 per unit. The Town of Breckenridge, through their Housing Fund, will provide the construction financing of up to \$18 million and permanent financing of \$6 million. This will save the project hundreds of thousands of dollars in financing fees and interest carry. Additionally, the Town is contributing the land, significant site work, and permit fees to make the deal feasible.

In addition, the narrative should address the following:

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

- To support rental housing projects serving the lowest income tenants for the longest period of time.

Denison Placer will have over a quarter of its units available to households at 40% of AMI or below, a currently underserved population in Summit County. Additionally the TOBHA has elected to keep the property affordable for the maximum period of time.

- To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas.

Denison Placer will be the only family LIHTC property developed in the Upper Blue River Basin (comprised of Breckenridge and Blue River). There are only five LIHTC properties in all of Summit County (including PV2 not yet complete) and this would be the first 9% LIHTC award outside of Silverthorne.

- To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit

The Town has created TOBHA to advance their significant affordable housing goals. The TOBHA is the sponsor of the project and will be involved for the life of the project.

- To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing

Denison Placer will be **the only** property in the Upper Blue River Basin providing 100% affordable family rental units.

- To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail.

Denison Placer is served by two free public transit systems. Buses on the Breckenridge Free Ride Yellow Route run north/south through town connecting with major employment centers, the ski resort, the Breckenridge Transfer Center where passengers connect with other routes serving the Breckenridge area and Summit County. The Summit Stage provides free transit service throughout Summit County on the route between Breckenridge and Frisco. The nearest Summit Stage stop is at the Breckenridge Recreation Center, which is one mile south of the site and accessible on the Free Ride bus.

- To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing

Denison Placer adds 66 critically needed new rental units in Summit County. Many previously existing rental units have been converted to short-term rentals (Airbnb and VRBO) creating an extreme shortage of affordable rental units available.

- To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period.

The Town of Breckenridge has and will contribute significantly to the Denison Placer project. They are doing \$2,5 million in site work this summer as well as donating the land (\$3.4 million) to the project. The Town is also building the new adjacent Oxbow Park at the cost of \$1.5 million. They are acting as lender to the project, which saves significantly on the financing. The Town is also waiving permit fees of almost \$700,000. The total contribution from TOBHA/ TOB is \$14 million. That contribution makes it possible for an affordable family project to pencil in an expensive to develop area like Breckenridge. The credit ask of just over \$1.1 million is under \$17,000 per unit, less than the average awarded per unit in 2015.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:
Denison Placer is located in Summit County, which has a population of just less than 30,000, far less than 175,000.
3. Describe how the project meets the criteria for approval in Section 2 of the QAP:
 - a. Market conditions:
The Summit County rental market is extremely tight with less than 1% vacancy countywide. The average rent countywide is \$1898 with Breckenridge having the highest average rent of any of the Summit County towns at \$1,925. Even the 60% AMI rent on a 3 bedroom (\$1284) at Denison Placer is significantly below the average rent in Breckenridge.
Apartment rents **increased 6.2 %** from April to November of 2015 when the Summit Combined Housing Authority did their last two surveys of 900 rental units. There were **no vacancies reported in either of the two 2015 surveys.**

b. Readiness-to-proceed:

The Town has been working on this project since 2007 when they adopted the Plan for Block 11. That was followed by the 2013 needs assessment which determined that the Town needed 370 new rental units under 80% AMI. The Town Council then refocused on Block 11 and hired the design team for Denison Placer in 2014. The Town will be spending approximately \$2.5 million to prepare for the Denison development. This includes an estimate of \$500,000 for the intersection realignment/new ROW, \$500,000 for the supplemental parking lot, and \$1.5 million on the site prep, which includes over lot grading, rock removal, drainage infrastructure, and utilities. This work will start in June 2016 and be completed before fall. The Town Council approved the final development permit for the project April 26th. Construction of the LIHTC portion of Denison Placer will start in spring 2017 and be completed by late summer 2018. Construction will start first on the five easterly buildings with 19 townhomes and move towards the west. The first units should be ready for occupancy by spring 2018 with the rest of the units coming on line in August and September.

c. Overall financial feasibility and viability:

The Town of Breckenridge has shown an incredible commitment to building affordable housing to meet the identified need. To that end, they have created a Housing Fund that is supported by fees on development and a voter authorized sales tax. The Council also allocates an additional \$2.5 million to the Housing Fund annually. The Town has committed \$6 million in permanent financing to the Denison project. Additionally the Town is contributing the land valued at \$3.4 million. On top of those commitments the Town is completing the site work for the project starting this summer at a cost of \$ 2.5 million. This does not include the \$1.5 million the Town is dedicating to the creation of the new park adjacent to the site and the bridge over the river to connect the site to the Rec Path. Furthermore, the Town is waiving \$683,000 of permit and use fees. This total contribution of over \$14 million makes the project a reality.

The tax credits are critical to leveraging the Town's Housing Fund. The 2013 Needs Assessment indicates that after Denison Placer and Pinewood 2 are complete, the Town will still need an additional 232 rental units at 30-60% AMI, which can't be done without significant subsidy. The Town is committed to being a good partner in the effort to develop much needed affordable housing.

d. Experience and track record of the development and management team:

The Town of Breckenridge Housing Authority was created last year to better allow the Town of Breckenridge to pursue its affordable housing goals. They closed on Pinewood Village 2 in May 2015 and those 45 units of LIHTC housing will be available to lease in late June. Pinewood Village 2 was such a success

that the Town is using the same partners for Denison Placer. The Town partnered with Corum Real Estate Development for the development of Pinewood Village 2 and that has been an incredibly successful partnership. Corum is acting as development manager and management agent for Denison Placer. Corum has a long and distinguished history of developing quality multifamily housing in Colorado mountain towns. The Town of Breckenridge and Corum have been working together on this project for several years and have an excellent working relationship. Corum has been a leader in providing workforce housing in mountain communities since 1993, and since then has completed a number of multifamily developments in the Vail Valley, Steamboat Springs, Breckenridge, and Snowmass.

The rest of the team remains the same as Pinewood Village 2; Dwelling Development acted as LIHTC consultant for the Pinewood Village 2 development and is also providing that service for Denison Placer. Summit Homes Construction, who is doing such an excellent job on Pinewood Village 2, will be the general contractor for Denison Placer. The Town has done multiple projects with Summit Homes Construction (including the 41 units at Valley Brook Townhomes in 2010 which are similar configuration to Denison Placer) and feels extremely comfortable with them and their capabilities.

e. **Cost reasonableness:**

Cost estimating is a genuine challenge in this construction environment particularly for a development in the mountains with the following timing issues; construction being a year out from application and the short duration of the weather window of starting in summer to reduce cost, which results in 12 months of materials and labor volatility that they have no control over. For this reason, the cost estimate includes an escalation amount of approximately \$750,000. This is based on assumptions of increases in each division from 2% to 10% over the next year.

To combat price creep, Corum and the Town will start the final bidding and contract process early in 2017. They will get more attention from bidders in January as contractors haven't allocated work for that summer yet as opposed to opening bidding in April. In summary, they plan on being tactical about the buy-out process and taking advantage of slow periods in a seasonal environment. Additionally, they have identified items that can be value engineered as necessary.

Further the project has a much lower developer fee than allowed as the Town contracts with Corum to manage the construction and contributes its considerable staff time to the development.

f. **Proximity to existing tax credit developments:**

There is only one other 100% LIHTC property in Breckenridge and that is Pinewood Village 2, which will be placed in service in July. However, Pinewood

Village 2 has only studios and one bedrooms so serves a completely different population than Denison Placer, which will have two and three bedrooms. Pinewood Village 1 also has 20 LIHTC units but only 12 are comparable 2 and 3 bedroom units. The remaining LIHTC properties are in Silverthorne. There are zero vacancies in LIHTC units across the county at a time of year with the most rental changeover.

- g. Site suitability:
In a part of the state where available land for development is at a premium, the Denison Placer site is ideal. The Town has been planning for affordable housing development in this area since 2008. Oxbow Park will be developed on the east side of the site by the Town of Breckenridge at a cost of approximately \$1.5 million. It will be a public park with benches, picnic tables, grills, shelter, bathrooms and playground. The Town will construct a bridge over the Blue River to connect Oxbow Park, Denison Placer and the rest of Block 11 to the Blue River Recreation Path. Construction will take place in 2016 and 2017.
4. Provide the following information as applicable:
- a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):
The project is not reserving for permanent debt service because the Town of Breckenridge is the permanent lender and will not require those reserves. The project has 4 months of operating expenses budgeted as well as \$75,000 in lease up reserve, which is appropriate based on the leasing projections.
 - b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis: **Not applicable**
5. Address any issues raised by the market analyst in the market study submitted with your application:
- 1. Install sound reduction materials and sound dampening windows in the bedrooms on the upper floors that face onto Floradora Drive to minimize noise from bus traffic.
The architect's response was " We don't typically use sound dampening windows on units that face streets even downtown. This is just a residential street with a local bus route so we don't see noise as a major concern. The only time we have ever used sound dampening windows have been for residential units directly adjacent to railroad tracks."
 - 2. Make one of the three-bedroom townhomes accessible since, with a bedroom on the ground floor, they could house a family with a mobility-impaired child or parent.
When the TOBHA looked at accessibility requirements, they decided to place the accessible units in the ground floor units in the apartment buildings. They are doing six 2 bedrooms units, as well as doing a few visitable ground floor townhome units (accessible entry & bath only) The TOBHA will consider providing an accessible ground floor 3 BD townhome unit.

3. Establish a strong two-way referral relationship with the new Family and Intercultural Resources Center (FIRC) in Breckenridge, especially for residences of the 30% AMI units. TOBHA has every intention of establishing and maintaining this relationship. The Town of Breckenridge already has a close relationship with FIRC supporting their programs and provided funding that enabled FIRC to open up their Breckenridge branch.
4. Consider reducing rents for the two-bedroom flats relative to the two-bedroom townhomes. TOBHA agrees and will determine what discount to provide on the rent based on the market at the time of lease up.
6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:
Not Applicable
7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support): Affordable housing is a top priority for the Town and specific goals/strategies are established in the Town's Affordable Housing Strategy (2000), the Breckenridge Vision Plan (2002), the 2008 Workplan, and the Breckenridge Sustainability Plan (2011). Since 2000, the Town of Breckenridge has been involved in the creation of hundreds of affordable homes in the community with incentives that include fee waivers and density bonuses. A Housing Needs Assessment was commissioned in 2013 and the process included unprecedented outreach to the community with surveys delivered to thousands of locals. The goal of this outreach was to assess the housing needs of the community in terms of suitability, affordability, location, etc. According to that study, the greatest gap in housing needs in Breckenridge is rental units priced for households at 60% AMI or less. The Town is committed to developing rental units to meet this need and to that end created the Town of Breckenridge Housing Authority, which is now developing its second LIHTC property. As noted in the narrative, TOBHA and the Town of Breckenridge are contributing over \$14 million to the development of this project. Finally, voters approved the original Sales Tax/Impact fee in support of Affordable Housing in 2006 for a 10 year term. The Town went back to voters in 2015 and it was approved in perpetuity, so it will never expire. This truly shows how committed and concerned the local community is about housing.

Additional documentation for Points claimed 'Development is located in a community that has an identified community housing priority; e.g. supports a local, regional or state plan, a neighborhood plan, or some other community-sponsored needs assessment, master plan, etc. Applicant must provide evidence, clearly demonstrating the project fits into the community's needs.

Please see scoring section for Block 11 vision plan and 2013 Affordable Housing Survey.

9% lihtc application narrative



Project Name: Denver Gardens Phase II

Project Address: 6801 East Mississippi Avenue, Denver, CO 80224

The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project's strengths and address its weaknesses. It must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc. **This document should be no more than 10 pages.**

Background:

Steele Properties is excited to submit this application package to CHFA for 9% low income housing tax credits in the June 2016 competitive cycle for the proposed new construction of Denver Gardens Phase II.

Phase I of this project, Denver Gardens Apartments, is a highly successful 2010 tax credit project. Phase I represented a partnership amongst public, private, local, state and federal organizations including the City of Denver, State of Colorado Division of Housing, the United States American Recovery and Reinvestment Program, HUD, and the Colorado Housing and Finance Authority.

The \$5,000,000 redevelopment of Denver Gardens Phase I vastly improved the living conditions of the 100-unit, senior housing resource located directly next door to the proposed Phase II site. Denver Gardens remains a prized possession in its Southeastern Denver neighborhood, and an overwhelmingly desirable housing opportunity for seniors in the area. To this day, the above mentioned public partners, along with the project lenders, investors, and owner/developer, celebrate Denver Gardens Phase I as a triumph of private, local, state and national housing programs successfully ensuring long-term, quality housing resources remain

available and desirable for low- to moderate-income individuals and families. Additionally, the project has been recognized by the Mayor, Governor, and multiple Congressional delegates.

Denver Gardens I has an extensive waitlist and maintains a 0% vacancy. In fact, the impetus for proceeding with the construction of Phase II proposed in this application is the overwhelming demand for affordable senior housing at Denver Gardens Phase I.

As described further herein, Phase II will serve an acute need for additional affordable senior housing in Southeastern Denver. Phases I and II will be the only affordable senior property within almost a four-mile radius. The expansion of Phase I into Phase II will help to meet the increased demand for rental housing within the community, which is clear from the overwhelming demand seen at the existing Phase I property.

Proposed Phase II Development Description:

Located in a Qualified Census Tract (QCT), Denver Gardens Phase II is a proposed new construction housing development that will be built on the vacant land next door to Denver Gardens Phase I, and will result in 50 new one-bedroom units for low-income seniors at very affordable rents in a four story building.

Unit Mix

The proposed unit mix and AMI breakdown of Denver Gardens Phase II is as follows:

50 one-bedroom/one-bath units (820 square feet)

3 units @ 30% AMI

20 units @ 50% AMI

27 units @ 60% AMI

Amenities

Denver Gardens Phase II will provide a number of amenities for the benefit of its senior resident population. Amenities will include a community room, fitness center, computer lab, picnic/BBQ area, fire pit, central laundry facility, onsite leasing/management office and maintenance area, and intercom electric entry for security. Each unit will contain an energy efficient range/oven, refrigerator with icemaker, garbage disposal, dishwasher, microwave, washer/dryer hook-ups, blinds, ceiling fans and balcony or walk-out patio. Additionally, the project offers direct access to public transportation with the bus stop directly outside the property on East Mississippi Avenue. Rent includes water, sewer and trash. Residents will pay gas and electric.

Note also that the location has a walk score of 79, exceeding Denver's average score of 60.

Construction Details

The proposed project design is for the new construction of a four-story wood framed structure of an attractive assembly of stucco, wood and brick exterior. The building will total 64,020 square feet, including 41,000 rentable square footage and 23,020 square feet of common space, and community amenities. The design includes a large fitness center, a community room with full kitchen and an equipped computer lab. The building will contain two electric traction elevators. The development pricing includes installation of energy efficient appliances, meets all criteria of the Enterprise Green Communities and provides for overall energy efficient building practices.

To increase connectivity between Phase I and Phase II, we have commissioned Hoff's Landscape Contractors to develop a landscape plan that creates a cohesive community between Phases I and II. Hoff's developed a beautiful plan to increase green space, create gathering space, and improve connectivity with pathways. The plan also increases plantings to shield gathering spaces and walkways from parking and streets. We have submitted the plan with this application.

The CSI estimate was prepared by M&B Construction Services - a quality, experienced and reputable local contractor. Since 1997, the management and ownership of M&B Construction Services has designed and built hundreds of commercial and residential facilities throughout metro Denver and Colorado.

Location

Perhaps the most important consideration of this development proposal is location, location, location. The site is located in a QCT and, aside from Phase I, rental housing options in the area are limited. As indicated in the enclosed Market Study, there is an overwhelming demand for new units in this market area- especially for affordable one-bedroom units serving seniors. Just like Denver Gardens Phase I did in 2010, this second phase will improve the quality and availability of needed affordable housing opportunities in Southeast Denver. The site is under full control, is intended to be developed for affordable housing, and is in an important geographical location in the city to serve the target demographic.

The primary demographic of this particular neighborhood is elderly Russian immigrants who utilize the number of walkable services and retail establishments nearby. This is the primary community residing at Denver Gardens Phase I.

We know from our experience operating Denver Gardens Phase I that the residents have a large extended network of friends and family eager to move to this specific neighborhood as it serves as an important a cultural center. A review of the Denver Gardens rent roll shows that a number of existing residents at Denver Gardens Phase I can qualify for and afford the underwritten rents for the 30% units at Denver Gardens Phase II.

In addition, the narrative should address the following:

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

Denver Gardens Phase II will meet nearly all Guiding Principles of the allocation plan. Phase II will serve residents earning 60%, 50% and 30% of the AMI. The project has committed to the maximum extended low-income use of 40 years. It is located in a QCT and is consistent with the City and County of Denver's consolidated plan to increase affordable housing opportunities, especially for senior populations, as well as the Mayor's Five Year Plan for Housing Denver. Enclosed in this application is a certification from the Office of Economic Development of consistency with the Consolidated Plan and the Mayor's Five Year Plan.

The development also meets CHFA's explicit goal of supporting senior housing development. Phase II meets CHFA's goal of supporting new construction of affordable rental housing projects by adding 50 new housing units to the area's rental stock. Though CHFA has allocated credits to senior developments located in Denver in recent cycles, Denver Gardens Phase II will be the first new construction LIHTC development built in this market-area in the past ten years. The project size is ideal to allow CHFA to meet the distinct housing needs of this PMA, while requiring a smaller portion of CHFA's resources so that credits can be more widely distributed across the state.

Steele Properties has secured strong interest for participation from Denver's Office of Economic Development and the Colorado Division of Housing in order to keep the rents as low as possible. Such additional sources allow us to offer the lowest possible rents while reserving only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

Denver Garden Phase II meets CHFA's distinct priority of increasing quality affordable housing opportunities for seniors.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

- a. Market conditions:

The Market Study demonstrates a strong demand for the proposed units, which requires an overall 5.3% capture rate (though when analyzed as 55+ rather than 62+, the capture rate is 3.9%). Of particular note, the market study reveals a high need for 30% units in the market area, identifying 1,240 income qualified households who can afford the underwritten rents. This equates to a low .2% capture rate for the 30% units.

Also, the subject property is the only senior LIHTC development proposed for the subject market area.

In addition to the strong demand identified in the market study, we know through our experience with Denver Gardens Phase I that Phase II will primarily serve seniors in the immediate area of Southeast Denver and will provide a needed housing opportunity for the distinct elderly Russian population that call this area home. As described above, we anticipate current residents and households in the extended network of Denver Gardens Phase I residents as an existing tenant base for Phase II. Denver Gardens Phase I has a current waitlist of 64 pre-qualified households, and the waitlist is closed. Phase II will help alleviate this demand for Denver Gardens Phase I.

- b. Readiness-to-proceed:

Denver Gardens Phase II demonstrates strong readiness to proceed in all areas:

Zoning: The site is properly zoned for the intended use. Included in this application is a zoning verification letter from the City of Denver, the approved PUD G #4 zoning code, and ordinance 592 authorizing the rezoning classification. It is worth noting that City Council unanimously and enthusiastically voted in favor of this rezoning,

and made several remarks applauding and encouraging use of the lot for increased affordable housing.

Environmental: The Phase I environmental report indicates no Recognizable Environmental Conditions that would delay the progress of the project.

Site Control: The Phase II applicant has full site control under an executed purchase option agreement. Since the development of Phase I, the intended and anticipated use of this vacant lot has been for the expansion of Denver Gardens given the huge demand at that property.

Project Design: The proposed plans meet all allowed uses and design standards, including meeting the minimum parking requirement of .75 per unit. We do not anticipate requiring any design variance requests.

Project Cost: The cost estimate provided by M&B Construction Services confirms the feasibility of the project costs outlined in this application.

The development timeline provided in this application reflects the developer's ability to move quickly to close and meet carryover by May of 2017.

c. Overall financial feasibility and viability:

Denver Gardens Phase II exceeds all of CHFA's underwriting criteria, including a strong operating reserve, PUPA, and DCR.

Financing:

The development is structured using permanent debt from CHFA, and has a commitment for construction financing from Keybank. Keybank has also provided an LOI for tax credit equity. The Division of Housing and Denver Office of Economic Development have expressed interest in partnering on this important housing development as evidenced by the letters provided in this application.

d. Experience and track record of the development and management team:

Steele Properties LLC has assembled an impressive development and management team with abundant experience in affordable housing development and operations. Steele has successfully completed the new construction of Glenwood Green

Apartments in Glenwood Springs Colorado, a 2011 LIHTC development. The project is in service and well-leased. Steele has completed a number of successful LIHTC developments in the state of Colorado as outlined on the enclosed company bio.

Steele Properties, Developer and General Partner: For the past ten years, Steele has been building its reputation for assembling complex real estate transactions that preserve, improve, and increase affordable housing opportunities across the country. Today, Steele is a leader in the affordable community. Steele has also participated in a number of successful housing developments with CHFA over the years. Please see enclosed resume included in the Development Team section of this application for more.

Monroe Group Ltd., Property Manager: Monroe Group is a leading operator of affordable rental communities. Founded over 30 years ago, the firm has a current management portfolio of over 35 affordable properties across the country. Monroe Group's mission is to provide the highest standard of professional property management, and the firm maintains an impeccable reputation. Please see enclosed resume included in the Development Team section of this application for more.

e. Cost reasonableness:

M&B Construction Services has provided a competitive, reliable design/build construction estimate and provides a remarkable track record of successful multifamily projects and beyond.

f. Proximity to existing tax credit developments:

There are no tax credit developments currently under construction in the PMA. Denver Garden Phase II will be one of only three existing senior LIHTC developments in the PMA- all of which are fully occupied.

g. Site suitability:

Ideal Location:

The future development site is located approximately 7 miles from the downtown Denver area at 6801 East Mississippi Avenue. Denver Garden Phase I and Phase II

are located in an ideal area for senior affordable rental housing. The site is located along ample public transportation lines:

- RTD bus line Route 11: Mississippi Crosstown stops directly in front of the property and connects to both the I-25 / Broadway and Louisiana / Pearl RTD Light Rail stations.
- 0.2 miles walk to Route 65: Monaco Parkway with service to the Stapleton Park-n-Ride and the Southmoor Light Rail Station.
- 0.3 miles walk to Route 83L: Cherry Creek / Parker Rd Limited (approx. 15 minute rush hour frequency) with service through Cherry Creek to Civic Center Station and to the Nine Mile Light Rail Station.
- 0.3 miles walk to Route 79L: Cherry Creek / Dayton Limited with service through Cherry Creek to Civic Center Station and to the Nine Mile Light Rail Station.
- 0.3 miles walk to Route 73: Quebec Street with service to the Stapleton Park-n-Ride, and the Belleview, Orchard, and Arapahoe Village Center Light Rail Stations.

The site is in an established residential and commercial neighborhood, ideal for seniors with limited means, and with various community services within walking distance. These include: a supermarket with pharmacy, a Walgreen's four blocks away, banks, various retailers and restaurants.

In addition, just across the street, residents enjoy the Francis Jacobs Park and Garland Park. The Eloise May Library is just 1.5 miles east of the site and a nearby Russian Senior Services Center is located on the next block. The Rose Medical Center and Colorado University Hospitals are within 4 miles of the site, and the Zion Senior Center is located just over 5 miles from the site.

Extension of Phase II:

As described above, the proposed site is ideal for this type of development and the addition of 50 housing units. The location next door to the existing Denver Gardens, already owned and operated by this development team, is a logical choice as both properties will benefit from the economies of scale of operating two properties next to one another. The property will also expand the already tight-knit elderly community at Denver Gardens Phase I and provide additional housing opportunities to meet the high demand for units at Phase I.

Preserving the Area's Affordable Housing Opportunities:

The location, along a number of transit lines and only five minutes from Cherry Creek, where there is currently a market development boom, and also nearby a major redevelopment plan in Glendale, would make this site an ideal location for a market-rate development. However, given Steele's commitment to affordable housing development, this site is the perfect opportunity to increase Southeast Denver's affordable housing stock amidst rampant market rental development in nearby neighborhoods and throughout the city.

4. Provide the following information as applicable:

- a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):

Denver Garden Phase II does not require any waivers of CHFA's underwriting criteria.

- b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:

Denver Garden Phase II is located in a QCT and does not require CHFA's DDA boost.

5. Address any issues raised by the market analyst in the market study submitted with your application:

The market analyst has not identified any issues with this development. In fact, the market analysis shows strong demand for the proposed units as described above.

6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

There were no issues raised in the environmental report submitted with our application.

7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

Enclosed in this application are letters of support from the Colorado Division of Housing, and the Denver Office of Economic Development, with whom the project has been discussed at length and received overwhelming support.

8. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans and relocation plan (if applicable). Address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, nature disaster).

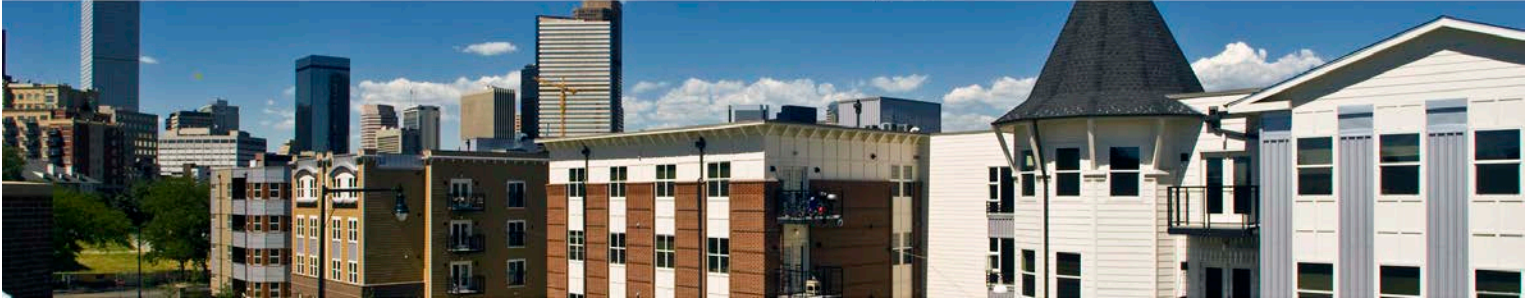
N/A

You may also provide additional documentation that supports your narrative by attaching it to the narrative or submitting it on a CD. Each supporting document should briefly describe what is contained in the attachment.

Example 1: Additional documentation to support the Market Conditions Criteria could be labeled to as follows: *Attachment Market Conditions* or *Market Conditions.pdf*, etc.

Example 2: Soft funds documentation to support that amount of soft funds listed in the Application can be secured could be labeled as follows: *Attachment Overall Financial Feasibility and Viability* or *Overall Financial Feasibility and Viability.pdf*, etc.

9% lihtc application narrative



Project Name: DMA Plaza Renovation

Project Address: 300 Remington St., Fort Collins, CO 80524

Project Description

DMA Plaza Apartments is an existing 11-story, 126-unit, rectangular apartment building that was built in 1973/1974 by the Fort Collins Downtown Merchants' Association (DMA) to provide affordable housing for the merchants' employees when they retired. DMA Apartments has successfully managed the property as a HUD 236 for 40 years.

Currently, DMA Plaza includes 83 studio units, 42 1-BR units, and one 2-BR unit. Sixty-five parking spaces serve DMA Plaza Apartment residents, visitors and staff. The total gross building area is 71,455 square feet, of which approximately 16,785 gross square feet is in combined resident support/circulation/office/mechanical areas throughout the building and 54,670 square feet is in residential units. There are two main accessible entrances at the east and west sides of the building and two additional emergency exits at the north and south sides of the building. Two elevators serve all 11 stories. Typical 1-BR units (42 units) are approximately 484 square feet each, 11 of which are accessible. Typical studio units (83 units) are approximately

418 square feet each. The common space, located on the ground floor, includes a community room and a laundry room.

The HUD 236 loan was paid off in 2014 and the property is free and clear of debt and any restrictions. The Board of Directors desires to keep this project as a low income property if the needed funding can be secured.

Renovation Construction

The renovation is going to be costly because of the need to abate asbestos in the exterior walls, the interior dry walls, and popcorn ceilings. That means the construction must include new exterior walls and completely gutting the interior. The positive side is that because of the concrete and steel structure, this renovation will allow this property to be in service for another 50 years and, with needed funding, the Board will dedicate this property as low income seniors in perpetuity.

The scope of the rehabilitation will include every apartment and will expand some of the common area. Every apartment will receive an upgraded kitchen with energy-conserving appliances and granite countertops, new doors, new flooring, new large operable (low heat gain) windows, drapes and blinds, replacement of exterior building system with more insulated product, new baseboard heaters and controls in the bedrooms, water-conserving fixtures, new HVAC to the units (which will now deliver cooled air), and updated bathrooms with roll-in showers. The two-bedroom unit on the first floor will be converted to expand the resident laundry space, and provide a new multifunction room with an accessible restroom for visiting clinics, conference use and other resident uses. A first-floor studio unit will be converted to a fitness room for resident use. The HVAC, electrical service and fire suppression systems will be substantially upgraded to improve safety and quality of life. There will be significant asbestos abatement (in the floors, the walls, and ceiling tiles) as well. Once the rehabilitation is completed, there will be 124 residential apartments. One two-bedroom unit and one studio will be converted to expand common area on the ground floor. One of the other studio unit on the ground floor will be converted to a one bedroom unit.

Population Being Served

The AMI Mix described below includes 54 units at 30% and 40% AMI, 44% of the total 124 units. In addition the 42 60% AMI units are all tenant based Section 8 units that are occupied almost entirely by residents at or below 40% AMI. With the Section 8 units included the project would serve 96 households at or below 40% AMI. This is consistent with the current unit mix which includes 77 units serving residents at 30% AMI and 16 units with residents at 40% AMI keeping

in mind that twenty units are being held vacant in anticipation of the renovation. To our knowledge the non assisted units would be the most affordable tax credit units in Colorado.

DMA Plaza Total Project

#	Type	AMI	SF	Rent	U.A.	Inc %
17	Studio	30%	418	\$ 375	\$ -	27.4%
16	Studio	40%	418	\$ 375	\$ -	27.4%
16	Studio	50%	418	\$ 375	\$ -	27.4%
32	StudioS8	60%	418	\$ 662	\$ -	48.3%
8	1 Bd 1 Ba	30%	484	\$ 420	\$ -	28.6%
13	1 Bd 1 Ba	40%	484	\$ 420	\$ -	28.6%
12	1 Bd 1 Ba	50%	484	\$ 420	\$ -	28.6%
10	1 Bd 1 BaS8*	60%	484	\$ 818	\$ -	55.8%
124						

DMA Plaza 9% Project

#	Type	AMI	SF	Rent	U.A.	Inc %
5	Studio	30%	418	\$ 375	\$ -	27.4%
5	Studio	40%	418	\$ 375	\$ -	27.4%
5	Studio	50%	418	\$ 375	\$ -	27.4%
10	StudioS8	60%	418	\$ 662	\$ -	48.3%
3	1 Bd 1 Ba	30%	484	\$ 420	\$ -	28.6%
5	1 Bd 1 Ba	40%	484	\$ 420	\$ -	28.6%
4	1 Bd 1 Ba	50%	484	\$ 420	\$ -	28.6%
3	1 Bd 1 BaS8*	60%	484	\$ 818	\$ -	55.8%
40						

DMA Plaza 4% Project

#	Type	AMI	SF	Rent	U.A.	Inc %
12	Studio	30%	418	\$ 375	\$ -	27.4%
11	Studio	40%	418	\$ 375	\$ -	27.4%
11	Studio	50%	418	\$ 375	\$ -	27.4%
22	StudioS8	60%	418	\$ 662	\$ -	48.3%
5	1 Bd 1 Ba	30%	484	\$ 420	\$ -	28.6%
8	1 Bd 1 Ba	40%	484	\$ 420	\$ -	28.6%
8	1 Bd 1 Ba	50%	484	\$ 420	\$ -	28.6%
7	1 Bd 1 BaS8*	60%	484	\$ 818	\$ -	55.8%
84						

* Tenant Based Section 8 Voucher household

Location

The DMA Plaza is located within the center of Fort Collins Old Town, providing easy access to many amenities for its residents. Within one block of the property are a Safeway (with pharmacy) and Wells Fargo Bank, small businesses to the north, and a great variety of dining establishments, bars, and services along S. College Ave. Old Town Square, a few blocks north of DMA Plaza, also features multiple shopping venues and restaurants. Other major shopping in Fort Collins is located in the southern section of Fort Collins, accessed by bus Route 18, with a stop at the north end of the property. Colorado State University (CSU) is located roughly one mile southwest of the subject and is accessible by the MAX line which has stops two blocks away from the property. The University offers those over the age of 50 the opportunity to audit classes to learn more about a broad range of topics, including history, the great outdoors, environmental issues, science, health, and much more. No prerequisites or degrees are required, and online classes are offered. Library Park, two blocks northeast of DMA Plaza, offers space for recreational activities and social gatherings. At the center of this park, the Poudre River Public Library offers more than check-out items with educational and entertaining activities scheduled throughout the week. The Fort Collins Museum of Art, located two blocks northwest of the subject, offers a unique series of art exhibitions, community events, publications, and educational events. The Lincoln Center for Performing Arts is located on S. Meldrum St., less than half a mile away and offers diverse performances in theatre, dance, visual arts, and children’s programming.

Amenities

The following tables show amenities before and after renovation

Unit Amenities

Unit Amenities	Before	After
Kitchens	Older, non-energy efficient refrigerator and stove, Formica countertops	Energy Star refrigerator and stove, and granite countertops
Bathrooms	Tubs	Roll-in showers, new interior doors, sink with vanity, water-conserving fixtures
Exterior walls in apartments	Curtain-wall construction, old aluminum-framed, single-paned windows	Large operable (low heat gain) windows, new exterior high R-value curtain wall panels, new drapes and blinds
HVAC	Residents supply their own window AC unit, heat is provided by baseboard heaters.	Vertically-oriented package terminal air conditioning unit (VPTAC) that heats and cools. Individually-controlled heat and air conditioning.
Flooring	Carpet and vinyl	New vinyl plank flooring in the kitchen and bathroom, carpet in the bedroom and living room

Interior Common Amenities and Building Systems

Interior Common Amenities:	Before	After
Community Room	Community room was recently remodeled and includes couches, kitchen, upholstered chairs, game tables, piano, and a large stone fireplace	No changes to the community room
Laundry Room	4 washers/4 dryers	9 washers/9 dryers - expansion space acquired from 2-BR unit
Multifunction room	None	New multifunction room will have accessible restroom, private office for general/routine consultations and/or periodic health screenings - from 2-BR unit
Fitness room	None	Studio will be converted to fitness space
Wireless Internet	Available on 1st floor only	Available on each floor and in each unit
Building Systems:		After
Fire Pump		A fire pump will be added to the boiler room to increase fire sprinkler system pressure to top floors.
Elevators		Financing is currently being sought to upgrade elevators to manage emergent safety concerns.

Exterior Common Amenities

Exterior amenities at the subject include a seating area at the north end of the property and the xeriscaped gardens around the building.

Services

DMA Plaza Apartments has hired a social/service coordinator to coordinate activities and assist residents to access a full range of community service

Energy Efficiencies

The scope of the rehabilitation will include every apartment and will expand some of the common area. Every apartment will receive an upgraded kitchen with energy-conserving appliances and granite countertops, new doors, new flooring, new large operable (low heat gain) windows, drapes and blinds, replacement of exterior building system with a more insulating product, new baseboard heaters and controls in the bedrooms, water conserving

fixtures, new HVAC to the units (which will now deliver cooled air), and updated bathrooms with roll-in showers. The HVAC, electrical service and fire suppression systems will be substantially upgraded to improve safety and energy efficiency

Financing

The extensively renovated DMA Plaza Apartments will be owned by two yet-to-be formed LLLP’s, both of which will have DMA Plaza, Inc. or a related entity as general partner. The renovation will involve two separate partnerships because both 4% low income housing tax credits with tax exempt mortgage bond financing and 9% tax credit with conventional mortgage financing are being utilized. The financing is projected to be as follows:

	Permanent Funding		
	Taxable 9%	Tax Exempt 4%	Total
Acquisition Note	\$ -	\$ 5,351,613	\$ 5,351,613
LP Equity Federal Credit	\$ 8,367,889	\$ 7,209,356	\$ 15,577,245
First Mortgage	\$ 600,000	\$ 1,500,000	\$ 2,100,000
City of Fort Collins	\$ 100,000	\$ 900,000	\$ 1,000,000
Colorado Division of Housing	\$ 100,000	\$ 900,000	\$ 1,000,000
Sponsor Permanent Loan	\$ -	\$ 2,548,387	\$ 2,548,387
Deferred Developer Fee	\$ 154,070	\$ 1,079,553	\$ 1,233,623
Totals	\$ 9,321,959	\$ 19,488,909	\$ 28,810,868

Local State and Federal Support

As shown in the table above it is anticipated that financial support will be received from the City of Fort Collins and the Colorado Division of Housing. The project expects to continue to serve a significant number of residents with tenant based Section 8 vouchers. The Fort Collins Housing Authority may participate as a special limited partner.

Guiding Principles

To support rental housing projects serving the lowest income tenants for the longest period of time

As stated above to our knowledge the non assisted units would be the most affordable tax credit units in Colorado DMA Plaza has been serving low income for 43 years and as part of this application is making a formal commitment to maintain affordability for the maximum period of 40 years. The mission of the sponsor is to maintain the affordability forever.

To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit

DMA Plaza, Inc has successfully managed a very affordable senior housing project for 43 years. The project is strongly supported by the Fort Collins Community. DMA Plaza Inc. is the type of sponsor that would greatly benefit from the tax credit program in order to accomplish the severely needed renovation of the property so that it can continue to be a valuable resource for the community.

To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing

DMA Plaza provides affordable housing for seniors.

To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail

The SITE IS accessed by bus Route 18, with a stop at the north end of the property and by the MAX line which has stops two blocks away from the property.

To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing

The property has a critical need for renovation and although there are no plans to convert to market there are no restrictions that would prevent it.

To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period

The mixed 4%/9% financing ensures that the project makes very efficient use of the 9% credit. The full renovation of 124 units is being achieved with average 9% credit of less than \$6,500 per unit.

Identify which housing priority in Section 2 of the QAP the project qualifies for:

Although not directly affected by the flooding the project is in Larimer County which was impacted by a natural disaster.

Describe how the project meets the criteria for approval in Section 2 of the QAP:

a. Market conditions:

Senior affordable housing is in great demand in the Fort Collins area and numbers are not meeting that demand. The City of Fort Collins Affordable Housing Strategic Plan reports that, in Colorado, there are only 25 available units available per 100 households earning less than 30 percent AMI. One of the five strategies established in the Strategic Plan is to preserve the long-term affordability and physical condition of the existing stock of affordable housing.

According to the Highland Group's report Need and Opportunities in Housing and Care: Next 25 Years, a significant unmet demand for more age-qualified affordable rentals exists. The demand for age-qualified, affordable rentals is reflected in the amount of cost-burdened seniors in Fort Collins. HUD's Comprehensive Housing Affordability Strategy (CHAS) data reports that there are approximately 2,474 cost-burdened elderly households earning less than 80% AMI. These numbers will grow and, the City's Strategic Plan reports, Larimer County will see a large growth in its senior population over the next 15 years, doubling 2030.

Most importantly the property has been at near 100% occupancy with a waiting list since completion more than 40 years ago. Given the highly desirable location and the planned substantial physical improvements there is no reason not to expect this to continue.

b. Readiness-to-proceed:

The schematic plans are completed and the contractor has done an in-depth analysis of construction cost. Zoning is in place. A sufficient number of units are being vacated so that internal temporary relocation renovation could be accomplished and renovation could start shortly after approval of the tax credits.

c. Overall financial feasibility and viability:

Project is feasible based on realistic estimates of rents, expenses, development costs and financing

d. Experience and track record of the development and management team:

Mike Sollenberger, the President of the Board of Directors of DMA Plaza, Inc. and an experienced developer of affordable housing, will lead a very experienced development team. As evidenced by the attached resumes the architect, contractor, attorney and financial consultant have relevant experience in the design, construction and financing of renovation projects.

e. Cost reasonableness:

The land and building are in effect being contributed. The projected total development cost per unit net of the value of the existing land and building is \$169,000 which is a reasonable cost for a project that should easily last fifty years and provide very affordable housing for seniors during that time.

f. Proximity to existing tax credit developments:

One other senior project in PMA: Oakridge Crossing, a planned, 110-unit, senior tax credit-funded apartment property, located approximately 4.5 miles south of the subject in southeastern Fort Collins.

g. Site suitability:

The Market Analyst gave the highest rating for the Project Location; See the Location Section above

h. Provide the following information as applicable:

Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum): **NA**

The initial debt coverage ratio is higher than 1.30 in order to maintain coverage throughout the 15 year compliance period.

2. Address any issues raised by the market analyst in the market study submitted with your application:

The Market Analyst sees very strong demand for the very affordable units at DMA Plaza and notes that the project is an irreplaceable asset "in the heart of downtown Fort Collins, could not be replaced given current zoning restrictions and construction costs".

- 3. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:**

There were none.

- 4. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):**

The City of Fort Collins has supported DMA Plaza since it was completed including the possibility of funding for the renovation.. The original sponsor, the Downtown Merchants Association, is itself a community / neighborhood organization.

- 5. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans and relocation plan (if applicable). Address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, nature disaster).**

Rehab plan

The planned renovation has been described above. Although not required for the Preliminary Application for acquisition/rehab projects architectural schematics have been prepared that present in more detail the renovation plans (Item 14).

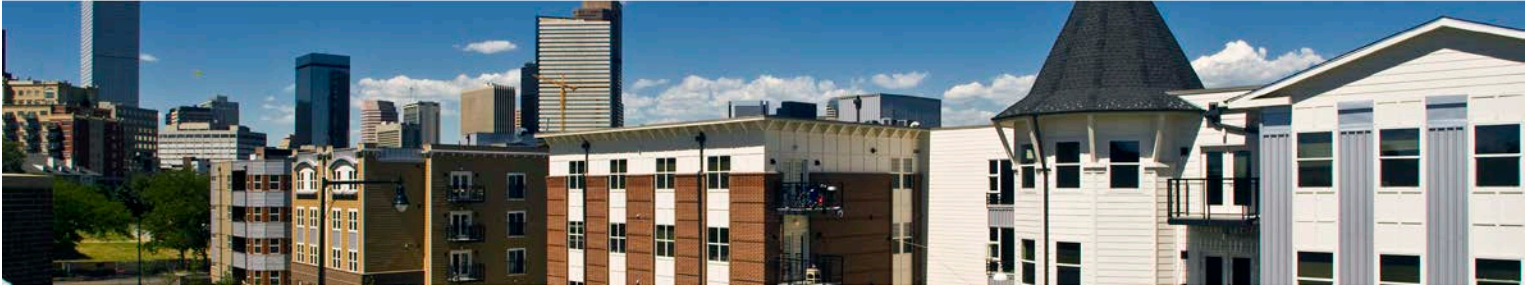
Relocation plan

There will be no permanent relocation. We will accomplish the renovation process two floors at a time. Vacancies have not been filled, and we are nearly at the needed twenty-four vacancies through natural tenant attrition. When the renovation begins, all remaining tenants on the top two floors, ten and eleven, will be moved to vacant units on lower floors, at no cost to the tenants, and with assistance provided. Once the top two floors are completed, they will be fully furnished as guest suites, complete with furniture, linens and kitchenware. Tenants from the next two floors, eight and nine, and so on will then have their belongings packed and moved to a secure local storage facility, insured and bonded, with assistance in the packing process.

A 10 year opinion is provided.

The only significant capital expenditures over the last two years is for the elevator improvements now in progress

9% lihtc application narrative



Project Name: Freedom Springs

Project Address: 0 Western Drive, Colorado Springs, CO, 80915

Project Description:

Colorado Springs is one of the largest military communities in the United States. Colorado Springs has committed to ending veteran homelessness through efforts involving the Mayor's Office, the U.S. Department of Veteran Affairs, the U.S Department of Housing and Urban Development, and local non-profit social services providers. Despite this, Colorado Springs suffers from a significant lack of affordable housing and currently has no project-based permanent supportive housing developments addressing the needs of veterans who are currently homeless.

Freedom Springs will change that. By offering affordable housing and on-site supportive services to develop and maintain stability, Freedom Springs, located on Western Drive, will provide a uniquely supportive community environment for formerly homeless veterans. A Low Income Housing Tax Credit (LIHTC) development, Freedom Springs will include 50 one-bedroom apartments.

The collaborative partners are:

The Vecino Group (Developer and 51% General Partner) has over 100 developments in three states, has 29 dedicated staff and offices located in California, Missouri, and Kansas.

Pike's Peak United Way (Local Developer and 49% General Partner) was founded in 1922 and is dedicated to advancing the common good by not only providing a safety net for basic services, but also preventing tomorrow's problems by addressing issues today. Focused on the areas of education, income and health, the building blocks for a quality life, Pikes Peak United Way recruits the individuals and organizations throughout the community who bring the passion, expertise and resources necessary to affect positive and long-lasting change.

Ross Management Group of Denver (Property Management Company) began involvement with LIHTC properties in 1987. Ross management dovetails with the supportive service agencies to provide quality housing to our special needs population.

Volunteers of America Colorado Branch (Lead Service Provider) is a national, nonprofit, faith-based organization dedicated to helping those in need rebuild their lives and reach their full potential. Through more than 30 distinct human service programs throughout the state of Colorado, including housing and healthcare, Volunteers of America helps more than 200,000 Coloradans each year. Since 1896, their ministry of service has supported and empowered America's most vulnerable groups, including at-risk youth, the frail elderly, low-income families, homeless individuals and families, women and children escaping domestic violence, and those seeking affordable housing solutions. Their work touches the mind, body, heart — and ultimately the spirit — of those they serve, integrating their deep compassion with highly effective programs and services.

Why Freedom Springs should be awarded credits:

Freedom Springs will decrease veteran homelessness by 30% in Colorado Springs.

The 2015 Point-in-Time count reported a total of 1,073 persons that were homeless in the Colorado Springs/El Paso County Continuum of Care; 496 persons were living in emergency shelter and 243 persons were unsheltered. The total number of persons that were chronically homeless was 275 persons.

For the purposes of this application, the veteran data was analyzed. Of the 1,073 persons that were homeless, 161 persons identified as veterans; 80 veterans were staying in Emergency Shelter, 27 veterans were living in Transitional Housing and 54 veterans were unsheltered, literally homeless. As in many communities, the number is believed to be larger than 161 veterans, many veterans do not identify when surveyed that they served in the military.

On May 11, 2016, Pike's Peak United Way released the 2016 Point-in-Time Count for purposes of Permanent Supportive Housing applications. The total number of persons that reported being homeless was 1,302; this is a 229-person (18%) increase in one year in the Colorado Springs/El Paso County Continuum of Care. The veteran number increased by 7 persons, from 161 to 168 in one year. Freedom Springs will decrease veteran homelessness in Colorado Springs/El Paso County by 30%.

Strengths:

Freedom Springs is best practices for a community working for a common cause. The Vecino Group is an experienced supportive housing developer, Pike's Peak United Way is the "go-to" local contact in Colorado Springs, Volunteers of America is a nationally recognized agency for services to veterans, and Ross Management has years of experience in managing supportive housing. In addition, to the main partners in Freedom Springs, El Paso County Public Housing Authority has provided a .01% ownership for tax abatement. The Colorado Springs Public Housing Authority has committed to twenty-five project based vouchers. The City of Colorado Springs, Continuum of Care, Veteran's Administration, Workforce Center, Community Care, and Peterson Air Force, have all provided letters of support. The workforce center, Rocky Mountain Human Services, and Aspen Pointe have provided in-kind MOU's to provide service. Most importantly, a local business owner provided the land for Freedom Springs. Freedom Springs is about a community of people coming together to decrease veteran homelessness by 30% in their community.

Weaknesses:

The need for veteran housing in Colorado Springs is much greater than what Freedom Springs can accommodate. If Freedom Springs could provide housing for 161 veterans, Colorado Springs would see a 100% decrease in veteran Homelessness. However, fifty units and 2.38 supportive services staff is what the current capacity can accommodate. If Freedom Springs could improve on anything, it would be to provide more permanent supportive housing.

Construction Overview (detailing type of construction):

Freedom Springs is planned as a 49,212 square foot, elevator serviced building, consisting of 50 one-bedroom, 601 square foot units, 19,162 square feet of amenity/common area and service provider space. Designed as a 3-story wood frame construction with 75 open parking spaces, main lobby entrance, access controlled building, for both aesthetics and safety. Exterior finishes will feature quality, low maintenance materials including cement fiberboard and stone. Universal Design items and Green Building Systems will be utilized throughout the development.

Population Being Served:

Freedom Springs is a 100% permanent supportive housing community, providing housing for homeless veterans.

Bedroom Mix:

Freedom Springs will consist of 50, one-bedroom units.

Units	Income Restriction	Description	Square Footage
38	30% AMI	1 Bed, 1 Bath	601
12	50% AMI	1 Bed, 1 Bath	601

Location:

Freedom Springs is ideally located in Cimarron Hills, an unincorporated area within El Paso County, just outside of Colorado Springs and north of Peterson Air Force Base and in census tract 50.00 with a poverty rate estimate of 14.3% on the 2014 ACS 5-year estimate. The suburban site provides an opportunity for fostering community interaction, prospective educational and economic advancement, as well as safety and security. A transit line to the north services the site; in addition Freedom Springs will have on-demand transportation provided by a part-time driver and donation of a van to the project.

Amenities:

The proposed community/amenity space will consist of an on-site property manager’s office/lobby, on-site service provider offices, wellness room, food pantry/lending library, community room with full kitchen, exercise room/gym, computer room, maintenance office and storage, conference room, classroom, rotating/open office space for visiting service providers, outdoor sport court, vegetable gardens, and parking.

Services:

Volunteers of America Case Managers will provide support services including: case management, healthcare insurance acquisition (inclusive of Medicaid enrollment or VA service connection as appropriate), public and VA benefits acquisition (inclusive of the SOAR intervention), housing stability support, socialization opportunities, education/employment and/or service connection, direct connection to behavioral health treatment services, and other life goal attainment as guided by motivational interviewing opportunities with program participants.

Volunteers of America will work collaboratively with residents to develop and implement individualized service plans designed to promote housing stability and self-sufficiency. Service planning will be guided by objective assessment (self-sufficiency outcome matrices) by the case manager, and self-assessment by the resident.

Energy Efficiencies:

Freedom Springs will be constructed to comply with “Green Communities” criteria. Energy efficient and water-conserving features will be designed to maximize performance and will include:

- Low-E Energy Star qualified windows and doors
- High “R-Value” insulation
- Energy Star rated appliances and energy-efficient heating systems
- Low flow fixtures
- Energy efficient lighting
- Low flow showerheads
- Native and Xeriscape landscaping
- Low-VOC paints, adhesives, and carpet systems
- Photovoltaic Solar Panels

Financing:

Several sources of funding are available for Freedom Springs, which makes it financially viable. In addition to the land donation made to Pikes Peak United Way, the primary source of funding will be Low-income Housing Tax Credits, allocated by the Colorado Housing and Finance Authority (CHFA). The development team will seek gap funding through Colorado Division of Housing’s HOME or CHIF. The financing stack also includes tax credit equity from utilizing the ITC solar credit.

The project has been awarded 25 project-based vouchers from the Colorado Public Housing Authority and expects to receive 25 additional project-based vouchers from Colorado Division of Housing. Net income and an additional bonus developer fee will be utilized to support the development’s service budget.

The structure of funding covers expected costs with this development. Moreover, The Vecino Group has proven experience developing with LIHTC credits, completing a variety of projects on time and within budget. Sources and uses of funding include:

Sources of Financing	Amount
CDOH Gap Funds	\$500,000
Federal LIHTC Equity	\$9,889,518
Solar ITC Equity	\$69,284
Total Sources	\$10,458,802

Uses of Financing	Amount
Land	\$99.00
Site Work	\$624,104
Construction	\$6,514,285
Professional Fees	\$492,270
Construction Interim Costs	\$631,495
Permanent Financing	\$27,500
Soft Costs	\$292,230
Syndication Costs	\$60,000
Developer Fee	\$1,296,283
Supportive Services (5% increase)	\$432,094
Project Reserves	\$88,442
Total Uses	\$10,458,802

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

- *To support rental housing projects serving the lowest income tenants for the longest period of time:* Freedom Springs will provide housing for formerly homeless veterans at or below 30% of area median income (38 units) and 50% area median income (12 units).
- *To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and non-profit:* Freedom Springs, LLC will have two General Partners, Pike’s Peak United Way (49%) and Vecino Group (51%).

- *To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing:* Freedom Springs will serve veterans who are homeless with 100% of its units.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

- *Projects serving Homeless Persons as defined in Section 5.B 5:* Freedom Springs will work with several local providers to identify veterans who are homeless in the Colorado Springs community. The identification will be done through the VISPDAT and Community Intake process.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

a. Market conditions:

Analysis of the Point-in-Time count indicates a significant shortage of supportive housing available to veterans experiencing homelessness. The most recent number of persons that reported being homeless was 1,302 of which 161 identified as veterans. Freedom Springs will decrease veteran homelessness in El Paso County by 30% and will not negatively impact the vacancies of other rent restricted developments in the area due to the lack of affordable housing, waiting lists and high occupancy rates at existing properties in the market area.

b. Readiness-to-proceed:

Pikes Peak United Way currently owns the land. A Phase I has been completed and no further investigation is recommended. The site is property zoned and will only require administrative review. Further community outreach and entitlement process will resume in July 2016.

c. Overall financial feasibility and viability:

Freedom Springs is financially feasible if awarded 9% Low-Income Housing Tax Credits as requested. The project is not requesting a basis boost. The gap funds from Colorado Division of Housing will be requested post LIHTC allocation; a letter of intent was submitted along with the Project Based Voucher (PBV) application. The "hard" funds identified, including construction financing terms and tax credit investor pay-in rates, are all based on discussions with the developer's existing relationships with these firms and considered very achievable, given the forecasted conditions for the next 12 months in the financial markets. Pro forma estimates of rental income, vacancy rates,

operating expenses, debt coverage ratios and reserve deposits all fall within the developer's typical underwriting targets and within CHFA's underwriting standards as well. Finally, the project is not feasible as a PAB/4% LIHTC project. The amount of soft funds required to fill the gap under a "4% scenario" would be unachievable.

d. Experience and track record of the development and management team:

Freedom Springs will be developed and owned by Vecino Bond Group, LLC, and Pikes Peak United Way. Ross Management Group (RMG) will manage the property. Ross Management Group is a Denver based company with 25 years of experience in property management. With a portfolio comprised of many LIHTC properties, RMG specializes in lease up and compliance. RMG is in good standing with CHFA.

The Vecino Group (TVG) is a private, for-profit company devoted to Housing for the Greater Good. The principals of the Vecino Group have successfully completed over 1,500,000 square feet of development. TVG has a proven track record of completing difficult projects on schedule and on budget under exacting compliance driven conditions. From conception to closing, idea to occupancy, development is what TVG does. A project portfolio can be found attached. However, the main Vecino Group point of difference does not translate to a list of addresses and square footage. Every Vecino Group project must pass the company gut check. That means every development TVG touches has to address a broader issue, impact an entire community, set an example, give back, and inspire everyone working on the development with a sense of higher purpose. Based in Springfield, Missouri, but rooted in a desire to change the world, the Vecino Group is spreading the particular brand of development throughout the United States. TVG has been awarded both 9% and 4% tax credit allocations. TVG has never defaulted on a LIHTC project or failed to close any deal—affordable or market rate. TVG specializes in forming relationships with non-profits, municipalities, and special interest groups, asking questions, listening to expert opinions, and creating developments with a shared vision. TVG has a track record of leveraging various forms of funding (LIHTC, Historic Tax Credits, CDBG, HOME, Shelter Plus Care, and Project Based Vouchers) to make even the most difficult of projects financially strong. In-house capabilities include development and finance management, construction management, asset management and marketing.

e. Cost reasonableness:

Freedom Springs will cost approximately \$209,176 per unit to develop at a total cost of \$10,458,801 (including reserves, supportive services developer fee and

other soft costs). Of the units at Freedom Springs, 100% of the units will be permanent supportive housing for veterans. A 5% increase in the developer fee is being requested and will be committed to providing supportive services. Overall, the cost to construct this project is in line with projects of comparable size, quality, and demographic served.

f. Proximity to existing tax credit developments:

The market study indicates that there are two housing tax credit developments in the primary market area with a total of 204 units. Lasalle Gardens, 5.4 miles away and Constitution Square, 2.3 miles away. Colorado Springs has no Permanent Supportive Housing Tax Credit developments.

g. Site suitability:

Many factors contribute to the suitability of the site, appropriate zoning, proximity to community services and neighborhood amenities, walking distance to transit stop, and providing a safe and secure site. Freedom Springs is partially made possible through the donation of land to Pikes Peak United Way, with PPUW leasing the land to the project.

4. Provide the following information as applicable:

a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):

This development does not require a waiver of any CHFA underwriting criteria.

b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:

Freedom Springs is not requesting a basis boost.

5. Address any issues raised by the market analyst in the market study submitted with your application:

"The crime rate is slightly higher in the City of Colorado Springs than the national average across the United States." Freedom Springs, located outside the City of Colorado Springs, will employ full time management, maintenance, and have service providers on-site as well as electronic building access and control and video surveillance.

6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

No issues were raised in the Phase I report.

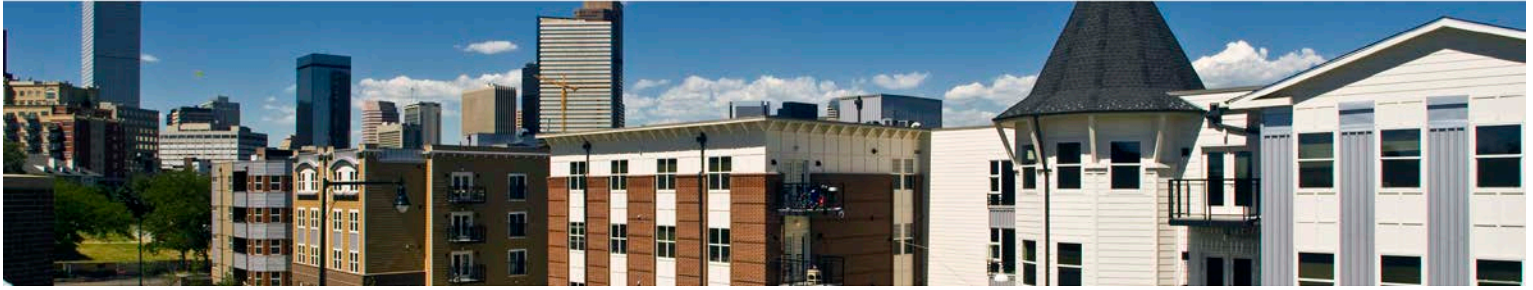
7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

The Freedom Springs' team has coordinated local community support for the last six months to garnish support. The initial support spun from a local business owner providing the land on which Freedom Springs will be developed. The City of Colorado Springs and El Paso County have both provided support, the City through letters and El Paso County by partnership percentage and tax abatement. The local non-profit general partner is the lead agency for the Continuum of Care, providing education to the local community. Volunteers of America is not currently located in Colorado Springs, however, they have been involved with the Continuum of Care since the partnership began with Freedom Springs. The Workforce Center, Rocky Mountain Human Services, and Aspen Pointe have all provided in-kind MOU's to provide on and off-site services at Freedom Springs. Workforce Center, Veteran's Administration and Community Care, have all provided letters of support. Freedom Springs is a local community effort to address veteran homelessness.

You may also provide additional documentation that supports your narrative by attaching it to the narrative or submitting it on a CD. Each supporting document should briefly describe what is contained in the attachment.

1. City of Colorado Springs Letter of Support
2. Colorado Springs/El Paso County Continuum of Care Letter of Support
3. Workforce Center Letter of Support
4. Veteran's Administration Letter of Support
5. Community Care Letter of Support
6. Air Force Sergeants Association Letter of Support

9% lihtc application narrative



Project Name: **Golden Gateway Apartments**

Project Address: **2310-2324 Ford Street, Golden, CO 80401**

Project Overview

Golden Gateway Apartments is a proposed 44-unit, new construction family development in the Central Neighborhoods area of Golden. It is designed to address the **increasingly severe need for affordable housing in Golden** and in Jefferson County. The City of Golden has begun to focus intently on the need for production of new affordable housing, as Golden (like other Front Range communities) confronts rapidly rising rents, record-low vacancy rates, and a geographically constrained and aging existing housing stock¹. While it has increasingly struggled with housing affordability challenges, **Golden has not received a LIHTC allocation since 2010**, when 9% credits for the Lewis Court senior complex were awarded, and **it has not had a LIHTC allocation for a family development since the 2008 award** for Golden Pointe.

The site identified for Golden Gateway Apartments is an **amenity-rich location** in the City of Golden for affordable housing: with a bus stop immediately in front of the building, directly across the street from a full-service grocery store and other shopping, and around the corner from Golden High School. The site is also within a **Qualified Census Tract** reflecting the second-highest rate of poverty among all the QCTs in Jefferson County (and among the top 4% highest-poverty census tracts in the Denver MSA). The City of Golden has put in place a number of tools to facilitate the effective redevelopment of this site as affordable housing: the site follows Golden's Community Mixed Use – Neighborhood Center (CMU-NC) zoning, allowing for a **form-based approach to relatively high-density housing**, and the location is also within the Golden Urban Renewal Authority's Central Neighborhoods **Urban Renewal Area, providing access to Tax Increment Financing**.² The City and its Urban Drainage and Flood Control District have together spent **more than \$2 million in upgraded flood control measures** for the entire neighborhood. We are anticipating that this site will be a beneficiary of this work and will be removed from the 100-year flood plain, but we have designed the building to be NFIP-compliant out of an abundance of caution. See below for more information.

¹ See article: "Golden focused on affordable housing", *Denver Post*, May 5, 2016, and other background as Exhibit A, below.

² See Central Neighborhoods Urban Renewal Plan and Central Neighborhoods Plan, copied as Exhibit B, below.

The development team has worked closely with the **Jefferson County Housing Authority** to ensure **deep targeting of units without compromising financial feasibility**³. JCHA has preliminarily committed 25% of the units (11 units) in the development as **Project-Based Voucher units serving individuals and families at or below 30% of AMI**. The developer has also reached out to the Jefferson County-based **Developmental Disabilities Resource Center**, ensuring that tenants with developmental or physical disabilities requiring case management services will have seamless access to those services while living in a high-quality, accessible apartment in an elevator building, in a strong location, integrated into a mainstream community of tenants.

Like EJ Architecture’s Lewis Court building, the Golden Gateway Apartments building will be **contemporary in architectural character**, with materials and form-giving elements that **tie the building to its historic surroundings**. The project will include **structured parking on the lower level**, taking advantage of a modestly-sloping site to nestle the parking structure into the ground on one side while allowing it to be open and naturally ventilated on the other. The garage will be a reinforced concrete “box”, designed as necessary to meet NFIP requirements, though we anticipate that once the FEMA process is complete these requirements will no longer be technically required (see below). The upper levels will be framed in wood and sprinklered under NFPA 13R, with a mix of wood, metal, and stone siding. The building will include an **elevator** and **more than the minimum number of fully accessible units**, facilitating access to housing for individuals and families with disabilities. Amenities offered will include an east-facing outdoor patio space, a generous community room and management office on-site, in-unit laundry, and balconies in most, if not all, units, with wonderful mountain views east, west, and north.

Finally, the development, design, construction, and management team is a highly experienced group that brings both **extensive knowledge of Colorado design and construction requirements**, and the **fresh ideas and experience** of a successful and active out-of-state LIHTC developer and manager. **Evergreen Real Estate Group (EREG)**, based in Chicago, has developed more than \$200 million in new construction, adaptive reuse, and acquisition-rehab properties since its founding in 1999. From its founding with a single portfolio of properties, EREG has grown to own and/or operate more than 7,000 units (a mix of LIHTC, Section 8 and market properties) in 8 states, including Colorado. Staff at the Illinois Housing Development Authority and the Chicago HUD Field Office regularly refer challenging projects to EREG as a go-to manager and developer, when they know a project needs a capable and sophisticated team.

Evergreen has asked Boulder-based Donna Merten of **Merten Development LLC** to represent the team and the project locally. Merten is an experienced development consultant with more

³ See preliminary commitment letter in Exhibit C.

than 15 years of experience in residential and commercial development and construction in Colorado's Front Range communities. Based in Lakewood, **EJ Architecture** has designed multiple projects featuring CHFA tax credits, for clients such as the Jefferson County Housing Authority and the Housing Authority of the City of Aurora. EJ's much-loved work on Lewis Court, around the corner from the proposed project site, is an important part of the community conversation around affordable housing in Golden. As part of the design team, **Baseline Engineering**, with its main office in Golden just four blocks from the project site, is assisting the team in working through the civil engineering challenges of building the project, including structured parking, on a tight site. Denver-based **Alliance Construction** will be providing construction services, including preconstruction pricing and any necessary Davis-Bacon compliance requirements.

Project Strengths

- **City and County government are strongly supportive of the project**, and have demonstrated commitment through direct financial contribution (TIF and fee rebate), planning and zoning framework (Urban Renewal Authority and CMU zoning), and ancillary investments (flood control measures, assistance in developing a grocery store).
- 25% of the units (all of the units at 30% AMI) will be covered by **Jefferson County Housing Authority project-based vouchers**. Remaining income mix covers a range of incomes, maximizing opportunities for tenants.
- While the project is not permanent supportive housing per se, the development team has been coordinating with the *Development Disabilities Resource Center* **to ensure ready access to case management and other services for tenants with disabilities**. The elevator building, increased physical accessibility commitment, and structured parking facilitate those tenants' ease of access.
- Developer has reached out at the **city, county, and state levels for subordinate financing**, and has received preliminary interest in providing financing to help reduce the overall LIHTC ask.⁴ **Developer has voluntarily reduced its fee 30% below allowable maximum to keep credit request within historic norms, and project is requesting nearly 30% less in LIHTC than the project qualifies for** based on its QCT location.
- **Strong infill location** combines well-established central Golden neighborhood character with front-door access to multiple bus lines, grocery stores and a high school directly across the street, and nearly all necessary urban amenities within a 5-minute walk.
- **Local design and construction team** with a strong CHFA LIHTC track record supports an experienced out-of-state LIHTC developer and property manager.

Project Weaknesses

- Tight site requires the use of structured parking, adding to project development costs. However, the developer has helped to mitigate project costs at its own expense by not maximizing allowable developer fee, helping to keep costs within CHFA funded norms.

⁴ See preliminary financial commitment or interest letters in Exhibit D.

- Land acquisition cost is relatively high as well – land scarcity in Golden led to high costs. However, the Golden location helps achieve economic integration and fair housing objectives. The site’s walkability and amenity access have contributed to project cost, but also significantly enhance the site’s desirability as affordable housing.
- Site is currently located in flood zone AE/AO. It is likely that the flood zone will be remapped and the site removed from the flood zone prior to closing, but the building has been designed to satisfy NFIP requirements in case FEMA remapping does not remove all of the site from the flood zone. See detailed flood zone discussion below.

Population Served

Golden Gateway Apartments is a **family development**, with **units at the 30% AMI level supported by JCHA project-based vouchers**, representing 25% of the total units. The remaining units range from 40% AMI (5 units, or 11% of the development), to 50% AMI (6 units, or 14%), to 60% AMI (22 units, or 50%). The market study notes the particular demand for 60% units in the PMA – **neither of the other two family LIHTC developments in the area provides any units at 60% AMI**. To maximize units available to low-income families, no unrestricted units will be provided. Twenty-five percent of the units will meet all dimensional requirements for accessibility, and 5 units, or more than 10%, will have all accessibility hardware installed.

Bedroom Mix

The development includes a mix of 1BR, 2BR, and 3BR apartments, as follows:⁵

Unit Size	Number	Average Size
1BR	14	650 sf
2BR	26	950 sf
3BR	4	1250 sf
Total	44	

Location - General

As noted above, the location selected for Golden Gateway Apartments will afford its residents access to all of the amenities the City of Golden has to offer within a very short walk, bike ride, or bus ride. Amenities nearby include the following:

Amenity	Address	Distance from Site
Grocery stores	Natural Grocers – 2401 Ford St.	300 feet
	Safeway – 1701 Jackson St.	0.4 miles
Schools	Golden High School – 701 24 th St.	400 feet
Restaurants	Santiago’s Mexican – 2501 Ford St.	700 feet
Banks	JeffCo Federal Credit Union – 2433 Ford St.	600 feet

⁵ Please see conceptual unit plans, floor plans, elevation and project rendering in Exhibit E.

Parks	Discovery Park – 23 rd and Illinois St.	0.4 miles
	Lubahn Trail (up South Table Mountain)	0.52 miles
Health Care	Gentle Smiles (Dentist) – 2305 Jackson	200 feet
Recreation	Splash Water Park – 3151 Illinois St	1.14 miles
Government	Jefferson County Government Center	1.8 miles
Employment	MillerCoors brewery	0.73 miles

The site is also on two major RTD bus lines – routes 16/16L, and route GS. Routes 16/16L provide local and express service between downtown Golden and the Civic Center station in downtown Denver along Colfax Avenue. Westbound service into downtown Golden has a bus stop immediately outside the proposed project’s front door; eastbound service is one block away along Jackson Street. Route GS, with pickups at the same stops, provides express service directly between downtown Boulder, downtown Golden, and the Federal Center light rail station in Lakewood. For faster service to Denver, the terminus of the RTD light rail “W” line is 1.8 miles away from the proposed site – an easy bike ride or short drive away.

Location – Flood Zone

As shown on the attached current FEMA map, the site is currently divided between flood zones AE and AO, representing a relatively modest anticipated flood within the 1% annual flood risk.⁶ The City of Golden has long recognized that the flood risks triggered by Kenney’s Run, a creek bed running parallel to Ford and Jackson Streets just west of Jackson (and running behind the nearby Lewis Court LIHTC development), have limited the redevelopment potential of this neighborhood, contributing to some of the blighting factors identified in the Central Neighborhoods Urban Renewal Area study. Beginning in 2014, the City of Golden and the Urban Drainage and Flood Control District undertook significant flood control measures along this portion of Kenney’s Run, at a cost of more than \$2 million, to reduce or eliminate the flood risk to residential properties in this neighborhood.

The city’s projected mapping resulting from the completion of this work shows 41 parcels and 52 buildings removed from the 100-year flood plain, including all four of the parcels included in this project and all of the buildings (to be demolished) on these parcels. The City of Golden’s engineer will be submitting the request for a Letter of Map Revision (LOMR) to FEMA within the next 3 weeks, with all necessary hydrological calculations demonstrating that the work has been completed and requesting that FEMA re-map the area taking the Kenney’s Run flood control measures into account. The City has estimated that completing the LOMR process with FEMA will take approximately one year from this submission, which places the completion of this work within CHFA’s 14-month completion requirement for other public processes such as zoning.

⁶ Please see all attached flood zone information in Exhibit F.

We believe that the City has demonstrated that its measures meet the FEMA requirements and that FEMA will ultimately agree with the City's engineering assessment and remove these parcels from the flood zone. However, out of an abundance of caution, we have designed our building to be **approvable and buildable even if FEMA keeps the parcels in the AE/AO zones**. Our ground-level parking structure serves to elevate the lowest residential floor above the highest flood elevation now mapped, and we will take appropriate steps in the detailed design of the parking structure to ensure that it meets the requirements of the National Flood Insurance Program (NFIP) so that it can be approved, insured, and occupied. For example, the garage will have one full side open at grade, with the opposite side partially embedded in the sloping site, and the garage level will not have any mechanical or electrical equipment in it – all such equipment will be installed above the garage level (thus above the base flood elevation). The elevator installation will follow the guidelines in FEMA Technical Bulletin 4 (November 2010) regarding elevators in buildings in flood zones.

We have reached out to our insurance providers regarding NFIP coverage, and have incorporated additional insurance charges to cover likely NFIP premiums in the project operating budget. Final insurance amounts will require receipt of an elevation certificate from local authorities once the project is complete.

Amenities

Units are designed to meet contemporary market expectations and will be designed with contemporary finishes. All units will have at least one garage parking space included in the rent, and additional garage parking (as required by the zoning code) will be set aside for rent on a first-come, first-served basis. Units will also feature in-unit full-size washers and dryers, refrigerators, and electric ranges. 2BR and 3BR units will include dishwashers. All units also include central air conditioning. At least 25% of the units will be designed with full dimensional clearances ("Type A"), and 5 units, or more than 10%, will include necessary grab hardware and other requirements to be fully accessible ("504" requirements). We anticipate installing solar photovoltaic panels on the roof, which will help reduce tenant electric bills.

The building features a raised courtyard at the center of the building facing east, with views of Golden's iconic South Table Mountain. The courtyard will include barbeque pits and/or fire pits for use by tenants, and will be landscaped and designed to encourage year-round use. Many units will include private or semi-private balconies. There will be a management office in the building.

Services

While the project is not intended to be permanent supportive housing, Evergreen Real Estate Group has been in discussions with the Developmental Disabilities Resource Center (DDRC) of Lakewood, one of 20 Community Center Boards providing case management services for

individuals and families with disabilities around the State of Colorado. For individuals or family tenants at the property who need case management or other services (particularly tenants from the JCHA waiting list in the 30% AMI/Project-Based Voucher units) and who qualify for one of Colorado’s waiver programs, DDRC will provide case management services, and will assist in connecting those tenants to resources provided by other agencies as needed. For those tenants, DDRC can also provide individualized service planning and ongoing monitoring of services provided by third-party agencies. DDRC also provides some programs and services itself under contract to the State, and will offer tenants information about DDRC direct programs as appropriate to their individual needs and circumstances.

Energy Efficiency

The building will be designed to meet Enterprise Green Communities 2011 standards. It will feature Energy Star appliances, energy-efficient lighting systems with either LED or CFL lamps where possible, high-efficiency Aquatherm combination hot water heater/fan coil systems, high-efficiency (13 SEER or better) air conditioning condenser units, and tight building sealing and insulation. The building will also be designed for solar photovoltaic installation on the roof, which will be connected to individual unit electric panels (and the house meter) to help reduce individual tenant electric bills and the overall building electric costs. The project will also feature low-flow showers and faucets, and water-efficient or dual-flush toilets, depending on final design specification. Because of the tight site, the project has relatively little landscaping, but the landscaping that is installed (particularly in the shared courtyard) will be drought-resistant, low-maintenance native plants.

Financing

The Golden Gateway Apartments project has been designed to maximize private debt financing and subordinate financing to make the most efficient use possible of the competitive LIHTC resource. The project’s sources and uses are as follows:

Uses of Funds	Total	Per Unit	Sources of Funds	Total	Per Unit
Acquisition	1,625,175	36,936	First Mortgage	1,800,000	40,909
Construction	9,322,053	211,865	Golden TIF	500,000	11,364
Contingency	465,103	10,571	Golden Fee Rebate	100,000	2,273
Soft Costs	1,341,288	30,484	JeffCo HOME/CDBG	350,000	7,955
Financing	580,899	13,202	State HOME	440,000	10,000
Reserves	265,438	6,033	Deferred Dev. Fee	339,787	7,722
Dev. Fee	1,297,933	29,498	LIHTC Equity	11,275,000	256,250
Total	14,897,887	338,588	Solar Equity	93,000	2,114
			Total	14,897,887	338,588

Letters outlining preliminary interest for all sources (public and private) are attached in Exhibit F of this narrative. We should note that Evergreen Real Estate Group is voluntarily foregoing (not just deferring) more than 30% of the allowable developer fee; while the QAP allows developers to request a 15% developer fee, we are showing only a 10% developer fee (with a small portion deferred) to minimize the TDC and credit request.

The LIHTC request of \$1,025,000 in annual allocation is \$23,295 per unit, which is nearly 30% less in LIHTC than the project qualifies for (since it is in a Qualified Census Tract), and 18% less than the CHFA cap of \$1,250,000. The total development cost of \$338,588 is reasonable given the cost of land and the need to build structured parking in a strong, amenity-rich Golden location, Golden's steep water/sewer and use fees (more than \$8,500 per unit alone, though partially rebated), and is in line with comparable small-to-midsize projects CHFA has awarded in recent years, based on the rapid escalation of construction costs in the Denver area.

CHFA Guiding Principles

- *To support rental housing projects serving the lowest income tenants for the longest period of time*
Fully 50% of the units are targeted to families and individuals at or below 50% of AMI, **36% are at or below 40% of AMI, and 25% of the project is at or below 30% of AMI**. The project has committed to the maximum 40-year period of affordability restrictions.
- *To support projects in a QCT that contribute to a concerted community revitalization plan*
The proposed project is **within a QCT** and is **part of an urban renewal area** supported by a publicly-adopted urban renewal plan focused on neighborhood revitalization.
- *To provide for distribution of housing credits across the state*
The City of Golden has not received an allocation of LIHTC **since 2010**, and it has **not received an allocation of LIHTC for a family development since 2008**.
- *To provide opportunities to a variety of qualified sponsors of affordable housing*
Evergreen Real Estate Group is an experienced out-of-state, for-profit developer and manager of affordable and market-rate housing. We bring **significant experience with the LIHTC program** and the various public and private subordinate financing programs, and we believe that we are helping to expand Colorado's pool of capable and experienced development firms.
- *To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing*
The proposed Golden Gateway Apartments development serves **families**, and we have put in place the **necessary resources** (enhanced accessibility, ready participation of a case

management service provider) **to serve persons with physical or developmental disabilities in need of supportive housing** even if the project is not specifically targeted as permanent supportive housing.

- *To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail*

The project site is **directly located on two heavily-traveled RTD bus lines** serving downtown Golden and the Denver Civic Center station, with connections to the RTD “W” light rail line and to downtown Boulder.

- *To support new construction of affordable rental housing projects*

The proposed project is **new construction**.

- *To reserve only the amount of credit that CHFA determines to be necessary for financial feasibility and viability as a qualified low income housing project throughout the credit period*

The project is claiming **30% less in LIHTC than it is eligible to receive**, with gaps filled by a variety of local, county, and state sources, helping to stretch the available LIHTC resources.

CHFA Priorities

The project meets two of the CHFA priorities identified in section 5.B.5 of the QAP:

- *Projects serving persons with special needs as defined in Section 5.B.5*

While the Golden Gateway Apartments project is not permanent supportive housing per se, the development team has been coordinating with Jefferson County’s Community-Centered Board, the *Development Disabilities Resource Center*, **to ensure ready access to case management and other services for tenants with developmental disabilities**. We have secured a preliminary commitment of Project-Based Vouchers for 11 units, or 25% of the units, to serve individuals and families at 30% or less of AMI. For individuals or family tenants at the property who need case management or other services (particularly tenants from the JCHA waiting list in the 30% AMI/Project-Based Voucher units) and who qualify for one of Colorado’s waiver programs, DDRC will provide case management services, and will assist in connecting those tenants to resources provided by other agencies as needed. The building has been designed with accessibility for the disabled in mind, with a basement-level garage connected by an elevator to all floors of the building, and 25% of the units in the building are designed to be “Type A” accessible units, of which 5 (more than 10%) will have all necessary hardware installed for full 504 accessibility.

- *Projects in Counties impacted by a natural disaster*

While Jefferson County was not as badly affected by the 2013 floods as Boulder, Larimer, or Weld Counties, there were still significant areas of flood damage in Jefferson County from the 2013 floods. **Jefferson County was one of 18 counties designated disaster areas** in the aftermath of the 2013 floods. The flooding did not directly damage Golden, but canyons

near Golden, such as Coal Creek Canyon, were severely impacted by the floods, displacing some families and placing further pressure on the already completely full rental market in this part of Jefferson County. (The market study indicates a 0.0% vacancy rate in the PMA for apartment buildings with 9-50 units in the first quarter of 2016. Data also indicates waiting lists hundreds long for the very limited supply of affordable housing in the area.)

Criteria for Approval in the QAP

The Golden Gateway Apartments project meets all of the threshold requirements for approval as described in Section 2 of the QAP.

a. Market conditions:

As noted in the recent article from the *Denver Post* in Exhibit A, affordable housing has become increasingly scarce in the City of Golden. Rents have escalated much faster than salaries, and the City is increasingly hearing from people that they can no longer afford to live in the town where they grew up. There are only two family LIHTC developments in Golden – Golden Pointe, allocated credits in 2008, and the Altitude development, allocated credits in 1995. **It is important to note that by the time the Golden Gateway Apartments project is placed in service, the Altitude project, with 50 LIHTC units, will have only 8 years remaining on its extended compliance period.** Thus, the 44 units proposed for Golden Gateway Apartments **will not even fully replace the loss of affordable housing units** in Golden when the Altitude project exits the LIHTC program.

The conclusions in the market study clearly state the many strengths the development team believes this project offers to Golden and the western edge of the Denver MSA:

- “Residing in a predominately-residential neighborhood, but also near several major employment concentrations, with excellent views of the foothills, **the location of the proposed subject development is fairly unique in the greater Denver metro area.**”
- “**Currently, the Golden apartment vacancy rate is 0.0%.** Among competing properties to the subject, the highest vacancy rate is a mere 1.9% and that is the only peer group vacancy rate above 0.5%. Furthermore, there is **only one vacant restricted-rent unit** in the peer group.”
- “Overall, the proposed subject property is well located within its market area and to its targeted residents in terms of anticipated project design, floor plans and target rents. Its unit mix and contemporary unit finishes should insure its ultimate success. Its location just outside of downtown Golden, **near shopping and employment opportunities**, and **adjacent to stops on major bus routes** should also be a major plus for prospective tenants not to mention its **close proximity a major light rail line.**”

In short, the proposed project appears poised for long-term operational success, and will serve a vitally important need for more workforce housing units in the increasingly popular and very tight Golden rental market.

b. Readiness-to-proceed:

The project will be **ready to proceed into full design development** immediately upon allocation of the LIHTC. **The site is correctly zoned** and the building has been designed to be fully compliant with all requirements of the form-based Community Mixed Use – Neighborhood Center zoning district, including the parking requirements. The only remaining public action required is a special use permit to allow the development to proceed with 100% residential instead of 75% residential / 25% commercial.

The initial step in the special use permit process is a **neighborhood meeting**, which was held on **May 24, 2016**.⁷ The meeting was held in the community room of the **Lewis Court** development, to show interested neighbors what **high-quality LIHTC housing looks like**. It was a well-attended session, with about 20 people, including quite a few residents of Lewis Court. **There was strong consensus about the need for additional affordable housing in Golden** – there were certainly no “not in my back yard” complaints related to the provision of affordable housing. Concerns about the project focused on traffic and density – the site is relatively small compared to the number of units provided, and neighbors were concerned about maintaining Golden’s neighborhood character. **Most acknowledged that the conditions on the site currently were substandard** – indeed, they were cited in the City of Golden Urban Renewal Area blighting study.

At the end of the meeting, even those who had concerns about the project indicated that they generally supported what the development team proposed to do, and their concerns about traffic in particular were more directed at the City of Golden’s planning and public works policies. The developer and architect **committed to meeting again** with the neighborhood to discuss architectural design in greater detail.

Site plan documentation sufficient for the special use permit process will be submitted to the City of Golden over the next few months, and it is our expectation that the project will be heard at a special use permit hearing of the planning commission and will be approved because of the strong need for affordable housing in Golden. City staff have already indicated strong support for the project, and given that the neighborhood has generally indicated its support for the project, we expect that planning commission support will be forthcoming. Thus our expectation is that **the project will be ready for final site plan and building permit review before the end of 2016**.

As noted above, the City of Golden is undertaking a re-mapping process of the flood zones around Kenney’s Run through FEMA, but **the project has been designed to be permissible, insurable, and occupiable even if FEMA does not adjust the map** pursuant to the City’s request.

⁷ See sign-in sheet and Powerpoint presentation from the meeting in Exhibit G.

All of the project financing has been preliminarily committed or financing applications will only be accepted once the project receives an allocation of LIHTC, and for the preliminarily committed funds it is only a matter of administrative process to secure final approval for this funding and go through final due diligence and documentation to bring these funds to the project.

c. Overall financial feasibility and viability:

The project has been designed to maximize non-CHFA financing, and includes preliminary financing interest from city, county, and state subordinate sources, and a significant first mortgage supported, in part, by revenue from a preliminarily committed JCHA Housing Assistance Payment contract for project-based vouchers for the 30% AMI units. Of the \$14.9 million total development cost, **nearly 25% of the projected funding is from sources not derived from LIHTC equity.**

The first mortgage has been sized using a conservative rate assumption, with a 40bps cushion applied to currently available rates on a two-year forward lock product now available on 35-year amortizing debt. We have not projected any revenue from the 18 “extra” parking spaces in the basement parking structure, but we expect that we will be able to receive at least some revenue from those spaces – each unit will receive one parking space as part of the rent, but an additional parking space will be an extra charge. Using standard 3/2 trending, **the project maintains 1.15 debt coverage through year 15**, and under this trending the project maintains breakeven performance for nearly 22 years.

Evergreen Real Estate Group took particular care to **validate its construction pricing** in the Denver market, given the strong inflationary pressures of recent years. Evergreen worked with **Alliance Construction Services** to develop pricing for the application, but **also consulted at a detailed level with Taylor Kohrs Construction and Palace Construction** to validate pricing information. Two of the three of the contractors confirmed that the projected construction budget of about \$9.3 million is appropriate for the site, the type of construction, the partially below-grade garage, and the level of finishes and amenities. The third suggested pricing below the \$9.3 million level, but the development team believes that allowing for some natural inflation in the submitted budget ensures that **the project will still be able to be contracted and built even starting approximately one year from the date of CHFA application** without needing to seek additional resources.

d. Experience and track record of the development and management team:

Evergreen Real Estate Group principals bring nearly 100 years of combined experience in the affordable housing industry in various roles as owner, lawyer, consultant, property manager, educator, architect and urban planner. Founding principals Larry Pusateri, Jeffrey Rappin and Stephen Rappin have **developed nearly 2,000 units of low- and mixed-income**

housing in Illinois, Indiana, and Wisconsin, using the full range of affordable housing financing programs, from 4% and 9% LIHTC, to HOME and CDBG funds, to Section 8 and RAD resources. Jeff Rappin is a former Senior Vice President for one of Chicago's largest market-rate and affordable developers and has been involved as an attorney and/or principal in over a billion dollars of tax-exempt bond transactions. Director of Development David Block developed more than \$200 million in complex, mixed-use and mixed-income projects in Illinois, Wisconsin, Connecticut, Kentucky, Rhode Island and Massachusetts, both in his former role as a development director for a national non-profit developer (overseeing portions of three HOPE VI projects), and now in his role leading Evergreen's development staff. The Evergreen Real Estate Group team currently has **4 LIHTC projects under construction, 4 projects actively under development** (a mix of 9% and 4% projects), and a number of projects in the application phase.

Evergreen Real Estate Group has more than 15 years of experience managing affordable and market-rate rental properties. EREG manages 7,000 units of housing in eight states (including Colorado), with a mix of market rate, affordable, senior, and special needs properties, including more than 5,000 units covered by HUD operating subsidy contracts and 26 separate tax credit developments in three states totaling nearly 3,000 units. (Evergreen's only currently managed property in Colorado, the Western Hills apartment complex in Colorado Springs, is market-rate.) **Evergreen has a perfect compliance record,** having never failed a HUD REAC or MOR Inspection on any of its 64 managed properties. Its director of property management, Polly Kuehl, has more than 30 years' experience in the management of affordable and mixed-income housing, and sits on the Board of Commissioners for the Housing Authority of Cook County, one of the largest public housing authorities in the country. EREG has a property management staff of more than 200 people, including accounting, compliance, human resources, and other corporate staff, and dozens of site staff at the company's 64 sites.

Merten Development is a real estate development firm specializing in providing consulting services for multi-family affordable and market rate housing from land acquisition through vertical construction. **Donna Merten, the founder, has over 20 years of expertise** in the housing sector working with public, government, university, financial and private entities, especially with regards to sustainability practices, entitlement, architectural design, construction and working with jurisdictions on creating new policies. Her expertise ranges in scale from 2-acre to 200-acre master planned communities. In addition, Merten has appeared in over forty-two articles/publications showcasing her work, and has **received five design awards for innovative implementation practices within the industry.** Her work has extended to presenting at the White House in regard to **creating unique affordable housing development templates** for the future.

EJ Architecture, based in Lakewood, **has cultivated a specialization in designing high-quality affordable multifamily housing.** Elizabeth Johnson, the firm’s owner, has over eighteen years of experience in all areas of design and construction from traditional architecture to design-build. Her depth of knowledge coupled with an inspired leadership style results in effective project management with an eye for detail and a commitment to design excellence. Elizabeth has extensive experience dealing with community meetings, city councils and planning commissions. She has a strong technical background, and is a LEED Accredited Professional committed to supporting a sustainable community. Additionally, she has **extensive experience working on affordable housing projects that utilize the Low Income Housing Tax Credits** awarded by CHFA. She has completed multiple projects for local Housing Authorities and has extensive knowledge of the process from design inception to tenant occupancy.

Alliance Construction has been serving the Denver market since 1982, and has developed a significant expertise in multifamily housing, particularly affordable housing. **Alliance has cultivated a reputation as a great partner to affordable housing developers,** doing business honestly and ethically because the company is employee-owned and motivated by long-term success, not short-term profits. The company has become a trusted advisor to numerous affordable housing developers by developing a thoughtful, data-driven approach to preconstruction services and estimating, ensuring the most current available view of market conditions and pricing as the Denver area continues to grow.

e. Cost reasonableness:

Alliance Construction has an extensive database of both LIHTC and market-rate multifamily development. After meeting Alliance’s Doug Miller at the 2015 HousingNow! Conference, Evergreen was impressed with Alliance’s thoughtful approach to design and construction collaboration, and particularly with the firm’s knowledge and understanding of the particular requirements of building LIHTC housing.

Alliance, EJ Architecture, and Evergreen have been working in a collaborative and iterative fashion to design building systems consistent with the budget included in this application. The costs included in this budget – approximately \$212,000 per unit plus a 5% contingency, **are fully consistent with recent, escalated construction pricing in the Denver metropolitan market.**

All other soft costs, including financing costs, are based on direct review of professional service fees in the market, or on conversations with lenders and investors about rates and terms relating to debt and equity placement. As noted above, Evergreen is **voluntarily foregoing (not deferring) more than 33% of its allowable developer fee** to keep overall project costs down.

We believe that the total development cost of just over \$338,000 per unit, including nearly \$37,000 per unit in land acquisition costs in the very tight Golden market and more than \$8,500 per unit in water/sewer and construction materials use fees (partially rebated to the project), is reasonable and appropriate given current economic conditions for development around the Denver metropolitan area.

f. Proximity to existing tax credit developments:

There are only three existing LIHTC developments in Golden (and beyond Golden City Limits, in the entire PMA identified for this project): the Lewis Court senior development, allocated credits in 2010; the Golden Pointe family development, allocated in 2008; and the Altitude development, allocated more than 20 years ago, in 1995, and now in the last decade of its extended compliance period. Once the Altitude development, with 50 LIHTC units, falls out of its extended LIHTC compliance period in 2026 (only 8 years after our proposed project is scheduled to be placed in service), **Golden faces a potential net loss of LIHTC housing even if the Golden Gateway Apartments project is approved.** The market study also notes that there are only two vacant units out of 674 cited as comparables, a vacancy rate of two-tenths of one percent – effectively zero vacancy in the submarket.

g. Site suitability:

The site selected for the Golden Gateway Apartments is nestled into a **quiet residential neighborhood on the edge of downtown Golden**, and yet is readily accessible by car, bus, bike, or walk to all the necessary amenities of living. The site has been a residential location since 1907, only 48 years after the founding of the City of Golden during the Gold Rush of 1859. There are no recognized environmental conditions on the site. The site is on **two major bus lines** serving downtown Golden, downtown Denver, Boulder, and several stops on the “W” light rail line, so transportation access is excellent. The site has a **WalkScore of 64**, and the site is within **an easy walk or very short bike ride of all major urban goods and services**, including two full-service grocery stores.

The site is currently included in flood zones AE/AO, though the City of Golden is requesting that FEMA re-map large parts of this neighborhood based on recently-completed flood mitigation work along Kenney’s Run. Please see the flood zone information, above. The project has been designed to be permissible, insurable, and buildable even if FEMA does not address this request.

Waiver Justifications

Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA’s minimum).

No waivers of any underwriting criteria are requested or required.

Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis.
We are not requesting CHFA DDA credit. In fact, although the project is in a QCT, we are requesting less than the amount of LIHTC the project would otherwise qualify for **even if the site were not in a QCT.**

Notes on Development Budget

- The Land & Buildings budget includes the **purchase price** for the identified properties, plus **option fees** sufficient to maintain site control through January 2017, as detailed in the contracts, plus the buyer's portion of **transfer taxes and 3% brokerage fees**. Also included in this line item is a small amount for **demolition** of the four single-family homes now occupying the property. No relocation is needed as all existing leases will be terminated by the sellers prior to closing.
- Construction budget items have been matched to corresponding lines on the CHFA CSI template form. As noted on p. 12, above, the development team **worked with multiple contractors to validate current construction pricing**, and did not simply select the lowest price for use in this application. As the construction documents are more fully developed, the spread between the high and low prices among multiple contractors is likely to tighten, but for now it serves as an **internal contingency to protect against ongoing price escalation**.
- Tap fees and permit fees have been calculated directly from City of Golden public works and building department worksheets. Construction materials use tax is included in the construction budget, and **up to \$100,000 will be rebated** through a City program for affordable housing projects. See letter from City of Golden Department of Planning and Public Works, Exhibit D.
- As noted above, total **Developer Fee has been reduced** to 10% of the allowable cost base, instead of 15% allowed for projects below 50 units. A portion of that fee is also being deferred to be paid from project operating cashflow, and is shown to be payable in less than 13 years.

Notes on Operating Budget

- Salary lines include Evergreen's competitive benefits package for site employees and worker's compensation insurance. Maintenance Salaries line includes payroll tax.
- Elevator line reflects single-elevator maintenance contract.
- Groundskeeping and snow removal lines are relatively low because it is a tight urban site; landscaping includes primarily maintaining plants in the courtyard area and on 'green walls' of the building. Snow removal includes only the sidewalks and the alley adjacent to the property; the ramp to the parking garage is enclosed and will not require plowing.
- As noted in Section 9, the property tax line reflects the **full anticipated valuation** – the increment between this valuation and the current valuation will be **used to repay the TIF note**.
- The insurance line includes a **modest assumed level of flood insurance** based on NFIP-compliant design – approximately \$6,600.

Notes on Sources of Funds

- The permanent mortgage rate has a **40bps cushion from current 2-year rate lock** products. This ensures the project is still feasible even if rates rise modestly between now and closing.
- The tax credit price was derived from conversations with **multiple syndicator partners**. It is realistic but not overly aggressive for a project its size, particularly if direct investors are included in any equity procurement. The construction pricing process described above can also help protect against drops in the current LIHTC investment market beyond the control of any particular developer to ensure that the project can still be built even if the tax credit market drops somewhat before closing.
- City of Golden TIF amounts are based on **actual projected increment and current Golden Urban Renewal Authority policies** for allowable percentage of TIF.
- Jefferson County HOME/CDBG and Colorado Department of Housing gap funds are also based on conversations with those departments about available funding amounts.

Issues in Third-Party Reports

Address any issues raised by the market analyst in the market study submitted with your application.

The market study is solidly supportive of the project serving the proposed market in the location, at the income levels, and with the unit mix proposed. The only observation noted in the market study is that the developer had not committed to dishwashers in the 14 1BR units proposed, only in the 2BR and 3BR units, and the market analyst thought including dishwashers in the 1BR units would position the property even more strongly in the local market. As the development team evaluates final project costs, we believe we can identify project savings to fund the approximately \$20,000 necessary to install an additional 14 dishwashers in the project.

Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated.

The Phase I Environmental Site Assessment did not indicate the presence of any Recognized Environmental Condition (REC) on the site. The site did note the presence of former underground storage tanks for a former gas station approximately 325 feet southeast of the site, and noted that there were leaking underground storage tank (LUST) incidents recorded for two of them. However, state records indicate that one of those incidents has been closed and a Corrective Action Plan (CAP) is being implemented for the other. The Phase I report indicates that the Colorado Department of Labor and Employment – Division of Oil and Public Safety stated that the impacts to groundwater of the incident covered by the CAP are confined to the grocery store parking lot, approximately 100 feet from the site. No further exploration or sampling work is recommended by the Phase I ESA.

The report also notes the likely presence of asbestos and lead in the older single-family homes to be acquired and demolished as part of the project. This work has been included in the demolition budget. Finally, since the parking structure for the project will be designed to be an open-air garage, if radon is found on the site, mitigation measures for radon will be very straightforward.

In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support).

Evergreen Real Estate Group has been discussing this project with the City of Golden and the Jefferson County Housing Authority for nearly a year. As noted above, the City of Golden faces a severe shortage of affordable housing and all conversations about this project have been extremely positive and supportive. Please see attached letter of support from the City of Golden, as well as other financial support letters from Jefferson County and the Colorado Division of Housing. The **Central Neighborhood Plan** and the **Central Neighborhoods Urban Renewal Plan** both speak to the need for affordable housing and to the need for revitalization of the particular sites we have identified for this project.

As the initial step in the special use permit process under the Community Mixed Use zoning category, the development team **held a public meeting on May 24, 2016**. As noted above, the meeting was **generally very positive and supportive** of the project, though concerns about project density and traffic were raised. **Residents of Lewis Court**, a LIHTC senior project around the corner from the proposed site, **were particularly vocal in their support for the project**, for the quality of life in the building that Elizabeth Johnson designed and for the importance of affordable housing in an area of Golden served by the many types of amenities that exist in the Central Neighborhoods area. The developer and architect committed to meeting again with the interested neighbors in the coming months to discuss architectural design in more detail. The City also committed to listening to neighborhood concerns about increasing traffic in the neighborhood.

In short, **the community is very supportive of this project** and welcomes the opportunity to bring new affordable housing units to a city facing a rapid escalation in rents and record-low residential vacancy rates.

Project Schedule

The anticipated schedule for the Golden Gateway Apartments project is as follows:

June 1, 2016	Submission of full 9% application to CHFA
August 15, 2016	Complete special use permit process with planning commission
August 2016	CHFA in-person interviews

October 1, 2016	CHFA notification of award
December 1, 2016	Secure commitments for all secondary financing
January 15, 2017	Submit building permit application to City of Golden
April-May 2017	FEMA final determination on flood zone mapping
April 1, 2017	Project ready to close and start construction
April 1, 2018	Construction completion
August 31, 2018	Leasing complete
November 30, 2018	Stabilized occupancy

Exhibits to Narrative

Exhibit A: Articles and background information on Golden affordable housing

Exhibit B: City of Golden planning documents

Exhibit C: Jefferson County Housing Authority interest letter for Project-Based Vouchers

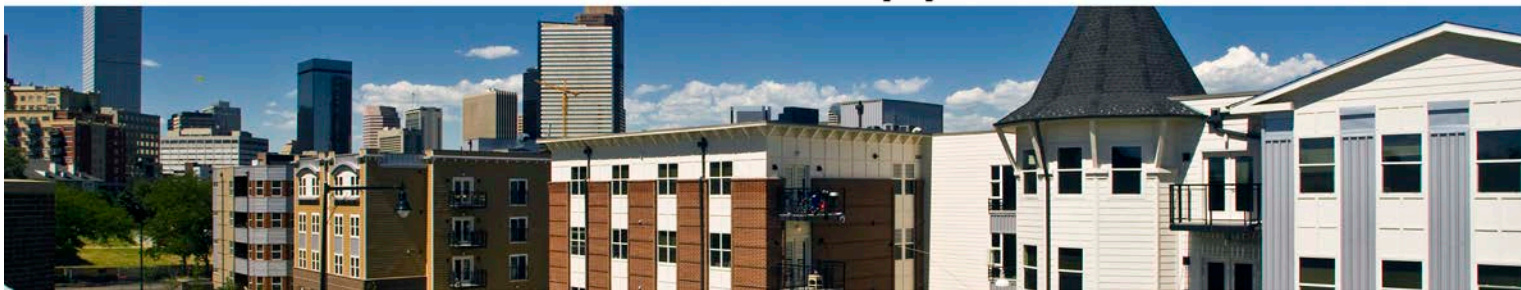
Exhibit D: Financial letters of interest from public agencies and private lenders/investors

Exhibit E: Conceptual unit plans, floor plans, building elevation and sketch rendering

Exhibit F: Flood zone analysis information

Exhibit G: Information from May 24, 2016 public meeting

9% lihtc application narrative



Project Name: Greenway Flats PSH

Project Address: 31 West Las Vegas Street, Colorado Springs, CO

Executive Summary: Springs Rescue Mission (SRM) as Applicant/Sponsor and Norwood Development (Norwood) as Developer/Managing Member, through the ownership entity, Pikes Peak Permanent Supportive Housing No. 1 dba Greenway Flats (GF), requests a reservation of \$1,101,814 in annual 9% LIHTC to be used for cash equity in the 65-unit, new construction homeless Permanent Supportive Housing rental housing property known as Greenway Flats. The property is located within the city limits of Colorado Springs, El Paso County, CO, with the site located 1.1 miles south of downtown Colorado Springs. GF abuts to the SRM main campus immediately to the west. SRM is the pre-eminent supportive housing service provider in Colorado Springs. With more than 20 years' service to the community, SRM assists homeless or near homeless persons with numerous programs and services. Among its six homeless programs, SRM has the City's finest residential addiction recovery program with over 17 year successful operation. GF will be one piece of an extensive program and services expansion in process at SRM. Norwood Development Group was founded in 1948, and has become a premier developer of commercial and residential real estate in Colorado Springs. Founded by David's father, Norwood is headed by David Jenkins and his son, Chris Jenkins, and is a third-generation real estate development company. Norwood develops commercial office and retail property, single-family and multifamily residential property, and other specialty real estate. Norwood offers GF the ability to have an experienced and well known real estate developer join the team with SRM to create the single most important new Permanent Supportive Housing development in Colorado Springs.

GF contains a total of 65 units. All 65 units will be efficiency types with full bathroom and 'galley' style kitchen with sleeping area. Residents will pay 30% of their income and GF will pay ALL utility expenses.

Of the 65 total units at GF, 62 units will be at 30% AMI and 3 units at 40% AMI. However, all units will be dedicated to use by homeless or near homeless individuals. The 62 units at 30% AMI will be supported by Project Based Vouchers. On May 3, 2016, Colorado Springs Housing

Authority approved a total of 32 PBVs for GF. On May 16, 2016, GF applied to CDOH under its PSH RFA for an additional 30 PBVs, and GF has received preliminary acceptance of the application by CDOH. The remaining 3 units at 40% AMI will provide SRM much appreciated flexibility in serving its current client base. SRM often serves persons that are supported are Tenant Based Voucher (TBV) holders including Housing Choice Vouchers or VASH vouchers. These people often struggle with finding adequate housing within proximate location of their needed supportive services. The 3 other units allows SRM the ability to serve some clients with clean, safe, service enriched housing that otherwise struggling to find same.

GF will be in a four-story elevator building with hardi-plank exterior, and steel and glass accents with varied elevation and flat roof. The units will have entrances off double-loaded interior hallways. Parking will be in a surface lot adjacent to the east of the building. The building will face the street, while the common areas will predominantly be located on the first floor. GF will be adjacent to the existing Springs Rescue Mission's facilities along West Las Vegas Street, and will benefit from the overall Springs Rescue Mission campus. The campus includes a new intake center and dining hall/kitchen, as well as a food pantry, clothing bank, furniture bank, winter homeless shelter and the Mission Inn, a sober living home.

Each Efficiency unit at GF will have central heat and air conditioning, blinds, a storage closet, coat closet, refrigerator, stove/oven, dishwasher, disposal and microwave.

GF's common amenities and security features will include on-site management and maintenance, laundry facilities, perimeter fencing, security cameras, secured entries including 24-hour controlled access, a community room, picnic/BBQ area, community garden and library. The community room will be multifunctional and include areas for counselors and case managers, while additional amenities and services will be offered at the existing portion of the Springs Rescue Mission campus. GF's tenant services will include adult educational classes, case management, job training, medical services, meals and scheduled transportation.

GF will follow the Enterprise Green Communities requirements within the Colorado QAP, and its intended scope of work will create 39 points, 4 points greater than the 35 point minimum requirement. Besides the Mandatory Items, additional emphasis will include:

1. Compact Development
2. Access to Open Space
3. Access to Public Transportation
4. Efficient Irrigation & Water Use
5. Advanced Water Conservation
6. Photovoltaic Ready Construction
7. Reducing Heat Island Effect: Roofing
8. Recycling Storage
9. Elimination of Combustion within Conditioned Spaces

GF has assembled a truly extensive and impressive combination of Federal, State and Local resources as the financial base for completion of the project, and many of these sources are already fully approved. GF will use 9% LIHTC as equity based on an investment of \$0.98 per LIHTC as the financial base. In May 2016, El Paso County Housing Authority approved a \$500,000 'soft' loan to GF. CDOH has indicated support for \$650,000 in funding as part of the PBV RFA application. The City of Colorado Springs has also expressed significant support in the form of \$500,000 in HOME funds. As previously noted, Colorado Springs Housing Authority has approved 32 PBVs for GF. Further, CSHA has also agreed to enter the ownership entity as a 'special' partner to facilitate GF being real estate tax exempt. Most significantly, Norwood has pledged to 'lend' GF as much as \$800,000 based on the Developer Fee to be earned on this transaction. This innovative technique allows GF to remain permanent debt free giving the property the maximum ability to re-invest any year-end net cash flow back into services and programs for the residents. For construction purposes, GF has received a very competitive LOI from a commercial bank. Finally, GF will carry a deferred developer fee specifically sized to meet the requirements of CDOH.

Attributes & Challenges

Attributes:

1. **Public/Private Partnership:** Through its Development Team, GF has assembled a unique and very strong Public/Private partnership of participants. Norwood's extensive experience, specifically in developing real estate in Colorado Springs, gives the 'brick and mortar' portion of the development a distinct advantage. Solvera Advisors brings significant LIHTC and financial experience in working with numerous State and Local agencies. SRM brings the most successful and broadly based Services Provider to the table. Ross Management brings significant years' experience in property management of Permanent Supportive Housing developments. Plus, the added strength of GF being a recipient of 62 PBVs assures that all levels of persons experiencing homelessness can be served.
2. **Significant Local Support:** Every major public entity (City of Colorado Springs, El Paso County Housing Authority, and Colorado Springs Housing Authority) has committed financial and public support to GF. They all believe in the concept, purpose and mission, and Development Team involved with GF.
3. **Additional Sponsor Contribution:** As noted previously, Norwood has committed to 'loan', pursuant to all applicable requirements for a 'private lender', as much as \$800,000 to GF as long-term financial support for the project. This support results in lowering the LIHTC request by as much as \$80,000 per year in LIHTC.
4. **Site Location:** Per the Market Study, the site abuts the existing SRM Services Campus immediately to the west. This location means highly needed and important service are within easy access for all residents. Further, the site is now owned by SRM, who will be leasing the site to GF for \$1.00 per year.

5. Capture Rates/Need: Surveyed PSH properties in Colorado Springs have historically been 95% - 100% occupied on a constant basis. Further, with approximately 1,000 persons recently identified as 'homeless or near homelessness' and only 97 existing PSH units, GF only begins to address the overall need with the Colorado Springs community. The Market Study estimates that GF will stabilize at a 97% occupancy within two months of opening.

6. Unit and Project Amenities: GF will provide superior project and unit amenities than currently exist and will be a new product in excellent condition.

Challenges:

1. There were no weaknesses identified by the Market Study.
2. The only challenge identified within the CDOH PBV RFA clarification response was that GF will be located in a Census Tract that has a poverty rate greater than 20%. In response, it should be noted that the Market Study states "the subject's provides one of its greatest attributes and is ideal for its homeless target market, as it is adjacent to the SRM, which offers extensive services to homeless persons."

Further support comes directly from the City of Colorado Spring Community Development Department who says:

- The City is investing \$2.5 million in the homeless shelter on the Springs Rescue Mission campus which will add 158 beds and supports SRM's six unique homeless programs.
- The City is investing \$200,000 in infrastructure improvements to include sidewalk, curb, gutter and lighting on Las Vegas Street, which is adjacent to the site. The project is also identified in our 2016 Action Plan.
- The Transit Division is revising its bus route to create 15 minute headways. This will allow for much more frequent service to the area. The bus stops are only 2 blocks away.
 - Transit will consider installing bus stop in front of the site in 2017.
- There is significant City and private investment in the north part of this census tract, where the City's downtown core is located.
- There are privately funded public trail improvements adjacent to the site.
- Discussions to have the businesses near the site support a job training program for the clients at the Mission.
- The Downtown Partnership website see all of the investment: <http://downtowncs.com/projects.html>. With the proposed market rate housing downtown, the poverty levels downtown will be reduced.

Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

GF meets the following Guiding Principles from the 2016 QAP:

1. Support rental housing projects serving the lowest income tenants for the longest period of time: With 62 units at 30% AMI and 3 units at 40% AMI committed to

40 year total affordability period, GF provides maximum value to Colorado Springs, El Paso County CO for its 9% LIHTC request.

2. To support projects in a QCT, the development of which contributes to a concerted community revitalization plan: Please see response in under 'Challenges' on Page 4 above.

3. Provide opportunities to a variety of qualified sponsors both for-profit and non-profit: GF and its public/private partnership between SRM and Norwood creates an opportunity for the 9% LIHTC resource to be allocated to a project that will be developed by a significantly experienced real estate development company but purposed for and owned long-term by the local community through one of its premier non-profit organizations.

4. Distribute housing credits to assist a diversity of populations in need of affordable housing – HOMELESS: GF provides for the first, new construction Permanent Supportive Housing property in Colorado Springs. Further, its outstanding location immediately adjacent to SRM assures that the residents of GF will have access to the Supportive Services they need.

Identify which housing priority in Section 2 of the QAP the project qualifies for:

Lumien II meets the following additional QAP priorities:

1. Projects serving Homeless Persons: GF is dedicated 100% of the 65 units to serving homeless persons including providing for the significant Supportive Services they will need.

Describe how the project meets the criteria for approval in Section 2 of the QAP:

GF meets or exceeds all benchmark requirements for:

1. Market conditions: Colorado Springs has only 97 existing PSH units in the PMA. Conversely, there are 933 income and size qualified homeless persons in the PMA. Further, there are only 15 PSH units proposed in the PMA for future development. With an estimated vacancy level of less than 3%, it is anticipated GF will be fully occupied within 60 days of opening. And with SRM as the primary referral source, along with four other significant non-profit organizations, there will be a consistent stream of potential qualified residents for the property.

2. Readiness-to-proceed: The GF site is currently owned by SRM. The property plans are firmly developed. The Contractor Estimate was provided by CSI, a highly experienced and well respected General Contractor. The LIHTC Investor and the Construction Lender and the Perm Lender are ready to move to closing upon award of the LIHTC and CDOH PBVs. The Phase One for the site is clear. The GF construction timeline is as efficient a timeline that is possible.

3. Overall financial feasibility and viability: With 62 of the 65 units covered by PBVs and with SRM's history of working with persons within the income levels, the revenue portion of GF is firmly established. Also, Norwood has agreed to 'loan' as much as \$800,000 to GF thereby eliminating the need for a permanent lender, and the associated risks with such a relationship. Finally, the Supportive Services Plan is fully prepared and agreed to by all service providers, and funding is identified pursuant to the requirements of CDOH.

4. Experience and track record of the development and management team: The entire Development Team has significant successful experience in their areas of expertise, and is fully committed to the successful development and completion of GF.

5. Cost reasonableness: The General Contractor that provided the Construction Estimate for this application has significant experience in bidding and constructing affordable rental housing. Thus, the estimate has appropriate levels of cost protections, but is also working with affordability in mind. As a project required to abide by Davis-Bacon wage requirements, GF will experience some cost increase. The architect, HB&A, is well respected and experienced in affordable rental design. All these factors add to a design and cost level that will provide the much needed housing for GF at the least possible cost.

6. Proximity to existing tax credit developments: There is only one 100% PSH property in the PMA and one property that with some dedicated PSH units. Otherwise, as noted in the Market Study, GF will be the first, new construction fully dedicated PSH property in the PMA. Therefore, its value to the community cannot be overstated.

7. Site suitability: GF is extremely well located to SRM, the primary Supportive Services provider. Further, GF is within one mile of numerous community facilities including, but not limited to, bus lines, parks convenience stores, grocery stores, health care facilities, and fire department. The Market Study finds the location one of GF's major attributes.

Provide the following information as applicable:

1. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):

No waivers are being requested.

2. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis: GF does not require the 130 percent increase.

Address any issues raised by the market analyst in the market study submitted with your application:

1. The Market Study did not identify any weaknesses.
2. The only weakness identified within the CDOH PBV RFA clarification response was that GF will be located in a Census Tract that has a poverty rate greater than 20%. Please see the full response above in the Challenges section on pages 4 & 5.

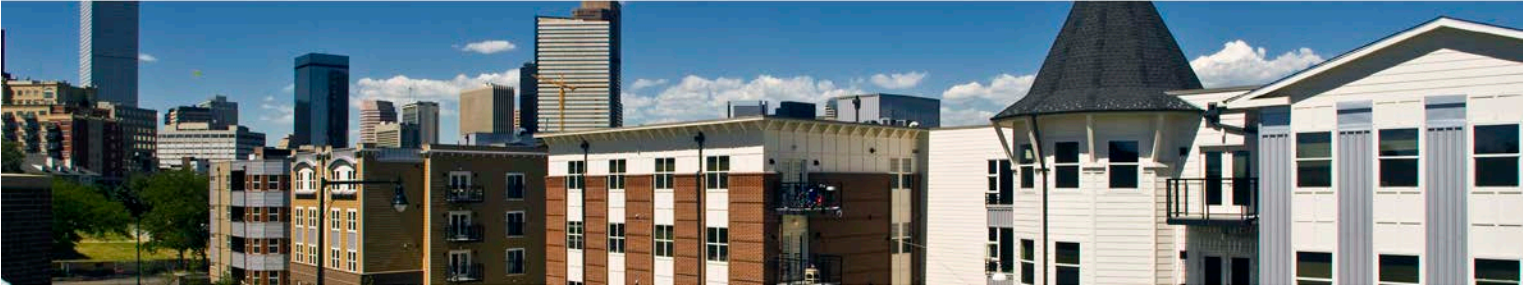
Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

1. The Phase One did not encounter any issues.

In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

1. GF, through SRM, has conducted numerous outreach meetings with the immediate neighborhood groups. As a longstanding 'resident' of the area, SRM has a long history of cooperation, integrity and success in meeting with the local community. Further, the improvements at the SRM campus are revitalizing the immediate neighborhood improving rundown commercial facilities and improving the general conditions of the neighborhood. The City of Colorado Springs, El Paso County Housing Authority and Colorado Springs Housing Authority all enthusiastically endorse GF, and have all committed significant financial resources to its development. Further, the Supportive Services Plan incorporates MOUs from four other highly experienced and successful non-profit service providers. Finally, the public/private partnership that includes Norwood assures that a highly experienced real estate developer will manage the construction completion and that SRM will have the ultimate right to long term ownership of GF.

9% lihtc application narrative



Project Name: Inside/Out Community Apartments

Project Address: 15600 East Alameda Parkway Aurora, Colorado 80017

We respectfully ask CHFA to carefully review and consider this critically needed permanent supportive housing project designed for the hard to house ex-offender population.

The target residents for Inside/Out Community Apartments are ex-offenders who were sent to the Penitentiary for significant offenses such as murder, attempted murder, sale of illegal drugs, armed robbery, felony assault, embezzlement, and/or are habitual criminals who have been recently released from the corrections system.

Ex-offenders need to change their surroundings. We all have heard there is a high degree of recidivism for ex-offenders leaving the correctional system. Numerous studies indicate the common link to returning to a life of crime occurs when the ex-offender returns to their former neighborhood and “friends”. The ex-offender often returns to former life patterns which results in a return trip to the Penitentiary, which then results in the need to create more Penitentiaries, which is a large cost to every Colorado tax payer.

Barriers to ex-offenders finding housing in new locations include background checks and finding services to combat any mental, physical, and/or addiction issues. Our proposed complex is designed to serve ex-offenders who have reached the conclusion to alter their path in life.

Permanent supportive services offered in the proposed Inside/Out Community Apartments meet the ex-offender with wraparound services tailored to their problems. The goal is abstinence and recovery as part of the harm reduction philosophy. The service provider and partner in the apartment complex, Community Re-Entry Place Inside/Out (CRPIO) currently serves ex-offenders with chronic mental illnesses, alcohol and drug addictions, domestic violence, physical and/or developmental disabilities. CRPIO provides ex-offenders with immediate access to legal assistance, transportation, food, furnishings, assessment and counseling, peer mentoring, life education, parenting development, support groups and job training.

The proposed apartment complex will be new construction, two stories, wood framed and approximately 38,500 square feet. The exterior materials will consist mainly of brick with a sloped asphalt shingle roof. The apartment mix will consist of 44 one bedroom units of 500 square feet each and 6 two bedroom units of 750 square feet each for a total of 50 units. The resident amenities will

include balconies/patios, community room, office areas, client meeting rooms for parole officers and clients to use, community garden, outside sitting areas, 24/7 security, cameras, and van shuttle service for residents. We plan to follow the 2011 Enterprise Green Communities Criteria.

The location is currently vacant land. There are residential homes to the South, multi-family tax credit apartments directly to the East, commercial to the West and a church to the North. It is within *one mile* from the following services: health Facility – Synergy Health Partners; Bus Stop-across the street; Store – Family Dollar; Pharmacy – Omnicare, Inc.; Public Park – Aurora Park; Public Library – Aurora Public Library.

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

We meet 7 of the 11 principles (principles in bold).

- **We will support rental housing projects serving the lowest income tenants for the longest period of time** because of our permanent supportive housing model targeting 30%-40% AMI. There will be supportive services in place to reduce turnover and recidivism.

- **We will distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless person and person in need of supportive housing** will be achieved because we are reaching out to all at-risk homeless ex-offenders which could include families, senior citizens, all ethnics, etc.

- **We will provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail** as there is a bus stop right across the street and light rail within a quarter mile.

- **Support new construction of affordable rental housing project.** We will provide a safe and clean affordable housing environment.

- **We will only reserve the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period.**

- **We are requesting as many apartments feasible for the principles and criteria**

- **The proposed project will service the homeless and individuals needing supportive care which are considered CHFA priorities.**

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

The housing project's housing priority is directed to serving the homeless being released from prison. We have applied for twelve (12) 811 PRA vouchers in which they will be set-aside for individuals with disabilities. We are in our final stages of the 811 application process.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

- a. Market conditions: Lea & Company performed our Market Survey as an approved third party contractor. Their report came back with the following strengths and weaknesses.

Strengths of Subject

- The Subject's unit mix and unit sizes are appropriate in the market. The market properties in the PMA typically maintain stabilized occupancy levels, while three of the LIHTC properties maintain extensive waiting lists.
- The proposed rents are achievable and demonstrate a rent advantage for the Subject over the market rate comparables.
- The Subject will serve homeless household and target former prisoners. It will provide support services to empower these tenants and ultimately prevent homelessness and reduce recidivism. The demand estimate indicates there is a sufficient supply of homeless households in the PMA.

Weaknesses of Subject

- No apparent weaknesses.
- b. Readiness-to-proceed: The site is zoned multi-family. The required initial Aurora Planning Department session has taken place, preliminary architectural plans prepared, preliminary site plan prepared and we have a signed Purchase and Sale Agreement of the land contingent on the LIHTC award. If we are awarded credits, we can close approximately October 15, 2016, start construction December 15, 2016 and start leasing approximately October 1, 2017.
- c. Overall financial feasibility and viability: With zero debt and using building materials to withstand many uses, we feel this low-maintenance building will be cost effective and allow for positive cash flow for the life of the project.
- d. Experience and track record of the development and management team: Central States Development, LLC has over 21 years experience in developing and asset management while Central States Property Management, LLC has over 8 years experience managing tax credit and 236 and Section 8 HUD properties. Our developments include 23 properties with multiple layers of support including LIHTC, HUD, HOME and CDBG all for

successful performing projects. Some of the projects were built brand new and some were rehabilitations. We have specific properties that serve the homeless with immediate overnight shelters with showers, laundry and food, we serve near homeless with transitional and permanent housing, the homeless Veterans, the mentally and physically challenged and at-risk individuals all with partnered supportive services with over qualified non-profit organizations. We are located in Nebraska, Kansas, Nevada, Iowa and Colorado

Experience and track record of the Non-profit partner and service provider: Community Re-Entry Place Inside/Out (CRPIO) was founded February 28, 2011. The mission was developed from experience, heart and passion to help prevent homelessness to ex-offenders, reduce recidivism and assist individuals out of a life of addiction and criminal survival. CRPIO provides and addresses the critical need for transitional housing, education, job development, and safe, sober communities. Providing Supportive aftercare services to our returning citizens. We offer financial and budgeting class, relapse prevention to address old addiction/coping patterns along with criminal thinking patterns and to recognize the cognitive switch necessary for a renewed mind and life. Mentoring groups are held monthly for further support and a way to give back to each other as Peer to Peer community continues to grow and develop healthy outcomes. Pastoral care is available for those who are interested in a deeper healing process, individual and group process is done weekly. Case Managers meet with individuals monthly for support, guidance and accountability. We focus on the process of helping ex-offenders make the changes necessary to live a positive, healthy, self-sufficient lifestyle.

CRPIO serves approximately 60 plus clients each year, with a growing number due to the referrals coming in through our different collaboration partners. We work closely with the Department of Corrections, CRPIO provides pre-release counseling at DWCF, Arrowhead and Four Mile Correctional Center and receives applications for transitional housing from inmates throughout CDOC and County jail systems whose only other option is to parole homeless. The Latino Coalition and the WAGEES grant have continued to further our developing relationships with the Department of Corrections. We are now a-part of The Work and Gain Education & Employment Skills (WAGEES) project, it is a new community re-entry program created by the Colorado General Assembly as part of House Bill 14-1355 and expanded through Senate Bill 15-124. The grant program is intended to be a mechanism to facilitate and support a strong partnership between the Colorado Department of Corrections and faith and community based organizations (FCBOs).

CRPIO was the highest ranking in the four chosen and we have expanded to Ft Collins and Grand Junction. At the present time we are serving Arapaho, Denver and the

Westminster, Ft Collins and Mesa county areas. In Grand Junction we are a church plant and opened a Thrift Store to help with employment needs to returning citizens in this area. Ft Collins area has opened a new office to provide supportive aftercare re-entry services and partner with the Ft Collins/Denver Rescue Mission for immediate housing and supportive service needs.

Our agency has established a multifaceted resource development plan to secure funding sufficient to match dollar-for-dollar resources earned by the agency in client fees and third party pay contracts.

We seek to continue to restore lives and prevent recidivism and offer low-income transitional housing with supportive aftercare services.

Inside/Out Working to end homelessness and recidivism in Colorado

The Challenge

- 20,623 People incarcerated or supervised by the Department of Corrections (DOC) as of June 2015
- Average number of inmates released each month in Colorado during 2015, 703
- 33% Percent of inmates that, when released, will end up homeless
- Colorado recidivism rate reported for 2013, 49%

e. Cost reasonableness: We were very fortunate to be able to secure land zoned for apartments located in the City of Aurora at a great price (\$250K) from the Elevation Church as they support the mission of working with ex-offenders seeking a new path in life. Similar land found in Aurora was double and triple the \$250K purchase price. Construction costs ranged from \$150 PSF to \$200 PSF, a clear indicator of the high demand for construction trades in the Denver metro area. At this point in time the land purchase price is a great bargain and, as well, construction costs of \$150 PSF is a reasonable number.

f. Proximity to existing tax credit developments: We are next to Terrace Park Apartments which has 170 tax credit apartments and according to a recent market survey, they are 100% full. We know of another project that is proposed to be built within a few miles called Alameda View Apartments that will have 120 tax credit apartments. Neither of these properties will compete with ours as they will be serving a very different clientele. Our plan is to serve 30% and 40% AMI homeless and ex-offenders. When completing our internal market survey (not CHFAS), all nearby properties were very excited about our project because they would have someone to refer their denied applicants to (denied of credit, lack of landlord reference or because of previous criminal activity).

g. Site suitability: The property is within one mile of a health facility, bus stop, stores, pharmacy, public park, public library, shopping and child care.

4. Provide the following information as applicable:

a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):

Not Applicable-No Permanent Debt

b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:

At this time we are requesting CHFA's basis boost of 18.61% for the following reasons:

- a. Based upon our prior actual experience developing (four) facilities to serve the homeless or near homeless in the last 15 years, we are aware securing and servicing actual (repayable) bank debt is improbable and impossible, as you cannot rely upon the homeless population to create reliable sources of income on a month to month bases to pay their rent.
- b. The tract of land upon which we plan to develop the Inside/Out apartment complex in Aurora, Colorado is locate immediately adjacent to two (2) actual QCTs (north side of E. Alameda Parkway (08005082000), actually on the south side of East Alameda Parkway.
- c. The tract of land upon which we plan to develop the Inside/Out apartment complex in Aurora, Colorado was locate within a QCT for calendar year 2014 (08005082100).
- d. Creating housing options to allow homeless men/women exiting the Colorado Penitentiary system who desire to pursue a non-criminal life style a place to reside with support services some distance from their former neighborhood and "friends" will play a small role in lowering the unacceptable high rate of recidivism and related costs to each and every Colorado taxpayer.
- e. The City of Aurora does not have any apartment complex designated or designed to serve the homeless and/or which provide support services to a homeless population.
- f. The City of Aurora does not have any apartment complex designated or designed to serve the 30% and/or 40% AMI population.
- g. The City of Aurora does not have any apartment complex designated or designed to serve a special needs population homeless individuals.
- h. The cost of tap fees and permit fees in Aurora, Colorado are nearly \$1 million creating an nearly insurmountable cost to creating an affordable housing complex to serve homeless men/women exiting the Colorado Penitentiary system following serving their entire sentence or being granted parole.

5. Address any issues raised by the market analyst in the market study submitted with your application: There were none.
6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated: There were none.

In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

We have letters of support from the following collaborators:

- 1) City of Aurora – Sally Mounier, City Council Member
- 2) Latino Coalition – Richard Morales
- 3) Colorado Department of Corrections – Melissa Roberts.

We also have 4 referral letters that state we can be assured of over 20 applicants a month to this project if it were available for rent.

We have met with Mayor Hogan for his support and have informed Aurora Housing Authority of the project. We have met with Jenn Lopez with the State Office, Wayne McClary and Susan Niner with DOLA, and several other Colorado officials.

In addition we have had several meetings with Fr. John Fitzgibbons, President of Regis University to discuss a collaboration between Regis University and Inside/Out wherein Regis would pursue their mission of social justice working with the ex-offenders on a vast array of support type services including tutoring, support and guidance addressing the challenges faced after exiting the Colorado Penal System.

We met locally with Bob Houston, who is a good friend and prior Director of the Department of Corrections in Omaha, Nebraska. He is now Senior Community Research Associate, School of Criminology and Criminal Justice, Fellow in National Academy of Public Administration, College of Public Affairs and Community Service at the University of Nebraska at Omaha. He introduced us to Rosalyn Cotton who is on the Nebraska Board of Parole. Both of these local experts gave us the insight to form our team, propose the best possible building to service our target market and to provide the services our residents will need to succeed.

9% lihtc application narrative



Project Name: Journey Home

Project Address: 200 Justice Center Road, Cañon City, CO

General Project Description:

Cardinal Capital Management, Inc. (“Cardinal”), in partnership with Loaves & Fishes Ministry of Fremont County (“Loaves & Fishes”), is proposing the new 30-unit Journey Home (the “Project”) for individuals and families who are homeless. Located in Cañon City, this permanent supportive housing project will be the first of its kind in the Fremont County region. Residents will have access to supportive services provided by Loaves & Fishes in tandem with other local in-kind social service providers. The Cañon City community has identified homelessness as a significant issue that needs to be addressed, and this permanent supportive housing project has garnered support from local stakeholders as the appropriate solution. Although rural in nature, this area has a well-documented issue with homelessness that is exacerbated by a shortage of affordable housing.

Supportive housing is a proven solution for the toughest problems facing communities, such as homelessness. It combines affordable housing with services that help people who face major life challenges to live with stability and dignity. Research has shown that supportive housing improves housing stability, employment, mental and physical health, school attendance, and reduces active substance use. Journey Home will allow its residents to live more stable and productive lives.

In addition, people with disabilities who are homeless typically utilize various public systems, including hospitals, emergency rooms, psychiatric hospitals, shelters, jails, and prisons. Studies have shown that supportive housing saves area taxpayers millions of dollars by reducing usage of these public systems. Journey Home will strive to do exactly that for Cañon City and Fremont County.

Population Served:

Occupancy of 25 units will be restricted to households with annual incomes of less than 60% of area median incomes (“AMI”). The remaining 5 units will be restricted to households with annual incomes of less than 30% of AMI. However, the income of the typical resident will be below the poverty line. The Project will target individuals and families who are homeless. Project-based Housing Choice Vouchers provided to Journey Home by the Colorado Division of Housing (CDOH) and administered by the Upper Arkansas Area Council of Governments (UAACOG) will support all 30 units.

Unit Mix:

- 22 One Bedroom/One Bath
- 8 Two Bedroom/One Bath

Location:

The Project is located at 200 Justice Center Road in Cañon City. Cardinal has an executed purchase agreement for a rectangular 2.55-acre parcel situated at the southern end of a larger site owned by the Mountain View Community Church, with frontage along Justice Center Road. It is likely that the

project will be assigned a new physical address upon completion of the formal subdivision process. The site is strategically located across the street from Loaves & Fishes, Solvista Health, Fremont County Department of Human Services, the Colorado Workforce Center, and Central Colorado Housing – A Department of UAACOG. This will ease the delivery of services for both residents and service providers alike. The site is also in close proximity to grocery, healthcare, a pharmacy, schools, and other retail.

Supportive Services:

Loaves & Fishes will serve as the lead service provider and will coordinate a comprehensive menu of supportive services for the residents of Journey Home. As the only organization that provides transitional housing and emergency shelter in Fremont and Custer Counties, Loaves & Fishes’ experience with housing the most vulnerable is one of the primary reasons the community selected them to lead the efforts at Journey Home. For over 13 years they have provided transitional housing to individuals who struggle with drug and alcohol addictions, various forms of mental illness, chronic homelessness, domestic abuse, and various other challenges. Journey Home is designed specifically for these individuals and families. Using the Housing First Model, the approach will be to offer permanent, affordable housing as quickly as possible to individuals and families experiencing homelessness, and then provide supportive services and connections to the community-based resources that people need to maintain their housing.

Loaves & Fishes will have a Family Navigator on site that will assist in connecting voluntary supportive services to those residing at the Project. The Family Navigator will provide some of the supportive services, but the skilled professional services will be provided by one of the project’s many partners. Loaves & Fishes has strong partnerships with several local agencies including Solvista Health, the Department of Human Services (DHS), and the Colorado Workforce Center. These agencies have long-standing MOUs and have been working in partnership to serve the homeless in Cañon City and Fremont County for over 30 years. All of these agencies have been jointly involved in creating Journey Home and will continue to do so as they provide in-kind services for the residents of this project.

Solvista Health’s (“Solvista”) mission is to make available and/or coordinate a comprehensive range of high quality, community-based health care to residents of Fremont, Custer, Chaffee and Lake Counties. Solvista provides addiction recovery services, 24-hour mental health emergency services and case management. The Department of Human Services will provide services around independent living skills, GED training, income support, child protection, and other social services to enhance and empower individuals to become self-sufficient. The Colorado Workforce Center will provide job-search assistance, resume guidance, career help, skills assessments, training programs and has youth and veterans services available.

As the lead service provider, Loaves & Fishes will capitalize on its experience in securing funding for services by accessing the following sources:

- Capitalized Developers Fee – Loaves & Fishes’ negotiated portion
- Capitalized Services Funds – Project has elected to take a 3% permanent supportive housing developer fee boost
- Dedicated Portion of Loaves & Fishes’ General Funds
- Funds from available project cash flow
- Seeking funding from various local and regional foundations

For additional details see the supportive services budget in the attached documents.

Construction & Energy Efficiency

The following is a detailed summary of the type of construction and the planned energy efficiencies of the project:

Construction

- **Construction Type:** 5A, wood frame, 13R sprinkler system
- **Foundation/Slab:** dependent on findings of the geotechnical report to be completed during the finalization of design documents.
- **Exterior Wall Assembly:** 1-hour rated, GA #WP8105 or similar (exterior finish on weather-resistive barrier on OSB wall sheathing on 2x6 stud wall w/ 5/8" type X gypsum board at interior)
- **Unit Demising Walls:** 1-hour rated GA #WP3245 (1 layer 5/8" type X gypsum board on 1/2" resilient channel on 2x6 wood stud wall with acoustical batt insulation, other side has 2 layers 5/8" type X gypsum board)
- **Floor/Ceiling Assembly:** 1-hour rated, could do either open web joists (GA#FC5514: floor finish on 1 1/4" gypsum topping on 1/4" Acoustimat II acoustical underlayment on floor sheathing on open web joists, bottom of assembly has 1 layer 5/8" type C gypsum board on 1/2" resilient channels) or I joists (ICC ES ESR-1153 Assembly B, option 2: floor finish on 1 1/4" gypsum topping on 1/4" Acoustimat II acoustical underlayment on floor sheathing on I joists, bottom of assembly has 2 layers 5/8" type X gypsum board on 1/2" resilient channels)
- **Roof/Ceiling Assembly:** 1-hour rated GA #RC2602: TPO roofing on cover board on roof sheathing on wood roof trusses, bottom of assembly has 2 layer 5/8" type X gypsum board
- **Insulation (required minimums):**
 - **Ceiling:** R-38
 - **Exterior wall:** R-20
 - **Under-slab:** R-10
 - **Foundation wall:** R-10, 2' deep min.

Energy Efficiencies

- Exceed Energy Star v3 performance criteria: efficient envelope (windows, insulation, air sealing etc.), mechanical & electrical systems
- Energy Star qualified appliances, roofing and lighting
- Infrastructure to accommodate future PV installation
- High-density residential building within walking distance of basic services
- Regional, drought tolerant landscaping and efficient irrigation systems
- Water conserving plumbing fixtures (toilets, faucets, and showerheads)
- Low VOC paints, primers, adhesives and sealants
- Low emitting flooring and composite wood
- Recycle a minimum of 25% of construction waste
- Recycling program for residents
- Sustainable materials such as CARB compliant composite wood and regional gypsum board
- Passive radon system
- Integrated Pest Management Plan
- Durable and moisture resistant construction
- Non-smoking facility
- Building information & maintenance manual/orientation for both tenants and property management.

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

Serving lowest income tenants for the longest period of time

Journey Home is committed to serving the lowest income residents of Cañon City. As a housing facility for homeless individuals and families, it will serve those most in need. The project will be supported by 100% project-based Section 8 rental subsidy from the Colorado Division of Housing, administered locally by Central Colorado Housing – A Department of UAACOG. While all units

will be restricted at 60% and 30% of AMI, given the likely resident population, almost all qualifying units will have incomes below the 30% AMI.

The project sponsors are committed to maintaining the long-term affordability for the residents as evidenced by their willingness to execute a 40-year LURA. Lastly, the overall transaction is underwritten in a way that ensures the long-term financial viability of the project beyond the tax credit compliance period; specifically, an increased annual deposit to replacement reserves, along with a nominal permanent loan utilizing CHFA's Housing Opportunity Funds (HOF). The development team made these adjustments in anticipation of the interest rate risk and the increased capital needs that this project for homeless families could potentially be susceptible to at conversion.

Distribution of LIHTC across the entire State

Journey Home is located in Cañon City. To date, a supportive housing project targeting the homeless has not been funded in the Fremont County region of Colorado. The lack of local housing for this special population has spurred a community-wide effort in Cañon City to address the needs of its homeless residents. This project has garnered substantial community support from a variety of sources, including but not limited to the City of Cañon City, Fremont County, Loaves & Fishes, Solvista Health, Central Colorado Housing – A Department of UAACOG, Fremont County Department of Human Services, Rocky Mountain Behavioral Health, and local law enforcement. Please see the attached letters of support from the aforementioned stakeholders demonstrating the local commitment to the Journey Home project.

To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit

Journey Home is the result of a unique partnership between Cardinal and Loaves & Fishes. Together they will develop the project while establishing a limited liability company to own the project. Cardinal, an experienced, for-profit affordable and supportive housing developer, will serve as the managing member, and Loaves & Fishes, a local non-profit very experienced in serving the homeless population, will be admitted as a special member.

Cardinal combines its expertise in the development and management of supportive housing with Loaves & Fishes' local experience serving the homeless population in Fremont County. Cardinal will provide the necessary financial guarantees that the project's investment and lending partners will require. Loaves & Fishes, as the non-profit special member, will earn a share of the developer fee and potential cash flow. In addition, it will retain the first right-of-refusal to purchase the property at the end of the 15-year compliance period from the tax credit entity.

To distribute LIHTC to assist a diversity of populations

Journey Home will provide supportive housing for individuals and families who are homeless. Supportive services will be provided and available to all tenants, with specific emphasis based upon their individual needs. These services will be coordinated by Loaves & Fishes, the lead service agency with experience serving the homeless, in tandem with a number of in-kind local service providers. All providers share the ultimate goal to assist residents in maintaining stable housing and improving their life circumstances.

To support new construction of affordable rental housing

The proposed Journey Home project will provide 30 units of newly constructed housing for the homeless. This state-of-the-art facility will include a variety of energy efficient components and amenities that cater to the homeless population.

To reserve only the amount of credit that CHFA deems necessary for the financial feasibility of the project

Because this is rural supportive housing, the ability to support debt is extremely limited. However, project-based Section 8 will boost the project's capacity for permanent debt, working in tandem with DOLA's contribution of gap funding to reduce the overall credit request.

To reserve credits for as many rental housing projects as possible

Given the nature of supportive housing and the additional costs associated with developing and operating the project, Journey Home will be requesting a 17% DDA boost from CHFA. That said, the credit request of \$703,258 is still well below CHFA's maximum. In addition, of the 46 projects listed in the "2016 Round 2 Letters of Intent" list published by CHFA, the average credit requested is approximately \$965,000, which is considerably higher than Journey Home's request. This will afford CHFA an increased opportunity to fund more projects throughout the state.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

Projects Serving the Homeless

Journey Home will provide 30 units of housing for individuals and families who are homeless. Supportive services will be provided by Loaves & Fishes, a well-established social service agency familiar with serving this population.

Projects in Counties with populations less than 175,000

The project is located in Cañon City, Colorado, which is the county seat for Fremont County. According to the 2010 US Census, the population in Fremont County was approximately 47,000.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

a. Market conditions:

- The subject's proposed 30 units can easily be absorbed by a PMA that had 275 homeless households in 2015. This amounts to a required capture rate of 10.9%, well below the 25% CHFA threshold and attainable.
- There are no existing PSH units within the PMA that target the homeless. This leaves a significant void in the market area's affordable housing stock that Journey Home will be able to fill.
- According to Prior and Associates, the vacancy rate on LIHTC units in the PMA was 0%, indicating significant pent-up demand for affordable housing. Worsening matters, two projects in the PMA totaling 106 units were recently purchased by a private developer and converted to market-rate apartments after their initial tax credit compliance periods ended.
- Prior and Associates concludes that as a deeply-subsidized PSH project, the subject should fill 30 units per month, without concessions, and reach stabilized occupancy in one month.
- Upon completion of the lease-up, the subject should have a stabilized occupancy rate of 97% and a low annual turnover rate of approximately 10%, per Prior & Associates.

b. Readiness-to-proceed:

- Zoning – the site is currently zoned C-General Commercial. The proposed 30-unit apartment complex is a permitted use, and no zoning change is required.
- Municipal Fee Waivers – Cañon City has granted the project waivers for both water tap and building permit fees. The total fees waived amount to \$220,000.
- Site Plan – The development team has met with the City of Cañon City development staff on multiple occasions. The subdivision and site plan approval process have been initiated and only require an administrative approval. This process will be completed no later than the 4th quarter of 2016.

- Environmental – A Phase I ESA was completed for the site, and no recognized environmental conditions were identified.
- Schematic Drawings – Oz Architecture has provided complete floor plans, unit layouts, elevations, and site plan.
- Cost Estimate – Palace Construction, a contractor with significant multifamily experience, has provided the required third party estimate.
- Site Control – Cardinal has a fully executed Purchase and Sale agreement with a private seller, scheduled to close on or before September 30, 2016.
- Letters of Intent – The development teams has obtained an equity letter from The Richman Group, a permanent debt letter from CHFA, and a construction loan letter from US Bank. The developer has an established working relationship will all of these entities from previous projects.
- Colorado Division of Housing Permanent Supportive Housing RFA – The development team submitted a response to the 2016 RFA to CDOH for Project-Based Vouchers and gap funding.

c. Overall financial feasibility and viability:

Based on their collective experience, Cardinal and Loaves & Fishes have constructed a development and operations budget that appropriately anticipates the special needs of the homeless population. As is the case with all supportive housing projects, a combination of sources is necessary to make this project feasible. The project is requesting a “basis boost” with respect to the tax credit equity, as detailed later in the narrative. Additionally, Journey Home will be supported by 30 project-based Section 8 Housing Choice Vouchers from the Colorado Division of Housing. The development team has submitted a complete package to CDOH in response to the 2016 Permanent Supportive Housing RFA for Project-Based Vouchers. Central Colorado Housing – A Department of UACCOG, will administer these vouchers.

Below is a summary sources and uses demonstrating the viability of the project:

Source of Funds	Amount
CHFA Permanent Loan (HOF)	\$270,000
Tax Credit Equity	\$6,680,955
DOLA-Division of Housing Gap Funds	\$150,000
Deferred Developer Fee	\$150,975
Total Sources of Funds	\$7,252,130

Use of Funds	Amount
Land & Demo	\$165,000
Site Work	\$481,500
Construction	\$4,429,747
Professional Fees	\$316,000
Construction Interim Costs	\$355,427
Permanent Financing Fees	\$3,700
Soft Costs	\$139,973
Syndication Costs	\$40,000
Developer Fees	\$1,037,942
Project Reserves	\$282,841
Total Uses	\$7,252,130

The following is further explanation for the sources of funding:

Conventional Loan - Typically supportive housing projects carry very little hard debt. Journey Home is able to support a nominal first mortgage primarily because of the rental subsidies. Loaves & Fishes will have a Right of First Refusal to purchase the property from the tax-credit entity at the end of the compliance period. Thus, this will leave them with an affordable statutory purchase price in year 15.

Tax Credit Equity – Tax credit equity is priced at \$0.95 per credit. Numerous tax credit investors have expressed interest in Journey Home.

CDOH Soft Funds – The Colorado Division of Housing has indicated they will consider this project for a grant/loan request.

Deferred Developer Fee – Given the complexity of supportive housing, the tax credit investor will require an expedited repayment of the deferred developer fee to protect the viability of the tax credits under the IRS regulations.

Letters of Interest and Support from each of the identified funding sources are provided with this application.

d. Experience and track record of the development and management team:

Cardinal Development Experience

Cardinal was organized in 2004 and has received national recognition in the development of permanent supportive housing. The company exemplifies its mission of “Delivering Financial and Social Value” by recognizing that affordable and supportive housing must meet social needs not accounted for in traditional real estate budgets, while also working financially in both the short-term and long-term. Cardinal is uniquely qualified to deliver both financial and social value in a manner that meets the needs of its residents, surrounding communities, nonprofit partners, and investment and lending partners.

Investors and lenders trust Cardinal to consistently develop supportive housing projects on time and within budget. Cardinal specializes in projects that provide services and amenities for persons recovering from mental illness, homeless veterans, persons who are blind or low-vision, and persons who are deaf, hard of hearing, or deaf-blind, and homeless. In undertaking these unique housing products, Cardinal realizes the importance of working closely with an advocacy group that represents the needs of the individuals served. In every case, Cardinal has partnered with a strong nonprofit committed to providing supportive services to the appropriate resident population. This depth of experience enables the Cardinal development team to identify the designers, engineers and builders best able to produce a safe and financially viable building that enhances health and well-being for each resident.

Cardinal Property Management Experience

For the last 14 years, Cardinal has provided exceptional property management services for the affordable housing industry, with a special focus on LIHTC, Section 8, Rural Development 515 and Supportive Housing projects. Cardinal is extremely well-versed in the compliance associated with the various governmental programs and is often asked to assist HUD, state housing agencies, lenders, and investors in special situations regarding these types of projects. Property management staff attends training from nationally accredited agencies (i.e. NCHM, NAHB, etc.) to ensure the newest regulations are understood and applied. Cardinal has significant experience in addressing the needs of supportive housing facilities and works closely with the various service providers to achieve their overall goal of providing housing stability for

their special populations.

Cardinal has established a reliable method for successfully marketing and leasing its permanent supportive housing projects by working in tandem with its partners. For example, Pathways Village is a 40-unit supportive housing project in Grand Junction targeting homeless individuals and families that is scheduled to open in June 2016. In conjunction with that project’s nonprofit partner (HomewardBound of the Grand Valley), Cardinal has already identified potential residents for all 40 units and anticipates lease-up to be complete in less than a month. It is the relationship with a nonprofit that works locally with the targeted population that enables a rapid lease-up period. Cardinal has had similar success in its other supportive housing projects and expects Journey Home to be no different.

Other Key Development Team Members

- Special Member/Service Provider – Loaves & Fishes Ministry of Fremont County – Deidra Clement
- General Contractor – Cardinal Capital Management, Inc. – Mark Klann
- Third Party Cost Estimator – Palace Construction
- Architect – Oz Architecture – Rob Rydel
- Attorney – Reinhart Boerner Van Dueren, s.c. – William R. Cummings
- Accountant – Baker Tilly – Don Bernards

e. Cost reasonableness:

The total project cost is estimated at \$7,252,130 or \$241,738 per unit. These overall development costs are in line with the market for supportive housing projects of this size and type.

f. Proximity to existing tax credit developments:

There are four existing LIHTC properties in Cañon City within 3 miles of Journey Home that are currently in above-average to average condition. Per the market study provided by Prior & Associates, the overall vacancy rate of the existing LIHTC units is currently at 0%, revealing a significant pent up demand for affordable housing. Worsening matters, 106 units of affordable housing recently aged out of the tax credit program to be repositioned as market rate properties. Journey Home will add 30 units to the current LIHTC market in Cañon City, with rental subsidy for all units, while being the only property designed to target the homeless and at-risk of homelessness.

<i>LIHTC Property</i>	Celtic Townhomes	West Park	North Park I, II, & III	Park Avenue Apartments
<i>Number of Units</i>	14	12	48	26
<i>Vacancy</i>	0%	0%	0%	0%
<i>Distance from Journey House</i>	1.9 miles	2.6 miles	3.1 miles	2.6 miles

g. Site suitability:

- The subject site is currently part of a larger site owned by Mountain View Community Church and will be subdivided as part of the sale. An executed Purchase and Sale Agreement is included as evidence with the application.
- The subdivision and site plan approval processes have commenced with the City of Cañon City and will be completed no later than the 4th quarter of 2016.
- The infill site is flat and ideal for development.

- The current zoning allows for multifamily development as evidenced by a letter from Terri Bernath, City Planner for Cañon City.
- The subject site has good visibility and access, as it is located on a collector street with 160 feet of frontage along Justice Center Road.
- The site is strategically located within steps of the primary service provider, Loaves & Fishes, and other in-kind service providers including Solvista Health, Department of Human Services, and UAACOG.
- Adjacent Land Use:
 - North: Mountain View Community Church, with the Fremont County Department of Human Services just beyond the church.
 - South: Heatherwood Apartments, a 54-unit market-rate apartment complex.
 - East: A natural drainage way, with approximately 20-acres of agricultural land just beyond that.
 - West: Loaves & Fishes directly across Justice Center Road.
- The subject is within one mile of a supermarket, convenience store, neighborhood shopping center, a Super Wal-Mart, and in close proximity to an elementary school, a middle school, a childcare center and a City park, as indicated on the attached map.

4. Provide the following information as applicable:

a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA’s minimum):

High PUPA – As is the case with most small supportive housing projects, the operating expenses associated with Journey Home are higher than a typical LIHTC development because there are fewer units to support fixed costs. The initial PUPA, excluding replacement reserves, is estimated at \$5,473. There are two main factors that contribute to the increased costs:

- A full-time site manager will support the project, which is atypical for a project of just 30 units. This is to ensure that the team adequately addresses the additional needs of these high-needs residents.
- Utilities – To best address this population, it was necessary to significantly reduce the utility burden on the resident. Therefore the project will absorb all utility expenses.

Replacement Reserves - Given that Journey Home is to provide housing for homeless families, the project anticipates higher capital needs. Therefore the annual replacement reserve contribution is set at \$400 per unit.

DCR above 1.30 – Typically the goal with supportive housing projects is to reduce the conventional debt to a nominal amount. Journey Home is able to support some hard debt, primarily because of the rental subsidy it will receive. Based upon significant experience with supportive housing and project-based Section 8, it is certain that expense increases will outpace revenue increases. This will result in a declining DCR during the life of the project. To ensure that the DCR stays above a minimum of 1.15 for the 15-year period, the initial DCR is set above 1.30. This is important not only to meet the DCR requirements of CHFA, but also to make certain that the project meets the requirements of the investor and does not violate the mortgage covenants of the lender. Because it is supportive housing, the investor will also require enough cash flow to pay off any deferred developer fee in an expedited manner when compared to a typical LIHTC project. This protects the viability of the tax credit basis as per IRS requirements.

b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:

Because the Fremont County area is relatively rural, development of supportive housing comes with increased construction and operating costs associated with serving this diverse homeless population. The sponsor will leverage funding from sources including rental subsidy from CDOH (administered by UAACOG), soft funding from CDOH, and deferred developer fee. A 17% basis boost is necessary to bridge the remaining funding gap. Without the basis boost, the deferred developer fee will increase beyond the requirements of the tax credit investor and ultimately the IRS.

5. Address any issues raised by the market analyst in the market study submitted with your application:

There were no issues raised by the market analyst.

6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

There are no recognized environmental conditions associated with this site as evidenced by the attached Phase I ESA report.

7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

In March of 2015, Governor Hickenlooper's Office, CHFA, and Enterprise Community Partners began sponsoring a series of roundtable sessions known as the Pathways Home Colorado Pikes Peak Supportive Housing Toolkit. Because of Cardinal's extensive experience as a supportive housing developer, Cardinal was invited to participate in the Toolkit and met representatives from Loaves & Fishes, Solvista Health, Fremont County Department of Human Services, and the Upper Arkansas Area Council of Governments (UAACOG). These stakeholders in Cañon City were very enthusiastic about the potential development of supportive housing in the Fremont County region. Cardinal stood out as the best fit with these nonprofit groups, and they selected Cardinal as their development partner to make Journey Home a reality.

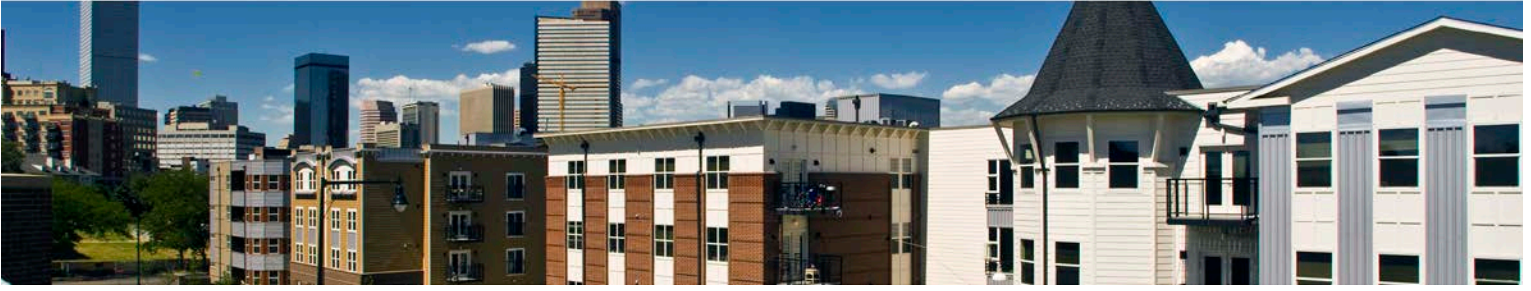
Over the course of the last year, the project concept has developed rapidly, thanks in large part to the community-wide effort in Cañon City to provide stable housing for their homeless neighbors. Elected officials at both the city and county level, city planning and development staff, the Cañon City Police Department, the UAACOG, Fremont County Department of Humans Services, Rocky Mountain Behavioral Health, the Colorado Workforce Center, Solvista Health, and Loaves & Fishes have all endorsed Journey Home and committed their support.

As a result of outreach to numerous groups, financial support has come from a variety of sources. Cañon City has approved the waiver of water tap fees and building permit costs totaling \$220,000. Local utility providers, Atmos Energy and Black Hills Energy, have waived connection fees for both gas and electric respectively. The development team submitted an application to the Colorado Division of Housing for 30 project-based Section 8 vouchers that will be administered by the Central Colorado Housing – A Department of UAACOG. Additionally, the Colorado Division of Housing has issued a letter of support expressing interest in providing the project soft funds.

8. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans and relocation plan (if applicable). Address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, nature disaster).

N/A

9% lihtc application narrative



Project Name: Lakewood Station Apartments

Project Address: 1325 Everett Court, Lakewood, Colorado

Project Description:

Herman & Kittle Properties, Inc. (HKP) is excited for this opportunity to present an application to CHFA for 9% LIHTC funding for Lakewood Station Apartments. Located in Lakewood's Eiber Neighborhood and adjacent to the West Line Light Rail, this Transit-Oriented Development community will consist of a newly constructed four-story, elevator-served building containing 63 one, two and three bedroom units for households earning 30/50/60 percent of the AMI and some units targeted to unrestricted income levels.

Pending award of Section 811 project rental assistance from the Colorado Division of Housing, fifteen units (24%) will be restricted to homeless households with disabilities who are leaving institutions or at risk of being placed in an institution. The Lakewood-based nonprofit organization, Family Tree, will be providing supportive services to the households receiving Section 811 assistance.

While there are several LIHTC properties in the pipeline within the PMA, Lakewood Station Apartments is needed to meet the unprecedented demand for high quality affordable housing in Jefferson County. With a 0.0% vacancy rate, waitlists averaging 2-4 years, significant growth projected along the light rail line, and demand for special needs/homeless housing with supportive services – a 13% capture rate is attainable. Under current market conditions, stabilization can be reached in two months without concessions.

Project Strengths & Weaknesses:

Without question, the site's proximity to the Garrison Street light rail station, which provides excellent access throughout the Denver MSA, is a key asset for the community and its intended residents. Low-income households spend, on average, 60% of their gross income on housing and transportation expenses combined. By controlling these expenses and providing access to quality, environmentally-sustainable housing, Lakewood Station Apartments will make it possible for families to build wealth and access employment and educational opportunities. It will also provide employers with access to an expanded workforce. Despite having limited visibility, the site also has excellent access to shopping, services, schools, parks and recreational amenities. Located just two blocks off of West Colfax, which is in the midst of a redevelopment and cultural renaissance, is a major asset.

As is the case throughout metro Denver, there is significant pent up demand for affordable housing, including for supportive housing, in Lakewood. According to the project's market study, there is ample demand for LIHTC rental housing in the PMA, which is currently experiencing a 0.0% vacancy rate and waitlists at similar projects. This is further evidenced by

the market analysts' assessment that competing LIHTC projects in the development pipeline would have minimal impact on the capture rates, and the overall rate. Moreover, Family Tree's own waitlist has 48 applicants pre-qualified for permanent supportive housing, which is sufficient to fill the 15 units set aside for homeless households.

The project's relative shortcomings include the lack of a swimming pool and in-unit washer/dryers, which are typical at most LIHTC and market rate developments. Due to liability, construction cost, and maintenance concerns, a swimming pool was not included in the project's amenity package. While the property does not include washers and dryers, hookups are provided. Marketability will not be affected, considering the strong LIHTC rental market.

Construction Description:

The freestanding, four-story wood frame structure has a varied contemporary elevation with rooftop amenity space. The exterior façade will be composed of durable cementitious siding with accents of brick and stone. The building faces a surface parking court with a children's play area, and surrounding land uses to the west. Incorporated within the building will be resident assistance services, and a community gathering space. The units will have private entrances off a double-loaded interior hallway, accessible via an elevator. All units will be spacious, and energy efficient, with many having views to either the mountains on the west, or Downtown Denver to the east. Water smart plumbing fixtures will be used throughout the project. Accessibility is an important consideration and, to that end, HKP is voluntarily increasing the number of Section 504 compliant (Type A units) from 5% to 6%, or four units. Additionally, 2% of the units (2 units) will meet UFAS standards for vision and hearing. The remaining units will meet ANSI Type B requirements. Additionally, features include grab bars, front control appliances, non-carpeted flooring surfaces, elevated toilets, wheel chair accessible showers, and lever hardware on doors will be incorporated into all Type A units.

Population Served:

The property's location along the West Line light rail, between the Jefferson County government buildings and downtown Denver, will draw tenants from beyond the primary market area seeking an affordable housing option with excellent public transportation access to jobs. Households with up to five persons and incomes less than \$52,000 are potential tenants for the proposed 50-60% AMI units. Given the diversity of employment options within a one-mile radius of the site, it is anticipated that most tenants will work in professional, financial, service, and sales occupations. Households with children will benefit from the close proximity of Jefferson County primary schools.

Eligibility criteria for the 15 households receiving Section 811 project based rental assistance include people with disabilities who are leaving an institution or are at risk of being placed in an institution and who are: being between the ages of 18-62, earning less than 30% AMI, have demonstrated a need for supportive services in connection with housing, and receive or are eligible to receive Home and Community Based Medicaid services or State Plan services, or are part of the Colorado Choice Transitions (CCT) program (the CCT program also serves older adults so not all CCT participants will qualify). Given that the goal of ending homelessness by 2020 in Metro Denver requires a coordinated regional approach, that both CHFA and the Division of Housing have prioritized funding for projects serving homeless tenants, and that the Section 811 criteria explicitly states that those who are homeless and those at risk of being homeless qualify for assistance, Lakewood Station Apartments will target those who are

homeless or at risk of homelessness *and* meet the Section 811 eligibility criteria for the occupancy in the 15 set aside units.

According to the 2015 Metro Denver Homeless Initiative (MDHI) point-in-time survey, there were 564 homeless persons in Jefferson County in 2015. More than 75% were households with children. According to the Lakewood Station Apartments market study, the homeless count is underestimated due to the lack of homeless housing in Lakewood and Jefferson County, causing many to seek shelter in Denver. The Section 811 households are anticipated to be a mix of unoccupied individuals, approximately five of who will qualify as chronically homeless, and families that primarily consist of a single parent with two children. Without exception, these households will be experiencing extreme poverty and suffering from one or more disabling conditions.

Unit Mix & Rents:

The overall unit mix, detailed in the table below, includes 22 one-bedroom units (35%), 33 two-bedroom units (52%), and 8 three-bedroom units (13%). The following income restrictions apply: 16 units at 30% AMI (25%), 28 units at 50% AMI (44%), 14 units at 60% AMI (22%), and 5 units unrestricted (8%). In addition to the financial and operating benefits, this deliberate effort to develop a mixed-income community reinforces a multitude of affordable housing policy goals such as de-concentrating poverty, supporting the upward mobility of low-income residents, and promoting integration and equality.

Unit Mix							
Type	AMI	# Units	% of Mix	Sq. Ft.	Proforma Rent	LIHTC Max	Section 811 Contract Rent*
1BR	30%	1	2%	639	\$341	\$450	\$0
1BR	30%	4	6%	639	\$341	\$450	\$893
1BR	50%	11	17%	639	\$642	\$751	\$0
1BR	60%	4	6%	639	\$776	\$901	\$0
1BR	UR	2	3%	639	\$936	N/A	\$0
2BR	30%	9	14%	916	\$409	\$540	\$1,156
2BR	50%	14	22%	916	\$770	\$901	\$0
2BR	60%	8	13%	916	\$931	\$1,081	\$0
2BR	UR	2	3%	916	\$1,120	N/A	\$0
3BR	30%	2	3%	1,102	\$472	\$625	\$1,644
3BR	50%	3	5%	1,102	\$888	\$1,041	\$0
3BR	60%	2	3%	1,102	\$1,075	\$1,250	\$0
3BR	UR	1	2%	1,102	\$1,344	N/A	\$0
Totals:		63	100%	53,102	\$675,237		

*The Section 811 contract rent is based on FMR.

Location:

Colfax Avenue, Wadsworth Boulevard, 6th Avenue, and Oak Street bound the Eiber neighborhood. An older neighborhood with lots of character, Eiber is in a great location, with easy 15-minute access to both the city and the mountains. Single-family homes ranging in price from the mid 100’s to the low 400’s are mixed with moderate to high-density apartments, condos, and townhomes. In accordance with the Eiber Neighborhood Plan, HKP will (1) protect the existing single-family residential areas from the intrusion of high density residential construction by developing Lakewood Station Apartments on a blighted, previously developed

infill site, (2) improve the appearance of the neighborhood through the use of high quality materials and a commitment to exceptional property management, and (3) provide a safe, welcoming community for children as well as those with a diversity of incomes. The site is located in a Qualified Census Tract between two established apartment communities. Lakewood Station Apartments will provide tenants with easy access to a multitude of community amenities, as evidenced by the table below. Within just a ten-minute walk, future residents can access childcare, groceries, the Garrison Street light rail station, medical care, bus transportation, the local community center, fitness opportunities at the recreation center, as well as the neighborhood elementary and high schools. With 48 on-site surface parking spaces planned (0.8 per unit), as well as RTD bus service and light rail within walking distance, the site affords many multimodal transportation options for residents. The parking ratio is sufficient considering only 80% of the Family Tree tenant profile owns cars.

Locational Amenities	
Amenity	Distance from Site
Carousel Child Care	400 Feet
Safeway (Grocery Store)	0.1 miles
Shopping Center	0.1 miles
Garrison Street Station (Light Rail)	0.1 miles
Estes Street Health Center (Medical Clinic)	0.1 miles
Pharmacy	0.1 miles
Bus Stop	0.2 miles
James L. Richey Park	0.2 miles
7-11 (Convenience Store)	0.3 miles
Charles F. Whitlock Rec Center	0.3 miles
Eiber Elementary School	0.4 miles
Lakewood High School	0.7 miles
Clements Community Center	0.8 miles
Walmart	1.0 mile
Lakewood Public Library	1.1 miles
Creighton Middle School	1.2 miles
Rocky Mountain College	1.5 miles
Fire Department	1.5 miles
Post Office	1.7 miles
Daniels Head Start	1.9 miles
Lutheran Medical Center (Hospital)	2.0 miles
City Hall	2.1 miles
Police Station	2.1 miles

Project Amenities:

Lakewood Station Apartments is designed with several amenities to engage the tenants receiving project-based rental subsidy, including a case management office where case managers and clients can hold private meetings and counseling sessions. The 63-unit property also includes a leasing office, as well as a community room featuring a kitchenette, television, and play area for young children. A wellness room with interior windows allows residents to exercise while keeping an eye on their children in the adjacent community room. The property’s exterior amenities include a play area and a rooftop sport court with raised gardens beds. There are 48 parking spaces as well as covered, secure bike storage for residents to use. Standard appliances

such as built-in microwaves, stove/oven, refrigerator, and disposal are included, along with central HVAC, balconies, in-unit washer/dryer hookups, and walk-in closets in the 2 and 3-bedroom units.

Services Description:

The mission of the proposed project’s lead services provider, Family Tree, is to help people overcome child abuse, domestic violence, and homelessness to become safe, strong, and self-reliant. Founded in 1976, Family Tree has spent decades identifying and developing innovative responses for struggling youth and families in Jefferson County, Colorado. Due to expanding community needs, today Family Tree’s service area includes the entire seven-county Denver metro area under the three programmatic pillars of Child and Youth Services, Domestic Violence Services, and Housing and Family Stabilization Services.

Family Tree believes in providing services that are strengths-based, client-centered and individualized. Utilizing the Housing First model, Family Tree will offer residents of Lakewood Station Apartments, but will not mandate, participation in a myriad of supportive services including: employment and education guidance, in-depth and comprehensive case management, emergency residential care, housing navigation and rental assistance, and other ancillary support connecting clients with vital community-based resources to achieve and maintain self-sufficiency. In-kind services will be provided by three of Family Tree’s longstanding partners, Jefferson Center for Mental Health (mental health services), the Women’s Bean Project (job training and life skills coaching), and the Arapahoe House (substance abuse services and treatment). With the goal of improving quality of life remaining paramount, Family Tree aspires to ensure that – within one year of occupancy – at least 50% of Lakewood Station Apartments’ Section 811 recipients will increase their earned income, 80% will remain housed, and 100% will receive education/employment services. Family Tree believes that with supportive services, stable housing, and case management, people are able to overcome personal obstacles leading them to deepen their engagement and contributions within their communities.

Energy Efficiency/Green Build Description:

As one of the country’s leading developers of affordable housing, HKP strives to advance green building strategies that significantly reduce impacts on water quality, air pollution, and climate change while simultaneously lowering operating costs and maintenance needs. To that end, Lakewood Station Apartments is seeking to achieve 38 points using the Enterprise Green Communities Criteria. At 45 units/acre the proposed development is incredibly compact. The site’s proximity to light rail (0.35 miles) will encourage residents to use public transit with high frequency. Implementing advanced water conserving fixtures and faucets will reduce dependence on Colorado’s most precious natural resource. The utilization of materials with recycled content and inclusion of a recycling center for residents will reduce depletion of natural resources. Lastly, a commitment to a smoke-free building will have a measureable contribution to the physical health and wellbeing of the building’s residents.

Type of Financing:

Lakewood Station Apartments will be financed with equity generated from the sale of 9% LIHTC, a conventional permanent mortgage, funding from the State of Colorado Division of Housing, and deferred developer fee. Below are the anticipated sources and uses chart:

Sources & Uses of Funding					
Sources	Amount	% of Stack	Uses	Amount	% of Stack
Federal LIHTC Equity:	\$13,250,000	72%	Total Acquisition:	\$2,150,000	12%
Permanent Mortgage:	\$4,060,000	22%	Hard Costs:	\$11,945,895	65%
CDOH Funding	\$580,000	3%	Soft Costs:	\$2,167,998	12%
Deferred Developer Fee:	\$549,480	3%	Reserves:	\$478,183	3%
Other:	\$0	0%	Developer Fee:	\$1,697,404	9%
Total:	\$18,439,480	100%		\$18,439,480	100%

Construction financing will be bridged by a conventional construction period loan in the approximate amount of \$13,600,000. This loan will be paid down to conversion largely through equity contributions. The deferred developer fee represents approximately 32% of the total fee.

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

To support rental housing projects serving the lowest income tenants over the longest period of time. More than 90% of the units planned for Lakewood Station Apartments will be restricted to very low and low-income households. A total of 70% of the units will be restricted to 30% and 50% of the AMI, thereby providing a much-needed opportunity for very-low and low-income families in the PMA. Furthermore, HKP has elected to commit Lakewood Station Apartments to a 15-year compliance period plus an additional 25 years.

To provide opportunities to a variety of qualified sponsors of affordable housing. HKP is a national, mission-based for-profit developer of affordable housing and has developed and managed properties in 15 states. With more than 3,000 federally assisted units in their portfolio, HKP Property Management has deep experience and knowledge associated with providing reasonable accommodations and modifications for people with disabilities. Several of their properties cater to a diverse range of special needs populations, including elderly communities, addiction recovery, persons with disabilities, women and children escaping domestic violence situations, and Permanent Supportive Housing for homeless households. HKP knows firsthand that it is critical to partner with a service provider who is not only imbedded within the community, but also has a strong history of providing services for the special needs population that is targeted for housing. The project’s lead services provider, Lakewood-based Family Tree, is integral to the project’s success. Throughout their 40-year history, Family Tree has helped the most vulnerable populations in the Denver Metro deepen their engagement within their community, while addressing the complex interconnectedness of poverty, disabling conditions, and homelessness.

To distribute housing credits to assist in a diversity of populations in need of affordable housing. The availability of Section 811 project based rental assistance (PBRA) for homeless households has created a new window of opportunity to provide support to individuals and families whose disabilities and poverty make them extremely susceptible to institutionalization and homelessness. A long-standing participant in the Governor’s PSH Toolkit Program, Family Tree and HKP are excited to be one of the first applicants for Section 811 PBRA for homeless households in Colorado.

To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail. Lakewood Station Apartments is a 0.35-mile walk

to the Garrison Light Rail Station, which offers direct access to Golden and to Downtown Denver.

To support new construction of affordable rental housing projects. Lakewood Station Apartments will provide high-quality new construction of affordable rental housing.

To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low-income housing project throughout the credit period. HKP is requesting \$1,250,000 in annual federal credits, or \$19,840 in annual credits per unit. The approximate average award in 2015 was \$17,600 in annual credits per unit. HKP has assumed \$10,000 per income-restricted unit from the Division of Housing and has deferred an appropriate portion of developer fee.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

To provide opportunities for housing to serve homeless persons as defined in Section 5.B 5. The 15 prospective Section 811 voucher households will meet the “homeless” definition as defined in Section 42 of the Code.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

• **Market conditions:**

While there are several LIHTC properties in the pipeline within the PMA, Lakewood Station Apartments is needed to meet the demand for high quality affordable housing in Jefferson County. With a 0.0% vacancy rate, waitlists averaging 2-4 years, significant growth projected along the light rail line, and demand for special needs/homeless housing with supportive services – a 13% capture rate is attainable. Under current market conditions, stabilization can be reached in two months without concessions.

• **Readiness-to-proceed:**

HKP will meet CHFA’s threshold requirements of readiness-to-proceed, specifically:

- The site is zoned for the intended use and site review approvals will be in place by carryover;
- The Phase 1 Environmental indicated no Recognized Environmental Conditions were discovered;
- Schematic drawings have been priced and the proposed building is financially viable to construct; and
- Financing and funding commitments from the sources identified in this application will be secured within 13 months of application reservation.

• **Overall financial feasibility and viability:**

Lakewood Station Apartments is financially feasible if awarded an allocation of 9% LIHTC. In addition to federal LIHTC equity, HKP is assuming a conventional permanent loan with a longstanding HKP lender partner, a Colorado Division of Housing loan assumed at \$10,000 per

income-restricted unit, and deferral of a portion of the developer fee. HKP, the equity syndicator and the financial consultant, RCH Jones, has run the project through their tax credit financial models. This extensive up-front underwriting has shown that as conceived, there are minimal risk points.

- **Experience and track record of the development and management team:**

HKP was built on a foundation of providing affordable housing to communities. Currently the nation's third largest developer of affordable housing, HKP's expansive portfolio includes over 13,000 apartment homes in 15 states. HKP serves as not only the developer, but also the property manager and general contractor of their properties. As long-term owners, durability and sustainability are important to HKP – as is a solid commitment to the communities in which they do business. HKP has learned through experience that local partnerships are key to a project's success. That is why HKP has partnered with Family Tree, a local nonprofit with over four decades of experience serving vulnerable populations in Lakewood and Jefferson County. Due to the high quality of services provided, along with their ability to meet expanding community needs, Family Tree is recognized as an established, respected provider of supportive services to individuals and families with special needs.

In an effort to ensure that Lakewood Station Apartments provided the best outcome possible for the prospective residents, the surrounding Eiber Neighborhood community, as well as the project's anticipated funders, HKP retained Ryan Hibbard Jones (RCH Jones Consulting) and Shannon Cox Baker (SCB Consulting) to provide strategic direction and financial advisory services to the project. Collectively, Hibbard Jones and Cox Baker have over 25 years of experience in the affordable housing industry having managed the development of various affordable housing communities across the US, particularly in Colorado. Hibbard Jones' past experience includes working as a senior underwriter for LIHTC equity syndication firms where he closed over \$130 million in LIHTC equity across the nation. He also serves on the CHFA Tax Credit Advisory Group. Cox Baker has developed an expertise in supportive housing, having managed from acquisition through construction the development of two LIHTC-financed supportive housing communities for homeless households in Colorado, and with another in the pipeline. She serves on the Boulder County Ten Year Plan to End Homelessness Advisory Board.

- **Cost reasonableness:**

The project costs for Lakewood Station Apartments reflect current hard cost information, and have been third party reviewed and verified. Construction costs in Colorado have been going up, by most accounts, by 0.5 percent, monthly. In order to account for the volatile commodities and labor markets, HKP has obtained up-to-date cost estimates by local contractors and included a 5.0% hard cost contingency. Given the pending application for Section 811 project based rental assistance, prevailing wages have been assumed for this project.

- **Proximity to existing tax credit developments:**

The PMA has ten LIHTC projects containing 904 income-restricted units. Of these, five are age-restricted projects with 396 units and the remaining five are non-age-restricted LIHTC projects with a total of 508 units. There is one project within the PMA that received a tax credit allocation

in the past two years and has not been placed in service. Completion of the Lakewood Station Apartments and 40 West Residences will raise the PMA's LIHTC inventory to a total of 1,021 LIHTC units, including 625 family dwellings.

According to the Community Development Block Grant (CDBG) and HOME Consortium, there are no supportive housing units in Jefferson County. One of the surveyed LIHTC projects, Renaissance at Concord Plaza, has 25 units set aside for formerly homeless households that are filled by the Colorado Coalition for the Homeless. According to the Consortium, there are 15 units of transitional housing available from Family Tree, the subject's co-sponsor, as well 22 beds at the Action Center for emergency shelter. Most individuals in Jefferson County must go to Denver to find shelter.

- **Site suitability:**

The site is suitable for the intended use for the following reasons:

- HKP has secured site control;
- The blighted site presents an opportunity to enhance current conditions;
- The proposed use is congruent with the development goals outlined in the Eiber Neighborhood Plan;
- The site is located adjacent to two apartment buildings, demonstrating compatible use;
- The nearby Garrison light rail station (0.35-mile) provides excellent transportation to the Jefferson County Government Center, Golden, and downtown Denver; and
- Numerous amenities and job opportunities are within 0.5-mile walk distance and due to the site's proximity to the west Colfax business improvement district.

4. Provide the following information as applicable:

- **Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):**

Not applicable.

- **Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:**

Not applicable.

5. Address any issues raised by the market analyst in the market study submitted with your application:

The project lacks a swimming pool and in-unit washer/dryers. Due to liability, construction cost, and maintenance concerns, a swimming pool was not included in the project's amenity package. While the property does not include washers and dryers, hookups are provided.

6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

HKP commissioned a Phase I Environmental Site Assessment on November 10, 2015. No Recognized Environmental Conditions were discovered. An Asbestos, Lead-Based Paint, and Limited Regulated Building Materials Survey was conducted for the purpose of anticipated building demolition. No ACM was found. Some common RBM materials were observed and will be addressed at the time of demolition.

7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

In an effort to aid community awareness of and participation in the development process, HKP initiated conversations with Paul Ditson, President of the Eiber Neighborhood Association. As of May 2016, the Association Board has moved discussion of the proposed development to committee for review to determine official support. HKP remains available to meet directly with the Association Board, as well as other key stakeholders in the community including the West Colfax Business Association and City Council members representing Ward 2. Additionally, HKP has been in regular communication with Metro West Housing Solutions and other LIHTC developers in the area, namely Archway Housing (developer of the neighboring 40 West Residences), soliciting input and guidance regarding community outreach and support.

8. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans and relocation plan (if applicable). Address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, nature disaster).

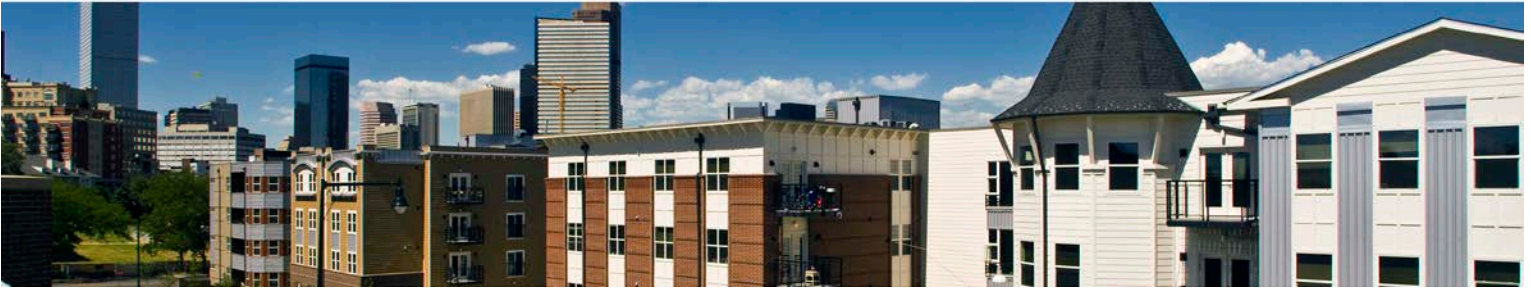
Not applicable (new construction).

You may provide additional documentation that supports this narrative.

The following documentation to support this narrative is included:

- Section 811 Services Plan and Budget, MOUs with service providers
- Location maps including regional, PMA, and site
- Eiber Neighborhood Plan
- 2016 CDBG Housing and Community Development One Year Action Plan (DRAFT)
- Enterprise Green Communities Supplement

9% lihtc application narrative



Project Name: Lakota Ridge Senior Apartments

Project Address: Castle Valley, Blvd. New Castle, Colorado

Located in New Castle, Colorado, the Lakota Ridge Senior Housing development will consist of six, free-standing 2-3 story apartment buildings. The buildings will house 50 one-bedroom and two-bedroom units and a resident community center. The property will serve seniors aged 55 and over with mixed incomes up to 60% of the Area Median.

- 1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them: Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:**

The *Lakota Ridge Senior Housing* project meets several of the guiding principles in the QAP. The development will serve the lowest income tenants, ensure that housing credits are distributed across the state, and will meet the needs of a vulnerable population, seniors.

According to the Leading Age Center for Applied Research, a growing number of elderly households are burdened by housing costs. Older adults are more likely than their younger counterparts to spend more than 30 percent of their income on their home. Having fixed rents below the FMR will **serve the lowest income tenants for the longest period of time**. The development has selected lower targeting with units at 30%, 40% and 50% AMI and has also committed to a maximum extended use period of 25 years.

Lakota Ridge Senior Housing will be a 50-unit, 55 and up development in New Castle, Colorado, serving seniors with mixed incomes up to 60% of the Area Median. The project, with 40 1-bedroom/1-bath units and 10 2-bedroom/1-bath units is designed with the senior population in mind. There will be 5 units set aside for 30% AMI, 5 units for those who earn less than 40% AMI, 10 units for those earning less than 50% AMI, and 30 units for those who earn up to 60%. In creating this mix, CRHDC will be able to serve very low income populations while maintaining the affordability of the project in

perpetuity, so that seniors can continue to benefit from the development of the units for years to come.

The project will serve a diverse population with supportive service needs. While older adults have an overwhelming desire to age in New Castle and the surrounding area, low- and modest-income seniors face the dual challenge of finding affordable housing that can also accommodate their changing needs and support their health and quality of life as they grow older.

The proposed development houses seniors and works to serve this population with supportive services designed to preserve seniors' autonomy and independence. Every unit is designed to Type A, ADA accessibility, so that seniors can age in place within their same unit.

Studies show that accessible housing designed for seniors results in a lower likelihood of nursing home entry and less functional decline overall (Urban Institute 2012). Avoiding nursing home entry is important in that it is generally the least preferred housing option for seniors and can be very costly to individuals and the public. Furthermore, using housing as a platform for promoting health can result in lower costs than traditional health care strategies. Affordable senior housing with the ability to age in place helps to shift away from mostly offering long-term care in institutional settings to caring for more individuals, of all ages, in their homes and communities (Affordable Housing's Place in Health Care, Viverios 2015).

The Lakota Ridge Senior Apartments and its community center will serve as a hub for service delivery and extending into surrounding neighborhoods to help even more seniors in the community. Rural elders need to voice their concerns and be active participants in the life of their community. We believe the Lakota Ridge Development can be a critical platform for seniors to be engaged in their community and will help its residents maintain their health, daily functioning, and quality of life. The larger community center could allow for Garfield County Department of Human Services such as Tai Chi and matters of balance. Many seniors at CRHDC's existing senior housing development, New Castle Senior Housing, is active members in community. Several residents volunteer as readers at the local elementary school and community center.

As the property manager, CRHDC will partner extensively with the Garfield County Department of Human Services to offer the Senior Nutrition Program, community Health Fairs, Meals on Wheels and the Roaring Fork Transit Authority Traveler

Transportation Program. This program makes it not only easy to get around town, but also allows seniors to go to and from other cities in the Roaring Fork Valley. The project will also have an on-site staff member who is accessible to the residents should any challenges or issues occur.

This project also meets the principle of ***“providing for the distribution of housing credits across the state.”*** There are no LIHTC financed senior properties within in the PMA.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

The proposed development is in Garfield County in western Colorado. The US Census reports that Garfield County had a population of 57,302 in 2013, which is far less than the priority target of 175,000 outlined in Section 2 of the QAP. The county's population is approximately 68% white and 28% Latino. The county covers about 3,000 square miles, of which approximately 60% is federal public lands, and only approximately 19 persons reside per square mile in the county.

Garfield County consists of 6 municipalities; Glenwood Springs, Rifle, Carbondale, Silt, New Castle and Parachute, as well as Battlement Mesa, an unincorporated residential community. New Castle is a quaint town situated in a narrow valley with views of mountain peaks.

The rural nature of the community is important because seniors who live in rural areas face additional challenges due to the fact that they often lack access to services, recreation and shopping nearby. The unique attribute of the Lakota Ridge Senior Apartments is that it is actually very close to shopping, grocery and has available transit. As noted in the market study, “Given the rural nature of the immediate surroundings, it is unusual to find such close-in accessibility to basic needed services such a grocery store, doctor’s offices, and recreational facilities.”

The development of the Lakota Ridge Senior Apartments will allow seniors to stay near the western slope, to live by their grandchildren in space that they can afford.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

a. Market conditions:

A large majority of older Americans, including both homeowners and renters, report a preference for remaining as long as possible in their current home and

community as they age—to “age in place”— according to a nationally representative survey of the 50+ population (AARP 2006). By 2030, the proportion of Americans age 65 or older will increase from its present 13 percent to nearly 20 percent (Vincent and Velkoff 2010). Many Boomers are on the verge of retirement and others are “house bound” in homes that are inadequate but would not generate sufficient sales proceeds to support living elsewhere.

The scarcity of affordable private-market units relative to the demand for them makes subsidized rental housing all the more important, especially for the older population. Within the PMA, There are no LIHTC funded senior rental developments, nor are there any near the boundaries of the PMA and no senior apartments have been built within the past 10 years.

According to the Market Study completed by Community Strategies Institute, capture rates for this property are relatively low and demonstrate an extremely tight rental market in which units for seniors should be quickly absorbed. Vacancies at comparable properties are 0%.

It is important to note that this project, if awarded, will also have an allocation of eight Project Based Vouchers from the Garfield County Housing Authority. This subsidy allows the renter to pay 30% of his or her income for rent while the subsidy pays the difference. The allocation of eight vouchers is demonstration of the Housing Authority’s strong support of the development and also enables the property to provide more units to the lowest income tenants. As stated in the market analysis, serving renter households at 55-62 years of age will provide rentals for an underserved population who do not qualify for other subsidized senior rentals in the PMA. Currently, 55 people on the Garfield County Housing Authority wait list would qualify for this property. Overall, the market analysis indicates that the development will be very competitive.

b. Readiness-to-proceed:

CRHDC began working closely with the Town of New Castle on this development over three years ago. The site, which was selected by the Town, has the required zoning and CRHDC is actively working with the Town to resolve any outstanding issues. At the 2013 Housing Now conference CRHDC used this project for the design charrette and has built on the great ideas from that exercise.

Lakota Ridge needs to be funded this round. CRHDC has secured the strong support of the town and the Garfield County Housing Authority. CRHDC has project based vouchers committed if awarded this round and has also expended a significant amount of its own resources to make this project happen. It is anticipated that if awarded credits this round, the sponsor will start construction of this development in the spring of 2017. Thus far, soft funding is awarded on a rolling basis, some of

which has already been committed to the development, the site has been acquired, the Phase I environmental is complete, and an architect and CMGC are under contract and are actively engaged in site planning.

CRHDC has done other LIHTC developments and is familiar with all of the steps that lead up to the development and successful lease-up of a tax credit project of this size.

c. Overall financial feasibility and viability:

The project will be funded with a LIHTC, Solar ITC Equity, CDOH funding, and a portion of the developer fee deferred. The project also will have eight Project Based Vouchers from the Garfield County Housing Authority and will be able to benefit from a partnership with the Housing Authority, which will allow for a reduced tax burden.

Cost per square foot is in the range of the properties selected the LIHTC in recent years and construction estimates reflect the reasonableness of these projected costs.

It is important to note when assessing the Per Unit Per Annum costs that CRHDC pays the cost of utilities for its senior residents. This projected number will be offset in part by the energy created by the solar array planned for the development. The solar array currently operating at the Alta Vista de la Montana development in Delta owned by CRHDC provides anywhere from 50-100% of the electrical costs each month.

CRHDC has pursued several different sources of soft funding to minimize the needed amount of competitive tax credits. CRHDC, the Colorado Division of Housing, and the Town of New Castle are all contributing some form of financing. In addition to these contributions, Garfield County Housing Authority will serve as a partner on the development to lessen the annual tax burden on the property. Letters from each of these sources are attached to this application. Additional project-related soft costs have been covered by grants from NeighborWorks and Enterprise Community Partners.

d. Experience and track record of the development and management team:

CRDHC, Developer and Sponsor

CRHDC is a statewide, private non-profit organization providing affordable housing opportunities for low and moderate income individuals in the state of Colorado. Created in 1971, CRHDC has been strengthening communities throughout Colorado

by serving the needs of disadvantaged and underserved populations. What began as serving the affordable housing needs of migrant farm workers and agricultural communities has expanded to a comprehensive array of programs and services designed toward sustainable growth in assets, knowledge and stability for both rural and urban communities.

CRHDC has a long history of promoting safe and affordable housing for agricultural and migrant workers in rural areas throughout Colorado. CRHDC has been developing farm worker rental housing for the past 45 years and for the past 20 years contracting with USDA to provide technical assistance to local governments and/or nonprofits in developing and sponsoring farm worker housing in Colorado and other Western States. The organization currently owns and manages over 250 units at eight properties across the state.

In 1996, CRHDC developed 20 units of affordable family rental housing in Hayden, Colorado utilizing the Low Income Housing Tax Credit Program. This development was also funded by Colorado Division of Housing, Federal Home Loan Bank of Topeka, and a bridge loan through Mercy Loan Fund.

In 2012, CRHDC developed 41 rental units in Delta, Colorado for families working in the tri-county areas which include Delta, Mesa, and Montrose. The design included green building and energy features such as solar panels to reduce energy consumption. The development was featured in Affordable Housing Financing Magazine and selected as the “Best Rural Project” in the nation by its readers in 2012. Financing included USDA, Solar ITC, LIHTC, TCAP, U.S. Treasury, Re-Start Colorado, NeighborWorks America, and Rural Community Assistance Corporation (RCAC). CRHDC also partnered with Lutheran Support Service working with Burmese Refugees and re-settled refugees in the Delta area to live in the apartments and provide a work force for the growers in the tri-county area.

CRHDC’s development team most recently completed the Sol Naciente Farmworker Housing development in Fort Morgan, Colorado. Financing included USDA, LIHTC, CDOH, NeighborWorks America, Solar ITC, Enterprise Community Partners Boston Capital and Wells Fargo. The project was completed ahead of schedule and is slated to be fully leased within a month of its opening. The development also includes a solar array installed by DRID Alternatives, which is anticipated to provide a large percentage of the electricity needed for the site.

CRHDC also administers the USDA-Rural Development Technical Assistance Program in the Western Regions of the U.S. Through this program, CRHDC provides Technical Assistance to nonprofits and housing authorities seeking the sponsorship and development of Agricultural Rental Housing.

e. Cost reasonableness:

New Castle is a very high cost area for construction. This is due to the fact that terrain is very uneven, contractors and subcontractors have added costs for travel and materials are less locally available and, therefore, more expensive. Construction costs reflect the extensive site work that needs to be done in order to grade the land appropriately for the development. There are also costs in the associated with the build-out of a public road and with the community design guidelines.

The property rents are competitive with other LIHTC and class B market rate properties in the PMA. Rents on a per square foot basis are lower than the three market rate comparables. All rents are at least 10% below competing market rate projects.

The CMGC process we have gone through with the site development plan ensures project costs projected in this application will be in line with actual costs.

f. Proximity to existing tax credit developments:

Within the PMA, there are no LIHTC financed senior rental developments, nor are there any near the boundaries of the PMA. There are six senior rental developments that the property will compete with, which have been financed by HUD, USDA Rural Development, or private rental assistance for all units.

There are five LIHTC properties targeting families and the general population within Garfield County. The most comparable LIHTC property when considering age, design, and financing structure is the Glenwood Greens Apartments in Glenwood Springs. Two other LIHTC properties, Villas de Santa Lucia and Machebeuf, owned by Archdioceses Housing, are in good shape and are fairly attractive, but are over 20 years old.

g. Site suitability:

The selected site is an ideal location for such a development – close to services, and in an area with access to existing utilities keeping infrastructure improvements needed for the development to a minimum, particularly for a rural project. The physical location of the site is desirable. As stated in the market study, “the surrounding terrain and openness reflect all of the benefits that the Colorado Lifestyle offers.” The Town’s cooperation with site selection and in the site planning process illustrates strong community support. The fact that a pharmacy,

grocery store, dining and other retail, are within a mile makes these important resources more accessible for tenants.

The tiered, site-specific design fits in with the community and does not appear as a “high rise”, which is not often favored by rural seniors. CRHDC and its design team have worked with sloping nature of the site, and have designed the development to be both beautiful and fully accessible, with an elevator and walkways that allow seniors to access all buildings without the use of stairs.

There is trail connected to the property which leads directly to downtown New Castle. The selected site is ***within a mile*** of the grocery store, pharmacy, and dining options. Within two miles of the site, there are subdivisions, open space, shopping, and Main Street. Residents can also access the local government offices, medical care and recreation centers within two miles of the property. The Senior Services Director for Garfield County noted that the site is very accessible for seniors and, in the warm months, seniors can walk to the grocery store. The walkability coupled with the extensive travel services offered by the County’s Human Services Department mean that residents can have access to all amenities in the Garfield County and throughout the Roaring Fork Valley without a vehicle.

4. Provide the following information as applicable:

a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA’s minimum):

N/A

b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:

While we are not requesting a CHFA discretionary DDA boost, we do qualify for a basis boost since Garfield County is a HUD designated DDA. However, due to our leveraging of soft funding we are not needing any boost in basis.

5. Address any issues raised by the market analyst in the market study submitted with your application:

There were no significant concerns outlined in the market study. CSI indicated that there should not be a problem getting the units leased-up.

6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

There were no issues indicated in the Phase I Environmental Report.

7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

CRHDC has been working with the Town of New Castle on this project actively since 2012. The Town initially approached CRHDC because of the high regard that they hold for the 24 unit New Castle Senior Housing that CRHDC developed, owns and operates. The manager and Town Council were eager to relay the challenges associated with seniors in their community finding viable housing options. In 2013, CRHDC was selected by the Housing Colorado Charrette team to participate in the design Charrette, an integrative design process that allowed members of the Town's administrative team to provide input. Since then, the development team has presented updates at the Town Council meetings several times over the past two years. The town has waived fees and worked closely with the development team to get the project to the point of readiness.

In addition to outreach at the Town level, CRHDC has formed a relationship with the Garfield County Housing Authority, which has committed eight project based units upon tax credit allocation and a partnership that will result in a lower tax burden for the property, both factors will help the project perform. From a supportive services standpoint, CRHDC has formed a close relationship with the Garfield County Department of Human Services, through the management of the existing New Castle Senior Housing. The Department of Human Services will be a key partner in ensuring that seniors on property have access to the services that they need to age in place. In addition, non-profit organizations that provide key services for seniors have been briefed on the new development and have submitted letters of support. There is broad-based community support for this project. At the most recent Planning and Zoning meeting, the room was overfilled with supporters of the project.

Attachments

The letters of support and letters of commitment are attached to this narrative.

Letters of support are attached from the following:

- Mayor Art Riddile of the Town of New Castle
- Garfield County Housing Authority
- Garfield County Department of Human Services
- River Center Community Center
- New Castle Lions Club
- Jim Zwetzig, Morgan County Commissioner
- New Hope Church
- New Castle Chamber of Commerce

Soft funds documentation:

- Colorado Division of Housing
- CRHDC
- Town of New Castle

9% lihtc application narrative



Project Name: Lamar Station Crossing Phase II

Project Address: 6190 West 13th Avenue, Lakewood, CO 80214

Characteristics of the project and why it should be selected above others for an award of credit.

Metro West Housing Solutions' (MWHS) Lamar Station Crossing, Phase II will complete the LEED ND Silver certified campus of Lamar Station Crossing. It is an extremely successful transit-oriented development (TOD) that opened in January 2014 as the first TOD with housing along the West Rail Line. Since the first phase opened it has remained fully occupied with a waiting list of hundreds of households. MWHS was able to transform a former contaminated industrial site into a model of TOD which has been admired locally, regionally and nationally. In fact, we were recently notified that Lamar Station Crossing will be receiving the Charles L. Edson Tax Credit Excellence Award from the Affordable Housing Tax Credit Coalition. Congressman Perlmutter will present the award, one of only 7 nationally, at a ceremony in Washington, DC in early June.

As a result of this tremendous success, MWHS receives constant inquiry on when the second phase will be built. The registered neighborhood organization, the Two Creeks Neighborhood Organization, once skeptical of mixed-income development in their midst, is now pushing for completion of the campus. As you will see in the attached letter, the organization fully supports MWHS' work in the neighborhood and will welcome this new development. The organization cites in particular how well MWHS followed through on its promise to build a community that is an asset to the neighborhood, stating, "Lamar Station Crossing has been a welcome addition to the Two Creeks Neighborhood."

Since the development of the first phase, the City of Lakewood has undertaken several initiatives that have and will continue to improve quality of life for our residents. A roundabout was added at 14th and Lamar, a sidewalk extended from Colfax Avenue to Lamar Station, and new lighting is being installed to make walking, biking, and driving in the area easier and safer. In addition, a large public art piece was installed in the roundabout, adding to the 40 West Creative District's growing appeal. The stoplight located at Colfax and Kendall was moved a block west to Lamar to allow for better access for our residents and for people within the area for cars, bicyclists, and pedestrians. In the coming months there will be a neighborhood-wide branding of the area as part of the 40West Arts District, thus bringing more business and economic vitality to the area. The area also includes an active business improvement district (Lakewood West Colfax BID) working to improve the corridor.

There is now an urban farm at Mountair Park, just East of Lamar Station Crossing. Lamar Station Crossing's on-site Resident Services Coordinator is part of the farm's advisory committee. Lamar Station Crossing residents have participated in the farm and LSC has purchased community shares in order for our residents to have access to fresh, healthy food options.

Among the myriad reasons for selecting this development, these are particularly relevant:

- The first phase of Lamar Station Crossing stands out as a model for TOD. It has received awards too numerous to mention and has served to inform other developers, both affordable and market, on how to develop an outstanding community.
- The development costs for second phase will be very efficient as a result of combining it with the first phase for a campus feel. Much of the work that was required in order to build the first phase will now also serve the second phase (e.g., water/fire line loop, water detention pond).
- The second phase will add a more immediate connection to Dry Gulch and to the Head Start that is directly across the gulch. The design encompasses that part of the site and steps down to three stories to begin to meet the neighborhood's lower density character to the south.
- MWHS has a strong track record of high quality developments that are built with lower than average total development cost.
- MWHS' management of tax credits properties is well respected by the neighborhood, the police department, regulatory agencies, lenders and investors. In particular, MWHS has proven ability to lease up and maintain high occupancy in this primary market area.

Lamar Station Crossing, Phase II will achieve many community goals and keep development costs at very reasonable levels. MWHS will produce another apartment community that will stand as an example and be an asset for decades to come.

Project's strengths and potential weaknesses.

The strengths of this project include:

- The existence of and success of Lamar Station Crossing provides significant marketing benefits, including market awareness, name and brand recognition, and a proven track record. There is a waiting list of approximately 450 for the first phase building.
- TOD – Site is located 1 block from the West Line's Lamar Station, which offers bus and light rail service
- Access to employment centers - downtown Denver and the Federal Center are within 15 minutes by car or train of the site. Additionally, the site is only 2 blocks from Colfax Avenue, which has numerous employment opportunities.
- Proximity to all levels of education.
- High level of services for residents – see services section.
- Documented strong need for rental housing in area as shown in market study – the submarket for this site has vacancy near record lows (3.3% for first quarter of 2016). The market study also notes there is no vacancy when including pre-leased units at the LIHTC properties used for comparables and all have lengthy waitlists. Also, average rent in the Lakewood North submarket increased more than 11% in the past year.
- Highly sustainable – the building should be near net-zero energy usage.
- Strong partnership with 40West Arts District, which has provided programs, including an artist in residence, and many residents in the first phase building.

Potential weaknesses of this project:

- While the market study is generally quite favorable, it did point to some potential weaknesses.
 - *Low visibility from 13th Avenue and from the light rail.* The market study also points out that since the two phases will be operated together the low visibility should not be a factor.
 - *Less convenient vehicular access.* Being situated on a secondary street has added some level of pedestrian safety and has not deterred applicants or interest in the first phase of development.
 - *Light industrial and yard storage uses currently near the property.* The property is in a mixed use area. There is, however, strong interest in redevelopment and several market residential properties are in planning and one in construction (West Line Flats, 1/5 mile from our site). The current uses are likely to change over the next several years. Again, these uses have had no negative effect on the first phase.
 - *Low parking ratio and lack of covered parking.* The first phase has a parking ratio of 1.04:1, but the number of parking permits in use is lower, with a ratio of 0.84:1. When finished there will be overall parking of 0.97:1. None of the parking at the site is covered and that has not hampered demand.

Description of the project as proposed

Detailed type of construction:

- The building will be three stories and of wood frame construction.
- The foundation of the building will be a mild reinforced concrete slab on grade.
- The roof will be flat with parapets and sheathed in a heat-reflective white TPO roofing material.
- A combination of Packaged Terminal Air Conditioner (PTAC) and Vertical Air Conditioner (VTAC) units, controlled by wall thermostats, will provide unit heating and cooling.
- Domestic hot water will be provided by central, high-efficiency hot water tanks.
- Rooftop makeup air units will provide heating and cooling to the corridors as well as introducing outside air and pressurizing the hallways.
- The building will be fully fire sprinkled and will meet NFPA 13R standards.
- The exterior building skin will consist of a combination of masonry, cementitious lap siding, factory finished metal siding, and a rain screen material.
- All units will be internal corridor accessible and served by one elevator and 2 stairs.
- The windows will be double-paned vinyl in the residential units and aluminum storefront at the main entrance.
- The units will have 8½ and 9-foot ceilings, air conditioning and walk-in closets.
- Within the units flooring will consist of wood grain luxury vinyl tile (LVT) in the living rooms, dining areas, kitchens and bathrooms. The bedrooms will be carpeted.
- Corridor and common area will be carpeted using carpet tile.
- Unit finishes will include good to high quality plumbing and electrical fixtures, laminate countertops and wood cabinets will be used in the kitchens and bathrooms. Kitchens will be equipped with black and stainless steel appliances, including a frost-free refrigerator, electric range, dishwasher, range hood and disposal.

Population being served: Families are the primary target. Based on our resident population at Lamar Station Crossing, which has about 15% seniors, we anticipate numerous seniors will also choose to live

at this new development. We also expect to continue to have strong interest from the artists in the local area.

Bedroom mix:

Size	# Units
0BR/1BA	3
1BR/1BA	30
2BR/1BA	25
3BR/2BA	7

Location: 6190 West 13th Avenue, which is between Harlan and Lamar Streets in Lakewood. This is in the Two Creeks Neighborhood, one of the lowest income neighborhoods in Jefferson County and a QCT.

Amenities:

- Lounge/seating area
- BBQ/picnic area
- Laundry rooms on each floor
- Bicycle storage on-site
- Off-street parking
- Free wireless internet for residents
- Community gardens adjacent to property
- Paved pedestrian and bike pathway connecting from 11th Avenue to 13th Avenue
- Access to all amenities of Lamar Station Crossing first phase (fitness center, community room with fireplace and television, classroom, community kitchen, etc.)

Services:

Lamar Station Crossing, Phase II will have access to the first phase on-site resource center staffed with a Resident Services Coordinator, allowing residents to conveniently access services in the place where they live. The Coordinator works with residents on multiple levels: helping identify resident goals/needs, developing strategies to link residents with services, and bringing together information and resources for easy resident access. Information and services provided to residents include emergency needs, computer skills classes, job search assistance, career planning, community cultural activities and much more. The coordinator is available to meet with residents individually as well as to host classes and children’s enrichment activities on-site. In addition, MWHS partners with CHAC to assist residents interested in becoming first time homebuyers; runs a very successful community gardens program; hosts cooking and nutrition classes; provides recreation center passes and free tickets to community events in partnership with ArtReach; and coordinates asset building opportunities through its Financial Fitne\$\$ classes and micro-loan programs. For more information on services please see the website at www.mwhsolutions.org/path-program.html.

Description of energy efficiencies:

MWHS' intensive integrated design approach to sustainability focuses on the site, building, and individual apartment scales to maximize overall sustainability and efficient use of resources. Features are chosen based upon first cost value, payback for residents and the property owner, and impact to residents' quality of life. The property is LEED ND Stage 2 certified. The first phase building is LEED Gold certified and achieved an Energy Star score of 90, making it more efficient than 90% of comparable apartment buildings. The Phase II building will be designed to these same standards and will also leverage Xcel's Energy Design Assistance (EDA) Program on the enhanced track.

Specific sustainable attributes of the second phase building will include:

- Highly efficient building envelope.
- All Energy Star certified appliances and equipment as well as LED lighting throughout the building.
- Approximately 100 kW of solar PV.
- Designed to meet the 2015 Enterprise Green Communities standard.

Type of financing; local, state, and federal subsidies; etc.

- HOME funds from Jefferson County
- HOME or other funds from Colorado Division of Housing
- EDA grant from Xcel Energy toward energy modeling
- Equity from Metro West Housing Solutions (including land and cash)
- Tax credit equity (LIHTC and solar)
- Mortgage

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

a. To support rental housing projects serving the lowest income tenants for the longest period of time

This property will make 7 of the units available for tenants at or below 30% of AMI, another 14 at 40% of AMI, and 16 at 50% of AMI (a total of 57% of units available to very low income households). There will also be 14 units at 60% AMI, giving the development a score of 80 points for Low Income Targeting. MWHS' practice is to hold the 30% units for households who do not have Section 8 or other subsidy, thus assuring that households who are truly in need will have access to those units. This property will agree to an additional 25 year commitment for the tax credit requirements - a total 40-year affordability period giving the highest possible score of 38 points for the application.

b. To support projects in a QCT, the development of which contributes to a concerted community revitalization plan

This property is in a QCT and an area with multiple plans and action being taken to revitalize the neighborhood. It meets the Consolidated Plan goals for the city, is part of the 40West Arts District that is revitalizing West Colfax, is within the Lamar Station Area Plan that includes goals

to redevelop this industrial area.

- c. **To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas**

This development is in a large urban area.

- d. **To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit**

The project sponsor is a public housing authority.

- e. **To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing**

This property will focus on families. As described above, we anticipate having numerous seniors at the development as well.

- f. **To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail**

This property is within ¼ mile of a light rail stop and a bus stop. It is within ½ mile of a high-frequency bus corridor.

- g. **To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing**

This is a new construction property.

- h. **To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period**

The per unit credit amount for our development is 34% below the average per unit cost (16% below the average per affordable unit) for all of the 2015 new construction family tax credit awardees. The development costs will be held to this level because much of the work that was required in order to build the first phase will also serve or will lower the costs of the addition of the second phase. We are also planning a 3-story structure, which is a significant savings over other building types. Given the amount of owner equity and deferred developer fee already shown to be needed for the development to work as a 9% deal, the amount of credit requested is as low as feasible and would not work at all as a 4% deal.

- i. **To reserve credits for as many rental housing projects as possible while considering these Guiding Principles and the Criteria for Approval**

Choosing Lamar Station Crossing Phase II would allow for many other developments since this tax credit request is only 2/3 of the limit allowed. The development will add 51 new tax credit units in a TOD site to complete a highly successful campus.

2. **Identify which housing priority in Section 2 of the QAP the project qualifies for:**

This development does not qualify for any of the 2016 housing priorities.

3. **Describe how the project meets the criteria for approval in Section 2 of the QAP:**

a. Market conditions:

- i. The quick lease-up and ongoing demand for the first phase demonstrates the need for a second phase. Lamar Station Crossing has remained fully leased and has 450 people on the waitlist.
- ii. The PMA overall vacancy rate is 3.3% and rents are rapidly increasing, up 12% over the past year. The overall capture rate for the project is 10.9% with existing properties and rises to only 13% when including under construction and planned units. Even at the 60% level, with the Zephyr Line Apartments recently leasing all at that level (95 units) the capture rate is still below the CHFA expectations, coming in at just 22.1%. The in-migration being factored into the capture rate analysis is 30%, but for the first phase 74% of the households came from outside the PMA.
- iii. The market study used LIHTC comparables that are both within and beyond the primary market area. The vacancy rate for all of these is 1.8% and all have lengthy waiting lists.
- iv. In addition to the waiting lists for affordable apartment communities, MWHS has a waiting list of nearly 1,000 households for the Section 8 voucher program. For the households that do receive vouchers there is very little apartment stock available and numerous applicants have had to relinquish their vouchers because they could not find any rental units available. The demand for affordable homes is far outpacing the supply and has been for many years.

b. Readiness-to-proceed:

- i. The land is owned, free of debt, by MWHS.
- ii. The site is zoned through an ODP and under current city zoning for at least the 65 units of residential multifamily that are proposed.
- iii. We have met with the city staff for preplanning and will be ready to proceed to a formal site plan submission shortly after receiving an award of tax credits. This timing will allow for construction to begin within 1 year after the award of credits.
- iv. The same contractor and architect that worked on the first phase are on the team for this second phase and have capacity to fully engage in this development.
- v. Carryover will be met within the required timeframe since the land has been purchased and significant soft costs have already been expended.
- vi. The Owner Equity is covered by unrestricted funds and is in an account at FirstBank of Colorado.

c. Overall financial feasibility and viability:

- i. This development will not work as a 4% deal because the transaction costs would be prohibitive with the number of units that can be built on the site. Even with the potential addition of state credits, the development will not work as a 4%.
- ii. MWHS owns the land and will place that into the partnership through a land loan. MWHS has the funds available for its equity portion. The state and the county have both reviewed the plans and are open to requests for the amounts listed in the pro forma.
- iii. The development meets all of the CHFA requirements (debt service, operating reserves, etc.).

d. Experience and track record of the development and management team:

- i. MWHS has a 14-year track record in Tax Credit Development. MWHS currently owns and manages 14 tax credit communities in Lakewood and west Denver and all are performing well.
- ii. The project team has extensive experience. In most cases, team consultants have worked with MWHS on multiple tax credit developments.
- iii. MWHS has a mix of projects serving both families and seniors, along with a mix of tax credit and non-tax credit developments.
- iv. MWHS' 2015 audit shows over \$90,000,000 in Assets and over \$58,000,000 in Net Position.

e. Cost reasonableness:

- i. MWHS is confident that the submitted estimate will compete well on a cost per sq. ft. and a cost per unit basis with other developments in the Denver Metro area. Total development cost is just under \$232,000/unit, an increase of less than 5% from our application in 2015, despite rising construction costs.
- ii. This is the fourth new construction tax credit development MWHS has done with this general contractor, Calcon Constructors, Inc. They are consistent in cost-estimating practices and have a record of low change orders.

f. Proximity to existing tax credit developments:

- i. This development is adjacent to the first phase of Lamar Station Crossing and is designed to complete the campus.
- ii. There are 9 other Tax Credit developments in the PMA. 4 of them are for seniors. One of the family developments is Section 8 subsidized. Two of the family developments were built in 1972 and had moderate rehab, both using 4% tax credits so are not comparable to this development.
- iii. 40West Residences is in construction, but is a special needs population being targeted toward homeless veterans.

g. Site suitability:

- i. This development will continue to provide new multi-family housing along the West Line light rail corridor. It is 1 block from the Lamar Street Station on 13th Avenue in Lakewood.
- ii. This location will be 15 minutes via light rail from downtown Denver, the Auraria campus, St. Anthony's Hospital, Red Rocks Community College, and the Federal Center. There is an elementary school 3 blocks away, a Head Start adjacent to the site, and the

Rocky Mountain College of Art + Design and significant retail on Colfax Avenue are within 5 blocks.

- iii. The site is located in the heart of the 40West Arts District. The district received Creative District status with the State of Colorado which has raised the awareness level of this part of the metro area. New retail and creative businesses are opening in the area. The first phase has been fortunate in having several households move in who are part of 40West, bringing a nice cultural mix to the development.
- iv. Much of the work to prepare the site was completed during the first phase of construction. The street development and access to the site are in place. The north-south bike/pedestrian path and connecting bridge are complete. Portions of infrastructure are also complete, including the water detention pond and the water/fire line loop.
- v. Environmental remediation was completed at the first phase property and certified complete by the State of Colorado through its Voluntary Cleanup Program (VCUP). The second phase site is enrolled in VCUP and is utilizing U.S. Environmental Protection Agency funding to develop a VCUP plan.

4. Provide the following information as applicable:

- a. **Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):**

No waivers from underwriting criteria are being requested.

- b. **Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:**

No DDA boost is being requested.

5. Address any issues raised by the market analyst in the market study submitted with your application:

The market study included 3 recommendations:

- *Adequate buffering and screening should be provided for sites adjacent to the east and west, which have less desirable office/warehouse and yard storage uses.* These uses are somewhat screened with trees and shrubs, which will continue to grow and be more attractive. In addition, both sides have fences to separate the properties.
- *The owner should ensure adequate budgeting for advertising, above that for properties along established traffic corridors.* This recommendation will be implemented as needed.
- *Market the property with a focus on the proximity to light rail with short commutes to employment centers and regional attractions, emphasize noise mitigation measures implemented in the design of the West Rail Line, and highlight the utility cost savings from the energy efficient building features.* These recommendations will be included in our marketing plans.

6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

Asbestos and petroleum-based hydrocarbons in soil were discovered during the first phase of construction in 2012 and 2013 and properly remediated. It is possible additional Asbestos and petroleum-based hydrocarbons will be encountered during second phase construction. A State-approved Materials Management Plan for VCUP is being developed to address any hazardous materials found on-site. Depending on the level of contamination severity encountered, it will be either be properly capped beneath hardscape or landscaping to State standards or removed and transported to a designated landfill for disposal.

7. Describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

MWHS has reached out to and received support from the Two Creeks Neighborhood Organization for this second phase. The development has received support from the City of Lakewood and the Lakewood Police Department. Several local organizations, including 40West Creative District and HeadStart have also expressed their support. Please see letters of support attached to this application.

Jefferson County has committed to accepting an application for HOME funds for \$500,000. Colorado Division of Housing anticipates an application for \$500,000 of funding. The City of Lakewood has waived planning and permit fees. Xcel Energy has accepted the development into the Energy Design Assistance program. MWHS has been one of the highest performers in this program over the past several years.

We continue to maintain a transparent, open line of communication with neighborhood stakeholders by regularly hosting Two Creeks Neighborhood Organization meetings on-site, keeping Lamar Station Crossing's webpage up-to-date, and utilizing social media to keep the public aware of what is happening at Lamar Station Crossing and the surrounding neighborhood. We also work closely with current Lamar Station Crossing residents to keep them apprised of status with the second phase by communicating via the property-based e-newsletter, in-person educational workshops or social events for residents, and anonymous resident satisfaction surveys.

8. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans and relocation plan (if applicable). Address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, nature disaster).

N/A

The following attachments are included as part of our narrative:

Letters of Support

9% lihtc application narrative



Project Name: Legacy Senior Residences

Project Address: SW Corner of S. Jordan Road and Cedar Gulch Parkway, Parker, Colorado

Development Overview:

Cornerstone Associates, LLC and the Douglas County Housing Partnership are seeking Federal Low Income Housing Tax Credits for the new construction of The Legacy Senior Residences (Legacy). Legacy will be a seventy-two (72) unit affordable, senior-oriented, development to be located at the southwest corner of Cedar Gulch Parkway and S. Jordan Road in Parker, CO.



Parker is the second most populous town in Douglas County. In recent years, Parker has become a commuter town at the southeastern most corner of the Denver metro area. As of 2010 the census population was 45,297. The estimated population in 2014 is 49,857. Parker is now the 19th most populous municipality in the state of Colorado.

Parker residents can generally be described as middle to upper middle class with a median household income of \$80,100 per year, higher than the Denver metro area, but lower than Douglas County. However, not all families currently living in Parker make the median income. 3% of Parker households are below the poverty level. A

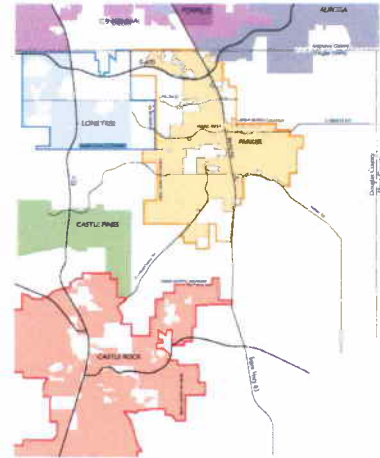
forecast for Parkers future residential growth was based on recent trends and shifts. The town is expected to grow from a population of approximately 45,000 in 2010 to 57,000 in 2035.

The Denver metro area is home to 2.8 million people and another million people are expected in the metro area by 2035. This growth will not only be experienced by Denver proper, but by the communities across the Front Range, including Douglas County and the jurisdictions therein. Parker will continue to receive a share of this growth over the next 20 years. Future growth in Parker is not limited to residential construction only.

If the Town is not able to provide housing or the economic base for their share of the region's demand, development will occur in unincorporated Douglas County and other areas surrounding the Parker community.

If this occurs, the Town will still be impacted by the growth, but the Town will not have control over the decisions being made about the growth.

Medical and retail are located at the eastern most end of the emerging E-470. The Parker Adventist Hospital serves as an anchor and catalyst for this area, which will focus on state of the art medical care, preventative health care and wellness. Parker Road and E-470 intersection is a significant gateway into the community and the only opportunity for the E-470 traffic to enter and exit the tollway for free from both directions. This area will provide more intense retail including large retail (big box) and restaurants focused on serving both the local and regional needs.



In Parker, neighborhood developments are primarily master-planned. Within these master-planned developments, a variety of residential densities and/or dwelling types may be developed. *Medium to higher densities for housing older adults may be considered as long as impacts are comparable to other uses permitted within the character area.* Multifamily residential areas will be interconnected and provide easy and direct pedestrian and bicycle access to nearby commercial and employment areas. The Character Area includes higher density residential housing, senior housing, assisted living facilities and mixed use developments that include a commercial component.

The Legacy development will consist of one 3 story building offering forty two (42) one bedroom and thirty (30) two bedroom units. Legacy’s focus is to attract qualifying seniors with incomes at 30%, 40%, 50% and 60% of the area median income. One hundred percent (100%) of the development will be set aside for qualified seniors within these income set-asides.

- **Legacy** will serve a diverse population, including the very very low income tenants for the maximum period:
 - 5.6 % (4) of the units will serve households at or below 30% AMI
 - 25% (18) of the units will serve households at 40% of the AMI
 - 41.7% (30) of the units will serve households at 50% of the AMI
 - 27.8% (20) of the units will serve households at 60% of the AMI.
- **Parker** has not received an LIHTC award since 1999. An award would provide distribution of credits to a greatly underserved affordable senior market in a rapid growing urban area.
- The new construction of the Legacy will minimally reduce the current demand of affordable housing, as noted in the market conditions listed below.

Demand and Capture Rate Analysis	30%	40%	50%	60%	Total
Total Renter Households at Market Entry in the Primary Market Area	176	333	383	604	1,017
In-Migration of Households – 25%	44	83	96	151	254
Total Qualifying Households or Current Demand	220	416	479	755	1,271
Total Existing Senior LIHTC Units	5	23	26	28	82
Current Capture Rate (Existing Senior Unites divided by Qualifying Households)	2.3%	5.5%	5.4%	3.7%	6.5%
Under Construction / Planned Units (proposed project)	4	189	30	20	72
Total Existing and Under Construction/Planned Units	9	41	56	48	154
Proposed Capture Rate (Total Existing & Planned Units divided by Qualifying Households)	4.1%	9.9%	11.7%	6.4%	12.1%

Housing Affordability: In general, the cost of housing in Parker is comparable in price to Castle Rock and less expensive than housing in neighboring Lone Tree and unincorporated Douglas County. Apartment rental rates in Parker and Douglas County are higher than those of Arapahoe County to the north and the Denver metro area. A higher demand for rental properties continues to increase rental rates both locally and throughout the Denver metro area. The current low vacancy rate and high quality of life in Parker make the Town attractive for rental apartments. General market conditions suggest that nationally there is a trend towards a higher ratio of rental housing.

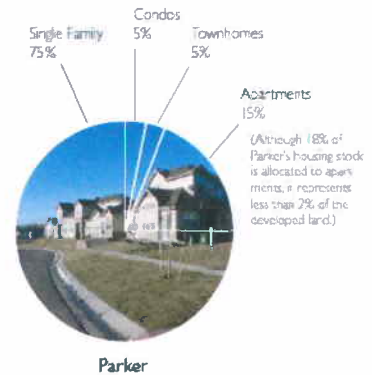
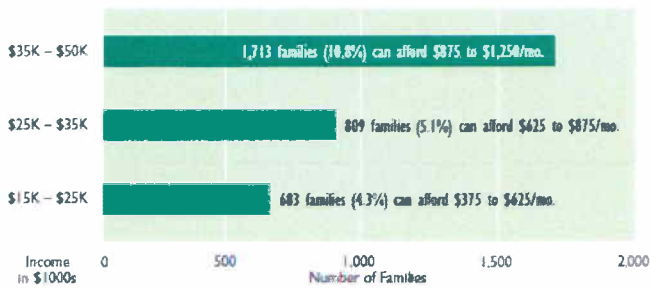


Figure 0E: Housing Affordability in Parker
Source: Town of Parker



The demographics of the community are changing and land identified for housing development is becoming increasingly limited. As the cost of land and development in the Town increases, affordability becomes more of an issue. The generally accepted definition of housing affordability for a household is that no more than

30% of household income should be spent on housing (mortgage or rent). Looking at the median family income in Parker today (\$80,100) and using this definition, this equates to a monthly payment of approximately \$2,270. Although many Parker residents can comfortably afford housing in Town, 20% of Parker families are struggling to find affordable housing.

The list of comparable properties identifies the availability of housing and the proximity from the subject as well as the "wait list".

Comparable Properties	Address	Rent Structure	Rents	Utilities included in Rent	Proximity	Wait List
Legacy Senior Residences	SW Corner Cedar Gulch & Jordan St. Parker, CO	72 LIHTC (30%-60%) Units	\$450-\$860	All Utilities Paid (Except Phone, Cable & Internet)	N/A	N/A
Parker Hilltop Apartments	19600 Clubhouse Dr. Parker, CO	125 LIHTC (60%) Units 331 Market Units	\$824-\$1,689	Water, Sewer & Trash	1.75 Miles	55 Households
Reserve at Castle Highlands	1040 Highland Vista Ave., Castle Rock, CO	200 LIHTC (50%-60%) Units	\$684-\$1,166	Water, Sewer & Trash	10.28 Miles	Does Not keep wait list
Auburn Ridge Apartments	1101 Auburn Dr. Castle Rock, CO	80 LIHTC (30%-60%) Units	\$416 - \$1,038	Heat, Hot Water, Water, Sewer & Trash	10.28 Miles	450 Households
Trailside Apartments	18139 E. Mainstreet Parker, CO	280 Market Rate	\$1,073 - \$1,808	None	1.05 Miles	None
Watermark on Mainstreet	18588 E. Mainstreet Parker, CO	306 Market Rate	\$1,159 - \$1,999	None	1.25 Miles	None

Housing for older adults..... Douglas County will see one of the highest percentage of increases in people over 65. Not only are the residents choosing to age in place, additional older adults are attracted to the area to be near family. Providing housing for our aging demographic and allowing them to stay in the community is important to the Town.

Goals and strategies identified in the Master Plan adopted by the Town encourage the increased availability and integration of a variety of housing that supports flexibility, mobility, independent living and services for the elderly and those with special needs; Continue to encourage the development of a full range of senior housing; Integrate senior housing into neighborhoods to promote opportunities for inter-generational connections and continuum of care for the elderly; Seek opportunities to locate housing for those citizens with special needs near transportation services that will make mobility easier.

Parker Transportation Master Plan

In June of 2014 the Town adopted the Parker Transportation Master Plan as an element of the Parker 2035 Master Plan. The TMP is a foundation policy that established policies, goals and strategies to ensure that the citizens and businesses of Parker have access to a high quality transportation system. The Town established six policies that focus on (1) Integration; (2) Multi-Modal choice and mobility; (3) Interconnection to local and regional access; (4) Design and Maintenance; (5) Health – transportation that offers opportunities for physical activity and healthy lifestyles; (6) Safety – safe transportation for all users.

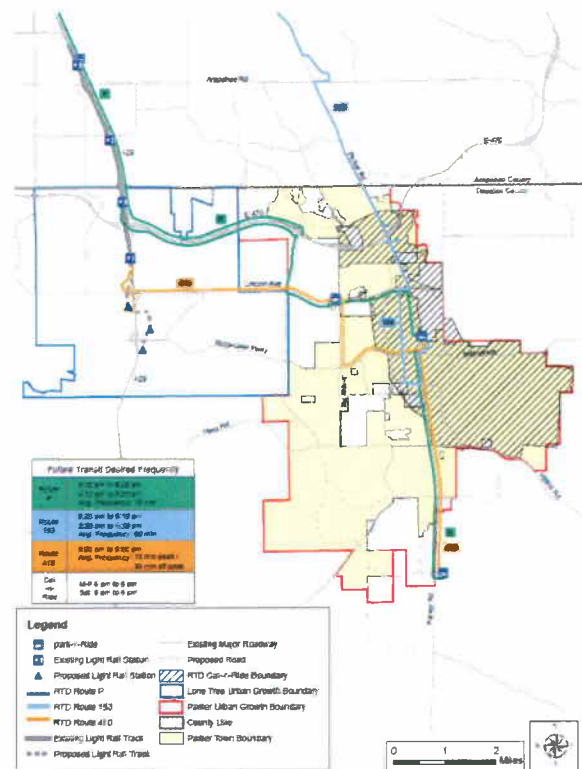
Light Rail: The construction of the T-REX Southeast Corridor project, including the light rail (LRT) line along I-25 to Lincoln Avenue and I-225 to Parker Road provide new transit opportunities for the Town, and the entire southeast community. The LRT stations located at Lincoln Ave and I-25 and Parker Road and I-225 both have a Park-n-Ride with over 1,200 spaces each.

FasTracks: RTD's FasTracks plan will extend the Southeast Corridor light rail south 2.3 miles south of Lincoln and I-25 station and will add three additional stops in Lone Tree – Sky Ridge, Lone Tree City Center and RidgeGate parkway. The RidgeGate Parkway Park-n-Ride will function as the new end-of-line station and will accommodate 2,000 spaces.

Bus Service: Three routes currently serve the Parker community. Route 153 (Chambers Crosstown) providing service from downtown Parker to Aurora; Route 410 serves as the connection to the I-25 and Lincoln Avenue light rail station; and Route P which serves as a commuter express bus service to downtown Denver.

The Parker Call-n-Ride was established in 2006 in conjunction with the opening of the southeast rail line. The program provides a convenient curb-to-curb service for residents and employees who want to move around the town without driving.

Public transportation is an essential component in successful planning, community building and decision-making. The proposed site for the Legacy was chosen because of its location to public transit. The project is being developed on a site that has a public transportation bus line along Main St., which is a .16 mile (approx. 800 feet) walk. Legacy residents can access the bus approximately every 30 minutes during the rush hours of the day and hourly during the midday. The bus lines and connections will allow the Legacy tenants the availability to the greater metro areas.



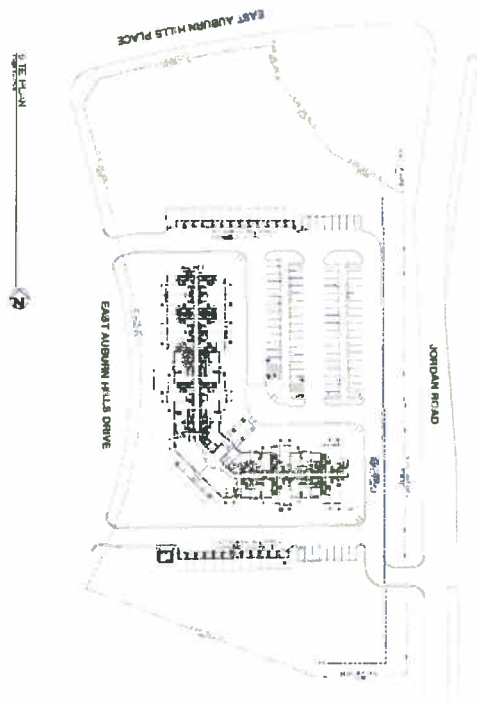


Development Design and Amenities:

The Legacy Development will be comprised of one building consisting of three residential floors. Each unit will have either a patio or balcony for personal outdoor enjoyment.

Legacy will provide 11 handicapped units, (6) one bedroom and (5) two bedroom units, including the visually and hearing impaired. Each unit at the Legacy is designed either as a type A (handicapped) unit or a type B (convertible) unit, and all units include showers that are handicap accessible. Every unit in the Legacy will have visitability and, upon reasonable accommodations, can be rented to persons with disabilities.

The exterior materials will consist of a combination of brick and stone on the majority of the exterior facade with a much smaller percentage composed of either a hardy-board or stucco material. The final brick, stone and stucco design will be determined through the Plan Review process with the City. The intent with the exterior materials is to create a building theme that is contemporary, energy efficient and sensitive to the neighboring area.



The preliminary building is designed in a modified “L” shape with an over all orientation of northeast to southwest to take advantage of the Green Communities orientation and design to the extent possible given the site size. Along the SW corner of the building will be one story high veranda with tenant access from both the library/club room and dining area. The veranda will be deep enough to provide casual seating without blocking natural sunlight.

Key components for tenant satisfaction and retention are the building amenities offered to all the residents. The Legacy Senior Residences will offer tenants the following: Controlled Access entry; Fully equipped computer lab; Fully equipped and easily accessible multi-station fitness center; On-site management; 24 hour on-call maintenance; Formal club room/library; Dining room with serving kitchen; Covered veranda for outdoor enjoyment; Patios or balconies; Elevator; Social and health care services; Central mail center located off main lobby and ample parking and green-space for outdoor enjoyment.

UNIT AMENITIES: Each of the units will provide a significant array of standard amenities. In addition to the size of the units (750 sq ft and 880 sq ft) tenants will find the following standard amenities: Fully equipped kitchens with Energy Star Rated refrigerator, stove, built-in microwave oven, dishwasher and disposal; High efficiency furnace and water heater; Energy Star Rated electric washers and dryers in each unit; Water conserving faucets, shower heads and bathroom facilities; Wall to wall carpeting; Full windows coverings; Ceiling fans in each room; Cable and internet connections in the living room and bedrooms; Emergency call systems in the bedrooms and bathroom; internet and cable hookups in each room.

The interior of the building is designed to make efficient use of space while providing tenants with a comfortable, secure and conducive environment. The use of a three story residential floor plan was incorporated because it

served the dual goals of both efficient land use and tenant convenience as regard to the length of hallways, distance to elevator and access to community spaces. The first floor of the building contains the primary building entrance, the manager's office, a formal living room/library and a dining room with serving kitchen. In addition to these common spaces is a separate lobby for the elevator and central mailroom.

Guiding Principles:

1. Guiding principals met in Section 2 of the Qualified Allocation Plan:

- To support rental housing projects serving the lowest income tenants for the longest period of time. All of the units planned for the Legacy Senior Residences are 100% affordable targeting seniors at the very low (30%) to low income (60%) households. (4) units will target 30% AMI; (18) units will target 40% AMI; (30) units will target 50% AMI; and (20) units will target residents at the 60% AMI. A total of 15% of the units will be handicapped accessible. In addition, Legacy has committed to an extended use period of 25 years beyond the required 15-year compliance period.
- To Provide for a distribution of housing credits across the state. Legacy Senior Residences is located in the Town of Parker, Colorado, which has not had a LIHTC award since 1999.
- To provide opportunities to a variety of qualified sponsors of affordable housing, both for profit and non-profit. The sponsors for the Legacy Senior Residences consist of a joint venture between Cornerstone Associates, LLC and Douglas County Housing Partnership, a non-profit based housing authority that serves Douglas County.
- To distribute housing credits to assist in a diversity of populations in need of affordable housing. Legacy Senior Residences will provide a much needed affordable senior housing for residences in the town of Parker, which has not had a LIHTC award since 1999.
- To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as a bus, rail and light rail. The nearest bus site is within a .16 mile walk from the proposed site.
- To support new construction of affordable rental housing projects. Legacy Senior Residences will provide high-quality new construction of affordable housing for seniors within the town of Parker, an underserved market.
- To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period. The Legacy Senior Residences qualifies for \$1,107,713 in annual federal tax credits. With the support of additional financing sources as well as equity contributed by the Developer, the project is only asking for \$1,060,000 in federal credits.

2. Describe how the project meets the criteria for approval in Section 2 of the QAP:

- a. Market conditions: The need for affordable senior housing in the Parker area great. The market study illustrates substantial strength of demand. The proposed development will benefit from the pent up demand as evidenced by the extensive waiting lists at comparable properties within Douglas County. The demand analysis illustrates an overall capture rate of 12.1%. Market

demand, as measured in the market study for this application, measures capture rates for each set aside. The respective capture rate for each set aside is as follows*:

	30%	40%	50%	60%	Total
Exiting Units	5	23	26	28	82
Existing Capture Rate	2.3%	5.5%	5.4%	3.7%	6.5%
Under Construction / Planned Units	4	18	30	20	72
Total Existing and Planned Units	9	41	56	48	154
Capture Rate Required	4.1%	9.9%	11.7%	6.4%	12.1%

*Source: Market Analysis prepared May 31, 2016 by Lea and Company (pg 3)

As previously indicated, the tenant population(s) that the Legacy development intends to serve are those senior individuals and couples whose incomes fall at or below the income set asides shown below.

Unit Type	30%	40%	50%	60%
1 Bedroom	2	12	16	12
2 Bedroom	2	6	14	8
Total	4	18	30	20

Consistent with the set asides and the greater interests of the tenant population to be served, the rent structure of the Legacy Development is such that all rents (which include all utilities) at the Legacy will be below fair market rents. The Legacy will remain affordable for a minimum of 40 years, as will be committed in the extended use portion of the tax credit application and recorded in the Land Use Restriction Agreement.

b. Readiness-to-proceed:

Site Control: Cornerstone Associates, LLC and/or Assigns (Developer) has a purchase agreement on the parcel to be developed with site control through December 20, 2016.

Zoning: The site is currently zoned Commercial with a PD Overlay which allows for multifamily housing. Legacy is within the density guidelines for the 5+ acres.

Plan Review: Due to this project being a plan design that has already been constructed in other locations, the time frame to submit and meet with the Development Plan Review Committee can be expedited due to plans and specs already having been prepared. This should allow for the review process to be more efficient, anticipating a shorter review process. The Developer has a pre-application meeting with the City Planner already scheduled for the first Monday in June to begin any pre-development, zoning, design review and building plans. The purpose of the pre-application meeting is to address any predevelopment comments from staff to shorten the length of time between an award of credits and a full building permit.

Environmental: The developer has commissioned a Phase I Environmental Review report and anticipates it will not identify any concerns that would inhibit the site being available for construction commencement.

Plans and Specs: Preliminary site plan, elevations, floor plans and a color rendering have been provided. However, all are subject to review and comment by the Planning Commission and revisions will be made accordingly to meet all guidelines required by the town of Parker.

Cost estimates: A detailed and summary of the projected budget have been provided for the hard costs on the Legacy Senior Residences. With the Developer in construction phase of (3) like projects at the present time, we are confident the budget presented represents accurate constructions costs.

c. Overall financial feasibility and viability:

The proposed financing for Legacy Senior Residences is similar to that utilized for other developments within the state of Colorado. The Developer has extensive knowledge of the permit, review, utility tap fees, water rights and all other fees associated with development. The proposed development is eligible for \$1,107,713 in credits, however is requesting an award of 1,060,000 in federal tax credits. The Douglas County Housing Partnership and Cornerstone will be applying for the use of CDBG/HOME funds from their 2016 round in the aggregate amount of \$800,000. With the development expected to come in at a budget of just under \$15,000,000, the permanent mortgage is comprised of only 17% of the total project cost and is underwritten to a 1.25 DSCR, including the debt payments on the CDBG/HOME funds. Legacy has strong overall financial capacity, as evidenced in the pro-forma. The financing arrangements for the Legacy Senior Residences will include the following:

Permanent Source	Amount
Federal Tax Credit Equity	\$11,234,876
Permanent Debt	\$2,550,000
CDOH – HOME Funds*	\$450,000
Douglas County – CDBG*	\$350,000
Developer Equity	\$330,822

*Developer/Managing GP has committed to provide back-up financing to the development in the event that development “soft money” financing is either obtained in part or not at all.

Note: Under existing Colorado Statutes, the development will also be exempt from property tax liability.

d. Experience and track record of the development and management team:

The Developer and the Management team have successfully placed into service and are operating three properties within the state of Colorado, one of which is currently located in Fort Collins and two in Colorado Springs.

In addition, the Developer owns and operates 22 properties across the midwest. Our management team has a strong dedication to performance and accuracy with regard to compliance and all appropriate regulations and focus on the ongoing operations of each and every property.

The intent of the development team is to provide a high quality, secure and environmentally sensitive residential alternative that serves a broad socio-economic mix of residents and does so in a manner that is compatible with both the short and longer term market dynamics of the community of Parker.

e. Cost reasonableness: The total development cost (including reserves and all soft costs) is approximately \$14,915,698. Hard costs are estimated per unit at \$140,162. Total per unit costs, including land and all soft costs, is approximately \$207,162 per unit.

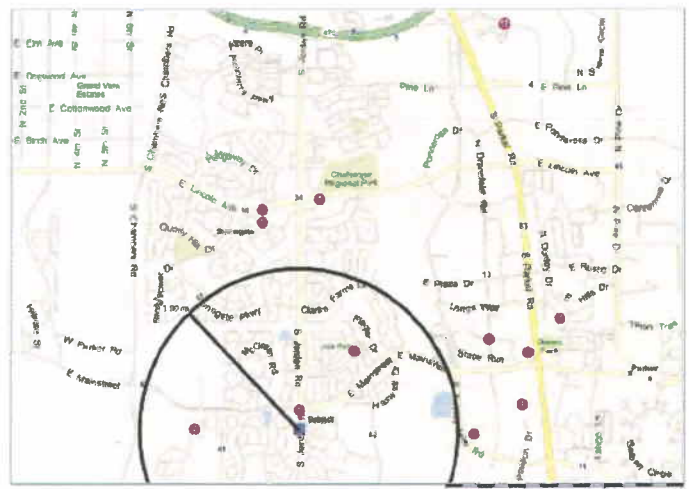
- f. Proximity to existing tax credit developments: The market study identified the following proximity to existing tax credit developments. Please note that Parker has only received 1 LIHTC award since 1999.

Comparable Properties				
Comp#	Comparable Name	Street Address	City, State	Rest Structure Proximity from Subject (miles)
1	Parker Hilltop Apartments	19600 Clubhouse Drive	Parker, CO	LIHTC/Market 1.75 miles
2	Reserve at Castle Highlands	1040 Highland Vista Avenue	Castle Rock, CO	LIHTC 10.28 miles
3	Auburn Ridge Apartments	1101 Auburn Drive	Castle Rock, CO	LIHTC 10.28 miles
4	Trailside Apartments	18139 East Mainstreet	Parker, CO	Market 1.05 miles
5	Watermark on Mainstreet	18588 East Mainstreet	Parker, CO	Market 1.25 miles

- g. Site suitability: As evidenced below, the site is a perfect location for seniors, with a bus stop within .16 mile (approx. 800 ft) walking distance and many other amenities within a less than 3 mile radius. Please refer to illustration identifying the distance from local services.

In addition to location, the owners of Legacy are committed to the town of Parker and the neighborhood in which it will reside. One of the best ways to be welcomed in to the neighborhood is by holding neighborhood meetings. Getting to know the neighbors, asking for feedback with regard to the development and addressing any concerns they may have with regard to the design and the planning of the site. Education is also the key when it comes to affordable housing and residents that will live within the Legacy community. Reaffirming that the development will remain within our portfolio and is a valuable asset to us, as owners, as well as the community. DCHP, as majority GP and Cornerstone, as managing GP have a vested interest in the property and will maintain the highest standards possible with regard to the smoke free living environment, tenant selection criteria, the resident policy and the standard/preventative maintenance. Legacy prides itself as being a beautiful addition to every community and will enhance the town of Parker with a development the residents of Parker will be proud of.

Locational Amenities



Distance From Local Services			
Map #	Name	Service	Distance
1	Bus Stop	Transportation	0.16 miles
2	Grace Lutheran Church	House of Worship	0.63 miles
3	Jola Park	Recreation	0.65 miles
4	Target	Grocery/Pharmacy/Retail	1.14 miles
5	Farm Bank	Bank	1.34 miles
6	US Post Office	Mail Delivery	1.37 miles
7	Shell	Gas Station	1.42 miles
8	Walmart	Grocery/Pharmacy/Retail	1.46 miles
9	UC Health Emergency Room	Emergency Care	1.48 miles
10	Parker Library	Library	1.57 miles
11	Parker Senior Center	Senior Center	1.83 miles
12	Parker Adventist Hospital	Hospital	2.88 miles

Sources: Google Maps and Lea & Company

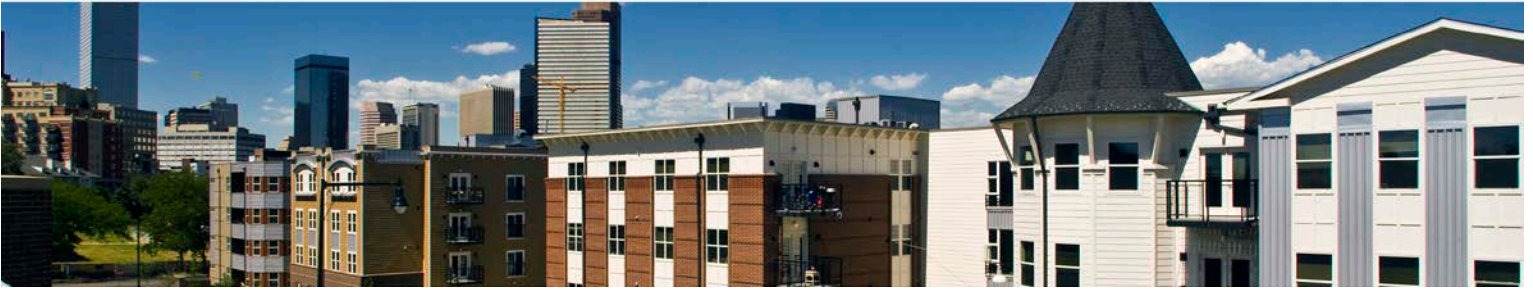
3. Justification for Waivers or Financial Need: Applicant is not requesting any waivers from CHFA.
4. Address any issues raised by the market analyst in the market study submitted with your application: There are no issues raised by the Market Analyst. The report does not identify any weaknesses.
5. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated: Developer does not anticipate any concerns with regard to the Phase I. However, upon completion of the Phase I Environmental, if any items of concern are noted, a Phase II and any necessary remediation will be identified.

6. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

The Developer, Cornerstone Associates, and Diane Leavesley from the Douglas County Housing Partnership have had several discussions with Bryce Matthews, the Comprehensive Planning Manager at the town of Parker, in addition to discussions that included Mary Munekata and Stacey Nerger, associate planners. Mr. Matthews provided information to Ms. Leavesley and Ms. Lucas regarding the types of programs and financial assistance that may be available, upon request, for the development. Ms. Lucas has also had discussions with Ryan McGee, Planner I in the Development Review division, and will be meeting with him the first Monday in June to discuss the development pre-application.

Cornerstone Associates, LLC is proposing a joint venture in partnership with the Douglas County Housing Partnership (DCHP), with DCHP co-developing as well as holding the majority general partner interest in the partnership. Upon presentation to the Board of the Douglas County Housing Partnership, of which two of the board members are residents of the town of Parker, with the concept of a joint venture, the reception was overwhelming. Cornerstone Associates and the Douglas County Housing Partnership have a history and strong, positive track record. The Douglas County Housing Partnership is dedicated to creating and sustaining communities through innovative partnerships and entrepreneurial housing programs. A joint venture with DCHP is an indication of trust in the Developer's ability to jointly own and operate a development and promotes the missions of both parties in providing affordable housing within the town of Parker. It also furthers CHFA's guidelines of fostering for-profit and nonprofit ventures.

9% lihtc application narrative



Project Name: Littleton Crossing Apartments

Project Address: 5591 South Nevada Street, Littleton, CO 80210



Introduction:

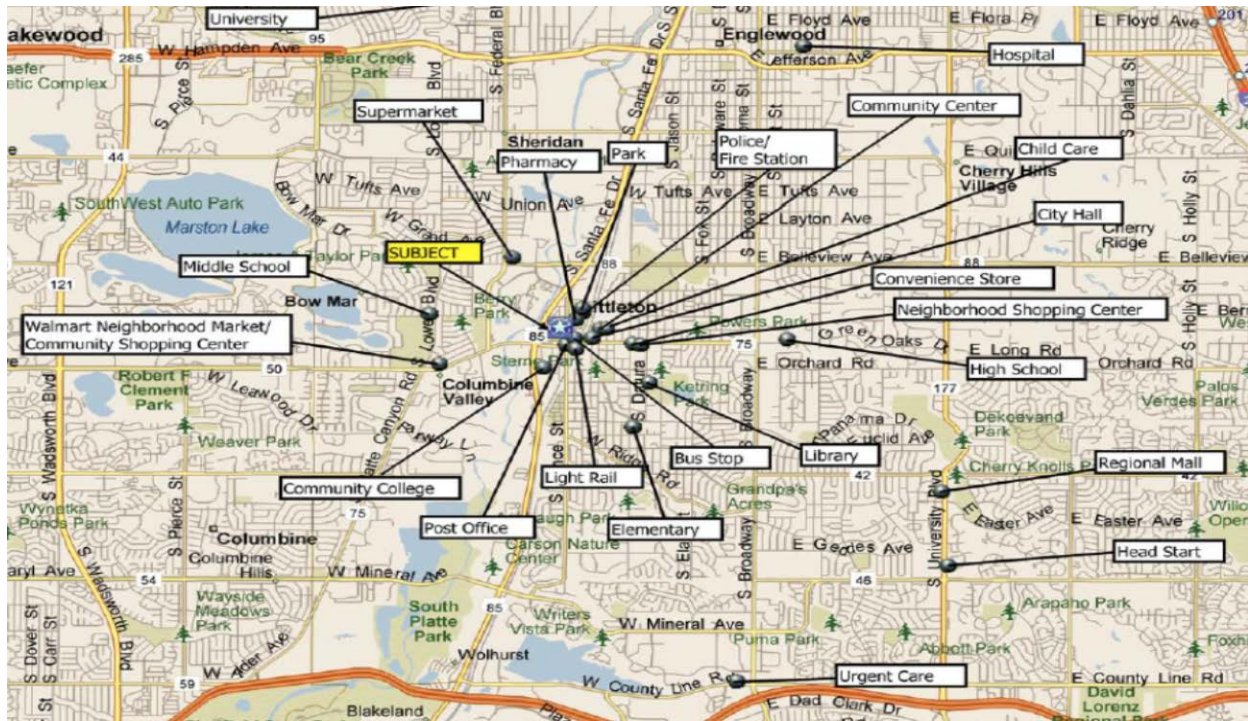
Summit Housing Group, Inc. (SHG) is excited to present the Littleton Crossing Apartments (LCA), the first mixed income apartment development of its kind in downtown Littleton. This site is located in a vibrant urban setting and is one of the last few vacant infill parcels in the city. The site is shovel ready and is approved for 63 multifamily units. When built, LCA will revitalize the surrounding area while giving tenants excellent access to the numerous indoor and outdoor activities in downtown Littleton. The proposed site is within walking distance to the light rail and bus systems providing easy access to the community as well as the Denver Metro area. In addition, LCA will be the first transit-oriented development (TOD) funded with tax credits since the Littleton Station (C and D Lines) opened in July 2000. Once completed, it will be the only for rent mixed-income multifamily development located within .5 miles of Littleton Station, a critical proximity for residential communities in order to best utilize TOD practices. Littleton Crossing Apartments is located in a qualified census tract which has not seen any affordable multifamily development in almost two decades. This presents a unique and rare opportunity for CHFA to help address a desperate need and award credits for an exciting new development located in the heart of Littleton.

The strengths of the Littleton Crossing Apartments include:

- **Community Need:** The Littleton PMA has a particularly strong need for affordable housing. This is demonstrated in the market analysis done by *Prior and Associates* in May of 2016. First, the vacancy rate is effectively 0%. Out of 780 units surveyed in Littleton, only 3 were vacant. This indicates anyone who lives in Littleton is most likely overburdened with higher rents (as vacancies hover around zero, rents increase), and anyone wanting to move to Littleton most likely could not find suitable housing due to no vacant units in the city. Second, there have only been three new construction LIHTC awards in Littleton since the LIHTC program inception, and all of those were built before the year 2000, with the last new construction project awarded in 1997. With the local population growing to an estimated 45,182 in 2016, and growing at 1.3% annually, one new affordable housing award 19 years ago is simply not enough to keep up with the increasing population growth. Currently, anyone in Littleton that is looking for housing has very few, if any options. With vacancy rates at 0.4%, and no new affordable housing built in almost twenty years, Littleton is in the midst of a major housing shortage. The market study also notes that vacancy at the LIHTC properties used for comparables is 0.0% and all have lengthy waitlists.

- **Serving Underserved Population:** LCA will address the highest need for market rate and affordable housing in Littleton. When looking at the affordable component of the development, adding 17 units at 40% AMI, 17 units at 50% AMI, and 15 units at 60% AMI, the market study illustrates a high need and low capture rates for the project. Also, according to the market study, rents will be well below market rates and there are currently no vacancies in affordable units in Littleton. It is important to note that not only are all low income projects full in Littleton, the waiting lists are up to two years long and have over 100 names needing housing today.

- **Ideally Located:** The project's location in central Littleton ensures that its residents will be able to take a genuine role in the community. According to the market study "The subject is at the intersection of two minor streets with low to moderate traffic volumes and good visibility. It is within walking distance to the Downtown Littleton light rail station, bus stops and a park. The site is located within one mile of a convenience store, supermarket, neighborhood shopping center, community shopping center, Walmart, community college, library and childcare center. Thus, most common amenities, services and shopping facilities are within a mile of the site. The Downtown Littleton light rail station provides access to various destinations throughout the metropolitan region, and enhances the subject's access and desirability. The subject is 0.2 miles from the Little Creek Trail, a local recreation walking and bike trail that provides direct access to the South Platte River Trail, a regional recreation trail, both of which are nearby community amenities that enhance the project's market appeal. Overall, the subject site is appropriate for its family target market and generally comparable or superior to most surveyed projects." See services map below:



In addition, the site has a **Walk Score of 82**, making it very walkable. The market study states, “The subject’s walk score is 82, which is 116% better than Littleton’s overall score of 38 and 39% better than the overall average score of 59 for surveyed projects. This rating is within the range of a “very walkable” area. The subject’s transit score is 53, which is 47% better than Littleton’s overall score of 36 and 26% better than the overall average score of 42 for surveyed properties. This rating is within the range of a “good transit” area.” Upon completion of Littleton Crossing Apartments, the project will have the highest average walk score/transit score (68) for any rental project in Littleton. With so many walking, riding, and transportation options, tenants of LCA will also have access to:

- *Employment centers - Downtown Denver and the Federal Center are within 20 minutes by car or train from the site. The site is also only 1 block from Main Street, which has numerous employment opportunities.*
- *Early Learning Centers, The Village for Early Childhood Education, and Centennial Academy of Fine Arts Education are all located within 1 mile.*
- *Nearby multiple public elementary, middle, and high schools.*
- *Higher educational facilities – Arapahoe Community College located 5 blocks away.*
- **Transient-Oriented Development:** As many families cannot or choose not to drive, it becomes increasingly important to provide transportation alternatives. The LCA is a transit-oriented development with the Littleton Station located only four blocks away. While some of the elements of a successful TOD exist in downtown Littleton, others remain unfulfilled, leaving the area short of its full potential. The light rail station was completed in the year 2000, so residents already enjoy multi-modal transit choices. Improvements to Main Street have fostered a beautiful environment as well as an economic stimulus for the area. The diversity of shops and amenities continue to improve. However, the housing offered in Downtown Littleton has

remained relatively stagnant. For this reason, and despite the City's expressed desire for TOD development, Littleton has experienced only a modest amount of development near the RTD Light Rail station. According to the study *Reshaping of Land Use and Urban Forms Through Transit Oriented Development* "considering the southwest corridor has been operating since 2000, besides the organized development around the Englewood station, the line has not attracted any significant level of transit-oriented development". By contrast, from 2008-2010, other metro-area TODs added 15,500 residences while downtown Littleton added less than 40. This is very evident when looking at the tax credit awards since the C and D Lines opened in 2000: Littleton has not had one TOD awarded development.

- **Development Experience:** The developer, Summit Housing Group, Inc., (SHG) has significant experience developing LIHTC properties with 1,412 units placed in service, awarded and/or under construction in 6 different states.
- **Highly sustainable:** see description of energy efficiencies in section F below.

Potential weaknesses Littleton Crossing Apartments:

The market study did not address any potential weakness, but SHG does understand there could be some potential weaknesses because of the highly desirable location of the site. Because of the downtown location, both by being off major streets and centrally located, the cost to build Littleton Crossing is going to be higher than average. The site, being one of the last infill sites in Littleton, requires a subterranean garage for parking. This alone will increase the cost of the building. While in negotiations with the current ownership group, it was mentioned that they had significant interest and multiple offers on the site to build townhomes as well as market rate apartments, so the land cost per unit is higher than average across the state but in line or lower than the market for infill sites in downtown Littleton. SHG has done everything possible to keep cost down, including paying what we believe is below market price for the land.

Project Description and History:

The project site was the former home of St. Mary's Catholic School on the west side of South Nevada Street. The site is currently zoned PD and allows for the planned 63 units. The total development will consist of a 3-story walk-up apartment building with podium parking. The building will be wood framed, type 5B construction, which consists of buildings below 4 stories. Some of the development amenities will include a community room, theatre room, on-site manager, outdoor community garden, rooftop deck, computer learning center/business center, fitness room, as well as access to the Littleton trail system located 3 blocks from the development. This will allow our tenants access to walking, running and biking activities.

Littleton Crossing has a total of 46 one-bedroom units (750 SF) and 17 two-bedroom units (1,070 SF). Each unit will have many amenities that are not typically seen in rental housing units in Littleton. These major amenities include: a patio/balcony for each unit, efficient heating and cooling systems, dishwashers, microwave ovens, refrigerators with freezers, garbage disposals, self-cleaning ovens, and a washer and dryer in every unit that are all Energy Star rated. Littleton Crossing Apartments will enforce an on-site no-smoking policy.



A. Population Served:

Littleton Crossing Apartments will target market rate and mid to low-income families. In the development and management of its other mixed income projects, SHG knows that the project will likely be home to veterans or people with disabilities and other special needs. Although LCA is not setting aside units specifically for special population groups, the project will accommodate these residents. There are a minimum of 4 Type A accessible units and 2 units set aside for the sight and hearing impaired. All remaining units will be Type B adaptable units.

B. AMI Mix:

The project will consist of 13 market rate and 49 LIHTC units with one manager’s unit for a total of 63 units. After consulting with our market analyst, Jo Hamit of South Metro Housing Options, and looking at the needs identified by the City of Littleton, we were able to conclude that there is a strong need in every AMI band. Thus, SHG spread the affordability equally across the market rate and AMI mixes. This is illustrated in the table below:

Littleton Crossing Apartments				
Unit Rent and Mix:				
Unit Description	Net Rents	Unit HSF	Unit Number	% of Units
1-BR @ 40%	\$523	750	12	19%
2-BR @ 40%	\$631	1,070	5	8%
1-BR @ 50%	\$673	750	12	19%
2-BR @ 50%	\$811	1,070	5	8%
1-BR @ 60%	\$823	750	12	19%
2-BR @ 60%	\$991	1,070	3	5%
MARKET				
1-BR @ MKT	\$1,107	750	10	16%
2-BR @ MKT	\$1,350	1,070	3	5%
2- BR Mgrs. Unit		1,070	1	2%
		52,690	63	100%

In summary, the project targets and addresses the biggest need for affordable and market rate housing in Littleton. According to the market study, “the completion of Littleton Crossing will result in negligible changes to the capture rate. It also states that there are limited 40% AMI units in the market area, and that LCA will appeal to those renters. Finally, it concludes that there is a 0.0% vacancy rate in all LIHTC units and they currently have waitlists illustrating pent-up demand. With no other LIHTC projects placed in service in the last 10 years, and none in the pipeline, this unit/AMI mix will be very competitive in the market.”

C. Location:

The location in downtown Littleton is perfectly situated for families as there are employment opportunities and all major services located within a short walk or drive from the site. Locating a family property very close to viable transit opportunities enables families to continue to live as actively as possible without relying on car transportation, improving their quality of life, and reducing isolation. Regarding public transportation, there is a bus stop 2 blocks away from site, allowing our tenants numerous bus routes which will give them access throughout the City of Littleton and the Denver Metro Area. Also, as previously mentioned, the site is within 4 blocks of Littleton Station providing access to the Denver Metro area.

D. Amenities:

Littleton Crossing Apartments will be spacious with unit sizes larger than all other LIHTC units in Littleton, will have high quality interior finishes, will be energy efficient, and will be quiet through noise reducing features. The units will come equipped with many amenities, including: in-unit washer/dryer, air conditioning, ample closet space, high-speed internet and cable TV infrastructure, microwave oven, garbage disposal, dishwasher, carpets, and ceiling fans. Common amenities include a community room with kitchen, a rooftop deck, a leasing office, a fitness center, and a computer business/learning center. Residents will also be able to grow their own fresh produce on the rooftop community garden. These amenities will not only provide a more comfortable living environment, but will also be beneficial from a management and marketing standpoint.

E. Entitlement:

The property is zoned correctly per the attached zoning letter. SHG has already been through the concept plan, and plans for the Littleton Crossing Apartments have been reviewed by the Littleton Planning staff. The proposed plan is in agreement with the approved PD. SHG is currently working on the Site Development Plan (SDP) with the City as well. SHG expects to have the site plan review finished and approved by mid-July. LCA is shovel ready and believes the partnership could close as early as January 2017, with construction commencing soon thereafter. The City Staff and neighborhood have all been actively involved in the planning and updates for the LCA. Please see enclosed letter from Jocelyn Mills from the City of Littleton.

F. Sustainability/ Energy Efficiencies:

Green Communities Criteria and Integrated Design Process

We are pleased to present a design for LCA's project that will exceed CHFA's point requirements under Enterprise Green Communities. SHG's integrated design process is the foundation of enhancing the building's design and performance. SHG has chosen a great team to work on this project. The team is made up of SHG development staff, EJ Architects, and Taylor Kohrs Construction, all having substantial experience in Colorado with Enterprise Green Communities. The team's relationships ensure that the project goals for livability, long term maintenance, and building and site efficiencies are achieved. The team has gathered information from the site and project area, and has collaborated on the most advantageous site layout, best systems from construction methods, materials used, waste management, and even the appliances installed.

LCA is located on a site with great access to public transportation, including a less than .5 mile walk to the Light Rail station as well as numerous bus lines. This proximity and ease of access to services encourages residents to use other means of travel by being able to walk or bike to local conveniences or use public transit more often.

Within the building, high efficiency systems to promote less consumption of our natural resources which provide lower utility bills to our residents will be incorporated. This will include the heating and cooling systems, building insulation design, window efficiencies, Energy Star rated appliances, water conserving fixtures, and Energy Star lighting or LED fixtures. Residents will also enjoy a healthy living environment by using green and healthy products whenever possible, including low or no VOC products, formaldehyde free lumber goods, and sustainably designed materials throughout the development.

The construction itself will also utilize techniques to preserve natural resources by implementing a waste management plan to keep waste minimized through diversion to recycle centers and salvage locations. Overall, green building materials will be incorporated whenever possible to achieve a sustainable design and healthy environment for the residents.

Please see the entire Enterprise Green Communities workbook in Tab 20.

- G. Type of financing:** The project will be funded with 9% Federal LIHTC, Construction Debt, Permanent Debt and Deferred Developer Fee. The capital stack for the LCA includes deferred developer fee, competitive 5.5% interest rate on the Permanent Loan, and competitive tax credit equity pricing (\$1.13) based on the strength of the sponsorship. There is also a construction loan that will bridge the tax credit equity and permanent loan conversion through the construction period. The City of Littleton has indicated that there could be a possible waiver of fees, however, we will need to be further along in the design process before any sort of financial commitment can be made.
- H. Community Outreach:** SHG and its partners have had extensive engagement with the City of Littleton. The City has provided a statement that the proposed project meets community housing needs and will be consistent with the City's Littleton Station Area Plan. Also, SHG and Elizabeth Johnson met with the City for a concept plan meeting. In this meeting there were no major changes recommended to the PD. We also had a neighborhood meeting with the adjacent land owners on May 24th, 2016, and the meeting went well.

Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

- 1. To support rental housing projects serving the lowest income tenants for the longest period of time.**

LCA will make 17 of the units available for tenants at or below 40% of AMI, another 17 at 50% of AMI (a total of 55% of units available to very low income households). There will also be 15 units at 60% AMI, with a total of 49 affordable units. This property will agree to an additional 25-year commitment for the tax credit requirements for a 55-year affordability period giving the highest possible score for the application.

2. To support projects in a QCT, the development of which contributes to a concerted community revitalization plan.

LCA is located in Qualified Census Tract 65.01. There have not been any major affordable housing developments in this tract since the Main Street Apartments were placed in service in 1999. LCA is also located in the downtown Littleton Station Master Plan.

3. To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas.

The Littleton community has significant housing demand and has not received a new construction competitive family tax credit award since 1997.

4. To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit.

SHG and its affiliates are a highly experienced for-profit LIHTC developer who has or is in the process of developing 1,412 units across the Rocky Mountain region. See the attached résumé for more information about SHG and their integrated design team.

5. To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing.

LCA will provide housing to families as well as seniors where there are no other housing options.

6. To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail.

LCA is within ¼ mile of a light rail stop and a bus stop and is within ¼ mile of a high-frequency bus corridor.

7. To support new construction of affordable rental housing projects at risk of converting to market rate housing.

While this site is currently vacant, there has been significant interest from developers to build townhomes and market rate units. Before SHG put the site under contract, the owner was approached by a townhome builder to build townhomes on the site. These townhomes most likely will be priced in the \$300,000-\$500,000 range (per market study), effectively targeting higher income individuals. Since SHG put the land under contract, the owner received a Letter of Intent to build a market rate development on the site. SHG's fear is if LCA is not awarded, the chance to build affordable housing on this highly desirable site will not happen, and most likely market rate units will be built with rents as high as \$1225 for a one bedroom, and \$1676 for a two bedroom, (per market study- class A rents). If this happens, instead providing an affordable option in downtown Littleton, the neighborhood will continue to see more gentrification, and low to mid-income individuals will be displaced.

8. To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period.

SHG is requesting less credits than the project produces. While the total eligible basis amount allows for an annual credit ask of \$1,295,871 and the basis limit calculation per CHFA allows for \$1,467,016, SHG significantly reducing its credit ask to \$1,185,000. Also, SHG is not asking for the maximum credit amount of \$1,250,000 and is deferring 16% of its fee to reduce its credit ask. SHG has only requested enough credits to ensure financial feasibility of the project.

9. To reserve credits for as many rental housing projects as possible while considering these Guiding Principles and the Criteria for Approval.

Choosing LCA will allow for many other developments since this tax credit request is substantially less than the credits the project can generate and below the maximum credit ask of \$1,250,000.

In addition, the narrative should address the following:

Describe how the project meets the criteria for approval in Section 2 of the QAP:

a. Market conditions:

- According to our market study, the vacancy rate in Littleton is 0.4%. There is currently no vacancy in subsidized projects. Our market study demonstrates a strong demand in Littleton for LCA with a capture rate of 18.1%. Additionally, the study goes on to say that demand for market rate units in Littleton is also very strong with an estimated capture rate of less than 1%.
- The overall average vacancy rate in the PMA was 0.4%, an amount well below the 4.0% CHFA defined vacancy threshold, indicating pent-up demand for rental units within the PMA.
- The existing LIHTC units in the PMA had 0.0% vacancy with substantial waitlists, suggesting that there is strong demand for low-income rental units.

Additionally:

- The PMA is projected to gain 198 renter households by the time project is placed in service, and there are no new LIHTC units in the development pipeline other than this proposed project to account for that demand.
- The existing LIHTC projects within the PMA were built before 2000, are in *average to above average* condition, and have inferior amenity packages. No new affordable multifamily developments have been completed in the PMA during the past 15 years. There is a void for quality, new construction affordable housing that this project will fill.

- The project is a transit-oriented development with above average linkage to the entire Littleton and Denver metro region, suggesting that it will attract tenants from outside the PMA and the projected renter household growth is likely understated.

b. Readiness-to-proceed:

If awarded credits, construction on LCA will commence no later than March 2017. The site is zoned PD which allows the project's height, density, and construction type with no changes or special approvals. We are currently beginning the SDP (site development plan) process and should have an approval by mid-July. Assuming tax credits are awarded in August, we will have a review set of plans into the City of Littleton in December. We anticipate 60-90 days for the City of Littleton to review the plans. Taylor Kohrs Construction has been selected as general contractor and finalization of the contract will take place once final drawings are complete. Additionally, Boston Capital, Chase, and Rocky Mountain CRC are all long-term finance partners of SHG which will expedite closing time due to the familiarity of the partners. Due to the site control, zoning and long term financial partners this project is clearly considered "shovel ready".

c. Overall financial feasibility and viability:

The project is financially feasible for a number of reasons. Please see the attached equity letters from Boston Capital, Chase, and Rocky Mountain CRC. Littleton Crossing Apartments is financially strong and meets or exceeds all of CHFA's underwriting requirements.

d. Experience and track record of the development and management team:

Summit Management Group, Inc. (SMG) is a Montana corporation and the parent company of two subsidiary corporations that engage in real estate development, Summit Housing Group, Inc. (SHG), and property management, Highland Property Management, Inc. (HPM). The primary focus of SMG and its subsidiaries is the development and management of LIHTC housing. The group also develops market rate products (28 Units). The group is a regional developer looking to provide more housing in Colorado. It has developed housing in Colorado, (140 units to begin construction in June), Montana (166 completed LIHTC units and 48 under construction, and 28 market rate units), Wyoming (716 LIHTC units built, and 54 under construction), South Dakota (32 LIHTC units built), Oklahoma (24 units awarded in May 2016) and Utah (62 completed LIHTC units and 168 starting construction in October). SHG is experienced and equipped to develop a project from conception through funding award, closing, design, and construction. HPM is experienced with LIHTC lease-up, compliance, and reporting, currently managing 978 LIHTC units in Utah, Wyoming, Montana, and South Dakota.

By the end of the year, SMG and SHG will have completed or have under construction over \$220 million of development cost for construction of affordable multi-family housing. Please see attached résumé for more detailed information.

e. Cost reasonableness:

LCA meets the cost reasonableness test. First, we believe the price we paid for land was below market value. SHG looked at multiple infill sites in downtown Littleton, all with costs over \$60 PSF. Construction costs in the area have steadily increased over the last 18 months. SHG has chosen Taylor Kohrs as its General Contractor. They have substantial experience building LIHTC multifamily units and have built many apartment projects in Colorado. We believe the construction cost to build these units will be in line with other deals that were submitted last year. Even when factoring in an infill site with subterranean parking, SHG and Taylor Kohrs have worked diligently to provide a development budget that is in line with other TOD developments Taylor Kohrs has completed in the last 2 years.

f. Proximity to existing tax credit developments:

There are only 5 other projects in the Littleton PMA that have been financed under the LIHTC program containing a total of 302 units. Three are new construction projects: South Creek Apartments, Libby Bortz Assisted Living, and Main Street Apartments, all built over 15 years ago. Two of them are acquisition rehab deals, one placed in service in 2006 and one placed in service in 2014. While there has been some tax credit development, there has not been an opportunity like this to build new units in downtown Littleton for some time. While the two acquisition projects were built in the last 10 years, they are not in downtown nor are they in walking distance of Littleton Station. When looking at deals that have been awarded in Qualified Census Tract 65.01, there are only two projects, one built in 1999 and the other built in 1997. The market study states “while these projects are well maintained and 100% leased up, LCA will provide a new property with 49 units renting at 60% AMI or below, a superior location, superior amenities, and larger units.”

g. Site suitability:

SHG chose this site for LIHTC family development because of its desirable downtown location, nearby amenities, its transit-oriented development, and the need for affordable family housing in the Littleton area. Additionally, the site is fully entitled and has access to all utilities. The density and style of development is appropriate for the location. According to our Phase I included in Tab 15, there are no environmental issues with the site. The site should be relatively easy to build on, considering the site has little topographical change. The style of development, one 3 story building with 80 subterranean parking spots for families, is well suited for new development. The planned improvements are within the allowable uses, scale, and height of the existing zoning.

In addition, provide justification for the following:

Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA’s minimum): N/A

Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis: N/A

9% lihtc application narrative



Project Name: Lumien Apartments II

Project Address: 3190 E. Animas Village Drive, Durango, CO

Executive Summary: Lumien Apartments II (Lumien II) as Applicant and Solvera Advisors LLC (Solvera), as Sponsor/Managing Member, requests a reservation of \$679,322 in 9% LIHTC to be used for cash equity in the 35-unit, new construction, family affordable rental housing property known as Lumien II. The property is located within the city limits of Durango, La Plata County, CO, with the site located 2.7 miles northeast of downtown Durango. Lumien II is immediately adjacent to the west of the highly successful Lumien Apartments, a 50-unit affordable new construction family property delivered for occupancy in October 2015 and fully leased in November 2015.

- Lumien Apartments has become the showcase for workforce and affordable housing in the City of Durango due to its proximity to town, high quality, professional management and ability to provide workforce housing alternatives in an expensive real estate market with tremendous barriers to entry.
- Lumien Phase II represents the second and final phase of 35 additional units to complement Lumien I, which was fully leased in under 60 days and maintains a 102 person wait list.
- In response to rising construction costs and scarce affordable financing resources, Phase II has been designed as a three story, enclosed breezeway execution that will emulate Phase I, but at a much lower construction cost (thus lower credit request).
- The Durango market is experiencing tremendous economic growth, and the Lumien Phase II vacant, zoned land parcel has been valued by a third party at \$1.2MM (over \$30,000 per unit). Despite the significant land value appreciation, the sponsor (Solvera) will contribute the land to the project at its acquisition cost of \$815,000, and furthermore, the sponsor will not seek reimbursement of additional carrying costs of \$150,000 (taxes, insurance and financing costs).
- With Durango as the primary economic engine in the southwest portion of the state of Colorado, affordable and workforce housing is vital to continued economic growth. Despite the economic growth in the Durango market, it is generally not feasible to

execute a 4% credit/tax-exempt bond transaction or Colorado State tax credit project in Durango. This is primarily due to the incongruence of area median incomes, and thus affordable rents relative to high land and construction costs. Well suited sites for scaled development within the City of Durango are extremely scarce and land is expensive throughout the surrounding area.

- The sponsor has developed a strong reputation and relationship with the City of Durango, and we wish to capitalize on that for purposes of municipal fee reductions and construction cost management via navigation of the stringent City building code.
- The sponsor will work with the same large reputable limited partner in Phase II (Wells Fargo) to optimize operating efficiency and provide shared amenities across both projects. Phase II will be developed with amenities that will complement the Phase I amenities. Together with Phase I, a total of 85 units of new, much needed affordable and workforce housing with a full spectrum of amenities that would otherwise not be achieved in a stand alone project will be delivered and managed in one efficient project.
- Based upon the Lumien Apartments I lease up and additional market research, the unit mix and affordable set asides for Lumien II were specifically tailored to meet the highest market demand while balancing affordability needs.
- Despite being located outside the Front Range, the sponsor will attract credit pricing of \$1.11, thus optimizing the use of the scarce 9% tax credit.
- The unit mix was designed to be responsive to current family needs, but with a heavy focus on one bedroom units, this mix will also provide a much needed affordable senior housing alternative in a market that has few senior housing alternatives.
- Though located in a resort/rural area, Lumien Apartments is served by public transportation (Durango Transit), with a bus stop located just a few yards away at the intersection of 32nd and East Animas.
- The site plan and architectural plans are firmly developed, and the developer has developed a terrific reputation with the current City of Durango Planning regime. The Contractor Estimate was provided by the same General Contractor that successfully constructed Lumien Apartments in 2015. The LIHTC Investor, the Construction Lender and the Perm Lender are the same parties that were involved in Lumien Apartments, thereby creating an extremely efficient, predictable capitalization structure and development execution.
- As with Lumien Apartments, Lumien II is a public/private partnership with La Plata Homes Fund. The non-profit will receive a right of first refusal whereby at the end of the initial guaranty and compliance period, they essentially take over the property for its existing indebtedness (no purchase price or consideration paid to the GP sponsor).

Project Summary

Lumien II contains 35 units: 4 units at 30% AMI, 11 at 50% AMI and 20 at 60% AMI. Unit mix will include 18 - 1-bedroom units, 12 - 2-bedroom units and 5 – 3-bedroom units. Residents will pay for electricity and the Owner will pay for gas, water, sewer and trash expenses.

In contrast to the first phase, Lumien II will be a three-story, walk-up building with enclosed breezeways (as opposed to interior corridor and elevator serviced building) on post-tension concrete slab foundations with a stucco, hardi-plank and stone accent exterior, varied elevation and pitched asphalt shingle roof. This architecture will compliment and blend with the existing Lumien Apartments. The units will have entrances off enclosed breezeways, which is a much cheaper alternative than interior corridor serviced buildings. Lumien II will not have elevator service, but all ground floor units will provide full handicap access. Parking will be in surface lots to the front and rear of the building. The building will face courtyards, some parking area, and common areas, which will be interspersed in clusters throughout the site.

The sponsor has owned the zoned parcel since 2013, and despite a significant increase in market value for the land to \$1.2MM, Solvera will contribute the land at original cost of \$815,000. The land cost also does not reflect an additional \$150,000 in carrying costs which the developer is willing to leave in the project as an investment in the community.

Lumien II's common amenities, security features and tenant services will include:

1. Community and meeting room with kitchenette
2. Exercise room
3. Computer/business room
4. Community garden
5. Tenant storage area

Due a common ownership structure with the sponsor and limited partner, a shared access agreement will provide for sharing the following common amenities with Lumien Phase I:

1. Professional, on-site management and maintenance
2. Coffee bistro and lounge area with free WI-FI and HD television
3. Dogwash area
4. Playground, picnic/BBQ area
5. Private access via Melissa Lane (improved, lighted bike and pedestrian path) to the nearby retail businesses

Each unit will have central air conditioning, blinds, carpet, a coat closet, walk-in closet, ceiling fan, pantry, patio/balcony, refrigerator, stove/oven, dishwasher, disposal, cable TV hook-up, high-speed internet, and a spacious laundry room with in-unit washer/dryer.

Lumien II will follow the Enterprise Green Communities requirements within the Colorado QAP, and its intended scope of work will create 46 points, a full 11 points greater than the 35 point minimum requirement. Besides the Mandatory Items, additional emphasis will include:

1. Compact Development
2. Preservation & Access to Open Space
3. Access to Public Transportation
4. Surface Stormwater Management
5. Advanced Water Conservation
6. Recycling Storage for Multifamily
7. Reducing Heat Island Effect: Roofing
8. Smoke Free Building

Lumien II will use 9% LIHTC as equity based on an investment from the same investor as Lumien Apartments at a current bid of \$1.11 per LIHTC, a commercial bank construction loan, CDOH funds, and deferred developer fee. As with Lumien Apartments, CHFA will be the perm lender on Lumien Apartments II.

Strengths & Weaknesses/Challenges

Strengths:

1. Additional Sponsor Contribution: Solvera, as current landowner, will contribute the land for Lumien II at original land cost and will not receive reimbursement for its holding costs since acquisition of the land. This figure contributes approximately \$150,000 to the project. Further, the market rate value of the land is currently estimated at \$1.2 million as compared to the \$815,000 cost basis to Lumien II. Solvera considers this an additional investment it committed to the Durango community.
2. Public / Private Partnership: Solvera has once again partnered with La Plata Home Funds to provide the community with a non-profit partner who receives the right of first refusal to acquire Lumien II at the end of the 15 year Compliance Period. This attribute mirrors the relationship in Lumien Apartments, thereby granting LPHF with option for ownership of the 85 affordable rental units at no cost. Solvera will maintain ownership and make guarantees through the initial 15 year compliance period and essentially turn over the asset to the non-profit post year 15.
3. Rents Provide a Substantial Discount to Market Rents: Lumien II's 60% AMI rents are 31% and 35% lower than the average effective Class B market rate rents. Its 50% AMI rents are 41% to 43% less and its 30% AMI rents are 66% or 67% lower. For the Class C market-rate units, Lumien II's 60% AMI rents are 17% to 21% less than the surveyed weighted average effective Class C market-rate rents, and its 30% and 50% AMI rents are 28% to 62% below.

4. Capture Rates: Lumien II's overall capture rate is 18.8%. 30% AMI units are at 7.7%; 50% AMI units are at 23.2%; 60% AMI units are at 13.0%. No AMI range Capture Rate increased by 2% or more with the addition of the Lumien II units.
5. Vacancy Rates and Waitlists: Durango has an overall vacancy rate of 2.4% while affordable rental properties have a 0.4% vacancy rate with significant waitlists. Lumien Apartments has an active waitlist of more than 100 potential renters. Southwest Horizons Ranch, another local affordable/workforce housing community, also currently has over 100 applicants for affordable housing on their waitlist.
6. Unit Mix, Unit Size, Unit and Project Amenities: Lumien II equals or exceeds its competition in all categories. Virtually comparable to Lumien Apartments, Lumien II will continue to provide quality affordable rental housing to a growing Durango community.
7. Site and Location Attributes: Lumien II is within a newer neighborhood in above average condition and locale, and is within 0.5 miles of a convenience store, neighborhood shopping center, bus stop and daycare center. A major grocery store and the schools are within 1.0 to 1.5 miles of the site.

Challenges/Weaknesses:

1. The only weakness identified is that the Market Study suggests the distance of Lumien II from downtown Durango and employment centers is greater than for some competing rental properties. We believe this potential challenge is fully mitigated by the leasing performance of Lumien Apartments, whose 50 units were delivered for occupancy in October 2015 and it were fully occupied by the end of November 2015. The potential renter population of Durango does not perceive this issue as a deterrent to living at the Lumien site.

As an additional mitigant to the potential weakness of the location, Lumien Apartments and Lumien Apartments II are located within a few yards of the Durango Transit (public transportation stop) located at the intersection of 32nd and East Animas.

Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

Lumien II meets the following Guiding Principles from the 2016 QAP:

1. Support rental housing projects serving the lowest income tenants for the longest period of time: With a mix of 30% AMI, 50% AMI and 60% AMI residents committed to 40 year total affordability period, Lumien II provides maximum value to Durango, La Plata County for its 9% LIHTC request.

2. Provide distribution of housing credits across the state including rural areas: Prior to Lumien Apartments, Durango and La Plata County had not received a 9% LIHTC allocation for more than 7 years. Further, Lumien II is the only Durango applicant in the 2016 9% LIHTC round.
3. Provide opportunities to a variety of qualified sponsors both for-profit and non-profit: Lumien II and its public/private partnership with La Plata Homes Fund creates an opportunity for the 9% LIHTC resource to be allocated to a smaller population area with the assurance that the local non-profit, community organization will have the first and best opportunity to maintain ownership of this resource for the community.
4. Reserve only the amount of credit to make any project financially feasible: Lumien II's mix of CDOH funds, reasonable and responsible amount of permanent debt and Solvera's ability to generate a substantial LIHTC investment assures the allocation of LIHTC has been maximized for Lumien II. Further, despite even higher construction costs and a smaller, less efficient building, the amount of LIHTC requested for Lumien II is only \$1,308 per unit more than Lumien Apartments, again, due to extremely efficient design, a substantial land value contribution, and solid construction cost management by the Solvera.

Identify which housing priority in Section 2 of the QAP the project qualifies for:

Lumien II meets the following additional QAP priorities:

1. Projects in Counties with populations less than 175,000: La Plata County Colorado has a current population of 53,284 per the county website. Again, prior to Lumien Apartments receiving a LIHTC allocation in 2013, La Plata County had not received a LIHTC allocation in more than 7 years.

Describe how the project meets the criteria for approval in Section 2 of the QAP:

Lumien II meets or achieves all benchmark requirements for:

1. Market conditions: Durango has an overall vacancy rate of 2.4% while affordable rental properties have a 0.4% vacancy rate with significant waitlists. Lumien Apartments has an active waitlist of more than 100 potential renters. Further, the Market Study indicates that Lumien II should lease approximately 17 units per month for an approximate 2 month lease up period. Finally, Lumien II rents for 60% AMI rents are 31% and 35% lower than the average effective Class B market rate rents. Its 50% AMI rents are 41% to 43% less and its 30% AMI rents are 66% or 67% lower. For the Class C market-rate units, Lumien II's 60% AMI rents are 17% to 21% less than the surveyed weighted average effective Class C market-rate rents, and its 30% and 50% AMI rents are 28% to 62% below.

2. Readiness-to-proceed: The Lumien II site is currently owned by the Sponsor. The architectural plans are firmly developed. The Contractor Estimate was provided by the same General Contractor that successfully constructed Lumien Apartments in 2015. The LIHTC Investor, the Construction Lender and the Perm Lender are the same parties that were involved in Lumien Apartments, thereby creating an extremely efficient structure and closing review process. The Phase One for the site is clear. Lumien II construction timeline is as efficient a timeline as is possible.
3. Overall financial feasibility and viability: Per the Market Study, targeted rents are well below market rents, Lumien Apartments is maintaining a Wait List of more than 100 persons, and overall market conditions are extremely favorable for another 35 units of affordable rental housing.
4. Experience and track record of the development and management team: Solvera has continued to grow and create quality affordable rental housing throughout Colorado. It currently has 177 units under construction, another 114 units in closing status, and a pipeline of more than 250 units including Lumien II. Silva/Markham is an experienced affordable housing and LIHTC financed property Management Company with hundreds of units under management throughout Colorado. Silva-Markham is in the process of taking over all Solvera multifamily properties.
5. Cost reasonableness: As previously noted, the same General Contractor that completed Lumien Apartments provided the Construction Estimate for this application. The architect, Parikh Stevens, is the same architect that designed Lumien Apartments. The recent completion of Lumien Apartments assures that the Construction Estimate is timely in nature, and reflects as current a cost estimate as is possible.
6. Proximity to existing tax credit developments: The most immediate and proximate LIHTC property is Lumien Apartments on an adjoining site. There are several other LIHTC properties identified in the Market Study. The key factor, however, is that in the last eight years or more, only 50 units of affordable rental housing have been constructed in Durango.
7. Site suitability: Lumien II is within a newer neighborhood in above average condition and locale, and is within 0.5 miles of a convenience store, neighborhood shopping center, bus stop and daycare center. A major grocery store and the schools are within 1.0 to 1.5 miles of the site.

Provide the following information as applicable:

1. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):

No waivers are being requested.

2. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis: Lumien II does not require the 130 percent increase.

Address any issues raised by the market analyst in the market study submitted with your application:

1. The only weakness identified is that the Market Study suggests the distance of Lumien II from downtown Durango and employment centers is greater than for some competing rental properties. We believe this potential challenge is fully mitigated by the leasing performance of Lumien Apartments, whose 50 units were delivered for occupancy in October 2015 and it was fully occupied by the end of November 2015. The potential renter population of Durango does not perceive this issue as a deterrent to living at the Lumien site.

Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

1. The Phase One did not encounter any issues.

In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

1. Lumien II continues its public/private partnership with La Plata Homes Fund whereby the non-profit will receive the Right of First Refusal to take over ownership of the property at the end of the 15 year Compliance Period. Further, Solvera has continued its outreach to the local non-profit community to seek residents for its properties. The City of Durango has given Solvera its highest marks for forthright communications and integrity in its dealings in the entitlement and planning review and approval processes.

9% lihtc application narrative



Mirasol Senior Apartments Phase III

TBD Finch Street, Loveland, Colorado 80537

Project Description

The Mirasol Senior Community is developed and managed by the Housing Authority of the City of Loveland. This will be the third senior tax credit financed development on the thriving Mirasol campus.

The proposed 60 unit senior apartment building will be “L” shaped, containing 1BR/1BA and 2BR/2BA units. We have brought together the same design-build team we have utilized in developing our very successful 60 unit Mirasol II building constructed in 2012. The exterior finishes and design will complement architectural feel of the Mirasol Senior Community. Utilizing the similar design and same consultants from the Mirasol II development team will allow for a much more compressed time in which to get the site approved and ready for construction. Units will range in size from 680 square feet to 880 square feet. All units will be Type B accessible, with three units designated as Type A fully accessible. Unit finishes will include wall-to-wall carpet, Armstrong-style linoleum in bathroom and kitchen with upgraded laminate countertops and tile backsplash, Energy Star-rated light fixtures throughout, and one wall sconce at the entry.

The building will be a three story, elevator serviced building. The elevator will be oversized for emergency stretcher or gurney utilization. The building footprint will be approximately 24,386 square feet with a total gross square footage of 67,914 square feet. The site will contain 69 surface parking spaces, sidewalks, walking paths and a plaza area.

The construction of the building will adhere to the energy conservation guidelines established by Enterprise Green Communities. Energy saving and “green” initiatives incorporated into the building will include:

- Thermal-balanced windows calibrated to the location on the building for passive heating and cooling
- Combination of sprayed-on foam and batt insulation to increase insulation and reduction of wind and moisture penetration
- Individual unit and common space outside air exchange systems
- Use of low- or no-VOC interior finishes for trim material, paints, and floor coverings
- Energy Star-rated lighting fixtures and appliances

- Low-flow plumbing fixtures and toilets
- Xeriscaped landscaping with an irrigation system controlled by a weather station will reduce irrigation water usage. The landscaping is designed to reduce “heat island” effects and provide open space for the residents.

Site and Site Plan

The project will be located at the corner of St. Louis Ave. and 4th. Street S.E. in Loveland, CO 80537 on approximately 2.5 acre site that is being incorporated into the 30 acre Mirasol Senior Community. This 2.5 acre parcel will be annexed into, zoned and developed in the City of Loveland and according to its standards. The site has access to public transportation within one block, is within one mile of consumer services, and is within two miles of medical offices and a hospital.

Today the Mirasol Senior Community is comprised of a 49-unit and a 60 unit affordable senior apartment buildings, 31 mixed income paired rental patio homes, 24 mixed income age restricted owner occupied homes. In addition, there is the 5,700 square foot Mirasol Events Center at the center of the campus. Both free and fee for services are offered to all Mirasol residents at the Events Center. The latest component to the continuum of care at the Mirasol Community was the addition of the Green House Homes offering skilled nursing care in a dramatically new and innovative setting and concept. These are the first Green House Homes in Colorado. All 50 beds were issued a Certificate of Need by the State of Colorado allowing lower income elders on Medicaid to affordable eldercare.

Unit Mix

Planned rents and the per-square-foot rents for each unit type by AMI level are as follows:

Unit Type	Income Restriction	Number of Units	Unit Size (SF)	Targeted Monthly Rents	Targeted Monthly \$/SF
1 Br/1 BA	30%	5	680	440	0.65
1 Br/1 BA	40%	4	680	587	0.86
1 Br/1 BA	50%	9	680	733	1.08
1 Br/1 BA	60%	21	680	880	1.29
2 Br/2 BA	30%	3	880	528	0.60
2 Br/2 BA	40%	1	880	704	0.80
2 Br/2 BA	50%	6	880	880	1.00
2 Br/2 BA	60%	11	880	1,056	1.20

Project Amenities

Amenities of the new planned building include the following:

- Two greenhouse areas for plants, sitting, etc.
- Front lobby area

- Indoor postal drop
- Public restrooms
- Library
- Security/elevator serviced Building
- Transportation Services
- Extensive sidewalk/walking trail throughout the campus

Unit Amenities

All units will include the following:

- Patio/balconies
- Washer/dryers
- Individually-controlled heat and air conditioning
- Computer desk (nook)
- Window coverings
- Full kitchens with self-cleaning oven/range, microwave, dishwasher, disposal, and refrigerator.
- Transfer showers

Additional Fees

There is an **optional monthly service fee** for services provided through the Mirasol Event Center and its staff. This fee covers daily continental breakfast and the services discussed below.

Services:

The Mirasol Senior Community offers considerable amenities in the adjacent Mirasol Event Center. This center offers programs and services which assist with independent living skills/abilities and enjoyment of life. Services at the events center include the following:

- Daily coffee bistro with continental breakfast
- Fully-equipped exercise room which also offers yoga, dance movement class, Tai Chi and more
- Conference room
- Great Room with enhanced full-service big-screen TV and Wii games
- Community kitchen
- Massage room

- Beauty and barber shop
- Staff offices
- Fully-equipped computers, printers, and copy machine for use by residents

The Event Center staff offer weekly social trips, including trips to Blackhawk, Denver Museum, Denver Zoo, butterfly gardens, and trips to nearby communities such as Boulder and Fort Collins. The fitness center that is part of the Mirasol Event Center offers exercise classes, Yoga, Tai-Chi, and more. The staff offers concierge services to residents such as notary public skills, referrals to local events, and aid in independent living services. There are a wide variety of social gatherings during the holiday seasons. Classes are offered on gardening, writing, health care subjects, investing and more. These programs are all offered by the Mirasol Senior Community staff, which consists of two full-time employees and two part-time employees. Most services are included in the services fee, and some require an additional fee (for example, excursions).

Optional Services

All residents of the full community have access to barber/beauty shop and massage services provided by private contractors at the Events Center. Fees are set by the contractors. In addition, weekly lobby BINGO, holiday events such as tree trimming parties and sing along, summer bar-b-que, Opening Day (Rockies) hot dog event, and monthly “Community Council” meetings are held for all residents to enjoy and share suggestions and ideas. No fees are collected for these events.

Parking

There will be 69 surface parking spaces adjacent to the building. There will be no charge for parking.

Utilities and Type of Heat and Cooling

The construction of the building will adhere to the energy conservation guidelines established by Enterprise Green Communities. Heating and cooling will be provided by VTAC ducted system with each unit having individual thermostatic controls.

All utilities will be paid by the owners.

Development Schedule and Anticipated Date for Delivery of Units

June, 2016	LIHTC Tax Credit Application
September, 2016	LIHTC Tax Credits awarded
March, 2017	LIHTC Partnership Closing
April, 2017	Site Preparations
May, 2017	Vertical construction begins.

Development & Property Management Resumes

Executive Director, Samuel G. Betters:

Samuel G. Betters has worked for the Housing Authority of the City of Loveland since 1976 serving as Executive Director of the agency since 1981. The Housing Authority has developed a wide variety of housing and resident service programs under Mr. Better's leadership. This includes Low Income Housing Tax Credit (LIHTC) properties, HUD Section 221 (d) 3, HUD New Construction properties, Project Based and Tenant Based Section 8 Voucher programs, Public Housing along with Project Self-Sufficiency, Family Self-Sufficiency, Home Ownership opportunities, Larimer County Home Improvement program, and the first Green House skilled nursing project in Colorado currently under construction. Sam holds a Bachelor of Science degree in Community Development from Penn State University and a Master's Degree in Business Administration from the University of Colorado.

Director of Operations, Sharlet Lee:

Sharlet Lee has worked for the Housing Authority of the City of Loveland since 1985. During this time, Sharlet has been responsible for all aspects of accounting for the Housing Authority. Currently, her responsibilities include financial management budget development, internal controls, development of key performance data tracking and analysis, Management Information Systems, Risk Management and Corporate Compliance. Sharlet has experience in managing accounting and development cost for LIHTC properties. Sharlet received her Bachelor of Science Degree in Accounting from Colorado State University.

Director of Housing, Moofie Miller:

Moofie Miller has worked for the Housing Authority of the City of Loveland since 1988. Moofie Miller worked previously with the Colorado State Division of Housing, as well as the Lakewood Housing Authority in Lakewood, Colorado. Moofie has experience in managing LIHTC properties and is Housing Credit Certified through the National Association of Homebuilders Association. Additionally, Moofie is a NAHRO certified Public Housing Manager experienced in managing HUD 236, 221(d3), public housing, new construction and Section 8 Voucher programs. Ms. Miller has a Graduate Degree in Management and an Undergraduate Degree in Business Administration.

Director of Development, Jeff Feneis:

Jeff Feneis began working for the Loveland Housing Authority in 2007 as Special Projects Manager. In this position, Jeff was responsible for the disposition of the Housing Authority's public housing inventory, implementing energy efficiency projects at the Housing Authority's properties, grant writing, identifying cost savings opportunities, and assisting with the strategic planning process. From 2009-2014 Jeff held the position of Housing Supervisor. In this capacity, he was responsible for the supervision of Housing Department staff, asset management, budget management and housing program management. Jeff is now working Director of Development, managing new property development opportunities. Prior to working for the Loveland Housing Authority Jeff worked for Hewlett Packard for 17 years, holding positions in Manufacturing Engineering and Program Management. Jeff has a Bachelor of Science degree in Industrial Technology from Colorado State University.

Site Ownership and Zoning Status

The property is currently under contract to the Loveland Housing Authority. Site control documents are included with this application. We are scheduled to close on the property on June 13th, 2016. We are acquiring the property using all our remaining Public Housing Disposition funds. We have a deadline to utilize our remaining Public Housing Disposition funds or return them to HUD. A copy of our approval for the use of those funds from HUD is included with this application. The property is currently in the county, and will be annexed and zoned as a PUD with R-3 Multi-Family use by right. We expect to be completed with the all planning, zoning and building approvals by April 2017 (attached letter from Kerri Burchett Principal Planner, City of Loveland).

Estimated Absorption

Given the very tight rental market in the Loveland area, our existing wait list of over 350 income and age qualified applicants, we anticipate absorption of these 60 units to take no more than 4 months and more than likely less than 3 months.

Guiding Principles

Mirasol III meets the following Guiding Principles:

- To support rental housing projects serving the lowest income tenants for the longest period of time
Mirasol III is serving households at a range of incomes and has agreed to extend the LURA to the full 40 years.
- To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas
Loveland is market that is well deserving of credit award. It has been 5 years since this growing community has received an award for senior LIHTCs and since the LHA has been awarded 9% tax credits.
- To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit
The Loveland Housing Authority is an experienced developer with the proven record of developing quality projects.
- To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing.
Mirasol III will serve seniors in established campus that provides an unparalleled array of amenities and services within an affordable community.
- To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period

Mirasol III is only requesting the amount of tax credits needed to be feasible. Loveland Housing Authority is contributing its own resources as well as leveraging other sources financing to reduce the necessary tax credits.

CHFA PRIORITY

Mirasol III will meet the housing priority of serving residents in counties impacted by a natural disaster. The project will provide much needed housing for seniors in Larimer County where since the floods there have been no LIHTC senior projects placed in service. In the county, only one senior LIHTC project received disaster relief funds. With the extremely tight rental market, much more is needed. The Loveland Housing Authority has the track record and experience to deliver these units efficiently.

CRITERIA FOR APPROVAL

Market conditions

As identified in our Market Study, we have a very strong market demand for this project. Vacancies within our existing portfolio of senior housing are currently under 2% - which really represents the time for unit turnover and new resident processing time. Our current wait list has over 350 income and age qualified applicants appropriate for this project. The Market Study prepared by the Highland Group estimates over 1,200 age and income qualified households in the market area with a capture rate of merely 11.3%. Since we have added the Green House skilled nursing component to the Mirasol campus we have seen an increased demand for our housing at this community.

Readiness – to – proceed

We anticipate closing on the site on June 13th, 2015; have zoning approval and building permits ready for construction to begin in April 2017 and building complete and ready for occupancy in February 2018. See attached letter from Kerri Burchett, Principal Planner for the City of Loveland. The Loveland Housing Authority is a very experienced developer that delivers on its commitment. We committed that our disaster relief funding projects would be shovel ready when approved. We are the first developer in the state moving victims of the 2013 floods into their new homes. In Estes Park at the Falcon Ridge project, first residents began moving into that development in April. The next flood project, Windsor Meadows II, will begin moving its first residents in June and at our Edge project its first residents will be moving in this November.

Overall financial feasibility and viability

As the third phase of senior development Mirasol III benefits from the experience of the previous developments. The design and costs have been reviewed and vetted to be as accurate as possible. There is proven demand with a 350 household waiting list at Mirasol I and II. The operating budget is based on historical operations so there should not be any significant fluctuations. The Loveland Housing Authority has a proven track record and relationship with equity and debt providers so there will not be any issues securing financing.

Experience and track record of the development and management team

The Loveland Housing Authority will be the developer of the Mirasol III project. The four key principals listed above in our application have a combined 70+ years in developing and managing tax credit financed developments. Mirasol III will be the 14th tax credit project developed by this team since 1993. All but one members has been with the team since the beginning and all projects were new construction projects with their exception of one. The design firm of ALM2 and the contractor Pinkard Construction is the same team we worked with very successfully on the Mirasol II project. The unit design of the Mirasol II and III are nearly identical. The building footprint is slightly different for siting purposes.

Cost reasonableness

Due to the intense building activity in Northern Colorado in particular and all along the front-range, construction costs have increased significantly over the past few years. We have worked diligently with our contactor and architect on the design and we believe the costs for the proposed project and product type are very reasonable.

Proximity to existing tax credit developments

The Mirasol III project will be the 3rd 9% tax credit financed development in the Mirasol Senior Community. There is a strong demand for the existing units at Mirasol and this project will enhance and add to the senior housing options as well as utilize the existing planned community infrastructure of this very successful community.

Site suitability

Mirasol III is an ideal site for senior housing. The project will benefit by joining an already thriving senior community with the many amenities already established and in the area.

Provide the following information as applicable:

Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):

Not Applicable.

Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:

Not Applicable.

Address any issues raised by the market analyst in the market study submitted with your application:

There were no issues

Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

There were no issues.

In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

The Mirasol project is a well-known and highly regarded senior housing development in Loveland. The current project will benefit from the City of Loveland's affordable housing incentives which include forgiveness of all Sales and Use taxes related to the construction of the project, a reduced development fee structure, fast tracking for project review and approval and reduced site development standards to assist with the affordability of the cost of construction. In addition the Loveland Housing Authority is contributing over \$500,000 of its Public Housing Disposition funds to the project. The projects is also supported by many local senior organizations as well as local seniors that have also written letters of support for the project. (See attached letters of support).

Attachments:

Please see the provided letters of support from:

1. Loveland Mayor Cecil A. Guitierrez
2. Loveland Mayor Pro Tem John H. Fogle
3. Kimberley Farro, Medical Center of the Rockies
4. Partnership for Age-Friendly Communities in Larimer County
5. The Green House Homes at Mirasol
6. Disabled Resource Services
7. Leah Johnson, Loveland City Councilor
8. Richard Ball, attorney with elder law emphasis
9. Marlene Quattrochi, City of Loveland Senior Advisory Board
10. Jane Burns, resident of Mirasol
11. Sue Mendehall, resident at Mirasol
12. Wendy Barth, resident at Mirasol
13. Catherine and Ronald Grassi, residents at Mirasol
14. Roy and Barbara Poole, residents at Mirasol

9% lihtc application narrative



Project Name: Paradise at Vandaveer Ranch

Project Address: 6895 Paradise Road - Tracts 15a & 15b, Salida, Colorado 81201

The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project's strengths and address its weaknesses. It must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc. **This document should be no more than 10 pages.**

Development Overview

Belmont Development Company, LLC is proposing a 48 unit, mixed-income, new construction multifamily development for working families in Salida, Colorado. The project will feature two bedroom units with two baths and three bedroom units with two baths. Each unit will be fitted with Energy Star appliances, furnaces and hot water heaters and will have all standard amenities. The two bedroom units are 1,039 square feet (not including 21 square feet of storage) and the three bedroom are units 1,148 square feet (not including 21 square feet of storage). Rents for the two bedroom units are \$455 for the 40% AMI unit(s), \$715 for the 60% AMI unit(s) and \$950 for the Market Rate units. Rents for the three bedroom units are \$520, \$670, \$820 & \$950 for the 40%, 50%, 60% AMI and Market Rate units respectively. Additionally, a mix of units will be handicapped accessible and **there will be a Community Building on-site (equipped with laundry facilities, kitchen, dining room, living/activity/game room, computer lab, library and fitness center)** for the residents to utilize. Paradise at Vandaveer Ranch will offer quality affordable housing to working families and as the market study indicates, all restricted properties as well as market rate properties within the primary market area have extremely high occupancy rates, therefore, we believe that Paradise at Vandaveer Ranch will be well received in the market.

We have experienced unprecedented support from the City of Salida. We consider the city leaders to be partners in our effort to provide safe, clean and affordable housing to their working families. The City of Salida has been involved every step of the way and will be a constant voice in support of this project.

Location

Paradise at Vandaveer Ranch, will be located on the south side of Paradise Road. The site consists of a 5.35-acre tract of land that is nearly level. The site is located in the southern portion of the City of Salida, Chaffee County, Colorado. The neighborhood has good attractiveness and appeal. The neighborhood is bound by Park Avenue to the north; by Oak Street to the east; and by Country Road 107A to the south and west.

The City of Salida is located in Chaffee County which is located in the central portion of Colorado. The nearest city with a population over 50,000 is Colorado Springs, Colorado, which is approximately 69 miles northeast. The nearest cities are Smelertown, Colorado; Poncha Springs, Colorado; Howard, Colorado; Maysville, Colorado; Garfield, Colorado; Coaldale, Colorado; Bonanza, Colorado; and Cotopaxi, Colorado.

The proposed site is in the southern portion of the city. The site is located south of East Rainbow Boulevard and east of U.S. 50. The property will be located on the south side of Paradise Road and west of Country Road 107A. The neighborhood is primarily accessed by U.S. 50, East Rainbow Boulevard and Country Road 107A.

Given the immediate proximity of services and amenities, public transportation, vehicular access and employment opportunities for working families, the subject location appears to be in a good location for the proposed development.

Additionally, the site is part of the overall Vandaveer Ranch Master Plan (see attached). As part of this bigger plan, the development will benefit from all the various land-uses within the overall Master Plan. The plan includes a mix of housing, retail, open green space, and numerous outdoor community recreational activities.

Unit Characteristics and Amenities

First and foremost, Paradise at Vandaveer Ranch will undergo design review and will pursue Bronze Level Certification from the National Association of Home Builders (NAHB) Green Building Program. The units will be constructed utilizing high grade low maintenance materials that will provide a clean, safe, and affordable living environment. The kitchen will be fully equipped with Energy Star (as available) rated appliances and will include a range, range hood with exhaust fan and microwave, refrigerator, dishwasher and a garbage disposal. A laundry closet will be complete with washer/dryer hookups. an Energy Star (as available) washer and dryer fully installed. Additionally, all units will be hard-wired for security alarms.

The bedrooms and living rooms will have ceiling fans (E-star) to help circulate the air and keep heating and cooling costs lower. High grade carpet will cover the floors in the bedrooms, hallways, and living rooms, while the kitchens and bathrooms will have vinyl flooring. Window coverings are also included in the design. Each unit will have its own Energy Star rated furnace, central air, and hot water heater.

Additionally, Paradise at Vandaveer Ranch hopes to make additional upgrades to the finished product through sound construction budget management, thereby utilizing construction contingency for "upgrades" instead of cost over runs. Upgrades may include roof system upgrades, cabinet upgrades, carpet upgrades, ceramic tile replacing vinyl flooring, etc.; of course ever keeping in mind our commitment to the NAHB Green Building Program. The site will be attractively landscaped to provide optimal curb appeal.

Development Team

We have solicited and received the services of a very experienced development team with many years of experience in providing affordable housing for working families

Belmont Development Company, LLC, the project Developer, has many years of experience in real estate development and over 9+ years' experience in affordable housing development.

Belmont Construction Company, LLC will be the General Contractor and is a very quickly becoming one of the most respected construction firms in affordable housing development; especially in the Oklahoma marketplace. Belmont Construction Company, LLC has extensive working knowledge of affordable housing construction regulations and protocols.

Belmont Management Company, Inc. is one of the most respected and efficient affordable housing property managers in a multi-state region and will be providing property management services for the Paradise at Vandaveer Ranch. Belmont Management Company, Inc. has extensive knowledge of affordable property management and compliance with State and Federal regulations governing the same.

Shackelford, Bowen, McKinley & Norton, LLP, a nationally recognized law firm will be providing legal services for the project and brings many years of experience in the area of affordable housing real estate law, real estate due diligence and has an extensive working knowledge of the legal requirements governing the same.

Spectrum Environmental, Inc., will be providing environmental services to the development. eConsultants, Inc., will be providing oversight for the Bronze Level certification on the NAHB Green Building Design Review.

The Frost Cummings Tidwell Group, a nationally recognized affordable housing accounting firm, will be the project accountant. Frost Cummings Tidwell Group has extensive knowledge of affordable housing accounting, Carry-Over Allocations and Cost Certifications.

Blackledge Architects; Larry Blackledge, Managing Member, will be providing architectural services for the project and brings many years of experience in the area of affordable housing design and supervision and has an extensive working knowledge of CHFA architectural requirements.

Belmont Development Company, LLC has formed a team of professionals, primarily entities that are extremely well versed in affordable housing processes and procedures, to support the success of this project and are on board to see this project across the finish line.

Project Financing

Our Paradise at Vandaveer Ranch application has a construction loan commitment (see Tab 5) from Sterling Bank in an amount not to exceed \$7,750,000 at an interest rate of 5.5% and term not to exceed 18 months. There is a 1% construction loan fee that is shown in the development budget portion of the electronic application.

Our Paradise at Vandaveer Ranch application is requesting a permanent loan from CHFA's 9% Tax Credit Loan Program (see Tab 5) in the amount of \$2,710,000 with an interest rate of 5.5% and a term of 30 years. There is a 2% rate lock fee and a 1% origination fee, both of which are shown in the development budget portion of the electronic application.

Our Paradise at Vandaveer Ranch application is requesting annual federal low income housing tax credits (LIHTC) in the amount of \$811,654, as shown in the gap calculation portion of the federal tax credit tab. 42 Equity Partners is committed to purchasing the federal credits at pricing of \$.93, which is evidenced in the Letter of Intent contained in Tab 6 of our submission.

Our Paradise at Vandaveer Ranch application is also requesting \$380,000 (\$10,000 per low income unit) from Colorado Department of Local Affairs – Division of Housing. The support from them is evidenced in their Letter of Support contained in Tabs 5 & 7 of our submission.

The City of Salida has also shown their support to our Paradise at Vandaveer Ranch application by providing a significant discount on the purchase of the land. An independent third-party appraisal was secured (sent to CHFA under separate cover) that shows the site (5.35 acres m/l) for this much needed development has an appraised value of \$280,000. However, as evidenced in Tab 17 – Site Control Documentation, the City has offered to sell the land for only \$175,000. The additional market value of \$105,000 is being foregone by the City of Salida as a contribution to the development.

Site Strengths and Weaknesses

Strengths – The site has good visibility. The crime rate is lower in the City of Salida than the national average across the United States. According to www.neighborhoodscout.com, the crime index for the subject's neighborhood in 2010 was 48. There were 26.45 crimes per 1,000 residents. The majority of the crimes in the neighborhood are property crimes, with 100 of the 105 total crimes being property crimes. The violent crime rate in the neighborhood is 1.26 per 1,000 residents which is lower than the national median of 3.8 per 1,000 residents. Additionally, the property crime rate in the neighborhood is 25.19 per 1,000 residents which is lower than the national median of 26.0 per 1,000 residents. The area has experienced population and household growth. This is a strength which creates a demand for additional housing within the primary market area. In addition, the site is within close proximity to many nearby community services.

Weaknesses – The site has no apparent weaknesses.

Closing

Our development team understands the need to bring construction costs in at the lowest possible level while still maintaining the quality and integrity of the development. We have repeatedly sharpened our pencils to submit what we believe to be a comprehensive strategy to provide quality housing in conjunction with unparalleled amenities while keeping the total development costs well within the maximum limits allowed. Upon approval of this request for permanent financing and federal LIHTC, we are ready to proceed.

In addition, the narrative should address the following:

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

To support rental housing projects serving the lowest income tenants for the longest period of time

Paradise at Vandaveer Ranch will support a range of income levels from 60% down to 40% AMI. Additionally Belmont Development has opted to pursue an additional extended use period beyond the required 15 year compliance period required by the Code. Through section 5.A 2 of the QAP we have chosen to commit to 25 additional years of waiving our right to terminate the extended use. This will ensure the developments affordability to the residents of Salida for a full 40 years.

To provide for distribution of housing credits across the state

Since the inception of the Low Income Housing Tax Program only one development in all Chaffee County have received any type of LIHTC award; which was De Anza Vista which was placed in service in 2002. To our knowledge there has never been an award of competitive 9% credits made within Chaffee County.

To distribute housing credits to assist a diversity of populations in need of affordable housing, including homeless persons, persons in need of supportive housing, senior citizens, and families

&

To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those at risk of converting to market rate housing

Paradise at Vandaveer Ranch is a 48 unit new construction development. As a mixed income development serving both low income and market rate tenants it will be uniquely situated to serve a broad range of families within the Salida/Chaffee County area.

To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period

We feel confident that we have only requested the amount of credits that would be necessary to make this deal financially feasible though, of course, we defer to CHFA's underwriting team to make the final decision on required credit allocation.

To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections

Belmont Development has worked hard to secure outside funding from various sources including the significant financial contribution made by the City of Salida, all in an attempt to minimize the total credits required to fill the financial gap necessary to complete the development. We have thoroughly evaluated our proposed budget and believe it represents a pragmatic and realistic estimate for the total costs required to build the proposed development to the standards we feel are necessary.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

Projects in Counties with populations of less than 175,000

According to 2010 census data, Chaffee County has a population significantly less than 20,000.

Market areas of pent-up demand for affordable housing

According to the results of the market study that we had commissioned, the PMA which consists of the following Census Tracts: 0001.00, 0002.00 and 0003.00, and within the boundaries/borders of: North – North Fork Chalk Creek, County Road 292, County Road 162, U.S. 285, Arkansas Headwaters, Browns Canyon, County Road 185 and County Road 187; East – Park and Fremont Counties; South – Saguache County; and West – Gunnison County. The PMA has very low overall rental housing vacancies with the majority keeping extensive waiting lists. There is clearly an area of pent-up demand for both affordable and market rate housing units throughout this area.

In addition to the statistical analysis provided in the Market Study we have had numerous conversations with multiple city officials and local residents emphasizing to us the significant demand for local affordable housing that they live with on a regular basis.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

a. **Market conditions:**

As can be evidenced in much more detail in the Market Study provided, the overall market within the Primary Market Area is strong. There is no doubt that there is demand for affordable housing in the area and numerous detailed conversations with local officials, surrounding apartment managers, economic development professionals and housing authority personal confirms the same.

b. **Readiness-to-proceed:**

The Paradise at Vandaveer Ranch property is currently secured through an Option Agreement. Once a reservation of tax credits is secured we will submit final applications to CDOH and begin acquiring firm commitment letter for all funding sources.

c. **Overall financial feasibility and viability:**

We believe, based upon our extensive experience, that the proposed Paradise at Vandaveer Ranch is financially feasible and viable as underwritten and submitted to CHFA.

d. **Experience and track record of the development and management team:**

Since its inception in 2007 Belmont Development has completed 17 LIHTC developments representing 837 affordable housing units in three separate states. Additionally we have secured awards for another 8 developments that are each in various stages from preparing to close to construction completion/lease up.

Belmont utilizes in-house management and will act as the management agent for Paradise at Vandaveer Ranch. Belmont Management was established in 2004 and currently oversees approximately 111 properties representing 4,446 affordable housing units throughout a 5 state region in the Midwest.

Once Belmont Development had established itself within the industry we formed the Belmont Construction Company with trusted General Contractors that we had experience with previously. Since then Belmont Construction has been acting as the GC for all awarded developments and we feel that the results speak for themselves. To date Belmont Construction has fully completed 14 affordable housing developments.

Belmont Development Company, LLC has formed a team of professionals, primarily entities that are extremely well versed in affordable housing processes and procedures, to support the success of this project and are on board to see this project across the finish line.

e. **Cost reasonableness:**

Our development team understands the need to bring construction costs in at the lowest possible level while still maintaining the quality and integrity of the development. We have repeatedly sharpened our pencils to submit what we believe to be a comprehensive strategy to provide quality housing in conjunction with unparalleled amenities while keeping the total development costs well within the maximum limits allowed. Upon approval of this request for permanent financing and federal LIHTC, we are ready to proceed.

f. **Proximity to existing tax credit developments:**

There are currently no tax credit properties located in Salida. Since the inception of the Low Income Housing Tax Program only one development in all Chaffee County have received any type of LIHTC award; which was De Anza Vista which was placed in service in 2002. To our knowledge there has never been an award of competitive 9% credits made within Chaffee County.

g. **Site suitability:**

The site for Paradise at Vandaveer Ranch is part of the overall Vandaveer Ranch Master Plan (see attached). As part of this bigger plan, Paradise at Vandaveer Ranch will benefit from all the various land-uses within the overall Master Plan. The plan includes a mix of housing, retail, open green space, and numerous outdoor community recreational activities. Quite frankly, without the support and backing by the City it would be nearly impossible to find a site that could potentially offer so much in close proximity and still be priced at a point that is financially feasible for an affordable housing development. We are eager to work hand in hand with the City and in making Paradise at Vandaveer Ranch one of the focal points of the transformation planned for the area.

Provide the following information as applicable:

h. **Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):**

Not applicable to this development.

i. **Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:**

Belmont Development is requesting that CHFA utilize their discretionary basis boost for this development in the proposed amount of 14.36%. Belmont has attempted to access multiple outside funding sources, but still needs a portion of

the allowable 30% boost to cover the remaining gap and render the development financially feasible

- 4. Address any issues raised by the market analyst in the market study submitted with your application:**

No weaknesses were identified within the market study.

- 5. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:**

No weaknesses were identified within the Phase I ESA.

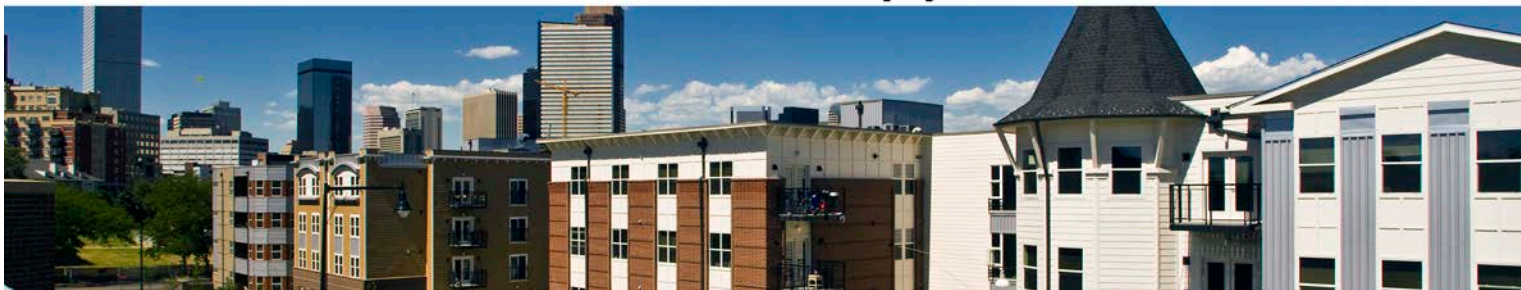
- 6. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):**

We have experienced unprecedented support from the City of Salida. We consider the city leaders to be partners in our effort to provide safe, clean and affordable housing to their working families. The City of Salida has been involved every step of the way and will be a constant voice in support of this project.

- 7. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans and relocation plan (if applicable). Address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, nature disaster).**

Not applicable to this development.

9% lihtc application narrative



Project Name: Paris Family Housing

Project Address: 1702 Paris St., Aurora, CO

Executive Summary: Paris Family Housing (PFH) as Applicant and Brothers Redevelopment, Inc. (BRI), as Sponsor/Developer requests a Preliminary Reservation of \$552,730 in annual 9% LIHTC to be used for cash equity in the 39-unit, new construction family affordable rental property known as Paris Family Housing. The property is located within the city limits of Aurora, Adams County, CO, with the site located in close proximity to the Anschutz Medical Campus and Fitzsimons Life Science District. This project was conceived in joint effort between the City of Aurora – Community and Housing Development Dept. and BRI, a 40+ year old non-profit housing provider in the Denver Metro Area. BRI was sought out by the City because of its successful history of affordable rental housing operation and its willingness to address the growing housing needs for families in Aurora. After an initial attempt as a Permanent Supportive Housing (PSH) project, BRI incorporated all the comments it has received relative to that project, and has re-positioned the property as a 100% affordable family property focusing on families with children. This re-position addresses the highest priorities of the City of Aurora, a major contributor/supporter of the project, with other considerations from various funders.

PFH contains 39 units: 9 units at 30% AMI, 11 at 40% AMI and 19 at 50% AMI, making the affordability mix VLI for 100% of the units. All 9 - 30% AMI units will be supported by Project Based Housing Choice Vouchers (PBVs) successfully awarded by Aurora Housing Authority (AHA) through its competitive RFP process in May 2016. Unit mix will include 24 - 2-bedroom units and 15 – 3-bedroom units. Residents will pay for electricity and the Owner will pay for gas, water, sewer and trash expenses.

PFH will be a four-story elevator serviced building with ground floor entrance/community area and parking. There will be three stories of residential on a steel and concrete podium over the ground floor parking area. The parking will be accessed from both 17th Street and Paris Street. The building will have brick, stone and stucco exterior, varied façade and flat roof. The units will have entrances off of double-loaded interior hallways. The building will face a courtyard and fronts on Paris Street.

PFH will have on-site management, community room, tot lot, computer room, laundry facilities, picnic/bbq area, limited access entry, perimeter fencing, and surveillance cameras. BRI will partner with service agencies to provide opportunities like after-school tutoring for at no cost.

Each unit will have wall heating/air conditioning, blinds, carpet, ceiling fans, storage closet, coat closet, walk-in closet, refrigerator, stove/oven, disposal, dishwasher and microwave. Some units will have balconies.

PFH will follow the Enterprise Green Communities requirements within the Colorado QAP, and its intended scope of work will create 42 points, a full 7 points greater than the 35 point minimum requirement. Besides the Mandatory Items, additional emphasis will include:

1. Compact Development
2. Access to Public Transportation
3. Access to Public Transportation
4. Advanced Water Conservation
5. Addl. Reductions in Energy Use
6. Solar Hot Water Ready
7. Recycling Storage for Multifamily
8. Reducing Heat Island Effect: Paving
9. Project Data Collection & Monitoring

PFH incorporates an unprecedented group of financing sources highlighted by outstanding financial support from the City of Aurora. To show its strong support for PFH, the City approved \$1.2 million in HOME Investment Partnership Act (HOME) funds and \$500,000 in Neighborhood Stabilization Program (NSP) funds in February 2015, and that commitment remains in full force and effect. Additionally, the City has committed to sell the 1702 Paris Street site to the ownership entity for \$1.00, said site originally acquired with State NSP funds in the amount of \$600,000, adding in its cash value dedicated to the project. Water tap fees for 25 units are being credited to the project, valued for at least \$250,000, for a total commitment of \$2.55 million.

CDOH and Arapahoe County will be the other governmental funders in the amounts of \$390,000 and \$250,000, respectively. Wells Fargo Foundation has awarded BRI a \$212,500 Priority Markets Program grant in conjunction with PFH. Finally, an appropriately sized Permanent Loan and a Deferred Developer Fee that meets the CDOH funding requirements complete the capital stack.

Attributes & Challenges

Attributes:

1. Outstanding Project and Financial Commitment by the City of Aurora: As previously noted, the City of Aurora has committed \$2.55 million in financial support for PFH. The City has also continued to maintain PFH as its “No. 1” affordable housing project. City staff has worked tirelessly with BRI to ensure that the neighborhood and the City Planning Department have been kept up to date on the status of the project, thereby making it ready to proceed as quickly as possible.
2. Additional City Site: Based on a LIHTC award, the City has agreed to redevelop the smaller property at 1768/1774 Paris Street as a Public Parking lot. Due to its proximity to the Fitzsimons campus, the neighborhood has experienced on-street parking issues; the parking lot

will provide much needed parking for the neighborhood, increase safety by installing more lighting, and, if necessary, provide additional parking for PFH.

3. AHA Commitment: Concurrent with City of Aurora support, AHA has continued its significant support to PFH. First, they have awarded PFH 9 PBVs through their competitive processes in May 2016. Second, they will enter the ownership entity as a 'special' member in order to provide real estate tax exemption. Finally, BRI is expected to join the Aurora @ Home collaborative and will work with AHA in generating referrals for families in need of housing, thereby supporting the already very strong Market Study Demand and Capture analysis.

4. Other Third-Party Support: BRI has worked tirelessly in re-positioning PFH and gaining significant third-party support for the project. In conjunction with the previously mentioned support by Arapahoe County, CDOH and Wells Fargo Foundation, PFH has received significant support from Aurora Public Schools, Gary Community Foundation and CU Medical Center at Fitzsimons. All three groups recognize the huge importance in creating affordable family housing in this area of Aurora, especially given the proximity to medical facilities and public transportation and have all expressed strong interest in collaborating to provide on-site services to residents.

5. Rent Comparables: PFH pro forma 40% AMI rents are 50% to 53% lower than the surveyed weighted average effective Class C market-rate rents, and its 50% AMI rents are 37% to 40% below. PFH 40% AMI rents are 62% to 67% below the surveyed weighted average effective Class B market-rate rents, while its 50% AMI rents are 51% to 58% lower. Finally, PFH rents in comparison to other comparable LIHTC properties are 6% lower to 5% higher depending on AMI strata. All of these facts point to a distinct value for affordable rental families.

6. Capture Rates: PFH's overall capture rate is 22.9% for the non-PBV supported units. After completion of PFH, the capture rate for 40% AMI units in the PMA will be 28.4%, up from 27.1%. The 50% AMI units will be at 17.0%, up from 14.1%. Both of these categories are well within acceptable limits, and will be extremely helpful to the family populations PFH is designed to serve. Per the Market Study, PFH is expected to complete initial lease up in 3 months or less.

7. Vacancy Rates and Waitlists: The overall vacancy rate at the 15 surveyed LIHTC, market rate and mixed-income properties in the PMA was 1.8% in May 2016, including 0.7% at Class B LIHTC units in the PMA, 2.7% at Class C market-rate dwellings, 3.2% at Class B market-rate units. Four surveyed Class B LIHTC projects had one- to two-year waitlists for a unit. PFH will aid in alleviating at least some of the need with the addition of its 39 family sized units.

8. Resident Services: BRI has a long history of providing service enriched affordable rental housing in the Denver Metro Area. BRI will continue that at PFH. BRI will coordinate service provision by third-party providers in areas such as after-school tutoring, computer skills, job sourcing and readiness skills, and other programmatic supports for the residents at PFH.

9. Project Evaluation: Out of the six rated categories, PFH receives ‘5 stars out of 5’ for Market Demand and Unit Mix. It receives ‘4 stars out of 5’ for Location, Unit Sizes, Proposed Rents and Overall Marketability. PFH truly meets very significant affordable rental housing targets for the City of Aurora.

Challenges:

1. NSP Funds Deadline: The most significant challenge for PFH is the upcoming NSP funds deadline. Per the City of Aurora, “The State’s Agreement with the City required the properties be redeveloped within ten years, in accordance with NSP regulations. The State required all units be occupied by low-moderate income households (up to 80% AMI) with 30 units serving households at 50% AMI. The City has now held the two properties for over six years, and may be at risk of not meeting the ten year redevelopment requirement in the agreement.” Given the projected development timeline, PFH, if awarded 9% LIHTC in 2016, would be housing the aforementioned replacement families within 12 to 18 months of the overall NSP deadline. This timeframe represents an extremely tight window, and effectively indicates that 2016 is the best time, if not last time, for PFH to compete for 9% LIHTC and still meet the NSP requirements.

2. Property Condition in the Immediate Area: In spite of the Fitzsimons Redevelopment and the significant increase in new construction in the area, some of PFH’s surrounding land uses are in below average or deteriorating condition. However, nearby rental properties have high occupancy rates and do not have difficulty filling vacant units. In addition some owners are upgrading their properties. PFH will continue to put pressure on local property owner’s to maintain their properties in better condition, and will undoubtedly contribute to additional new development.

3. Unit Size: Some units at PFH are slightly below average unit sizes in the comparable properties. This issue is, however, mitigated by the facts that the units at PFH will be new construction, provide ample living space and the unit sizes are within the range of surveyed LIHTC projects in the PMA. Further, the reduced size of the units is directly related to the very tight lot size and the strong recommendation to keep development costs as reasonable as possible.

Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

PFH meets the following Guiding Principles from the 2016 QAP:

1. Support rental housing projects serving the lowest income tenants for the longest period of time: With a mix of 30% AMI, 40% AMI and 50% AMI residents committed to 40 year total affordability period, PFH provides maximum value to Aurora, Adams County for its 9% LIHTC request.

2. Support projects in a QCT, the development of which contributes to a concerted community revitalization plan: After numerous years as a QCT, the census tract for the

PFH site had the QCT designation removed for 2016. We believe PFH still meets the intent of this priority due to:

- a. PFH was conceived and initiated numerous years ago when the site was in a QCT;
- b. the effects of the redevelopment of the Fitzsimons Campus are undoubtedly the driver behind the change in this status;
- c. per the City of Aurora, this area continues as one of the City's highest priority redevelopment locations, and they are continuing their designation of PFH as their highest affordable housing priority.

3. Provide opportunities to a variety of qualified sponsors both for-profit and non-profit: PFH and its public/private partnership between BRI and Solvera creates an opportunity for the 9% LIHTC resource to be awarded to a 'first-time' recipient of LIHTC with a very strong Development Team in support of its endeavors.

4. Reserve only the amount of credit to make any project financially feasible: PFH provides CHFA an outstanding opportunity to support a highly needed affordable rental housing project in an area of Aurora that has been designated by the City as one of its top priorities for continuing redevelopment, and with a relatively small LIHTC amount based on the extraordinary amount of other funding already committed to the project. Specifically, PFH, through a combination of additional funding sources and design changes, has reduced its 9% LIHTC request from \$1,075,790 (\$24,450 per unit) in 2015 to \$552,730 (\$14,173 per unit) in 2016.

Describe how the project meets the criteria for approval in Section 2 of the QAP:

PFH meets or exceeds all benchmark requirements for:

1. Market conditions: As noted in Attributes 5, 6 and 7 above, the market conditions in the PFH PMA are extremely tight. Non-PBV unit rents at PFH will be from 50% to 67% less than comparable market rate units, and slightly lower to par with other LIHTC units in the PMA. Capture rates are well within limits and LIHTC units in the PMA all have 1 to 2 year waitlists. Average vacancy rate in the PMA is less than 2% and average vacancy at LIHTC properties in the PMA is less than 1% with waitlists. This data affirms the tremendous need for affordable family rental housing in the PMA.

2. Readiness-to-proceed: The land for PFH is owned outright by the City of Aurora and is under contract to PFH with the only significant stipulation being award of 9% LIHTC as requested. The site is fully zoned and compliant with FBAD-1 requirements, including any parking requirements pursuant to the City's commitment as outlined in Attribute No. 2 above. The Phase One for PFH was clear. All utility services are immediately available to the property at the street. City of Aurora Planning Department has been fully engaged to this point, and PFH is ready to move forward with final drawings and approval requests pending LIHTC award. The lenders and investors are fully aware and supportive of PFH. And a significant portion of the

Other Financing Sources are fully approved including all resources from the City of Aurora and AHA. PFH is fully ready for development.2015.

3. Overall financial feasibility and viability: Per the Market Study, targeted rents are well below market rents. The significant amount of Other Funding Sources keeps the Permanent Loan low with very acceptable Debt Cover Ratios, and minimizes the amount of annual 9% LIHTC necessary for equity for the project.

4. Experience and track record of the development and management team: BRI with its 45+ year history of service to affordable persons in Colorado is well positioned to own, operate/property manage and coordinate services for PFH. Solvera Advisors continues to grow and create quality affordable rental housing throughout Colorado.

5. Cost reasonableness: Calcon Constructors is a well experienced and successful contractor fully capable of managing the construction of PFH in the most efficient and timely manner. The architect, ShopWorks Architecture, has been involved with the project since inception and is well respected at the City of Aurora Planning Department. The other professionals for accounting and legal work are, again, well experienced and respected in Colorado. PFH has an excellent Development Team fully capable of successful development of PFH.

6. Proximity to existing tax credit developments: There are several existing LIHTC properties in the PMA. However, very few have a family oriented unit mix and amenity package comparable to PFH. Further, the Market Study highlights relative to rent comparability, vacancy rates and capture/demand data indicate that PFH is still a highly needed and valuable affordable rental housing asset for the PMA.

7. Site suitability: PFH is within 0.5 miles of medical facilities, neighborhood schools, bus stop, grocery stores and other neighborhood shopping. Day care is within 1.2 miles of the site.

Provide the following information as applicable:

1. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):
No waivers are being requested.

2. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis: PFH does not require the 130 percent increase.

Address any issues raised by the market analyst in the market study submitted with your application:

1. Property Condition in the Immediate Area: In spite of the Fitzsimons Redevelopment and the significant increase in new construction in the area, some of PFH's surrounding land uses are in below average or deteriorating condition. However, nearby rental properties have high occupancy rates and do not have difficulty filling vacant units. In addition some owners are upgrading their properties. PFH will continue to put pressure on local property owner's to maintain their properties in better condition, and will undoubtedly contribute to additional new development.

2. Unit Size: Some units at PFH are slightly below average unit sizes in the comparable properties. This issue is, however, mitigated by the facts that the units at PFH will be new construction, provide ample living space and the unit sizes are within the range of surveyed LIHTC projects in the PMA. Further, the reduced size of the units is directly related to the very tight lot size and the strong recommendation to keep development costs as reasonable as possible.

Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

1. The Phase One did not encounter any issues.

In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

1. PFH was conceived in joint effort between the City of Aurora – Community and Housing Development Dept. and BRI, a 40+ year old non-profit housing provider in the Denver Metro Area. BRI was sought out by the City because of its successful history of affordable rental housing operation and its willingness to address the growing housing needs for families in Aurora. Since this time, BRI and City of Aurora Community Development Staff have met with City Planning Department, Aurora Public Schools, and numerous neighborhood groups and City officials highlighting the importance and value the PFH brings to the neighborhood. BRI met with Aurora Public Schools Planner Josh Hensley and the principal of Montview Elementary Mia Robinson to discuss how PFH and APS could work together. APS offers before and after school programming as well as summer programs. Principal Robinson expressed a great need for volunteers she also is greatly concerned about changes in the neighborhood and the value for children to be able to remain in the same school, yet long-time, families seen as stable are leaving this neighborhood . We were able to connect Principal Robinson to the CU Anschutz Campus Community Partnership a group that we have met with several times over the past several months. The Campus Community Partnership currently supports a wide array of collaborative efforts in the areas of education, research, career pipeline programs, workforce and job development, service and service learning that PFH residents will be able to explore. Another group, Gary Investments, sees PFH as a potential catalytic project for the neighborhood that will benefit low-income children and their families. We have met with agencies like Comitis, Aurora Mental Health, and smaller grass-root organizations like Caring and Sharing--all supportive of housing and open to finding ways to partner to meet the needs of

our community. Further, BRI has met with CU Medical Center and the Gary Community Foundation to develop relationships that will lead to stronger and deeper PFH programs for residents including their children.

9% lihtc application narrative



Project Name: Peoria Crossing, Building 1
Project Address: 12101 E. 30th Avenue, Aurora, CO 80011



Peoria Crossing, Building 1 is a new development in an urban infill Transit Oriented Development (TOD) site in Aurora. Because of its excellent location, residents of Peoria Crossing will have ample opportunities for world-class public transportation, employment, schools, services, and recreation.

The property is conveniently located within ½ mile of the recently opened Peoria-Smith “A” line station. The Peoria-Smith station is also the transfer point to the “R” line, which will open in December 2016. The “R” line will have 9 stations in Aurora, and also connect to the “E”, “F”, and “H” lines. AHA’s Peoria Crossing site is also within a ½ mile of the Fitzsimons station.

The need for Peoria Crossing to be developed NOW is significant

- There is a demand for 6,770 affordable units in the market area; the capture rate for Peoria Crossing is just 1.3%
- Peoria Crossing is a TOD infill development, with access to employment and services throughout the Metro Denver area
- Peoria Crossing will be a catalyst for additional development of the area. The site is uniquely positioned as the ‘front door’ to Aurora when transferring from the “A”-line to the “R”-line to head south into Aurora to Fitzsimons and beyond.
- Peoria Crossing’s rent levels at 30% AMI are affordable those working for minimum wage.
- Peoria Crossing is PV-ready and its high performance building envelope and systems will reduce energy costs for residents.

PROJECT STRENGTHS:

The market study has shown a dramatic need for affordable units in the market area, which is demonstrated by the very low capture rate of 1.3%. No in-migration to the area is needed to support the project. Within the market area, the population has increased by 23,000 since 2000, yet there have been only 8,156 housing units added (EPS Market Study, Table 28). The market area has had the largest percentage growth over the last 15 years, and the construction of units has not kept pace. Over 75% of the rental housing units in the market area were built prior to 1990, and over 25% of the rental housing stock is over 50 years old.

Fitzsimons – currently employing 20,000 and a forecast to 44,000 employees at full build-out – generates a huge demand for affordable housing to serve service-level employees. Additional demand for workforce is created by DIA and area construction.

During 2014, AHA was an active participant in a Denver Region Council of Governments (DRCOG) Peoria Station Catalytic Project series. The year-long series of workshops had participation from RTD, the City & County of Denver, City of Aurora Planning staff, AHA, and a long list of consultants, engineers, transportation planners, neighborhood liaison representatives, and other stakeholders.

The area around the Peoria station is composed primarily of small retail, low-level commercial, storage units, tire shops, and warehouses. Yet these uses are changing with the investments at Fitzsimons, and the introduction of the commuter and light rail.

The DRCOG-led group looked at various opportunities for invigorating the area around the Peoria Station. The report produced on March 2015 (attached) concluded that the [only 'catalyst' for development in this corridor was the construction of apartment buildings on AHA's land at 30th & Peoria](#). The key outcomes from the report (page 10) relate to the importance of constructing Peoria Crossing:

Key Outcomes:

- **Catalyzing this station could provide economic vitality, enhanced livability, a strong sense of place, and a recognizable identity for the community.**
- **The project generated a development plan for 5.5 acres of AHA land within one-half mile of the station.** This plan was presented to the AHA Board of Directors, which provided approval to move forward with a design-build RFP. They have adjusted their initial finance plan and incorporated modest areas of retail and community service elements that were not initially anticipated.
- **Data supportive of an AHA tax credit application and creative site development plans provide benefits to the entire area.**
- Numerous strategies developed through the parking strategies analysis/tool kit can meet potential shifts in parking demand along the corridor while providing TOD development opportunities, including opportunities for redistributing parking in the corridor if warranted.
- **The current market does not support additional residential development in the station area (TOD development).** The primary development is anticipated to be continued industrial and light industrial uses and new commercial with potential future adaptive redevelopment. The local market, frequency of transit service, and other factors will determine appropriate development.
- **Remnant parcels are too small to be suitable for development** but an alternative use associated with the transition to adaptive redevelopment of other land adjacent to the station would be useful in catalyzing the area.

PROJECT WEAKNESSES

The market analysis recommended no changes to the proposed development. The analysis recommended a small modification by adding a laundry center within the building. We are providing washer/dryer hookups, with which we have had excellent success at other properties. We have found dedicated laundry rooms to be problematic in terms of upkeep and maintenance, as well as an unfortunate magnet for vandalism.

PROJECT DESCRIPTION

The 5.5 acre site has been owned by the Aurora Housing Authority since 2007. Now that the commuter rail is open, and the light rail station opening are impending, we believe that now is the time to develop on the site. Peoria Crossing is a critical piece in transforming an underutilized area into a vibrant community.

Our initial plan for the site was to submit the entire 150 units as one development, using the 4% LIHTC with State tax credits; however, this proved infeasible. Hence, we have divided the property in half, and are proposing the first building at the southern end of the site. The first building will have 72 units, on a double-loaded corridor in a building with a 'lazy U' shape around an inner courtyard space. The southern part of the building, parallel to 30th Street, will have 4 stories, and the other sides will be 3 stories. On the ground level along 30th Street, there are currently 2,650 square feet programmed for a small coffee shop and office space. AHA worked closely with Denver Shared Spaces / Mile Hi Connects to provide outreach and information regarding the need for compatible commercial uses for this space. We received Letters of Interest for a 1,200 sf coffee shop and for 1,450 sf for an office space user. Although these spaces will be rented to the users, any rent from these spaces is NOT included in our pro-forma. (Please see attached letter from Denver Shared Spaces regarding the process and users.) AHA will build out this space only as a 'vanilla shell'; any retail/commercial users would be responsible for their own build-out costs.

Peoria Crossing Building 1 will have on-site leasing, management, and maintenance located on the ground floor of the building. The building exterior will be made of a variety of materials to allow the building to be distinctive and eye-catching at corner of 30th & Peoria street. The site will have 90 on-site parking spaces, 35% of which are located under carports, including 16 attached to the building (per Aurora City Code). There is ample on-site parking for the residents and guests, with on-street parking also available for visitors and customers of the retail / office users.

There will be on-site active play areas, a community garden, and an outdoor patio area adjacent to a future coffee shop. The property will have surface detention incorporated into the green spaces around the site. A secured bike storage area is located adjacent to the entrance to the building.

DETAILED TYPE OF CONSTRUCTION:

The building will be wood-frame over slab-on-grade.

- o Building exteriors clad in a combination of masonry, pre-colored corrugated metal, and cementitious siding.
- o Flat roofs with parapets, sheathed in heat reflective TPO white membrane surface.
- o Cost efficient VTAC units will be used for heating/cooling.
- o All electric utilities reduce the construction cost by not providing gas lines to the property.

POPULATION BEING SERVED / BEDROOM MIX:

The 72 units will serve those at 30%, 40%, and 60% of the Area Median Income.

30% AMI	8	11.1%
40% AMI	8	11.1%
60% AMI	56	77.8%
	<u>72</u>	<u>100.0%</u>

1 BR - 1 BA	12	16.7%
2 BR - 2 BA	43	59.7%
3 BR - 2 BA	17	23.6%
	<u>72</u>	<u>100.0%</u>

LOCATION/ NEIGHBORHOOD DESCRIPTION:

Peoria Crossing's location will provide its residents with easy access to the services, amenities and employment opportunities that the residents will want and need.

Employment: A half-mile south of the site is the Fitzsimons Anschutz Medical Campus which is home to three hospitals and several other centers for health care, biomedical research, and workforce development. There are currently over 20,000 employees at the campus, with more than 44,000 projected at full build out. The campus sees as many as 60,000 people every day. The Fitzsimons Life Science + Technology Park will be transforming the north 184 acres of Fitzsimons into a bioscience community. This area is currently slated to have 3.8 million square feet of innovation/office space, 600-800 market rate housing units, up to 250 hotel rooms, and 2 acres set aside for retail development (including space for a small-to-medium size local grocery store). The DRCOG Regional Economic Strategy (EPS, 2014) identified this A-line corridor as surrounded by a large

number of middle-skill jobs paying good wages. With the A- and R-Lines, Peoria Crossing residents will be able to easily access to employment throughout the Metro Denver area.

Access and Transportation: As a TOD site, Peoria Crossing has excellent access to a variety of public transportation. One-half mile to the north of the site is the recently opened "A"-line Peoria-Smith station. The A-line is a primarily east-west commuter train that provides service to/from downtown Denver to the Denver International Airport. Opening in December 2016 will be the "R"-line, which will run north-south from the Peoria-Smith station along I-225 south to Ridgeway/Lone Tree. Additionally, a 121 RTD bus stop is located on the Peoria Crossing site at 30th & Peoria. The 121 bus provides high-frequency (every 15 minutes) north-south service along Peoria Street from the Peoria-Smith Station to the 9-Mile Station in south Aurora. Hence, the site is well served by a variety of public transportation options.

In addition to public transportation, Peoria Crossing has excellent and quick access to I-70 and to I-225, as well as to Colfax, all within a mile of the site.

Public Schools: Peoria Crossing is within walking distance to neighborhood schools. Park Lane Elementary is located 0.4 miles due east of the site. Park Lane is a 'walk-in' school with a current population of 312 students who are ethnically and culturally diverse. North Middle School is located 0.9 miles due south of the site. North Middle School is a Health Sciences & Technology campus, whose mission is to provide a challenging educational program with an emphasis on STEM programs. The site is in the Hinkley High School district, which is located 3.8 miles to the south-east of the site, and which is accessible by the Route #153 RTD bus, which stops in the front of the building. Hinkley High serves over 2,000 students, and is one of only 33 high schools in Colorado which offers the International Baccalaureate (IB) diploma program.

Grocery Shopping: With the opening of the "A"-line, the nearest grocery store is located one stop to the west at Central Park (Stapleton). By car, the closest grocery store (King Soopers) is located approximately 4 miles from the site at E. Colfax and Chambers. However, a new 58,000 sf King Soopers store is under construction in the Eastbridge neighborhood of Stapleton, approximately 1 mile to the west of the site. The extension of MLK Blvd from Stapleton to Fitzsimons Parkway will be opened in the summer of 2017, which will make shopping more accessible. The Fitzsimons Redevelopment Authority is currently courting several regional grocery stores to open near the light rail stop on campus, which would then be within a ½ mile of the site.

Laundromats: Peoria Crossing will provide full-size washer/dryer hook-ups in each of its units. There are coin-operated laundry facilities due south on Peoria at 16th, and due north of the site at 46th and Peoria. Both are accessible by RTD Route 121.

Hospitals and Doctors: The site is within easy reach of the Anschutz Medical Campus, ½ mile to the south. The Anschutz Campus has three major hospitals – University Hospital, Children's Hospital, and the Veterans Administration Hospital (to open in 2017) -- along with large variety of medical offices. Additionally, just 2 blocks of the north of the site is the Metro Community Providers Network (MCPN), which offers low-to-no cost services for those on Medicaid.

Recreation/Culture: Along the west edge of the property, the City of Aurora will be installing a 10-foot wide bike/sidewalk so that residents may easily walk to the Peoria Station. The site is also 1 block from a bike/pedestrian trail along the Sand Creek. From this trail, it is an easy/bike ride walk to the 123-acre Bluff Lake Park. Bluff Lake is Denver's largest open space managed as native habitat, and Denver's only nonprofit nature center. The Sand Creek Regional Greenway is a 14 mile multi-use trail that connects to the High Line Canal Trail, the South Platte River Trail, the Westerly Creek Greenway, and the Toll Gate Creek Trail. Additionally, the City's Moorhead Rec Center is located 1.5 miles from the site, at E 25th and Havana Streets. The Moorhead Rec Center is undergoing a \$13 million upgrade and renovation and will reopen in 2017.

Fire/Life Safety: The Aurora Municipal Center (including the police department and judicial center) are located approximately five miles southeast of the site, and are accessible by the "R"-line light rail. The nearest fire station is located immediately adjacent to the site.

AMENITIES

The development will have the following on-site amenities:

- Property Management, leasing, and maintenance offices
- Free Wi-Fi throughout building
- Secured indoor "bike barn" with storage racks.
- Sundeck – large 4th floor resident access area with unobstructed views to the west
- 24-hour controlled access to Fitness room
- Active Play area
- Community Garden
- Active staircases
- Controlled / Security Access
- Smoke-Free living
- Package drop off / delivery
- Carport parking available

In-unit Amenities:

- Black E-star kitchen appliances (refrigerator, stove, dishwasher, hood)
- Solid wood cabinets
- Garbage disposal
- Exterior vented range hood
- Washer/Dryer hook ups in dedicated closet
- Vinyl plank wood flooring in living room, dining room, bathrooms, and hallways
- Walk-in closets for master BRs
- Pendant lighting over 'breakfast bar' in kitchen
- Cable / Satellite available in each unit
- Vertical blinds.
 - Exterior sun-shading on south- and west-facing windows

Description of Energy Efficiencies:

- Energy-Star rated appliances
- High performance envelope: Insulation levels above code level
- Energy efficient VTAC units
- Individual high efficiency domestic water heaters
- LED lighting for all units and exteriors
- Programmable thermostats
- Low-flow showerhead and water faucets
- Heat reflective TPO white membrane roofs
- Low-E, multiple pane, Energy Star qualified windows
- Low Volatile Organic Compound (VOC) interior paint
- Green Label certified floor coverings
- Radon Barrier
- On-site recycling
- Photo-voltaic ready

At this time, we are only intending to ensure that the top floor of the building is ready for the addition of photo-voltaic panels. However, we have had discussions with the Adams County Sustainability Coordinator (letter attached) regarding the potential for future assistance in providing solar power to the development.

TYPE OF FINANCING

The financing of the development will occur through a combination of taxable debt, tax credit equity, soft funds from state and local sources, deferred developer fee, and owner equity.

Sources of Funding:

The chart below outlines the sources of the funding:

Sources of Funds		% OF TTL
First Mortgage	\$ 4,200,000	19.7%
City of Aurora HOME Funds	\$ 1,100,000	5.2%
State of Colorado HOME Funds	\$ 720,000	3.4%
LIHTC Investor proceeds	\$ 14,241,000	66.8%
AHA Deferred Developer Fee	\$ 550,000	2.6%
Other Owner Funds	\$ 548,064	2.6%
TOTAL Sources of Funds	\$ 21,359,064	100%

All 72 units will be covered by a Land Use Regulatory Agreement (LURA) outlining the term of the affordability, eligible rent and household incomes as required by the Federal LIHTC programs. The LIHTC LURA will require long-term affordability of 40 years.

CHFA Guiding Principles:

❖ To support rental housing serving the lowest income tenants for the longest period of time:

Of the 72 units, 22% are reserved for those at 30% and 40% of the Area Median Income, which equates to annual income between \$18,000 and \$33,340 (\$8.65- \$16.00 per hour). The 2016 Colorado minimum wage is \$8.31 per hour; hence, a lower-skilled hourly worker could afford our 1-BR apartment at 30% AMI.

AHA's mission is to create and preserve affordable housing. AHA has never sold an income-restricted property, and agrees to the maximum extended use period. The Aurora Housing Authority has 'fed' its properties from time to time (e.g. when HUD HAP payments are delayed) to ensure that the property meets its debt requirements, and continues to provide rental housing for our vulnerable populations.

❖ To support projects in a OCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A4 Primary Selection Criteria:

The site is not in a OCT; however, the development of this parcel does contribute to community revitalization plans embraced by the City of Aurora. The Census Tract in which Peoria Crossing is located (82.00) has only 5,484 residents (2015 Census Demographic Data), and is home to significant areas of light industrial and manufacturing. The 2015 estimated median income of the tract is at 83.82%, or nearly \$67,000. Providing affordable housing in this tract will have NO effect on disparate impact, nor concentrate poverty.

Both the 2009 Comprehensive Plan and the 2015-2019 Consolidated Plan from the City of Aurora support the need for affordable housing. In the 2015-2019 Consolidated Plan, the first priority listed is to "Provide safe, decent, affordable housing". Under that heading, the most important goals are listed as:

Priority 1.1: Maintain and improve the existing supply of affordable housing to meet the need of low and moderate income residents.

Priority 1.2: Increase access to affordable housing options for Aurora residents.

In the 2009 Comprehensive Plan, the City includes several specific items related to affordable housing in its vision statement:

When the goals of the city are achieved...

- *In the existing city, infill development enhances and helps revitalize neighborhoods.*
- *Aurora maintains an equitable mix and distribution of affordable housing.*
- *Aurora's neighborhoods continue to be composed primarily of single-family, owner-occupied homes, but as neighborhoods are revitalized and new ones are built, various housing options are provided.*
- *Various efforts by the city, together with private and non-profit partners, continue to work to meet the housing needs of lower income families and residents with special needs including persons with disabilities.*

The City of Aurora has a long and strong relationship with the Housing Authority. In addition to considering affordable housing a community priority, the City has agreed to consider our request for **\$1.1 million** in HOME funds. Additionally, the value of

exemption from building permitting and sales tax is estimated to be **\$395,000**. The loss of real estate tax revenue to the City for the 40-year extended compliance period is conservatively estimated (at \$600 per unit per year, escalated at 2% per year) at **\$747,000**.

❖ [To provide for distribution of housing credits across the state, including large urban areas, smaller cities and towns, rural and tribal areas:](#)

In the immediate area of Peoria Crossing, there is a significant unmet demand for affordable housing. In Morris Heights (the neighborhood in which Peoria Crossing is located), 90% of the housing units are single family detached. There are market rate and luxury apartments located within the Fitzsimons campus, and a new luxury apartment is under construction at the corner of E. Colfax and Potomac Street. With the exception of MGL's Edgepoint 1 & 2, 64% of existing multifamily within walking distance of the Fitzsimons campus were built before 1970.

❖ [To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit](#)

The Housing Authority of the City of Aurora is an exceedingly qualified sponsor of affordable housing. In the past 12 years, AHA has developed 4 new LIHTC properties (226 units), acquired/renovated 2 LIHTC properties (118 units), and resyndicated 2 LIHTC properties (274 units). AHA has a strong balance sheet and is committed to creation and maintenance of affordable housing in Aurora.

AHA respects the work that is done by other for- and non-profit developers in Aurora and has entered into 9 developments as Special Limited Partners for the purpose of real estate tax exemption. We review all requests very judiciously, and only enter when we believe that there is a commensurate benefit to the City of Aurora in exchange for the loss of real estate tax revenue. Currently, we have 5 projects (285 units) with local non-profit developers and 4 projects (669 units) with for-profit developers.

While we appreciate the work done by other for-profit developers, it is critical to the agency that the development fees earned by AHA go back into the Authority's mission. No individuals at AHA have personal gain from these fees. We will continue to serve Aurora and its residents in all cycles of the market. We're not going anywhere else to develop, and our commitment to excellent, attainable, and sustainable housing is at the core of our mission.

❖ [To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing:](#)

There is great need in all sectors of affordable housing. We believe that the need for affordable rental for families is of great need in this community right now. AHA has 1,455 voucher holders and – with the very hot apartment market -- they have great difficulty in finding private landlords willing to accept the voucher. The AHA waiting list for Housing Choice Voucher tenants has been closed since 2005, and currently has 367 on the waiting list. The market study concurs that there is a great need for this housing, in this neighborhood, and now.

❖ [To provide opportunities for affordable housing within one-half mile walking distance to public transportation such a bus, rail, and light rail:](#)

This site is located in a TOD district, a ½ mile from two rail stations. One-half mile to the north is the Peoria-Smith commuter rail line, which is the transfer point between the "A" and "R" Lines. The "R" line will open in winter 2016, and will run in a north-south direction along I-225. At the corner of 30th & Peoria, just outside the front entrance to Peoria Crossing, is a bus stop that serves two bus routes. The #121 is a high frequency bus which runs primarily along Peoria Street, taking riders to the Peoria or Fitzsimons stations, and south along Peoria Street. The #153 services the Peoria Station, as well as to the shopping malls at Aurora Town Center and Arapahoe Crossing.

❖ [To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing](#)

n/a

❖ [To reserve credits for as many rental housing projects as possible while considering these Guiding Principles and the Criteria for Approval](#)

The need is great in every category of affordable housing, and picking the 'winners' and 'losers' is difficult. Although AHA is requesting the maximum in LIHTC allocation, our request is among the more efficient in terms of credit-per-unit. If dividing the request by the number of low-income units provided, Peoria Crossing is in the bottom third on the amount of credit per low-income unit basis.

Section 2 QAP Housing Priority:

n/a

Criteria for Approval:

Market Conditions:

The Market Study, prepared by Economic & Planning Systems (EPS), indicates a strong demand for affordable housing units in this market. The low vacancy rates and high demand for affordable housing in the market area is great. According to the market study, there is an unmet demand of 5,664 affordable units (Table 4), and Peoria Crossing's 72 units equate to a capture rate of only 1.27%. Additionally, there is a very high demand for newly constructed affordable units, as there are a "large number of sub-standard, lower quality market rate projects" in the market area. The inclusion of 24% three-bedroom units is especially significant, as there is a dearth of units for larger households. Due to the employment growth at Fitzsimons, the demand for affordable housing is only going to increase. The market analysis projects a full absorption of these units within 90 days of construction completion.

Readiness to Proceed:

The site is zoned, and the Site Plan has been submitted to the City of Aurora for approval. The parcel is flat and fully developable. We have Schematic Drawings completed, upon which the construction estimate has been based. Upon allocation, it will take an additional 3 months to complete Construction Drawings to submit to the City for review and approval. We anticipate that the approval would occur by early 2017, at which time we will be finalizing the arrangements with our funding partners.

Overall financial feasibility and viability:

The development team of architects, engineers, and consultants has worked together since March 2015 to create a development that is both financially feasible and readily constructible. We initially believed that the entire 150-unit development could be constructed using the 4% LIHTC with Private Activity Bonds (no State TC), yet this had a gap of nearly \$10 million. We also underwrote just this 72-unit building as a 4% LIHTC with State tax credits, and the gap was \$3.9 million. Even if all of the units were at 60% of AMI, a funding gap of nearly \$2.7 million would exist. The gap could be eliminated only if we reduced the number of affordable homes and replaced them with market-rate homes. The market analysis does not support market-rate apartments in this particular area, and there are also several market- and high-end rentals in the area and under construction. Hence, an allocation of 9% LIHTC is necessary to ensure a successful and viable development, and one that is able to provide needed housing for lower income households.

Experience and track record of the development and management team:

The development team (AHA development staff, financial consultant, and owner's representative) for Peoria Crossing is well-experienced. AHA has sustained itself through varying market conditions for 38 years; AHA owns and manages nearly 700 units of affordable housing in Aurora; AHA units have a median occupancy of 98.1%. AHA has had a consistently positive track record with CHFA, lenders, equity investors, compliance, physical inspections, and City officials. Please see letter of support from Mayor Steve Hogan.

Cost Reasonableness:

Developments in Aurora continue to struggle with the stringent building requirements in the development of affordable housing; 60% of the exterior building materials must be brick with the balance of the exterior in either stucco or metal materials. The tap fees in Aurora are among of the highest in the metropolitan area. Thirty-five percent of the required parking must be in either garages or covered parking. Even with these stringent requirements, AHA is still able to develop an attractive community. AHA has been working with the architect, contractor, and consultants since March 2015 on this development, so that critical – and cost effective-- selections have been incorporated into the design and development. We have learned that value engineering is not an exercise to be undertaken after the plans have been completed; it must begin when the first concept has been developed.

However, there are design and construction cost elements which are beyond our control. We discuss some of these cost items below.

City of Aurora Construction Standards/Ordinances and Water Tap Fees:

- The 2005 City "Residential Masonry Standards" requires that brick or stone be used to cover at least 60% of building façade, or 80% must be a combination of brick/stone and plaster. Other materials, such as cement paneling, may only be used to cover a maximum of 20% of the building façade. These standards create a highly appealing and durable – if more costly – appearance. **A variance from this standard was rejected when we submitted for the re-zone to SIR.**
- In the SIR zoning district, the developer may set 'reasonable' parking standards. Based upon the empirical data we have from our existing multi-family developments, as well as information from a traffic engineer hired by the architect, we believe that a 1.25:1 ratio will be more than sufficient.

The City of Aurora requires that for every multi-family development a minimum of 35% of the parking is covered, and that 50% of the covered spaces must be attached to the building. From Article 146-4.6.5: Parking Design and Location (Aurora Municipal Code):

5. Multifamily and Single-Family Attached Dwellings

- a. Parking spaces on private streets or driveways within multi-family developments may be used to meet the requirements for guest parking.*
- b. At least 35 percent of resident parking shall be in garages or carports and at least 50 percent of those garages and carports shall be attached to a primary residential structure, directly or through a breezeway, rather than freestanding garages or carports.*
- c. Where detached garages are used, they shall be faced with the same mix and percentage of materials as the primary building(s).*

Hence, you will see that this development provides for 32 parking spaces under carports, and 16 covered spaces that are attached to the building. The addition of the required carports and tuck-under carports increases the development cost of Peoria Crossing by nearly **\$375,000**.

- The water tap fees for the City of Aurora are significantly higher than in other jurisdictions. The estimated cost for water and sewer lines and connection fees is estimated at \$14,500 per unit. Although AHA is exempt from the payment of real estate taxes and permitting and licensing fees, **there is no exemption from the payment of water tap fees or connection fees.**

TAP FEE ESTIMATES

City of Aurora "Fee Schedule 7"

Indoor Use Fee (per unit)	Sanitary Sewer Connection Fee (per unit)	TOTAL, per unit	# units	TOTAL COST
\$8,814	\$1,224	\$ 10,038	72	\$ 722,736
Wastewater Sewer Connection Fee (2 inch meter)				\$ 79,200
				\$ 801,936
Irrigation Meters/ SF of landscaped area	Cost /SF	Approx. # Acres	# SF	
Water Conserving	\$1.47	1.45	63,162	\$ 92,848
Non-Conserving	\$2.75	1.25	54,450	\$ 149,738
				\$ 242,586
GRAND TOTAL				\$ 1,044,522

In the application, we have rounded this number to \$1,044,000

Proximity to existing tax credit developments:

Although there are several other tax credit developments in the market area of 25 census tracts, there were only four affordable developments considered in potential competition by the market analysis. The closest were 1.7 – 2 miles from Peoria Crossing. Given the great need for affordable apartment homes, and Peoria Crossing's location within a TOD zone, there is ample room for additional low- and moderate-income apartment homes. The market analysis indicates that, compared to other tax credit developments, Peoria Crossing's unit sizes are comparable yet rents per square foot are lower – leading to greater affordability for the lowest income residents.

Site Suitability:

The site is flat, with no impediments to development. The City of Aurora is planning a series of public parks between the Sand Creek Regional Greenway (to the south) and Peoria Station, and there are currently drainage improvements being done by the City along Baranmor Parkway (to the north). The City of Aurora will be constructing a 10'-wide walk/bike path along the Peoria Street side of this site to enhance access to the Peoria Station.

Justification for Waiver of any underwriting:

None

Address any issues raised by the market study:

The market analysis has a 'soft' recommendation of the provision of a laundry room in the building. It has been our significant experience (at our 3 properties with hook-ups) that residents prefer having their own w/d to a laundry facility on site. Additionally, the laundry facilities at our family properties tend to (unfortunately) be subject to abuse and, at times, criminal activity. There is room, though, for a small laundry facility on either the 2nd or 3rd floor of the building. There would be some unknown additional cost for its creation.

Address any issues raised in the environmental report:

No issues have been identified in the environmental report. There is only a recommendation that we provide a radon barrier between the ground and the slab; this was assumed and is included in the construction estimate.

Describe the outreach that you have conducted within the proposed community and demonstrate local support for the project:

The Aurora Housing Authority has met with the neighborhood and other interested parties on 5 separate occasions; in February, July, and August of 2015 and March and April of 2016. AHA hired a Neighborhood Outreach consultant to facilitate the meetings, and we also created a website to provide an opportunity to share information (www.peoriacrossing.org). The neighborhood meetings helped us refine our development to produce a design that is supported by the neighborhood. Our original plan called for 230 units located in 3 buildings, plus 12 townhome units on the east side. The density, height, and access were unsettling to some neighbors. Hence, the current plan of 150 units in two buildings (phased at two different times) has been met with relief and support, and area residents and neighbors are pleased with the current design and layout.

The approval for the re-zoning to "Sustainable Infill Redevelopment" was passed unanimously by the Planning and Zoning Commission in September 2015, and by an 8-1 margin by the Aurora City Council in December 2015.

The Housing Authority of the City of Aurora is proud of its accomplishments and developments, and believe that the construction of new workforce units at this location will be a tremendous benefit to the area. There is a high demand for these units, and CHFA may be assured that the property will be built to the same high quality and attractive standards as in AHA's previous developments.

9% lihtc application narrative



The Point at Nine Mile Station Project Narrative

BACKGROUND

The Apartments at the Point at Nine Mile Station are part of the redevelopment of Regatta Plaza Shopping Center, a 22-acre shopping center developed in the early 1980's that flourished for many years, only to fall into dis-repair through neglect, in the early 2000's. Because of the site's strategic location at the confluence of Interstate 225 and S. Parker Road, and directly adjacent to Nine Mile Station, the City of Aurora has been very proactive in evaluating re-development strategies over the past 5 years. The site was the subject of the 2011 NAIOP Challenge, and has been studied and evaluated by various industry focus groups, including ULI, NAIOP, and other TOD oriented groups.

In 2014, the City of Aurora, through the Aurora Urban Renewal Authority(AURA), released an RFQ to the development community calling for developers to submit qualifications to become the Master Developer of the site. The RFQ was followed by a very detailed RFP, which concluded in May 2015 with the selection of a joint venture of Mile High Development and Koelbel and Company, Mile High/Koelbel (MHK). MHK as Master Developer for the project, has spent the last 12 months developing a Master Plan and negotiating with the four landowners. Two of the landowners were individual investor/owners while the other two (King Soopers and Key Bank) were tenants that have continued to operate on site.

Both individual landowners ultimately refused to sell to MHK, so AURA conducted Eminent Domain proceedings and acquired these parcels representing roughly 70% of the site. The remaining landowners, King Soopers and Key Bank, have decided to continue to operate on the site and are negotiating with MHK to relocate into new facilities within the Master Planned Development.

The proposed affordable family/workforce LIHTC project is located on a portion of the site currently owned by AURA which is under demolition as of May 31st, 2016 and can be developed immediately. AURA has granted a fully executed Option Agreement to Mile High Development, the Applicant, for the development of the LIHTC project and, along with the City of Aurora, is strongly supporting this LIHTC application. See attached letters from AURA and the City of Aurora.

SITE DESCRIPTION

The Regatta Plaza shopping center site has been renamed and branded as "The Point at Nine Mile Station", which is intended to focus on the intersection/confluence of 2 major arterials (Parker & I-225) and Nine Mile Station, coming to a "Point" at this strategically important location in the entire South Aurora/Southeast Denver area.

The project will include a new King Soopers store of 78,000 sf, replacing the 30+ year old 50,000 sf store that has been operating on the site, along with a new neighborhood retail strip of 25,000 sf framing a Main Street along the Dartmouth right of way. This portion of the site will be focused on serving the residents of this mature community, including the Dam East and Dam West neighborhoods with a grocery anchored neighborhood shopping center. The balance of the site nearest Nine Mile Station will be focused on a TOD development, including a PED/BIKE bridge across Parker Road connecting the site to the light rail station. When the new R Line opens late this year, residents will have access to both the Anschutz Medical campus and the new VA Hospital at Fitzsimons, as well as the A line to DIA. Nine Mile Station has been the termination of the F and H lines since 2006, providing access to mid-town Denver and Downtown Denver. This service will be upgraded to provide better service to the Denver Tech Center and the Inverness and Meridian employment centers to the south.

The vision for the TOD portions of the site will include market rate and affordable rental housing (approximately 400 units in total), and potential for-sale product pending legislative changes in the construction defect laws in the future. Additionally, the southern portion of the site will be an entertainment district, encompassing approximately 100,000 sf of restaurants and retail space and a 200,000 sf 12-story Class A Office Building. The jobs created in this redevelopment would be very attractive to the tenants of the LIHTC workforce project.

PROJECT DESCRIPTION

The building will be a 5-story building, consisting of 4 stories of wood frame construction over a concrete parking podium, containing 67 units of one, two and three bedroom units. The LIHTC building will be directly adjacent to the new King Soopers store. The Project Architect, OZ Architecture, is designing a very contemporary building that will include a community room, a fitness room and a rooftop deck on the 5th level offering sweeping views of the Rocky Mountains and the Downtown Denver skyline.

If awarded tax credits in this 9% round, the building could be completed by fall of 2018. Completion of the new King Soopers store along with the retail shops on the Dartmouth Main Street and all the surface roadways, pedestrian walkways and the Central park will occur in the fall of 2017. Therefore, the residents would be moving into a new community with completed infrastructure and amenities, and not be surround by a construction zone.

NEIGHBORHOOD ECO PASSES

Each of the 67 units will be provided with a Neighborhood ECO pass for use on the RTD public transit system. This represents a unique opportunity in the Denver area for residents to live a car-free lifestyle.

A 2012 report by the Center for Neighborhood Technology and the Center for Housing Policy examined the combined costs of housing and transportation in the largest 25 metropolitan areas in the country. What they found was that from 2000 to 2010 the combined cost of housing and transportation increased by 44% while the average household income in these regions increased by only 25%. In Denver, housing and transportation increased 33% while income increased only 16%. Transportation accounted for 13% of the 33% increase. In 2010 the combined cost burden of housing and transportation on moderate-income households (households between 50% and 100% of AMI) was 56%

with transportation accounting for 27% of that burden. Discussions about affordability cannot ignore transportation.

Affordable housing can help relieve the housing burden on moderate to low income households but only **well located** housing can decrease the transportation burden.

The proposed Point Apartments at Nine Mile Station have taken this concept one step further. By including NECO passes with the rent we allow the residents to substantially decrease the monthly burden of housing and transportation costs. With easy access via light rail to the state's largest employment centers, (Downtown Denver, DTC, Anschutz Medical Campus at Fitzsimmons) The Point Apartments at Nine Mile Station provides an opportunity for residents to substantially decrease the transportation cost burden on their monthly paychecks.

SUSTAINABILITY

The building will be constructed to comply with "Green Communities" criteria. Numerous green materials and features will be incorporated in the project and the units. The location adjacent to the Nine Mile Station transit corridor speaks to the sustainability of the project, and will limit the resident's use of the automobile for much of their transportation needs. Other energy efficient features will include:

- Low-E Energy star qualified windows and doors
- LED light fixtures in both the units and common areas
- High "R-Value" insulation
- Energy Star rated appliances
- All exhaust fans will be energy Star-qualified
- Low flow fixtures
- Flat roof with white EPDM
- Smoke Free
- Native and Xeriscape landscaping

GUIDING PRINCIPLES

- To support rental housing projects serving the lowest income tenants for the longest period of time
 - Our distribution of AMI levels includes 30%, 40%, 50%, and 60% AMI. There are seven 30% units and fourteen 40% units. Also, we are committed to the maximum period for maintaining the income and rent restrictions - 40 Years
- To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing
 - This project addresses the need for family/work-force housing at transit stations which is a major goal of the City of Aurora and the AURA.
- To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail

- The project is located within a quarter-mile of Nine Mile Station, thus providing affordable housing adjacent to transit which is a major goal of the City of Aurora and the AURA.
- To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing
 - As part of our selection as Master Developer we have committed to the City and AURA to earmark a portion of the site for affordable housing in the very early stages of redevelopment of the site, resulting in approximately 15% of the expected overall rental units on site being affordable.
- To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period
 - We have been diligent in identifying local and state funding sources to decrease the amount of tax credits necessary. Additionally, we have consistently achieved above market pricing quotes from the tax credit investment market.
- To reserve credits for as many rental housing projects as possible while considering these Guiding Principles and the Criteria for Approval.
 - We have made every effort to contain costs and identify every possible funding source as outlined in our sources.

MARKET CONDITIONS

As per our market study from JRES, we have a strong site location within a mixed-use TOD at the intersection of South Parker Road, South Peoria Street and I-225 directly adjacent to Nine Mile Station. There is easy access by car, bus or light rail to multiple major employment hubs. The Point at Nine Mile Station project will provide residents with many entertainment and shopping options within walking distance to their front door of their residence. There is currently limited LIHTC competition in close proximity, which demonstrates that the Primary Market Area is significantly underserved.

CAPTURE RATE STUDY

	30% AMI	40% AMI	50% AMI	60% AMI	Market Units	Total
Total Renter HH in Market Area						34,208
Unserved HH based on Size (If Any)						0
= Size-eligible Renter HH						34,208
x Percent Income Qualifying HH in Market Area	7%	10%	12%	13%		
= Income Qualifying HH In Market Area	2,243	3,561	4,260	4,616		14,681
+ In-migration of HH (If Any)	0	0	0	0		0
= Total Qualifying HH (Demand)	2,243	3,561	4,260	4,616	19,527	14,681
Existing Units	34	56	342	290		722
Capture Rate - Existing	1.5%	1.6%	8.0%	6.3%		4.9%
Under Construction/Planned Units						
Proposed projects (None)	0	0	0	0		0
Subject Units (Proposed)	7	14	23	23		67
Total Existing & Under Construction Units	41	70	365	313		789
Capture Rate	1.8%	2.0%	8.6%	6.8%		5.4%
Demand Less Existing & Proposed Units	2,202	3,491	3,895	4,303		13,892

READINESS-TO-PROCEED

Mile High Development has executed an option agreement with AURA, thus providing the development team with full control of the land parcel.

The site is zoned TOD which allows affordable rental housing as a use by right. The proposed building is 5-stories and this zoning category has no maximum height restriction.

OZ Architecture has completed schematic drawings, as indicated by the site plan, elevations and floor plans in the application. The development team has been working with Brinkmann Constructors to price the drawings as they have been developed. Based on this input and our recent pricing for the Garden Court Apartments and Ash Street Apartments, the development team is comfortable with the pricing as indicated in our cost projections in the application.

OVERALL FINANCIAL FEASIBILITY AND VIABILITY

Based upon the developers' recent experience on the Garden Court and Ash Street projects, several sources of potential funding for the project have been identified, and preliminary discussions have been held with potential participants, including a commercial bank and several tax credit investment firms. Based on these discussions and a detailed review of our financial projections as presented in the

application, we believe the combined sources outlined in the table below are sufficient to meet the project's expected costs.

Sources of Financing	
1st Mortgage	3,100,000
City HOME Funds	200,000
State HOME Funds	500,000
Deferred Developer Fee	590,000
Federal Tax Credit Equity	13,456,484
Total Sources	17,846,484

Uses of Financing	
Land and Buildings	1,000,000
Site Work	416,798
Construction	12,137,366
Professional Fees	926,300
Construction Interim Costs	846,620
Permanent Financing	138,000
Soft Costs	399,300
Syndication Costs	7,100
Developer Fees	1,725,000
Project Reserves	250,000
Total Uses	17,846,484

EXPERIENCE AND TRACK RECORD OF THE DEVELOPMENT AND MANAGEMENT TEAM

Mile High Development has been developing in the Denver metro area for over 40 years and has experience in almost every type of real estate development. In conjunction with Koelbel and Company they have completed three affordable housing projects, Apartments at Yale Station in 2011, University Station Apartments in 2013, and the recently completed Garden Court Apartments while construction of a fourth, Ash Street Apartments, has recently commenced.

Mile High has a history of strong public private partnership development that includes the Wellington E. Webb Municipal Office Building in 2001/2002, Lakewood City Commons in 2000, and the Denver Art Museum Expansion project which included Museum Residences in 2006 and The ART hotel in 2015.

The project team plans to use Silva-Markham Partners to manage the lease-up phase of the project, as well as the ongoing property management duties.

The development and management team of Mile High Development and Silva-Markham Partners, each have a history of compliance with CHFA's affordable housing programs.

COST REASONABLENESS

The total cost for The Point Apartments at Nine Mile Station is projected to be comparable to the cost of the similar sized and recently completed Garden Court at Yale Station. Garden Court consists of sixty-six

units and was recently completed in late May 2015, thus providing the most recent and relevant construction data.

PROXIMITY TO EXISTING TAX CREDIT DEVELOPMENTS

As Indicated in the market study, there is currently limited LIHTC competition in close proximity, which helps to demonstrate that the Primary Market Area is significantly underserved.

ENVIROMENTAL

The Phase I report indicated that there were some RECs related to the past presence of a dry cleaner, tire store and gas station located within the footprint of the overall Master Redevelopment. While these were not located on the subject parcel, the Development Team has followed and will continue to follow the recommendations of the environmental engineer which are:

- *“A limited subsurface investigation should be conducted in order to determine the presence or absence of soil and/or groundwater contamination due to the historical use of the subject property as a dry cleaner and the current auto repair operations.”* The Development Team has conducted subsurface testing which has come back negative for contamination.
- *“Three monitoring wells on the southwest portion of the overall property (not located under the affordable parcel) should be abandoned in accordance with state and local regulations.”* The three monitoring wells will be removed by the on-site demolition contractor.
- *“An Operations and Maintenance (O&M) Program should be implemented in order to safely manage the suspect ACMs located at the property.”* All ACMs are currently under abatement and will be abated per our O&M program by the end of July.

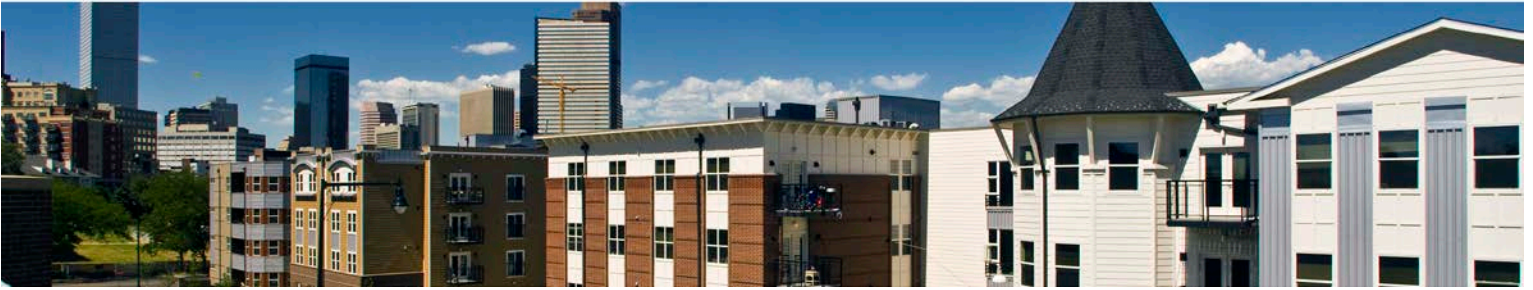
All testing and environmental remediation has been paid for by the Aurora Urban Renewal Authority under a construction management agreement with MHK.

LOCAL SUPPORT & COMMUNITY OUTREACH

Both the City of Aurora and the AURA have expressed strong financial support (see attached support letters). Additionally, the Colorado DOH has indicated their willingness to support this project.

Mile High Development has conducted two neighborhood meetings, each attended by over 200 people, in which the plan for affordable housing was included in the presentation and was positively received as needed in the vicinity. Additionally, residents from adjoining neighborhoods and multiple media outlets turned out to participate in a “Demolition Party” as the first buildings were demolished on May 31st.

9% lihtc application narrative



Project Name: REDI Emporia

Project Address: 25th and Emporia St. Aurora CO

Project Overview:

The REDI Corporation is pleased to present a service enriched integrated housing project for families and individuals with mental illness to be located in northwest Aurora. A portion of this project will serve very low income households with a mentally ill family member, while the majority will be available for the general public. This integration of special needs populations into traditional housing communities is a model REDI and other non-profits have used for years. Among other projects, it has been employed in several tax credit projects in the State and has enjoyed a long track record of success.

For just under 40 years the REDI Corporation has been a leader in the provision of housing for people with mental illness in the Denver Metro area. REDI currently operates 135 units of housing in 10 locations. REDI works collaboratively to deliver high quality homes, property management and professional services to our residents. The Ross Group, a local affordable housing management company, has managed our portfolio for 23 years. We also partner with a variety of local mental health supportive service providers. These agencies both refer clients to our facilities and provide ongoing case management support to help our residents succeed in their homes. This combination of real estate development, property management, and supportive services uniquely positions this project to address the housing needs of both low-income and special needs households.

With our longstanding ties to the mental health community in Denver, we know that many of our clients have difficulty finding appropriate housing combined with the services needed to assure their success. The proposed project will provide an appropriate mix of units both for special needs clients and the general public. The unit mix will serve a diverse array of household types. In our experience, the resulting diversity creates a healthy and supportive environment for the community.

The proposed project will be developed on a 0.9 acre site at the intersection of 25th and Emporia Streets in Aurora, located on the southeast corner of the Stapleton redevelopment area across from the Westerly Creek Trail. The project will be comprised of two walkup apartment buildings housing 38 apartment units, along with several garage parking spaces to be made available at no additional cost on a first come first serve basis. Units will be a mix of one, two, three and four bedroom types. Offices will be provided for property management and case management staff. A multipurpose community room will be available for residents, service providers, and events. A landscaped courtyard area will provide a small area for outdoor activities.

REDI has assembled a team committed to quality construction materials and practices. We will use systems and materials that are high quality and provide a long term life cycle. The proper materials add to the quality of life for the residents and controls repair and replacement costs over time.

Our team is very familiar with green building practices and is at the forefront in understanding and implementing the Green Communities standards. We incorporate what we believe to be the best and most effective elements into the design and construction. These include, but are not limited to, infill location, high density, construction waste management, energy star rated appliances, finger-jointed framing materials, efficient lighting, low v.o.c. paint and adhesive, high life cycle exterior materials.

Section 2 Guiding Principles:

- 25% of the units in the proposed project will be affordable at 30% of AMI; almost half of the units (44%) will be affordable below 40% AMI. This affordability will be assured for the longest period of time allowed, 38 years.
- The proposed project will be developed in a QCT
- The project sponsor is a Colorado not for profit corporation
- 25% of the units will be set aside to provide supportive housing for non-elderly special needs tenants.

Section 2 Housing Priorities:

- The project will serve persons with special needs

Market conditions: This will be a very affordable project, with 86% of the units serving households at or below 50% AMI. 25% of the units will be set aside as supportive housing for people with mental illness, which are also the same units set aside at 30% AMI. The PMA has a 2.4% overall vacancy rate; the LIHTC properties have a 0.7% vacancy rate. The required capture rate is 16.5%. Rents at the proposed project are well below surveyed Class B and C market rate projects, and will offer savings to tenants of 16% to 67% off market rents at these other properties. Our referral partner, the Aurora Mental Health Center, works primarily with households living below the poverty line. According to the Center there will be no problem identifying qualified residents for the 10 set aside units. If needed, the Center has available transitional section 8 vouchers to assist families for the first 18 months of rent.

Readiness-to-proceed: The project is ready to proceed immediately upon receipt of an award of funding. The project sponsor is under contract to acquire the site. The project is located in an R-4 zone district, which allows for multifamily housing as a use by right. Roads and utilities are adjacent to this infill site, making it ready to build on.

Overall financial feasibility and viability: The project involves a number of different sources of funding. The vast majority of funding will come from the sale of tax credits being requested with this application. The project will apply for a local and State HOME award in September. The land is being acquired from Gary Community Investments at very favorable terms. Operationally, the project is viable without the need for ongoing Section 8 rental subsidy income. This is made possible in part through the generous partnership of the Aurora Mental Health Center, which has agreed to provide on-site services to residents at no cost to the project.

Experience and track record of the development and management team:

REDI: REDI has been providing housing for the mentally ill of Denver for over forty years. REDI currently operates 135 units of housing in 10 locations. REDI works collaboratively to deliver high quality homes, property management and professional services to our residents. REDI's executive director, David Murphy, was on the forefront of the development of some of the State's first integrative housing projects while working with The Community Housing and Development Association, which developed the Willow Apartments. David is supported by a long serving capable and committed board of directors comprised of a mix of professionals engaged in real estate, finance, law, and service provision. While REDI has a healthy portfolio of apartments, it has never developed a tax credit project. For that reason, it has hired consultants to assist in financing and operating the project in compliance with the regulations unique to this program.

Ross Management: Ross Management provides property management services to a variety of for-profit and non-profit owners, and has served the REDI portfolio for almost 25 years. Ross has an excellent compliance track record with HUD, CHFA, and USDA Rural Development. Its portfolio is very well maintained and efficiently operated. Above all, Ross is compassionate to the needs of its residents, particularly those with special needs. Of note, Ross has a preexisting relationship with the Aurora Mental Health Center. As a result, many of the coordination issues that arise between property management and case management have already been addressed. Furthermore, these two entities have developed a set of resident selection criteria designed to identify households most appropriate and able to succeed in a supportive service housing facility.

Aurora Mental Health Center: AuMHC will be the provider of case management and supportive services to our residents. AuMHC has a 40 year history of serving the needs of people in the City of Aurora. Because 70% of their clients live at or below the poverty line, AuMHC provides many free or reduced cost services. The Center is also the primary provider of Medicaid mental health services in Aurora. As described in the attached MOU, AuMHC will be able to provide a variety of supportive services to the residents of the proposed project at no cost. Additional experience is included in the attached resume. AuMHC will also be the referral partner for the 10 units set aside for special needs residents, as described more fully in the attached referral agreement. REDI, Ross and AuMHC have worked together in the past in other capacities, and share an understanding of the tenant selection criteria that will position these families for successful independent living.

Medici Consulting Group: Medici works with a variety of local housing authorities and not for profits, assisting in the design, entitlement, finance and construction of both new construction and renovation projects. Medici has been engaged by REDI to assist in the overall development of the proposed project, a role that will end after stabilization and conversion to permanent financing. A recent project similar in some respects to the proposed project was the Guadalupe Apartments in Greeley. That project was of similar size, and offered supportive services to residents. Additional project experience is included in the attached resume.

Cost reasonableness: Project costs are generally consistent with today's marketplace. The land is being sold at favorable terms by a local foundation, which represents a significant savings. Construction costs are in line with today's market. The site is flat and level and ready for development. The building has an efficient design and contains no extraneous space.

Proximity to existing tax credit developments: The PMA has 14 existing LIHTC projects containing over 1,000 units. The proposed project will compete with 700 of these units that are comparable in terms of target market and income restrictions. The three closest projects are

Bluff Lake, in Stapleton, and Florence Square, located on Colfax. Both are located about 1 mile from the proposed project location.

Site suitability: This is an excellent location for an affordable housing project. The site itself sits within an established residential neighborhood. 25th Street is being developed as the direct access arterial to the new light rail station under construction 2 miles east of the site on the Fitzsimmons campus. Some area features include the following:

Parks and Recreation: Across the street is the Westerly Creek Trail, which provides immediate access to open space, bike paths, and other regional parks including Central Park and Fred Thomas parks in Stapleton and the Bluff Lake Nature Center. Six blocks east of the site is the Morehead Recreation Center, which is undergoing a \$13M renovation and will reopen in the spring of 2017. The center provides typical gym, workout space, and aquatic areas. But it also provides a array of programs, including affordable after school childcare.

Shopping and Services: One and a half miles to the west is a new King Sooper's anchored retail center. Two miles to the east is the Fitzsimmons medical complex, along with associated retail and office development. Colfax is 5 blocks south of the site and offers numerous shops and services along its entire length. 2 miles to the north is the new Northfield shopping center. The Stanley Marketplace is just a few blocks west of the site, and is under construction now.

Schools: North Middle School and Montview Elementary School are both located within 1.5 miles of the site. The Isabella Community School (within DPS) is less than a mile away. The Fletcher Community School (an Aurora pilot school) is just blocks from the site, and offers K – 5 education.

Underwriting Criteria

1. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum): N/A
2. Justification for Cost Limit Waiver: N/A

Market Conditions: The PMA has a 2.4% overall vacancy rate; the LIHTC properties have a 0.7% vacancy rate. The required capture rate is 16.5%. Rents at the proposed project are well below surveyed Class B and C market rate projects, and will offer savings to tenants of 16% to 67% off market rents at these other properties. Our referral partner, the Aurora Mental Health Center, works primarily with households living below the poverty line. According to the Center there will be no problem identifying qualified residents for the 10 set aside units.

Environmental: There are no environmental concerns identified in the Phase I.

Community Outreach and Local Support:

This opportunity originated within northwest Aurora several years ago through the work of Gary Community Investments. Based on a survey of communities at risk of gentrification and in need of investment supportive of exiting residents they targeted this community and this site in particular. The proposed project arises from this long term commitment to the area. Financially, Gary Community Investments has worked with REDI to structure a transaction that supports the challenging financial needs of projects like this.

The City is very supportive of the project. From an entitlement and land use perspective REDI and its team have been engaged for many months working with city staff to better understand the appropriate design and density for this neighborhood. The proposed project is consistent with and supportive of zoning and planning for this area and will require no variances from established building and zoning codes other than for overall parking count. Based on our discussion with the City of Aurora staff, Aurora supports a parking reduction based on the proposed use and the presence of ample street parking along every adjacent roadway. We have also had discussions about the proposed project with the City Council member for this Ward, Sally Mounier, who has provided a letter in support of the project (provided as an attachment to the application). We have been in touch with representatives of both the City and State in terms of garnering additional soft funding and have received letters of support from each.

The local non-profit community engaged in the provision of services to the low-income and mental illness communities has been particularly supportive of our efforts. The lack of quality affordable housing, the challenges faced by those with mental illness, and the opportunity to partner in the provision of services are common themes presented by these agencies. Attached are letters of support from several of these providers. As the project continues to progress we've also begun conversations with a few institutions in our immediate neighborhood. One of note is the Morehead Recreation Center, located about 5 blocks east of our site. The center is currently closed for a \$13M renovation, but when it reopens will become a great resource for the families living at our project, offering after school programs, fitness classes, and community gathering space.

This is a great opportunity to create quality affordable housing that supports families and those with mental illness. The team is experienced in development and in providing and maintaining high quality services to our residents.

9% lihtc application narrative



Project Name: **Roaring Fork Apartments**

Project Address: 111 Emma Road, Basalt, Colorado, 81621

Project Description:

Basalt is in dire need of affordable housing. Faced with nearly 100% occupancy, it is short 200 affordable units. RealAmerica Development is proposing to develop the 56 unit Roaring Fork Apartments with 44 low income units and 12 units that are “market rate” for LIHTC purposes, but will be income restricted to 120% AMI to meet a broader affordable housing need. The Roaring Fork Apartments will provide over a quarter of the units that Basalt needs today. Because addressing this need is so important, the Colorado Division of Housing, Town of Basalt, Roaring Fork Transportation Authority, and Aspen/Pitkin County Housing Authority have pledged financial support of approximately \$1.38 million to the project! This project is truly shovel-ready. All this development needs to become a reality is an allocation of 9% tax credits from CHFA.

RealAmerica Development has worked relentlessly over the past four years to bring much needed affordable housing to the Roaring Fork Valley – one of the most affluent regions in Colorado, as well as one of the most populous and economically vital areas of the Colorado Western Slope. The Valley is defined by the valley of the Roaring Fork River and its tributaries, including the Crystal and Fryingpan Rivers. It includes the communities of Aspen, Snowmass Village, Basalt, Carbondale, and Glenwood Springs. Mount Sopris and the Roaring Fork River serve as symbols of the Roaring Fork Valley. This area is well known for its world-class ski resorts, gold medal fly fishing, gorgeous views and ... expensive real



estate. Tucked in the mountains, this haven has become the part-time residence of many wealthy people and attracts hundreds of thousands of visitors, but is also known as “home” to 52,956 people who work here, protect the citizens and visitors, go to school, sell insurance, run restaurants, bag groceries, cut the grass, plow the snow, drive the bus, run the schools, work at the hospital, and simply live here. It is impossible to visit the area for more than a couple of days and not read about the housing problems in

the area's newspapers, hear complaints on the bus, or speak to local business owners about the difficulties they have running their businesses without enough employees. The typical working person can't afford to live anywhere close to the businesses and employment options that make what should be a wonderful place to live, livable. The owner of RealAmerica learned of this housing crisis first-hand after purchasing a condo to escape to and enjoy time with her family away from her busy job as an affordable housing developer in Indiana. What started out as an escape more than ten years ago has turned into a mission to make a change and a difference in the community where she now has friends and strong connections. RealAmerica's area of expertise, for over twenty years, has been in the development, construction, management and ownership of affordable housing using Section 42 Low Income Housing Tax Credits. Why not bring this knowledge, experience, and network of relationships that can get a project done to an area in such need of affordable housing?

Inflated land and housing prices keep year-round residents from affording to live in the Valley near their jobs. A recent report from the Eagle County Assessor's office found that property values in the Basalt area for single-family houses soared 28% from 2013 to 2015, while prices for townhouses and condominiums shot up 38%! A market report from May 2016, showed home prices per square foot increasing another 6.3% for single-family homes and 16.9% for condos from April 2015 to April 2016. The average home price in Basalt was already \$583,000 in 2013 and it takes an annual income of \$150,000 to afford an average house. Potential employees are refusing to accept jobs in the Valley because



affordable housing is impossible to find. The local post offices cite the lack of affordable housing as a main reason they are unable to fill positions. Basalt police officers and essential public works personnel, while required to live within the Basalt area, have no choice but to violate this one requirement that would help keep the community safer because they cannot afford to live in Basalt. Other businesses are in the same dire situation with employees living too far away to make sense of the commute time and the cost of the gas. A 2015 study found a shortfall of 200 affordable housing units just in Basalt.

The housing crunch in Basalt also means long commutes for the people that work in Basalt, but live elsewhere. Over thirty percent of the people working in the project's primary market area commute for over 30 minutes. More importantly, because there is practically no vacancy, anyone that comes to Basalt for a job will likely have to live outside of Basalt. While Roaring Fork Transit Authority (RFTA) provides excellent bus service, if an employee wants to take the bus from RFTA's West Glenwood stop and get to work in Basalt by 8:00 am, they will have to catch the bus that leaves at 6:56 am. People who spend so much time commuting have a hard time being involved in their kids' education, picking up a sick child from school, or having quality family time. Also, the long commute makes it less likely they will be involved in either the community where they work or the community where they live. For example, a

Valley optometrist lost an employee recently due to the long commute. The employee was commuting an hour each way, but still needed to get her son to school within a tight timeframe set up by the school. The optometrist and the employee couldn't find a schedule that worked for both of them. Ultimately, the employer and employee had to part ways. This is not an uncommon story in the Valley. See Tab 10—Roaring Fork Business Support Letters—Amy Cecil.

Even as property values are increasing, low income residents are losing their homes. In 2014, a 35 unit mobile home park in Basalt was removed by the Town and replacement housing still has not been found. The site has been partially removed from the floodplain with a plan for redeveloping it. The trailers were on the river, which was not a good situation for the families; but with a 99.6% apartment occupancy in the Valley and housing prices out of reach for them, many had no place to go and many have had to leave the area. Roaring Fork Apartments would allow some of them to return to Basalt.

Population and Unit Mix

Our proposed Roaring Fork Apartments will help alleviate some of this pressure by providing 56 affordable apartments at a range of income limits from 30% AMI to 120% AMI. We are proposing the following unit mix:

	1 Bedroom	2 Bedroom	Total
30% AMI	5	1	6
50% AMI	10	1	11
60% AMI	21	6	27
Market Rate (Category 3)	9	3	12
Total	45	11	56

In addition to participating in the Low Income Housing Tax Credit program, Roaring Fork Apartments will follow the Basalt Community Housing Guidelines. (See Tab 10 Roaring Fork Community Housing.) These guidelines will limit the maximum rent on the market rate units (what are locally called Category 3 units) to 120% AMI. These rents will be similar to the achievable market rents for the property, but by tying these units to the Category 3 affordability standards the units will be affordable now and no matter what the market does in the future. This category of rents and incomes can accommodate local employees such as school administrators, higher level police and fire fighters, and hospital workers who exceed the typical 60% income limitation making the apartments meet a broader need for affordable housing.

While the apartments will not be restricted to seniors, the project will attract seniors and non-seniors alike due to the elevator access and its superior location both in the Town of Basalt and the Valley in general. Members of our management company staff are Aging in Place Specialists. This means that seniors at Roaring Fork Apartments will have staff that can help them get the services they need and will provide relevant programming.

Project Location

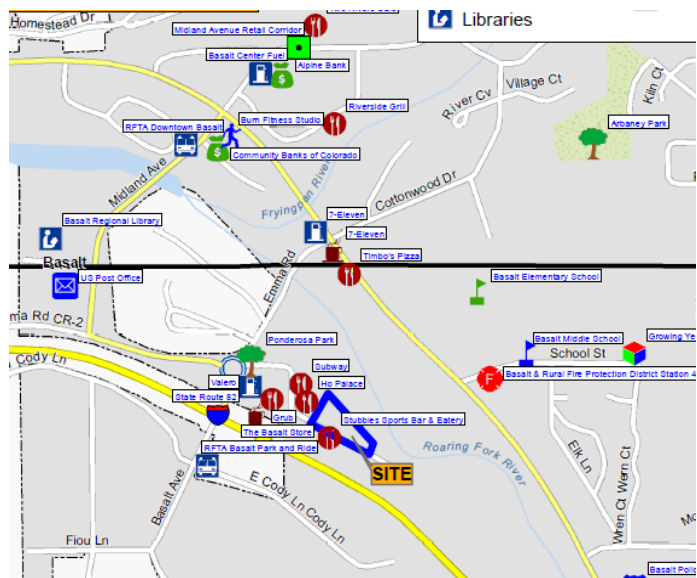
We were approached in 2011 by a local business owner who was concerned about an abandoned hotel project next to his restaurant that had become an eyesore. A victim of the 2008 economic crisis, construction of the boutique hotel on this ideal site was halted, wrapped in



construction fencing with weeds growing out of control, and a construction trailer that had sat lifeless on the site for several years. The adjacent business owner was familiar with the work of RealAmerica through a network of friends and acquaintances in the community and reached out with the thought that the site was ideal for an affordable housing development. Besides cleaning up and revitalizing a prime building site, affordable housing would bring customers and workers to the area businesses, making this a win-win for all involved. The location at 111 Emma Road is in the Town of Basalt limits and is located within Pitkin County, but located a block south of the county line from Eagle County, where most of Basalt lies. The site is located along the Fryingpan River, but not in a floodplain that would affect the building. A direct-line bus stop is 300 feet out the front door. The foundation that was in place for the hotel, as well as the building design for the hotel, was easily transformed into an affordable apartment development that looked just like the originally approved project, making local building approval very easy. It was an excellent match and Town and County officials welcomed us with open arms to address their affordable housing crisis.

In a half-mile radius, residents can walk to the heart of downtown Basalt, restaurants, shops, medical offices, Town Hall, a regional library, schools, parks, riverfront trails and many employers.

Basalt is located in the center of the Roaring Fork Valley, which provides easy access up valley to Aspen and Snowmass Village or down valley to Carbondale and Glenwood Springs. RFTA runs direct-line public buses along Highway 82 twenty four hours a day at very convenient intervals. As the bus stop is outside our front door, we have committed to extending the path to our parking lot and the Town and County have committed to building a new underpass under Highway 82 so users can safely cross the highway to access direct-line service in either direction.



The new development will also allow its residents to easily access the superior recreation activities that the Roaring Fork Valley is known for. The site is less than 300 feet away from Ponderosa Park and its riverfront trails and has nearby access to the Fryingpan River and its amazing fly fishing. The development is also connected to an extensive pedestrian sidewalk and trail grid. Our residents will be able to love the mountain recreation that draws so many people to the Roaring Fork Valley!

Construction Type and Amenities

Our proposed building will fit in nicely with the town's architecture and matches almost identically to the hotel originally designed and approved for the site. It will be a newly constructed, single, 4-story apartment building with balconies and modern conveniences desired in the market today. While adding balconies for our residents to enjoy that the hotel did not have, we attempted to follow the original building design and worked with the Town to ensure the architectural style is compatible with the Town of Basalt and the mountain living they are striving to maintain.

The existing foundation in place on the site is in great condition and will be reused for this project. A structural engineer has inspected the foundation and found it to be in good condition and authorized use

for our intended purpose. All recommendations by our engineer will be followed. (Please see Tab 23 Roaring Fork Capital Needs Assessment). Because the project is so near the Fryingpan River, we also asked our site engineer to review our plans specifically to ensure that the site can withstand any foreseeable flowing water. (See Tab 24 Roaring Fork Floodplain) Further, a parking lot containing 116 spaces is in place, requiring no reworking of the site plan.

Unit amenities will include:

- Refrigerator
- Oven/Stove
- Ceiling Fan
- Double Sinks
- Dishwasher
- Patio/Balcony
- Cable TV Hook-Ups
- Mini Blinds
- Disposal
- Exterior Storage
- Washer/Dryer in all units

Community amenities will include:

- Mountain Resort Architecture
- On-Site Parking
- Terrace
- Lobby with Fireplace
- Indoor Storage Lockers
- Ski Lockers
- Fitness Center
- On-Site Management
- Adjacent Trailhead and River Access
- Elevator
- Security Cameras
- Scenic Mountain and River Views
- Secured Building Access
- Bike Racks
- No Smoking Policy

Green amenities will include:

- Silver rating in the ICC 700-2012 National Green Building Standard
- Enterprise Green Building plus 38 points
- Energy Star rated windows, ceiling fans, lighting, refrigerators, and dishwashers
- Increased energy efficiency by not having A/C in an area where it is rarely needed
- Insulated hot water pipes
- Gas heat
- Greyfield site with existing foundation
- Native vegetation
- Transit oriented development
- Recirculating hot water system
- Purchase of wind credits from local utility
- Low flow water fixtures

Financing

The following financing sources will be used:

First Mortgage	\$4,700,000
Tax Credit Equity	\$10,637,258
CDOH Financing	\$400,000
Local Grants	\$215,000
<u>Deferred Developer Fee & Owner Equity</u>	<u>\$600,100</u>
TOTAL	\$16,552,358

In addition, we have received \$209,980 in impact fee waivers from the Town of Basalt for developing affordable housing that don't ever show up in the budget. The amount of permit and impact fees in the budget in our application reflect these fee waivers.

We have excellent relationships with the selected syndicator and lender, and we are confident we can get closed on financing quickly to be under construction this year. Building plans have been approved by the Town (See Tab 12 Roaring Fork Readiness to Proceed Letter). We only need to pull permits and pay

permit, tap and impact fees to the Town to start construction. WE ARE SHOVEL-READY and OUR READINESS TO PROCEED couldn't be better!

In addition, the narrative should address the following:

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:
 - a. To support rental housing serving the lowest income tenants for the longest period of time
Roaring Fork Apartments will serve tenants at 30%, 50%, and 60% of AMI as well as 120% AMI tenants. Seventeen units (30% of the total units) will be below 50% AMI with 6 of these below 30% AMI. All LIHTC income restrictions will be in place for 40 years. Zoning for the site requires local affordable housing restrictions in perpetuity. No other tax credit property in the Primary Market Area offers one bedroom 30% AMI apartments. We can only reserve this many units at these low income levels with an allocation of 9% credits. Otherwise, to make the project financially feasible, we would have to include more market rate units and more of the units would have to be 60% AMI units. That's not our goal, however. We want to make sure that the lower wage earners that work in Basalt can affordably live in quality housing and enjoy the mountain living. The proposed affordable housing project will accomplish this purpose the best.
 - b. To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas
Basalt has never received an allocation of tax credits. Heading up valley to Aspen and Snowmass Village, only two 9% projects have been funded, the most recent over fifteen years ago. Heading down valley to Carbondale and Glenwood Springs, only three 9% projects have been funded and only one of those opened in the past fifteen years. The closest tax credit development to Basalt is 14 miles away.
 - c. To provide opportunities to a variety of qualified sponsors, both for-profit and nonprofit
RealAmerica Development, LLC is a for-profit, WBE entity formed over 20 years ago for the purpose of developing and constructing affordable housing. We have developed and maintain ownership and management of over 1,600 units, and provide consulting, development, construction and management services to non-profit entities with special needs populations. We have several hundred units in our portfolio that are owned by not for profits that we developed and manage on their behalf. We expect to partner with the Aspen/Pitkin County Housing Authority as a Special Limited Partner on Roaring Fork Apartments.
 - d. To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing
Roaring Fork Apartments will serve families, but with its elevator access and close proximity to downtown Basalt and public transportation, it will appeal to seniors as well. RealAmerica has experience and a proven track record of providing on-site services to meet the needs of the populations of our developments. We will conduct surveys and engage our residents to help us provide services such as credit counseling that will assist them in meeting homeownership goals; health screenings, including connections with home health care agencies or physical therapists; referrals to food pantries; resume building and employment assistance classes; smoking cessation; etc. Based on the needs, interests and composition of our residents, we will tailor an educational and community outreach set of programming on-site as we have done in our other communities.
 - e. To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail

The Roaring Fork Valley has exceptional public transportation for a rural area. The Roaring Fork Transportation Authority runs frequent buses along Highway 82 from Glenwood Springs to Aspen with side routes to other communities in the Valley. The nearest bus stop is on Highway 82, less than 300 feet from our front door. The Town of Basalt has lined up \$6.2 million to construct a new underpass at Basalt Avenue to get pedestrians safely to the stops on both sides of Highway 82. Construction is expected to be completed in October, 2017, before we begin leasing.

- f. To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing

Roaring Fork Apartments will be new construction with energy efficient components and modern amenities desired in the market. Additionally, given the rising land values in Basalt and the Roaring Fork Valley generally, this site is in danger of converting to market rate housing or another commercial use if an allocation of 9% credits is not received this round. We are committed to this project and providing low income housing to the Valley. However, as proposed, this project is only feasible with an allocation of 9% credits.

- g. To reserve only the amount of credit necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period

By purchasing a site with an existing foundation with substantially completed site work and using a previously-approved design, we were able to minimize a number of costs that would be included in the eligible basis of the project, which significantly reduces the project's need for tax credits in one of the highest cost construction areas of the country. Additionally, because we are using an existing foundation and because we have less site work, we were able to minimize the basis boost we need to make this project financially feasible. Even though we are located within a DDA, we are requesting less than a 4% boost.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

- a. Projects in Counties with populations of less than 175,000

Roaring Fork Apartments will be located in Pitkin County which has a population of 17,787. It is on the border with Eagle County, which has a population of 53,605.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

- a. Market conditions:

The market conditions in Basalt and the rest of the Valley show a tremendous amount of pent-up demand for all types of affordable housing. In our primary market area there is 99.6% occupancy and long waiting lists. Also, over 44% of renters in the PMA are paying more than 30% of their income toward rent and more than 19% are paying rent in excess of 50% of their income. In fact, there is so much pent-up demand that our market study anticipates that the project will be at least 95% leased within 90 days from opening our doors. See Tab 18 Roaring Fork Market Study pages V-1 and VII-7.

- b. Readiness-to-proceed:

Roaring Fork Apartments are ready to go! As mentioned previously, RealAmerica Development has been working to bring affordable housing to Basalt for several years and attempted to create a non-tax credit method to provide affordable housing. The concept was very similar to the tax credit program, except it created a housing certificate that could be sold to local developers to mitigate their affordable housing requirements. Strict affordable housing requirements placed on developers of all types has also caused issues in the Valley. The enforcement of these regulations has caused stagnation of promising developments due to the developer's inability to comply with affordable housing

requirements, either due to the financial burden placed on the project by adding affordable housing units or the developer's inexperience with developing housing units. We came up with the idea that we could create a "bank" of affordable housing units and sell the "certificates" of those units to developers to meet their requirements which would allow them to build their grocery store, for example, while providing us the equity necessary to build our housing project and maintain a mortgage that was serviceable to the rent limits in the Basalt Community Housing Guidelines. The concept was well received and the Town created the certificate program. It was a win-win-win-win for the Town to clean up an abandoned site, assist developers who wanted to build in the community, provide housing to low income residents, and to us as the owner trying to develop affordable housing. In the end, and with a lot of time and effort expended to try to figure it out, our lender (and multiple lenders) could not overcome the lack of security in timely selling the credits to pay down the debt, and our idea faltered. The Section 42 Tax Credit Program is successful because it pulls together the interests of all parties at the same time to create the "secured" final outcome. Our concept left the lender vulnerable as it did not provide a "backstop" in the event credits did not sell fast enough and put us in an uncomfortable guarantee situation with capped rents on a restricted property. Unfortunately, it just didn't work.

We then tried working with the Town and the County to find a solution to guarantee the construction loan or for these entities to purchase some of the apartments from funds they had already banked from Town and County community housing in lieu of fees but unfortunately, this plan also hit a roadblock. The County was unable to contribute funds to the project without having ownership of the apartments and doing the building as a condo with the County having ownership of some units didn't work for our lender. So, after trying other ways to skin the proverbial cat, we are back to the proven method of financing affordable apartments that we have been doing for over 20 years – LIHTC. We know banks and investors can get behind this program.

In the time we have been working on all of this, we rezoned the site for affordable apartments, completed architectural plans and specs, and bid out construction. (Please see Tab 12 Roaring Fork Readiness to Proceed Letter.) We purchased the property with the foundation in place so we will have minimal site work and can begin construction this fall without concern for typical weather related issues that slow or stop site work. Roaring Fork Apartments are ready to go this year!

c. Overall financial feasibility and viability:

We have purchased the site with an existing foundation that is in good condition. We have partnered with the syndicator and lender on multiple other LIHTC projects, which gives us a high degree of confidence in our ability to finance and complete Roaring Fork Apartments as it is presented in this application. With a desirable location in an area that needs significantly more affordable housing than we are able to provide, we are also confident that our project will remain viable throughout the affordability period.

d. Experience and track record of the development and management team:

RealAmerica Development, LLC, is a WBE (Women Business Enterprise) certified company, created in 1995 for the purpose of developing and constructing apartment housing through the use of Rental Housing Tax Credits. We have developed 24 properties creating 1631 units using Section 42 and 1602 funds, with another 4 properties underway, which will deliver an additional 243 units and have served as the General Contractor on all of our developments. The owner, Ronda Shrewsbury Weybright, created RealAmerica Management and RealAmerica Design to oversee the day to day operations, compliance and management of the properties and design the projects based on our years of experience in knowing what our residents like and desire. She has been fortunate to bring together a team of well-regarded individuals in the industry to earn awards and the highest accolades from the

Indiana Housing and Community Development Authority, investors, lenders, mayors and leaders in the communities where our properties are located. In many instances over the years, what started out as a NIMBY battle turned in to requests for multiple developments based on RealAmerica's commitment to doing what we say we will do and earning the support and trust of the community. In fact, two of our current developments under construction are a result of the mayor and town officials approaching us for second phases. Our portfolio enjoys a 97.1% occupancy rate, receives consistently high REAC scores from HUD (in the past 2 years we have had 8 REAC inspections, with seven receiving a score above 95 and only one at 89, which is a 15 year old property), has an excellent compliance tax record with the Indiana Housing and Community Development Authority and is the leader in the State of Indiana for perfect pre-8609 inspections. RealAmerica is a recipient of the 2016 Novogradac Developments of Distinction Award and of the Governor's Award for Excellence in the Rural Category for a 65-unit senior community that looks extremely similar to Roaring Fork, among other awards.

Additionally, our management company, RealAmerica Management, is committed to operating our properties at an outstanding fair housing compliance level and providing superior levels of tenant-focused service. See Tab 11 Roaring Fork Development Team Licenses for a listing of the certifications held by our management staff. A copy of our resume can be found in Tab 11 Roaring Fork Development Team Experience and a visit to our website at www.RealAmericaLLC.com will provide photos, maps and a few stories of our successes. We remain very active and busy in Indiana, but the owner's heart is drawing her to Colorado to make a difference and impact on affordable housing where it is so desperately needed.

e. Cost reasonableness:

The Valley region of Colorado has very high costs from site acquisition to construction, labor and the shipment of goods. Our budget is based on 100% complete plans and actual bids. We have experience in new construction of very similar buildings and have applied local inflation and condition factors to our historical costs. We have engaged a local construction professional with a long history and great reputation in the Valley to be our third-party consultant and also have a highly regarded local site superintendent lined up who is very eager to build this project. Our consultant has worked with us in obtaining bids, and we are confident the costs are reasonable. Further, we negotiated the purchase of the property at a time when the market was down and the seller was in need of disposing of it. We have some efficiencies in cost with the existing foundation already in place and our ability to design around it, as well as the parking lot needing minimal work.

f. Proximity to existing tax credit developments:

The Town of Basalt has never received an award of tax credits. Up Valley, in Aspen, the closest tax credit housing to Basalt are 166 units 16 miles away, with the newest placed in service in 2002. These units are 100% occupied. Going down valley from Basalt, the nearest tax credit apartments are in Carbondale, 14 miles away. These are also fully occupied.

g. Site suitability:

The site is excellent. The foundation is in place. It is an easy walk to downtown Basalt and the bus stop to get anywhere in the Valley. The central Valley location is very convenient for those needing to get up or down valley for employment or services. Visibility from Highway 82 is excellent, but Emma Road and greenspace provides appropriate separation from the highway for safety and convenience. There is a variety of restaurants, banks, shopping destinations and employers just outside our doors, promoting a walkable lifestyle.

4. Provide the following information as applicable:

- a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):

Not Applicable. The project meets underwriting criteria.

- b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:

Roaring Fork Apartments is located within the Pitkin County federal Difficult to Develop Area (DDA) and qualifies for a 30% boost. However, we are seeking a much smaller boost for financial feasibility, less than 4%. Land, impact fees, and construction costs in the Roaring Fork Valley are very high, while incomes of those living year around in the Valley are decreasing as the percentage of the workforce in low wage jobs increases. This is lowering affordable rents even while housing costs increase greatly due to the influence of vacation home buyers.

5. Address any issues raised by the market analyst in the market study submitted with your application:

No issues were noted. The market study concluded that Roaring Fork Apartments' marketability was a "5" very good and "given the 100% occupancy rate and lengthy waiting lists at all affordable comparable units in the market, there is significant pent-up market demand for additional affordable rental housing."

6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated: *No issues were noted.*

7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

RealAmerica has been working to bring affordable housing to Basalt for several years. We have been working with the Town of Basalt and Pitkin County trying to find non-tax credit means to finance affordable apartments, but that proved unsuccessful. Throughout this time we have worked closely with the Town and County and, as noted in numerous newspaper articles, this project is well supported, desired and needed in the community. The Town of Basalt allocated the parking for its lot next to our project to meet the parking needs of the project. As an affordable housing development, park fees and school fees are reduced as an incentive and assistance. These lowered fees save Roaring Fork Apartments \$209,980 in impact fees. The Town is also providing direct financial support of \$175,000, a significant investment for a town with fewer than 4,000 full-time residents. Roaring Fork Transportation Authority has committed \$40,000 in financial support to this project. Additionally, Aspen/Pitkin County Housing Authority has agreed to be the special limited partner in the Roaring Fork Apartments, which will provide a property tax exemption that is projected to save the project over \$554,000 in property taxes over fifteen years. See Tab 10 Roaring Fork Public-NPO Support Letters.

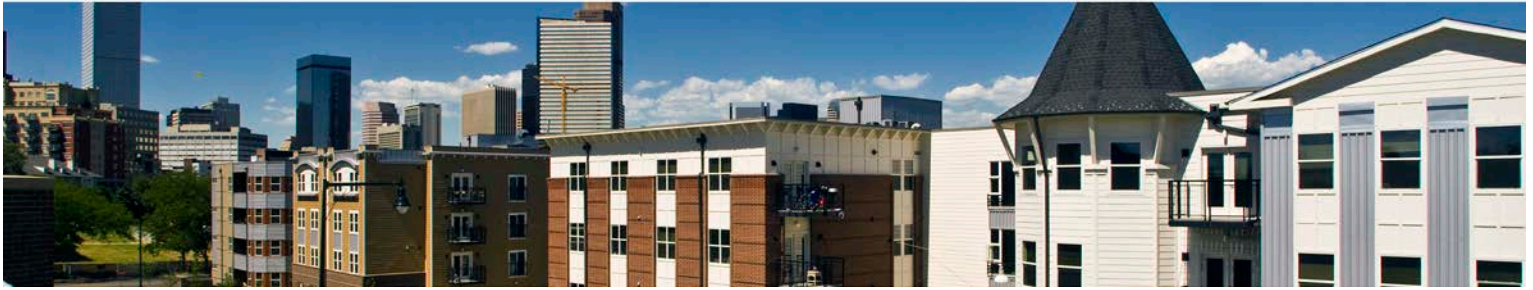
During this process we have rezoned our site specifically for affordable housing and received the full support of the Town for this rezoning. Additionally, we have met with and the project has received the support of Pitkin County, the Roaring Fork Transportation Authority, the Basalt Chamber of Commerce and many business owners and residents. We have received amazing community support. See support letters in Tab 10.

The Valley Needs the Roaring Fork Apartments!



- There is a severe shortage of housing in the Valley. There is no current LIHTC vacancy and the overall occupancy rate in the PMA is 99.6%--there couldn't be more demand!
- Roaring Fork Apartments will provide 56 units—44 LIHTC units and 12 Basalt Category 3 affordable units (incomes capped at 120% AMI). This meets 28% of Basalt's needs!
- Over one third of the funding for this project is from non-CHFA sources.
 - Fee waivers from the Town of Basalt: \$209,980
 - Direct financial support from the Town of Basalt: \$175,000
 - Direct financial support from RFTA: \$40,000
 - Aspen/Pitkin County SLP Tax Exemption (approx.) \$555,000
 - Colorado Division of Housing: \$400,000
 - Mortgage \$4,700,000
- Property was purchased in a down market with a foundation in place.
- Development of the site will clean up an eye sore in the community.
- Roaring Fork Apartments are ready to go! We have all the approvals needed to begin construction. We're shovel ready and can be open in late 2017!
- Roaring Fork Apartments are in an ideal location!
 - Less than 300 feet from RFTA's bus rapid transit stops
 - Walkable to great amenities in Basalt
 - Near parks, riverfront trails, and a gold-medal fly fishing river
 - Features scenic mountain and river views
 - Ski lockers and storage for outdoor recreation equipment
- RealAmerica is an award winning, WBE developer with over 20 years of experience in developing, building, managing, and designing low income and market rate properties. RealAmerica has a successful track record of coming in on time and on budget.

9% lihtc application narrative



Project Name: Rose Hill Senior Villas

Project Address: 6377 E. 62nd Avenue, Commerce City, Colorado 80022

The following Narrative describes the characteristics of the Rose Hill Senior Villas (the “Project”) and why it should be selected above others for an award of Tax Credits, addressing both its strengths and weaknesses. As required by CHFA’s 2016 Tax Credit Allocation Plan, it includes a description of the Project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services; description of energy efficiencies; and type of financing. Answers to the specific CHFA questions noted in the instructions are provided at the end of this narrative.

Development Overview:

Rose Hill Senior Villas (RHSV) will be a twenty-one (21) unit affordable senior-oriented development located at 6377 E. 62nd Avenue in Commerce City, Colorado. RHSV will offer fourteen (14) one-bedroom units and seven (7) two-bedroom units to qualifying seniors with incomes at 30%, 40%, and 50% of the area median income. One hundred percent (100%) of the development will be set aside for qualified seniors within these incomes set asides. RHSV will serve senior populations, including the very low-income, which is a critically underserved population in Commerce City as demonstrated by the Market Demand Study. **RHSV 30% units are not receiving a subsidy**, these units were planned at 30% and will be managed at this targeted AMI for the duration of the project.

Type of Construction:

Rose Hill Senior Villas will be Type-V protected wood frame construction, which is highlighted by all structural building members having fire rated coatings. This additional fire rated coating extends the fire resistance rating of structural members at least 1 hour. The building will have an elevator and be fully enclosed. RHSV will provide # of handicapped units including those for

the visually and hearing impaired. Additionally, 4 of the units will be handicapped convertible units and upon request will be made available to persons with disabilities. The exterior building materials will consist of brick, stone, and lap-siding. The intent of the exterior building material selections was one of “fitting into the neighborhood fabric”, as not to disrupt the neighborhoods identity.

Population:

Rose Hill Villas Senior will serve 62+.

Building Amenities& Unit Mix:

The building amenities will include the following: controlled access, computer lab, senior friendly fitness center, friendship Center, medical exam room, central mail, ample parking and community garden, dog run, open space, central laundry, elevator, and social services.

The unit amenities will include the following: Energy Star Appliances, Water conserving fixtures, window coverings, ceiling fans, and free Wi-Fi.

Rose Hill Senior Villas will include 14 one bedroom and 7 two bedrooms. The rent structure of 21 units will be:

- \$383 (1 bed) & \$453 (2 bed) for 5 units at 30% AMI
- \$523 (1 bed) & \$623 (2 bed) for 7 units at 40% AMI
- \$636 (1 bed) \$ \$758 (2 bed) for 9 units at 50% AMI

The rents and set aside reflect direct need per the Market Study, all monthly rents at RHSV are **on average \$37 dollars below the applicable AMI, displaying our commitment to most critically underserved seniors.** Rose Hill Senior Villas will address the deficiency of senior housing in Commerce City and will decrease the waiting list at Conter Estate, Madonna and Kearney Plaza, Commerce City’s offer affordable senior communities. Rose Hill Senior Villas has committed to remain affordable for a minimum of 40 years, this will be reflected in the Land Use Restriction Agreement.

Location:

The site is located just northeast of Denver in the Rose Hills neighborhood, a stable, well-functioning community, where services and infrastructure already exist. The proposed development site benefits from nearby public facilities, shopping, cultural opportunities and easy access to the entire metropolitan area. A major grocery store (King Scoopers) includes a full service pharmacy and is within 0.8 miles and open 24 hours. Walmart is located within 1

mile of the site and also has a pharmacy. Commerce City Senior Center is located 0.8 miles from the site and will be a great resource for residents to discover new areas of the city, learn new skills, and make new friends. There are three (3) banks and numerous restaurants located within one mile of the site. Additionally, there are five (5) places of worship within 1 mile of the site. Bus service is available through Regional Transportation District (RTD) on the 88 route, within 0.1 miles of the site and routes 48 within 0.4 miles of the site. **The N Line will bring RTD train service through Denver, Commerce City, and Northglenn with 359 parking space park n ride planned for Commerce City.**

Social Services:

Plans are currently underway for RHSV to host a number of events sponsored in part by Volunteers of America, which will feature programs such as: The Arthritis Foundation's Exercise Program and Brain Boosting food demonstrations. Additionally, a transportation service will be available for scheduled trips to the grocery store and local community center, planned for 2-3 trips per week. Each resident will be given a Recreational Facility Play Pass to the (Commerce City Senior Center), the senior center is a friendly place with a variety of classes, services, events, trips and social opportunities for all seniors.

Senior Friendly Technology:

A critical element in today's senior living community is technology. Video games, PC's, and cellphones can help keep minds and bodies sharp. The computer center will have several free standing CPUs allowing residents to check email, pay bills online, and research recipes. Computer-based programs that help residents stay active through cognitive stimulation will be provided through Nintendo Wii game consoles in the friendship center, another component of the homelike environment we will achieve at Rose Hill Senior Villas.

Green Features:

Rose Hill Senior Villas will be developed in compliance with the Enterprise Green Communities criteria. The project will exceed all mandatory energy efficiency requirements and include advanced water conserving appliances and fixtures, Energy Star appliances, proximity to public transportation, a construction waste management plan, and all applied primers, sealants, adhesive, paints will be no or low VOC.

Local & State Support:

Commerce City Housing Authority and Adams County Housing Authority both understand the importance of this development and accordingly have provided a letters of support. Additionally, the Department of Local Affairs (DOLA) has provided a tentative letter of commitment for \$189,000 in financing. See attached letters of support.

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

“To support rental housing projects serving the lowest income tenant for the longest period of time” The project will serve the lowest income tenants with **24% of units serving the 30% AMI population (with no subsidy), 33% of the units serving the 40% AMI population, and 43% of the units serving the 50% AMI population.** In addition, these units will serve low income residents for the longest time period allowed, **40 years.**

“To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria” **The project is located in Qualified Census Tract number 87.09.** Both the City of Commerce and Commerce City Housing Authority have identified senior housing as a priority housing need in recent assessments completed independently. The City of Commerce C3 Vision Plan states “Currently, the community has very limited senior housing available. For seniors to be able to stay in the community, new senior housing will be necessary.¹”

Commerce City Housing Authority’s Strategic Plan states in Goal #2, objective 2-B states that the Authority should “Encourage strategic siting and development of new affordable senior housing”²

“To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas” **Commerce City has not received a federal allocation of housing tax credits since 2009 and not had an allocation for a Senior development since 2002 (Conter Estates & Kearny Plaza).** With explosive population growth of 22,000³ residents since 2002, Rose Hill Senior Villas will help reduce the need for affordable senior housing.

¹ C3 Vision Plan Chapter 7 Housing and Neighborhoods; pages 111-118
<http://c3gov.com/DocumentCenter/Home/View/486>

² Commerce City Housing Authority; <http://c3gov.com/DocumentCenter/View/857>

³ Census Viewer Commerce City, Colorado; <http://www.census.gov/2010census/popmap/ipmtext.php?fl=08>

“To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, **senior citizens**, homeless person, and person in need of supportive housing” This project will serve the **senior** population.

“To provide opportunities for affordable housing within a half-mile walking distance of public transportation such as bus, rail, and light rail” The project is 0.25 miles away from bus route 88 and 0.5 miles away from bus route 48. Additionally, RTD has planned for a park ‘n’ ride station which would be located 2.0 miles from the site.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

The project will not qualify for any of the identified priorities.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

- a. Market conditions: Rose Hill Senior Villas will successfully address the identified community housing priorities as set forth in the C3 Vision Plan (City of Commerce) & Commerce City Housing Authority Strategic Plan. Additionally, as noted in the Market Study the low capture rate of 34.7% (or **389** qualified senior residents of which **275** are **without affordable** housing in Commerce City.) and with the existing waiting list at Conter Estates, Kearny Plaza, and Madonna Plaza confirm the enormous need in Commerce City for senior housing.

Consistent with the set aside and the greater interest for the tenant population to be served, the rent structure of Rose Hill Senior Villas is such that all rents (utilities included) will be below fair market rents. Rose Hill Senior Villas will remain affordable for 40 years per the application and recorded in the Land Use Restrictive Agreement.

- b. Readiness-to-proceed: The site is Zoned R-3, which allows up to 24-dwelling units per gross acre. The proposed 2 story structure is allowed within the current zoning and fits into the neighborhood fabric. The financing team involved is very familiar with G.A. Haan Development as they have provided funding for other similar developments. The Phase I report does not identify any concerns that would prohibit construction starting immediately following a tax credit award. Rose Hill Senior Villas development team had a pre-application meeting with Commerce City development staff back in April to discuss the proposed site layout and no concerns were noted.
- c. Overall financial feasibility and viability: Rose Hill Senior Villas has the financial strength and local support to successfully complete the development. With

support from both the City and County Housing Authorities, City of Commerce and non-profit service providers Rose Hill Senior Villas is well positioned to thrive. The equity provided for this development in the amount of \$4,979,313 will be made available by The Richman Group. The construction and permanent lender, Stearns Bank, is committed to \$3,600,000 in construction and \$385,000 in permanent financing. The Department of Local Affairs (DOLA) will provide \$189,000 in permanent financing and G.A. Haan Development will defer some developers fee in the amount of \$44,813 to complete this development. The DOLA funds will be structured as a cash flow loan to be repaid at 2% interest.

Financing structure is as follows:

Source	Amount	Status
First Mortgage(Stearns)	\$385,000	Committed
DOLA Funds	\$189,000	Committed
LIHTC Equity(Richman)	\$4,360,500	Committed
Deferred Developers Fee	\$44,813	Committed
Total	\$4,979,313	

- d. Experience and track record of the development and management team: G.A. Haan Development is mission driven to provide “solutions in affordable housing” and has been in the business of affordable housing development for 12 years. G.A. Haan Development has extensive experience in the development and ownership of affordable housing. The company owns low income properties in Wyoming, North Dakota, South Dakota, and Michigan and is knowledgeable of the rules and regulations associated with CDBG, LIHTC, and HOME. G.A. Haan Development portfolio includes new construction and acquisition rehab projects utilizing 4% Bond funding, 9% LIHTC, CDBG and HOME funds, along with USDA Rural Development funding in Section 515 and 538 Guaranteed Mortgage.

Gerald Haan, President of the company works directly with all ongoing development and consulting projects. Mr. Haan has extensive experience in real estate development, financial and securities markets, and general business operations. Other development team members include Ben Ide, Director of Development, Andrew Schorfhaar, Development Coordinator, Lacy Tippet, Chief Financial Officer and Kathy Schorfhaar Construction manager. These individuals are seasoned veterans in the affordable housing industry and will serve on staff for the Rose Hills Senior Villas. Justin Francis, Development Coordinator, is focused on Low Income Housing Tax Credit projects in the Western United States and will lead this development effort.

NLR Property Management LLC was established to provide property management services for projects developed by its sister company, GA Haan Development, LLC. NLR Property Management offers a full range of services, including accounting, advertising, applicant screening, budgeting, financial reporting, maintenance, marketing, resident relations, and site staffing, to name just a few. NLR Managements portfolio encompasses properties of varying sizes and includes single family homes, multi-family apartments (LIHTC, Market Rate, and RD), mobile home communities, commercial units, hospitality, and senior care facilities. Compliance with all local, state, and federal law are strictly adhered to throughout the developments investment cycle.

General Contractor

Brinkman Partners (BP) provides premier, integrated real estate solutions throughout Colorado. Brinkman Construction is devoted to providing the highest level of project supervision and communication. Brinkman utilizes industry expertise, similar project experience, understanding of existing market conditions, and relationships to streamline every stage of the construction process. Over the past 18-months BP has constructed nearly 500,000 SF of new build and tenant improvements projects.

CPA

Grigg, Bratton & Barsh, P.C. (GBB) has 25 industry experience in affordable housing, non-profits, and real estate. The firm has provided tax, audit, and consulting services to over 160 low-income housing projects for both developers and investors. GBB specializes within the Affordable Housing Market in IRC Section 42 tax credit projects in California, Washington, Idaho, Montana, Nevada, Wyoming, Arizona, New Mexico, North Dakota, South Dakota and Minnesota.

Legal

Barnes & Thorburg(BT) works extensively in the field of affordable housing and tax credit development. BT affordable housing attorneys focus a substantial amount of their time, energy, and talents in the affordable housing arena for both multifamily residential rental housing and single family housing, and possess extensive experience in virtually all matters related to real estate, including real estate finance, restructuring and workouts, acquisition, securitization and structured finance, investment management and asset recovery, and development of commercial real estate.

Phase I

Kumar and Associates (K+A) provides geotechnical engineering services, environmental sciences, engineering geology, and construction observation and material testing for land development, buildings, transportation, water resources and mining projects. Kumar and Associates have performed geotechnical

engineering studies, construction observation and materials testing, and environmental services for large projects including Denver International Airport, Sports Authority Stadium (formerly, Invesco Field at Mile High Football Stadium), and the Jackson Reservoir.

Market Study

Gill Group has been works with many of the developers, management companies, syndicators and lenders nationwide to streamline the acquisition, development, rehabilitation and sale of multifamily properties, hotels, assisted and independent living facilities, skilled nursing centers and shopping centers. Gill Groups core services are Appraisals, Market Feasibility Studies and Rent Comparability Studies, Property Condition Assessments, Physical/Capital Needs Assessments and Phase I Environmental Assessments.

- e. Cost reasonableness: Rose Hill Senior Villas per unit hard cost of \$146,129, and total development costs of \$237,110 are well below the 221d4 HUD Basis limits.
- f. Proximity to existing tax credit developments: The Market Study identified the following proximity to existing tax credit developments:

Conter Estates	LIHTC	0.80 miles (allocation year 2002)
Kearny Plaza	LIHTC	0.75 miles (allocation year 2002)

- g. Site suitability: Site is located within City of Commerce, Adams County, Colorado and is characterized as “in-fill vacant”, this site is perfect in that not much other than a small infill development could be built. The site is within 1 mile of a grocery store, pharmacies, banks, restaurants, places of worship, and City Government. City of Commerce Senior Center is located 0.8 miles away. Existing utilities on site and will assist with keeping development cost down.

- 4. Provide the following information as applicable:
 - a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA’s minimum): The project is currently not seeking any waivers.
 - b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis: Although project falls with a QCT the entire 30% boost wouldn’t be necessary to complete this development.

5. Address any issues raised by the market analyst in the market study submitted with your application: NONE
6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated: NONE
7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):
Being new to Colorado but a veteran LIHTC development company we deployed a number of strategies to allow for various stakeholders to become aware of our project and capabilities. Our goals were to ensure we reached the City Government, Non-Profit Stakeholders, and Community Members to express our desire to build in this community. We attended a City Council Meeting in early April to communicate our intent on developing an award winning senior development. We have reached out to the following non-profit service providers: Meals on Wheels, A Lift Transportation, Volunteers of America, and Commerce City Senior Center. Our team presented to Adams County Housing Authority on May 17 and to Commerce City Housing Authority on May 18, with both presentations resulting in a letter of support. We held a community meeting on May 23 at Commerce City Senior Center. The meeting was published in the Commerce City Sentinel Express newspaper. A flyer was also posted at Kearny Plaza, Conter Estates, and Madonna Plaza all senior developments. Neither the City of Commerce nor Adams county currently have programs or initiatives that would provide funding for the project. However, Department of Local Affairs (DOLA) has provided a financial commitment to this development.

9% lihtc application narrative



Sheridan Station Residences SEC of W 11th Ave & Ames St, Denver CO 80204 Project Narrative

Project Basics

Sheridan Station Residences will consist of forty-nine (49) affordable workforce housing units in a five story, wood framed over concrete podium, and dual elevator served building. The project will be the first phase of a Transit Oriented Development (“TOD”) located adjacent to the RTD Sheridan Light Rail Station in Denver.

The applicant for the project is Koelbel and Company (“Koelbel”). The project will be constructed on land that is currently owned by Urban Land Conservancy (“ULC”) and will be sold to the development team for the sole purpose of developing affordable housing.

The site for this project currently exists as a vacant lot located at the southeast corner of West 11th Avenue and Ames St. The property is directly adjacent to RTD’s Sheridan Station Parking Garage to the east, Dry Gulch to the north, Ames Street to the west, and a vacant parcel to the south.



Due to the workforce nature of the project, the unit mix will consist of 32 one-bedroom units, 6 two-bedroom units, and 4 three-bedroom units. Building amenities will include a community room with kitchenette and entertainment center, bike storage, fitness center, internet café, and an elevated courtyard for the use of all residents. To maximize efficiency and utilize the existing grade change of the site, thirty at-



grade covered parking spaces will be provided in a tuck under parking garage located beneath four stories of residential units while fourteen parking spots will be available on Ames Street.

Unit amenities include a full kitchen with dishwasher, range, refrigerator, disposal, storage closet, in-unit washers and dryers, and cable/internet wiring. Additionally, each unit will have individual heating and cooling control with packaged terminal air conditioners.

The building will be constructed to comply with *Enterprise Green Communities* criteria. Numerous green materials and features will be incorporated in the project and the units. The location adjacent to the Sheridan Boulevard transit corridor speaks to the sustainability of the project, and will limit the resident's use of the automobile for much of their transportation needs.

As stated above, this urban infill location will be the first phase in the Sheridan Station TOD, revitalizing the surrounding area. In addition to the RTD rail stop and bus connections, the property sits adjacent to the Dry Gulch Bike Trail which connects with the South Platte Trail that heads into downtown. In addition, Sloan's Lake Park along with a major grocery anchored (King Soopers and Target) shopping center is located one mile to the north.

The proposed project has been envisioned for many years. The purpose of this acquisition by ULC was to locate affordable TOD housing adjacent to the future light rail station, as at the time RTD had plans for the West Line but had not yet started construction.



Neighborhood ECO Passes

Each of the 49 units will be provided with a Neighborhood ECO pass for use on the RTD public transit system. This represents a unique opportunity in the Denver area for residents to live a car-free lifestyle.

A 2012 report by the Center for Neighborhood Technology and the Center for Housing Policy examined the combined costs of housing and transportation in the largest 25 metropolitan areas in the country. What they found was that from 2000 to 2010 the combined cost of housing and transportation increased by 44% while the average household income in these regions increased by only 25%. In Denver, housing and transportation increased 33% while income increased only 16%. Transportation accounted for 13% of the 33% increase. In 2010 the combined cost burden of housing and transportation on moderate-income households (households between 50% and 100% of AMI) was 56% with transportation accounting for 27% of that burden. Discussions about affordability cannot ignore transportation.

Affordable housing can help relieve the housing burden on moderate to low income households but only ***well located*** housing can decrease the transportation burden.

The proposed Sheridan Station Residences have taken this concept one step further. By including NECO passes with the rent we allow the residents to substantially decrease the monthly burden of housing and transportation costs. With easy access via light rail to the state's largest employment center Sheridan Station Apartments provides an opportunity for residents to substantially decrease the transportation cost burden on their monthly paychecks.

Sheridan Station Area Plan

In anticipation of RTD's new West rail line, the Denver Community Planning and Development adopted the Sheridan Station Area Plan in 2009. Together with the ongoing redevelopment of West Colfax to the north, the goal of the plan was to create strong pedestrian connections while enhancing the existing neighborhoods and increasing the number of people living near the light rail station.

Improved sidewalks will tie the light rail station with Main Street development on Colfax Avenue four blocks to the north. Development of new housing along Sheridan Boulevard and Lakewood Gulch (including this proposed project) will allow more people to live near the light rail connecting them to jobs in downtown Denver, the Tech Center, and Lakewood's Federal Center. The increased population base will support a variety of new neighborhood retail services near the station and on Colfax Avenue including food stores, dry cleaners, hardware stores, restaurants and child care centers.

Sheridan Station has excellent potential for future development because of the strong existing neighborhood base in the surrounding areas, the recreational and green space opportunities of Dry Gulch, beautiful views to the mountains and downtown, the desirability of parcels close to the light rail station for redevelopment, and easy access from both Sheridan Boulevard and Colfax Avenue. The City of Lakewood has also planned and rezoned to the west of the station area to allow for transit related uses and

higher density with the potential to spur development around the station. This proposed housing development sits right at the apex of this area plan and has the ability to serve as a catalyst triggering redevelopment in the surrounding vicinity.

Sustainability

The building will be constructed to comply with “Green Communities” criteria. Numerous green materials and features will be incorporated in the project and the units. The location adjacent to the Sheridan Boulevard transit corridor speaks to the sustainability of the project, and will limit the resident’s use of the automobile for much of their transportation needs. Other energy efficient features will include:

- Low-E Energy star qualified windows and doors
- LED light fixtures in both the units and common areas
- High “R-Value” insulation
- Energy Star rated appliances
- All exhaust fans will be energy Star-qualified
- Low flow water fixtures
- Flat roof with white EPDM
- Smoke Free
- Native and Xeriscape landscaping

Guiding Principles

Sheridan Station Apartments will provide twenty 60% AMI units, thirteen 50% AMI units, eleven 40% AMI units, and five 30% AMI units and will restrict that housing/income level for 40 years.

The project meets CHFA’s guiding principle of providing affordable workforce housing in an urban area near transit as the location of the project is less than ¼ mile to the Sheridan Station light rail stop and bus stop. Along with this adjacent access, the development team is also proposing to provide an RTD EcoPass for each resident.



The project is also only asking for an amount of credit that is absolutely necessary to finance the project. There are a variety of other sources of funds that are being used to leverage the CHFA investment and provide units in a PMA with little to no vacancy.

Market Conditions

The Market Study that is part of this application, provided by Integra Realty Resources, indicates that there is strong demand for this workforce/senior product in the Primary Market Area in all income levels. The Capture Rate of 16.2% is low which bodes well for the timely lease-up of the project. The PMA currently has a minimal amount of new affordable housing under construction with two LIHTC properties proposed in the PMA. Per this market study, we believe that we can easily achieve our anticipated rents and lease up schedule.

Readiness to Proceed

Koelbel has executed an option agreement with ULC, thus providing the development team with full control of the land parcel.

The site is zoned C-MX-8 which allows affordable rental housing as a use by right. The proposed building is 5 stories, which will be less than the height restriction of 110 feet.

The Phase 1 Environmental assessment has been completed and there are no areas of environmental concern at the site.

Shopworks Architecture has completed schematic drawings, as indicated by the site plan, elevations and floor plans in the application. The development team has been working with Alliance Construction Solutions to price the drawings as they have been developed. Based on this input, and our recent pricing for the Garden Court Apartments and Ash Street Apartments, the development team is comfortable with the pricing as indicated in our cost projections in the application.

Financial Feasibility

Based upon the developers' recent experience on the Garden Court and Ash Street projects, several sources of potential funding for the project have been identified, and preliminary discussions have been held with potential participants, including a commercial bank and several tax credit investment firms. Based on these discussions and a detailed review of our financial projections as presented in the application, we believe the combined sources outlined in the table below are sufficient to meet the project's expected costs.

In addition, another bonus was provided by the City and County of Denver as they deployed \$350,000 of CDBG funds toward the regional drainage system built by RTD and this system relieves the Sheridan Station Residences from substantially all further storm detention requirements.

Sources of Financing	
1st Mortgage	2,300,000
Denver OED	450,000
CDOH	450,000
Deferred Developer Fee	440,000
Other Owner Equity	100
Federal Tax Credit Equity	11,793,275
Total Sources	15,433,375

Uses of Financing	
Land and Buildings	500,000
Site Work	835,091
Construction	10,078,354
Professional Fees	926,300
Construction Interim Costs	860,730
Permanent Financing	94,000
Soft Costs	336,800
Syndication Costs	7,100
Developer Fees	1,575,000
Project Reserves	220,000
Total Uses	15,433,375

Developer Experience and Track Record

Koelbel and Company will be the developer of the project. Koelbel and Company has been developing in the Denver metro area for over 60 years and has experience in almost every type of real estate development. To date, Koelbel has developed five affordable housing projects, Apartments at Yale Station, University Station Apartments, Ledges on 29th, Lumine on 28th, and the recently completed Garden Court Apartments. In addition, the company has recently commenced construction of a sixth affordable project, Ash Street Apartments.

The project team plans to use Silva-Markham Partners to manage the lease-up phase of the project, as well as the ongoing property management duties.

The development and management team of Koelbel and Company and Silva-Markham Partners each have a history of compliance with CHFA's affordable housing programs.

Cost Reasonableness

The total cost for Sheridan Station Residences is projected to be comparable to the cost of the similar sized and recently completed Garden Court at Yale Station. Garden Court consists of sixty-six units and was recently completed in late May, 2015 thus providing the most recent and relevant construction data.

Proximity to Existing Tax Credit Projects

As indicated in the market study, there are seven existing projects in the study area. Current occupancy for affordable units is 100% at four of the comparable properties with the remaining comparables at 98.0% or higher. This high occupancy indicates a serious need for affordable housing in this market area. The addition of 49 units to this PMA will meet pent up demand and not take renters away from current stock.

Site Suitability

The Site is located on the southeast corner of Ames Street and 11th Avenue. In coordination with ULC (owner of the vacant land directly west and the land under the Jody Apartments), offsite improvements consisting of a pedestrian plaza (with fire access only) will be constructed at the corner of 11th Avenue and Ames Street. This plaza will connect the site to RTD's Parking Garage and Sheridan Station. The RTD parking garage is open to the public at no charge.

The light rail provides easy access to Downtown Denver and the Auraria campus. Light rail station stops at Knox and Federal provide access to the recreational facilities in Sanchez and Rude Parks. As the light rail station has recently opened, it is likely that future development will occur in the immediate area providing additional amenities.

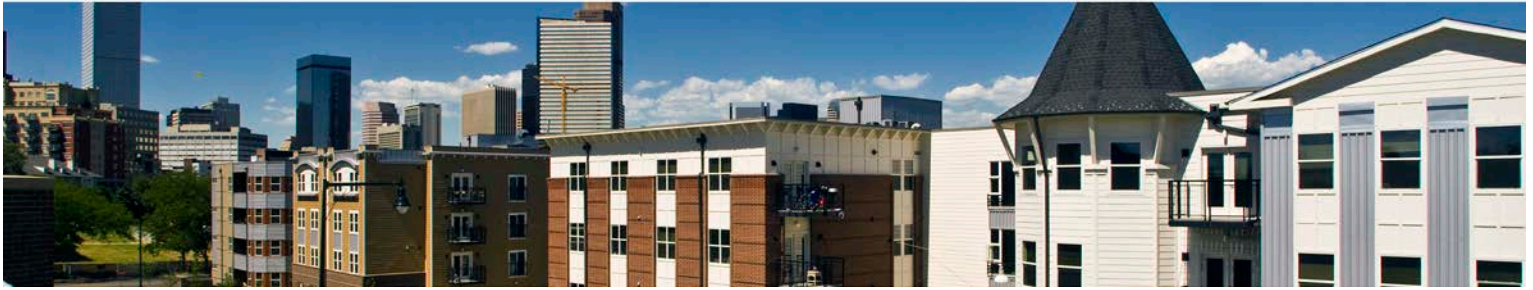
Edgewater Marketplace shopping center, housing King Soopers, Target, and other retailers is located seven blocks to the north. The subject site has a direct connection to the Dry Gulch open space with Mountair Park, and it's new Sprout City Farm, in Lakewood only five blocks away and Cowell Elementary School seven blocks to the east. Bus service near the site is above average with nearby stops on both Sheridan Blvd and 10th Ave.

The subject property would be the first phase in the Sheridan Station TOD. There are abundant redevelopment opportunities adjacent to the site that could further increase residential density and support new retail uses.

Community Outreach

The development team will reach out to representatives of the surrounding neighborhood groups including Villa Park and WECAN (West Colfax Association of Neighbors), both in Denver, and Two Creeks Neighborhood Association in Lakewood. to discuss the site plan, building design, and proposed occupancy. The City has provided a statement that the proposed project meets community housing needs and will be consistent with the City's 10th and Sheridan Station Area Plan and its Consolidated Plan. In addition, the development team has strong support from the City of Denver and the City of Lakewood and has been successful in the past of receiving loans for these projects.

9% lihtc application narrative



Project Name: SloHi Flats
Project Address: 2900 N. Sheridan Boulevard
Denver, CO 80214

SUMMARY & LOCATION AMENITIES

SloHi Flats is a proposed 45-unit affordable housing community planned for a prominent corner that serves as the gateway to the West Highlands Neighborhood. The project is shovel-ready with all entitlements complete, 100% construction plans that are approved for a building permit by the City of Denver, no line item cost contingencies and an approved guaranteed maximum price to commence construction in 2016. SloHi Flats allows the opportunity to preserve affordable housing in a market with an existing capture rate of 2.5%; a market that has significant barriers to entry for new affordable housing.

The Highlands neighborhood is one of Denver's strongest housing sub-markets due to the close proximity to parks and recreation, schools, employment, transportation, restaurants and retailers. The neighborhood ranks as one of Denver's safest neighborhoods and residents love the sense of community created in a highly walkable neighborhood. Residents will benefit from the high quality of life gained through living at SloHi Flats.

SloHi Flats located at 2900 Sheridan Blvd. is within close proximity to multiple neighborhood parks, including Sloan's Lake Park - Denver's 2nd largest park system - that is a two block walk from the SloHi Flats. Sloan's Lake Park has a large multi-purpose trail system, multiple playgrounds, hosts recreational sports leagues and is the location for many regional outdoor events. Denver was recently ranked the No.4 most bike-able city and SloHi Flats provides excellent biking access. The City of Denver recently completed the West 29th Ave bike lane, connecting bicyclists safely on dedicated lanes from Sheridan Blvd to downtown Denver. Headed west, residents can enjoy the West 32nd Ave bike lane from Sheridan to Golden through Wheatridge. On the weekends, residents can access fresh local foods from the Highlands Street farmer's market on 32nd & Lowell as well as the Edgewater Farmers market at 26th & Sheridan.

In addition to parks, recreation and access to fresh food that support health and wellness, the location of SloHi Flats also provides unparalleled access to the City through both bus and light rail. The Sheridan

bus line (Route 51) has a stop located in front of SloHi Flats. This line provides excellent North/South connections throughout the Denver-metro, including direct access within 10 minutes to Sheridan LTR Station on the W line. Residents will also have direct access to the new Gold Line stop on Sheridan in Arvada via the Sheridan Route 51 bus line. At present, SloHi Flats is located within ¼ mile of six active RTD bus stops serving different East/West and North/South connections.

The location in the Highlands neighborhood provides close access to a number of community resources and essentials, including schools. There is a daycare and Montessori across the street, two elementary schools within ¼ of a mile and the middle and high schools are within biking distance. The Highland's Recreation Center, located within 1 mile on 29th Ave, provides recreation as well as educational classes and counseling programs. The Woodbury Library is located in Highland Park, a 10 minute bike or bus ride on the west 32nd Ave line. Two King Soopers locations, a Target and an Ace Hardware are within 1 mile and a Safeway and Super-Walmart within 1 ½ miles from the project.

The Highlands neighborhood is well known for its abundance of restaurants, retailers and small businesses. There are hundreds of these amenities within walking and biking proximity that will provide our residents with enjoyment, a strong relation to the community as well as employment opportunities. For all of the location positives, high demand based on these locational benefits to live in the Highland's neighborhood has displaced most low income professionals that cannot afford the median \$2,600 per month for rent. SloHi Flats will provide current employees and future employees of these neighborhood establishments with an opportunity to live and work in the same community at an affordable cost that does not exist today.

RESIDENT SERVICES

The ownership is working with JP Morgan Chase Bank to provide SloHi Flats' residents with free financial planning, home-buyer education, and debt counseling classes and seminars. All programs are planned to be located within the property or at local bank branches for convenience to residents. Many residents will be young professionals or entry level workers who may be saddled with student loans and debt. These residents may eventually want to establish good credit, pay down their debt, and save for a down payment in order to become a homeowner. Others may want to also start planning for retirement. While still others may just lack the basic tools and knowledge to help them become financially educated. Whatever their desire, it is important that our residents be provided with the tools and resources necessary to help them further advance their financial goals. The partnership with Chase aims to do just that.

SloHi Flats is located on the new 29th Ave bike lane that provides residents with direct access on a dedicated bike lane to downtown. The project is also 3 blocks from the popular 32nd Ave bike lane that provides safe bicycling access west all the way to Golden. We support an active lifestyle for our tenants and will be offering bicycles and helmets at no cost to our residents to promote activity.

Our residents will be working professionals and many will be millennials searching for their professional calling. We are starting an entrepreneurial speaker series to facilitate this search; for residents to learn and network with successful Colorado based entrepreneurs. Entrepreneurs are some of the best individuals to express and convey that failure is part of life's journey, and by keeping your eyes open for new opportunities and believing in oneself that anything is possible.

In addition to programmed resident services, the ownership and Silva-Markham will coordinate monthly community events and resident services based on our community profile of residents.

MARKET DEMAND

As the SloHi Flats market study indicates, there are only 113 existing units serving 4,608 income qualifying households in the primary market area; equivalent to a **2.5% capture rate**. Following the delivery of SloHi Flats, 4,450 households will remain underserved, and the **capture rate will still remain low at 3.4%**. The primary market area is generally the Highlands, Jefferson Park and Sloan's Lake neighborhoods. This market area, due to significant barriers of entry for development, has a disparity of affordable units in comparison to high-end market-rate units and thus very few comparable properties. SloHi Flats offers an opportunity to provide affordable housing in this Area of Opportunity in **one of the most underserved affordable markets in the state of Colorado**. As Denver councilmember Rafael Espinoza reflects in his letter of support, "Northwest Denver has experienced the highest level of gentrification in Denver, losing both affordability and housing stock..."

Land prices continue to rise steadily in the West Highlands/Highlands – current land comps for comparable properties equal \$150 per square foot. Developable infill sites large enough to build projects of any mass to provide meaningful relief to the growing affordable housing crisis are quickly disappearing. Existing affordable housing stock in the area continues to be replaced by newer higher-priced apartments and/or homes. With land prices continuing to rise and the West Highlands/Highlands area only continuing to grow in popularity, SloHi Flats is in a position to provide much needed affordable housing stock in an area where it is currently almost non-existent. Furthermore, with building permits ready to issue, SloHi is uniquely shovel-ready.

BUILDING & UNITS

SloHi Flats is a new 4-story building with parking on the first level, and three levels of apartments above. The design of SloHi Flats incorporates contemporary architecture utilizing a blend of masonry, glass, architectural metal and Hardie siding. Large storefront windows will provide ample light and provide for great street presence as the project will serve as the gateway to the West Highlands neighborhood. Vehicular access to the covered parking garage is from 29th Avenue, and pedestrian access is through the parking garage or main entrance at the corner of 29th & Sheridan. There will be 45 off-street underground parking spaces. The building is elevator served and has two stair cores. There is dedicated secure bike storage that will be provided on the first level and in the garage.

The building footprint for SloHi Flats is aligned for maximum sun exposure, pleasant mountain views and the establishment of an inviting courtyard patio. The courtyard patio will include landscaping planters that can incorporate a resident vegetable garden, BBQ grills and lounge patio seating to establish an outdoor community gathering space. Residents will also head to the rooftop deck to have unobstructed mountain, Sloan's lake and Colorado sunset views. A first floor amenity space has been designed to incorporate lounge seating and a business center with free Wi-Fi for residents. In addition, storage space will be offered to residents at no charge. The Project has been designed to meet or exceed EGC design requirements including recyclable building materials, water preservation and efficient heating and cooling systems.

SloHi Flats will be composed of 39 one-bedroom units, 3 two-bedroom/one-bath units, and 3 two-bedroom/two-bath units. The design team has created very livable unit plans for this project that start at 625 sf for one-bedrooms and 898 sf for two-bedroom units. All residents will have multiple large windows to maximize light and a large balcony for direct access to the outdoors. Similar to Class A market rate apartments, tenants at SloHi Flats will all have individual washer and dryers provided for in their unit. Each apartment will include a full appliance package of a dishwasher, refrigerator, stove/oven, garbage disposal and microwave. Unit finishes will be "above average" in order to ensure the project remains competitive long-term in the marketplace. Flooring will be luxury vinyl wood plank throughout the units except for carpet in the bedrooms. Mechanical systems for the units will be highly-efficient aquatherm heating that utilizes hot water from individual unit water heaters and all units will be air conditioned. The implementation of higher grade materials up-front will reduce maintenance costs long-term and ensure that residents remain satisfied and confident with their housing environment. As active long-term owners, we are committed to the continued success and marketability of the projects that we develop and own.

UNIT MIX

Of the 14,910 total renter households in the market area, 39.6% are one-household renters and 29.6% are two-household renters - 87% of the households in the PMA consist of 3 people or less. The unit mix properly accounts for the market household size identified in the market study with 87% one-bedroom units and 13% two-bedroom units to correctly serve this market. Market data supports strong demand across all unit types, as evidenced by both low vacancies and extensive waiting lists at nearly every peer group property. **In addition, there are no affordable multi-family developments designated for family/workforce housing currently proposed within the Primary Market Area.**

SloHi Flats will offer a deep level of affordability to serve very low income households within the market. 5% of units will be provided to households with income \leq 30% AMI and 45% of units will be provided to households with income \leq 50% AMI. The unit mix and allocation of units to AMI levels is indicated in the chart below:

	30% AMI	40% AMI	50% AMI	60% AMI	Market Units	Total	Size (SF)	Type
Studio Units								
1 Bedroom Units	2	5	9	23	0	39	665 SF	Flat
2 Bedroom/1 Bath Units	1	1	1	0	0	3	898 SF	Flat
2 Bedroom/2 Bath Units	0	0	1	2	0	3	1,053 SF	Flat
3 Bedroom/2 Bath Units								
4 Bedroom/1.5 Bath Units								
4 Bedroom/2 Bath Units								
Total	3	6	11	25	0	45		
% of Total	7%	13%	24%	56%		100%		

ENVIRONMENTAL

The property was occupied by a retail gasoline station from the 1960's to 2010. In April 2010, a petroleum hydrocarbon release was confirmed and in October 2010 four underground tanks were removed. The release and resulting groundwater contamination is currently being remediated under a Corrective Action Plan approved by the Colorado Department of Labor and Employment Division of Oil and Public Safety (OPS) State Lead for Responsible Parties (SLRP) program. A separate entity, Frontier Renewal, LLC is the responsible party and is participating in the remediation. Furthermore, OPS has issued a Not Responsible letter to the ownership. The Phase I conducted in conjunction with this application cites no evidence of any other environmental conditions and no additional action is necessary.

DEVELOPMENT TEAM

SloHi Flats will be developed and owned by a strong partnership consisting of four principals with over 60 years of combined LIHTC experience. The partnership will be led by Scott Yeates and Ryan Sailer, both whom actively develop LIHTC projects in Colorado. The architecture firm, Parikh Stevens Architects, has a primary focus of designing high quality infill affordable housing and has designed many successful tax credit projects in and around the City of Denver. The general contractor, Catamount Constructors, is one of the leading multifamily contractors in Colorado that has worked with the ownership group to build LIHTC projects and brings a long resume of high-quality completed LIHTC projects. Silva-Markham Partners currently manage LIHTC projects for the ownership and have been actively engaged in the resident program offerings.

Scott Yeates

SW Development Group and its principal Scott Yeates has successfully facilitated the development of 6 Colorado LIHTC projects totaling 376 units since 2009 & 5 Colorado market-rate multifamily projects totaling 741 units since 2012. Mr. Yeates is the developer and a partner in the ownership of the Foundry Apartments, a new 70-unit 9% LIHTC project in Englewood for families. The Foundry Apartments was awarded tax credits in July 2015 and broke ground on schedule in May 2016. In addition to the Foundry Apartments, Mr. Yeates and SW Development Group has facilitated the development of the following 9% and 4% LIHTC projects in Colorado: Yale Station Apartments, University Station Apartments, Ledges

on 29th, Lumine on 28th and Garden Court. Mr. Yeates has been involved in all aspects of the development of LIHTC properties including the financing for 9% and 4% low income housing tax credits, managing the development of LIHTC projects from conceptual design through construction, administering the lease-up and providing asset management. Mr. Yeates's background includes addressing compliance for multifamily and commercial properties. Mr. Yeates and SW Development Group will provide overall project orchestration and management throughout the project development.

Ryan Sailer

Since 2003, Mr. Sailer has been involved in the acquisition, development, and investment in residential and commercial real estate on a national scale. With over thirteen years of real estate development experience, he brings an understanding and detailed approach to every transaction in which he is involved. Mr. Sailer's expertise lies in urban in-fill redevelopment. He has been involved in the development and project management of projects totaling over 2,275 units and \$350 million in total development costs spanning a range of experience including hotels, multifamily mixed income, market rate and affordable rental housing, mixed use, retail and industrial projects within a geographic footprint including Minnesota, Missouri, Iowa, Colorado, Wisconsin, North Dakota, and California. He currently has 242 units under construction with another 510 in various stages of planning or predevelopment. Mr. Sailer was the development manager for Phoenix on the Fax, developed in Colorado in 2010.

Loren Brueggemann

For over thirty years, Mr. Brueggemann has been developing multifamily housing, institutional housing, and commercial real estate on a national basis. He is responsible for over \$400 million in urban improvements during his career. For the last twelve years, Loren has dedicated himself to multifamily housing, emphasizing the use of affordable housing as a tool for reinvigorating neighborhoods. An innovator in the use of multi-source financing mechanisms, his approach layers resources to help achieve the redevelopment goals of the community. Besides being well-versed in the use of low-income housing tax credits, Loren was also one of the first developers to utilize HUD's Neighborhood Stabilization Program during the housing foreclosure crisis that ensued in 2008. Along with Michael Buelow, they started BB Housing Partners and together – through the use of NSP funds - have transformed over two-dozen properties into high-quality affordable housing for families. Mr. Brueggemann remains active in tax credit development having just completed the 42-unit 100% affordable Greenway Heights project in Minneapolis, MN in 2015, and earlier this year breaking ground on Ortiz Plaza Apartments, a 30-unit 100% affordable project located in Santa Rosa, CA. Both projects are 100% affordable at or below 50% of Area Median Income.

Michael Buelow

Michael Buelow is a contractor by trade and is well-versed in latest construction techniques. He also brings his strong project management skills to the partnership, having been involved in the construction and ownership of both single family and multifamily housing for over 20 years. Most recently, Mr. Buelow partnered with Mr. Brueggemann to form BB Housing and he is also a partner with Mr. Brueggemann in the Greenway Heights affordable project completed in 2015.

Architect

Harsh Parikh is the owner and co-founder of Parikh Stevens Architects. Harsh has designed in excess of 2,795 affordable housing units. Harsh is known for his innovative and cerebral approach to architecture that makes him one of the most engaging design professionals in the region. Harsh believes that today the key to good architecture lies in the architect having a firm grasp on a vast variety of knowledge and skills. Mr. Sailer has worked with Parikh Stevens on past projects – most notably, Phoenix on the FAX, which was constructed in 2010 using 9% low income housing tax credits.

General Contractor

Since 2010, Catamount Constructors have completed 4,823 multifamily units in 14 states comprised of affordable, market-rate, mixed-use, senior living, and student housing units valued at \$501 million. They were recently named one of Denver's top 25 contractors by the Denver Business Journal and have been named a top 400 general contractor nationally by ENR. Catamount has constructed 16 successful LIHTC projects including Wheatridge Town Center Apartments for Wazee Partners and Bluff Lake for Mercy Housing. In the past 10 years, more than 80% of Catamounts' clients have chosen to do repeat business, including SW Development Group. Mr. Yeates has worked with Catamount on multiple projects including the Foundry Apartments that is currently under construction.

Property Management

Silva-Markham Partners have over 100 collective years of property management experience and the principals have extensive knowledge of the tax credit process. The team that Silva-Markham puts in place, including a fulltime compliance manager, is highly skilled in managing tax credit housing properties. Alfonso Silva, as president of SMP, claims more than 16 successful tax credit and conventional lease-ups on new construction and rehab conversion communities. Mr. Yeates has worked with Alfonso, Vivian Markham and their team on the Foundry Apartments and multiple LIHTC projects in their previous roles at ComCap Asset Management.

FINANCING

Multiple sources have been pursued to finance SloHi Flats in order to reduce the tax credit request and allow CHFA the ability to award more projects.

The capital stack for SloHi Flats includes \$200,000 of HOME funds from Denver's Office of Economic Development (OED), \$100,000 from the Colorado Department of Local Affairs (DOLA), deferred developer fee, and a permanent first mortgage from CHFA. Competitive construction financing will be provided by JP Morgan Chase and competitive tax credit equity pricing will be available based on the financial strength of the sponsorship. The institutions that provided letters of intent have all reviewed initial financial information regarding the ownership and have a high level of comfort with their financial security. In addition, project sponsors have all worked with the lenders and equity investors identified in this application previously on other affordable housing projects.

SHOVEL READY

SloHi Flats is able to start construction within a few months of receiving an allocation of 9% low-income housing tax credits. The project sponsor currently owns the site and has spent considerable resources in both time and money securing site plan approval and going through full building permit review. The site development plan and zoning approval is evidenced by recorded MYLARS at the City and County of Denver and the enclosed letter from Denver's Community Planning and Development Department. Additionally, 100% complete construction drawings and project specifications have been reviewed and approved by the city as evidenced by the enclosed permit ready letter. The project sponsors have also taken the proactive step of capping the existing site utilities.

The tax credit request for SloHi Flats benefits from no line-item contingencies as all costs have been contracted for, including the building hard costs. The construction plans have been competitively bid in each division by a minimum three subcontractors to result in the guaranteed maximum price provided with this application. Furthermore, the construction contract has been negotiated with Catamount and is ready to sign following an award.

The land value/cost for an infill site in the West Highlands is \$150 psf which is significantly higher than the land cost for SloHi Flats. Infill sites that allow density such as our property are very difficult to come by in the Highlands neighborhood. Combined with the site's permit-ready status, we have received significant interest and several overtures from market rate developers. In May 2015, Apartment Realty Advisors valued the property at \$1.9 million. We are currently committed to bringing this project to fruition as an affordable housing project. We see the significant need for affordable housing in highly desirable neighborhoods, and we believe in the mission to provide affordable housing. The absence of an award this round could jeopardize the development of SloHi Flats as an affordable housing project due to the expiration of the building permit, subsequent cost and time associated with redesign and high level of interest from market-rate developers to purchase the site.

SPECIFICS TO BE ADDRESSED IN THE NARRATIVE

The following outline describes how SloHi Flats meets the guiding principles of the Qualified Allocation Plan.

- Serving the lowest income tenants.
SloHi Flats will provide 5% of its units to households earning $\leq 30\%$ AMI and 45% of its units to households earning $\leq 50\%$ of AMI. The ownership has committed to restrict rents to serve those in need for the extended 25-year period for a total of 40 years.
- Distribution of tax credits.
Despite the inventory of affordable communities in the Denver-metro, the subject market area in Northwest Denver, specifically the West Highlands/Highlands neighborhood, does not have a large number of LIHTC properties and is currently underserved. An Award of tax

credits will help facilitate an affordable housing void in a PMA that has a current capture rate of 2.5%.

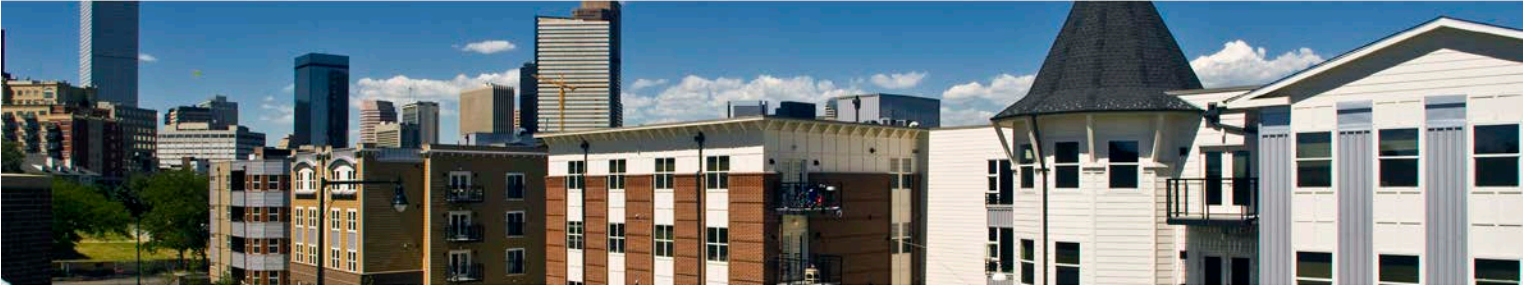
- To provide opportunities to a variety of qualified sponsors.
SloHi Flats is a partnership among SW Development Group, True Street Partners, Phoenix Development Company and R. Michael Buelow. SW Development Group was founded in 2012 with a mission to tackle tough infill redevelopment sites and create affordable housing in Colorado. The 6 LIHTC projects that SW Development Group has developed, or facilitated the development of, exemplify that mission. True Street Partners was founded in 2010 by Ryan Sailer. Ryan was the driving force behind The Phoenix on the Fax LIHTC project that opened in 2010 and has helped rejuvenate a crucial area of East Colfax Avenue. Phoenix Development Company was formed in 1997 and it along with its Principal Loren Brueggemann have developed over 2,000 units of multi-family residential of which half are affordable units under LIHTC and other programs. Combined the partners bring their financial strength, knowledge of affordable housing, and development experience to an area of Denver that severely needs parity in housing choices.
- To distribute housing credits.
Tax credits awarded to SloHi Flats can provide workforce housing to young couples and young adults in a Denver submarket where affordable housing options are scarce and future infill sites on which to build affordable housing are non-existent due to the popularity of northwest Denver and the continued rise of land and home prices.
- To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail and lightrail.
How about a bus stop that's at the front entrance! Not only will residents benefit from this stop, but they will have multiple bus line options within a ¼ mile walk. In addition, SloHi Flats is located ½ mile from Sloan's Lake, less than 1 mile from Walmart, Target and King Soopers, 1 mile from the shopping, restaurants and entertainment located at 32nd and Lowell Boulevard and Historic Edgewater, 1.6 miles from the Sheridan Station light rail stop, and 1.7 miles from I-70. All of these area amenities can be accessed via walking or a short bike or bus ride.
- To support new construction of affordable housing where there is a risk of converting land to market rate housing.
Due to market demand in the West Highlands, there is significant interest from market rate developers to purchase the site and develop market rate apartments on it. Multiple letters of intent have been received and the lack of an award this round may lead to losing control of the opportunity.
- Credit for financial feasibility & reserve credits for as many rental housing projects as possible.

By leveraging additional funding sources through DOLA and Denver OED, SloHi Flats competitive tax credit request allows CHFA to maximize its yield (number of units) per tax credit dollar. Furthermore, the budget for SloHi Flats reflects cost competitiveness based on contracts negotiated for design and consulting in 2014.

Describe how the project meets the criteria for approval in Section 2 of the QAP:

- Market conditions.
The demand for affordable rental housing in the SloHi Flats market area is very strong. There are 4,608 affordable renter households currently underserved in the market. Following the completion of SloHi Flats, the capture rate will equal 3.4%. The difference between the proposed affordable rents at SloHi Flats and comparable market rate projects within the immediate vicinity exceeds \$1,000 per month.
- Readiness to Proceed.
SloHi Flats is zoned, has an approved site plan, and is building permit-ready. The building plans have been fully priced by Catamount Constructors and a GMP has been agreed to. The project is scheduled to be under construction prior to end of 2016. The development team is ready to fully engage in the development of the project following an award – including pulling the building permit prior to the close of project financing.
- Overall Financial Feasibility. SloHi Flats is financially feasible to complete as projected; for cost, equity pricing, debt pricing, revenue and expenses. SW Development Group and this team have a track record of delivering successful projects to meet the budget and exceed expectations on leasing timeframes. Mr. Yeates' and Mr. Sailer's active leadership in multifamily development and LIHTC financing can provide confidence to the CHFA tax credit team that the projections are reflective of market conditions, accurate and complete.

9% lihtc application narrative



Project Name: St Benedict Village

Project Address: 1680 Crawford Way Glenwood Springs CO

Project Overview:

Archdiocesan Housing Inc. (AHI) is excited to present a much needed housing project in an area of the state where it has been extremely difficult to develop affordable housing. With its longstanding commitment to the needs of Colorado's mountain towns, AHI has the local knowledge and presence needed to identify market needs, entitle, build, and operate sustainable projects.

The proposed project is located in the south end of the City of Glenwood Springs, which sits at the foot of the Roaring Fork Valley, though which runs Highway 82 connecting Glenwood Springs to Aspen. This area of the State is famous for its winter snow sports and the many outdoor activities offered in a very picturesque setting. As a result, the housing market has been greatly influenced by affluent second home owners who wish to vacation in this area. When combined with the generally higher costs of mountain construction, housing prices in this marketplace reach some of the highest levels in the State, making it difficult for working families to access quality affordable housing.

Employment opportunities in the accommodation, construction, service, and retail sectors abound in the Roaring Fork Valley. While these jobs are abundant, and offer higher wages than similar jobs on the Front Range, housing costs remain higher than can be afforded by most working class families. The households working in these sectors are in need of quality affordable rental housing in the communities within which they work. Currently, people are forced to commute long distances in order to find housing they can afford. Archdiocesan Housing Inc. ("AHI") has worked with families for over 20 years in this community and seen first-hand the incredibly positive effect the combination of affordable housing and good job opportunities have on families.

The project will be located within a larger master planned community called Cardiff Glen. This neighborhood is located on the southern end of the city, near Highway 82, its main thoroughfare. Cardiff Glen has many characteristics of a new urbanism project, with streets laid out on a traditional grid pattern, zero set-back buildings, neighborhood parks all connected by sidewalks. The result is an active, walkable community situated in a beautiful mountain valley. Open space, ball fields, and the Roaring Fork River are all adjacent to or nearby the site. This is a neighborhood designed for families and children, making it an ideal location for the proposed project.

The proposed 28 unit project will be developed in 4 separate two story buildings. One four-plex will contain all 4 bedroom units, and is adjacent to a small park. The other 3 eight-plex buildings will mirror the design AHI used at both its recently developed projects in Golden and Silverthorne, which have been very well received by our residents. An added benefit in reusing this design is that we're able to reduce design fees significantly. Since we're planning to use the same contractor we can also estimate the cost of construction with a high degree of accuracy.

The unit mix is designed to accommodate a range of household types, including large families. AHI has operated two projects in the Roaring Fork Valley for over 20 years, and has seen firsthand the demand amongst families for well-designed affordable housing. The proposed project will offer 6 one bedroom units, 9 two bedroom units, 9 three bedroom units, and 4 four bedroom units. Income set asides will range from 30% to 60% of AMI. Each unit will offer large floor plans, ample storage, washers and dryers, dishwashers, microwaves and disposals.

As with all of the projects it owns, AHI will manage this property through its property management arm, Housing Management Services. Because we already manage three tax credit properties in the area, we intend to manage the proposed project out of the offices at those properties. In addition to creating efficiencies in operating expenses, this shared service model will allow us to utilize the entire site for housing and eliminate the costs associated with constructing office space.

We are committed to quality construction materials and practices. We will use systems and materials that are high quality and provide a long term life cycle. The proper materials add to the quality of life for the residents and controls repair and replacement costs over time.

We are very familiar with green building practices and are committed to Green Communities standards for this project. We incorporate what we believe to be the best and most effective elements into each of our project's design and construction. These include, but are not limited to, infill location, high density, construction waste management, energy star rated appliances,

finger-jointed framing materials, efficient lighting, low v.o.c. paint and adhesive, high life cycle exterior materials.

Section 2 Guiding Principles:

- The project will serve a mix of income levels, including 2 units set aside at 30% of AMI. This affordability will be assured for the longest period of time allowed, 38 years.
- The proposed project will be developed in a rural area with a population less than 175,000
- The proposed project will be developed by an established Colorado not for profit corporation.
- The proposed project will serve a mix of household types, including many large families.

Section 2 Criteria for Approval

Market conditions: The need for quality affordable housing in this PMA is great. The current overall vacancy rate in the PMA is 0% with historical occupancy rates at or near 100% and lengthy waitlists (i.e. 2-3 year wait times) indicating substantial pent up demand. Rents at the proposed project represent a significant value for tenants: rents are 18% - 40% less than Class C product and 42% - 72% less than Class B product. Because AMI levels have decreased slightly in the past year, LIHTC rents are 7% - 8% less than comparable LIHTC products. The combination of pent up demand along with a strong value proposition will cause this project to lease up very quickly.

Readiness-to-proceed: The project is ready to proceed immediately upon receipt of an award of tax credits. The project sponsor is under contract to acquire the site. The project is located in an approved PUD, which allows for multifamily housing as a use by right on these lots. Roads and utilities are adjacent to this infill site, making it ready to build on. AHI has assembled the same team that recently designed and built its Villa Sierra Madre II project in Silverthorne. By using the same building design, we are able to more quickly finalize our plan submittal to the City. Our contractor's familiarity with the product will expedite preconstruction and bidding processes. We believe we can be under construction by the Spring of 2017.

Overall financial feasibility and viability: The project involves a number of different sources of funding. The vast majority of funding will come from the sale of tax credits requested with this application. The project will apply for a State HOME award in September. The City of Glenwood Springs has a robust fee waiver program available to qualified developers of affordable housing. This project qualifies for these waivers, as shown in the budget.

A unique element to this project is AHI's ability to acquire the land prior to the tax credit partnership closing. This acquisition is made possible by a generous donation AHI received over

15 years ago by a local philanthropist. When the partnership closes in April 2017, AHI will donate the land to the project at no cost, saving the project over \$1M in costs. Attached is a letter describing this donation in more detail.

Experience and track record of the development and management team:

Archdiocesan Housing, Inc. was formed in 1968 and merged with Catholic Charities in 2010. During its history it has developed 1,500 units of housing in 26 locations throughout Colorado. Beginning in the early 1990's AHI began to develop housing through the tax credit program and today operates several family workforce projects in the Denver metro area along with 300 units on the western slope. Prior to that, AHI developed 7 other projects using HUD financing. Its housing portfolio includes HUD financed Section 8, 202, and 811 housing serving families, seniors and the disabled. A significant portion of these residents face significant challenges to maintaining their housing, whether it be very low incomes, disabilities, age related infirmities, or fractured household structures.

During the 1990's AHI began to focus its development efforts on the Western Slope, where an obvious need for quality affordable family housing exists. Since that time AHI has developed five separate projects delivering over 300 units of housing to communities on the Western Slope. Our local presence connects us to valuable resources in these smaller communities. Over the years we have assembled strong relationships with local governments, vendors, service providers, and labor markets. We understand what it takes to develop and operate projects in Colorado's mountain communities.

Housing Management Services was formed in 1986 to provide property management services to all of the housing within the AHI portfolio. HMS also provides fee management services to the Catholic Diocese of Cheyenne, operating its two Wyoming senior projects. HMS has an excellent compliance track record with HUD, CHFA, and USDA Rural Development. Its portfolio is very well maintained and efficiently operated. Above all, HMS is compassionate to the needs of our residents.

AHI has contracted with Medici Communities to help finance, develop, and build this project. Medici works with a variety of local housing authorities and not for profits, assisting in the design, entitlement, finance and construction of both new construction and renovation projects. Medici has been engaged by AHI to assist in the overall development of the proposed project, a role that will end after stabilization and conversion to permanent financing.

As mentioned earlier, AHI plans to work with the same companies that worked with AHI in the development of the Villa Sierra Madre II project in Silverthorne, Kephart Architects and BC

Builders to design and build this project. By utilizing the same development team we expect to minimize the inherent challenges in building projects in the mountains.

Cost reasonableness: Project costs are generally consistent with today's marketplace. Construction costs are in line with today's market in the western slope, which is a high cost market compared to the Front Range. The building has an efficient design, and contains no extraneous space. The design itself has been used in two other AHI projects, which will help reduce our architecture costs. The land is being donated to the project by AHI at no cost, which saves over \$1M in costs.

We recognize that the per-unit amount of credits requested by this project is greater than typical Front Range projects. This greater amount of credit is requested in order to support the construction of family-focused 3- and 4-bedrooms units, and the associated high cost of construction in the mountains. The larger bedroom types are in highest demand and critical for families in the community. The total cost of this project on a square footage basis is likely lower than that of other projects in the area, due to the land donation and design efficiencies outlined in previous sections.

Proximity to existing tax credit developments: There are two existing LIHTC projects within the City of Glenwood Springs: Glenwood Green and Machebeuf Apartments (the latter owned and operated by the sponsor). The projects are located 3.5 – 5 miles from the proposed project location. Three other LIHTC projects were located in neighboring towns of Carbondale and Rifle.

Site suitability: This is an excellent location for an affordable housing project. The site itself sits within an established residential neighborhood. Some area features include the following:

Parks and Recreation: There is a park within the larger subdivision (Cardiff Glen) for this project. Adjacent to the project neighborhood to the north is Glenwood Park, with several ball fields and sport courts. The Sopris Elementary School maintains several fields and play structures adjacent to the project neighborhood.

Shopping and Services: The project is located on the south side of downtown Glenwood Springs and near to the numerous shops, stores and services that line Grand Ave, which is the main thoroughfare through the City. Glenwood Meadows, a relatively new shopping center in West Glenwood, is located 3 miles up Midland Avenue, which runs past the site. The Roaring Fork Marketplace is less than 1 mile to the north.

Schools: The Sopris Elementary School is adjacent to the project neighborhood to the north, and is easily accessed by foot. The middle school is four miles away, connected almost directly to the site by Midland Avenue. The high school is 2 miles to the north.

Underwriting Criteria

1. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum): N/A
2. Justification for Cost Limit Waiver: N/A

Market Conditions: The need for quality affordable housing in this PMA is great. The current overall vacancy rate in the PMA is 0% with historical occupancy rates at or near 100% and lengthy waitlists (i.e. 2-3 year wait times) indicating substantial pent up demand. Rents at the proposed project represent a significant value for tenants: rents are 18% - 40% less than class C product and 42% - 72% less than Class B product. Because AMI levels have decreased slightly in the past year, LIHTC rents are 7% - 8% less than comparable LIHTC products. The combination of pent up demand along with a strong value proposition will cause this project to lease up very quickly. The capture rate for the project is 25.4%, slightly in excess of the 25% underwriting threshold. The market analyst believes that this is attainable because it primarily relates to the 60% AMI units. Capture rates for the 30% and 50% AMI units are less than 9%. Furthermore, the number of income and size qualified 60% rental households appear to be understated in the data, as evidenced by strong demand for existing 60% AMI product. AHI's own experience in the market substantiates the strong demand for housing at all AMI levels.

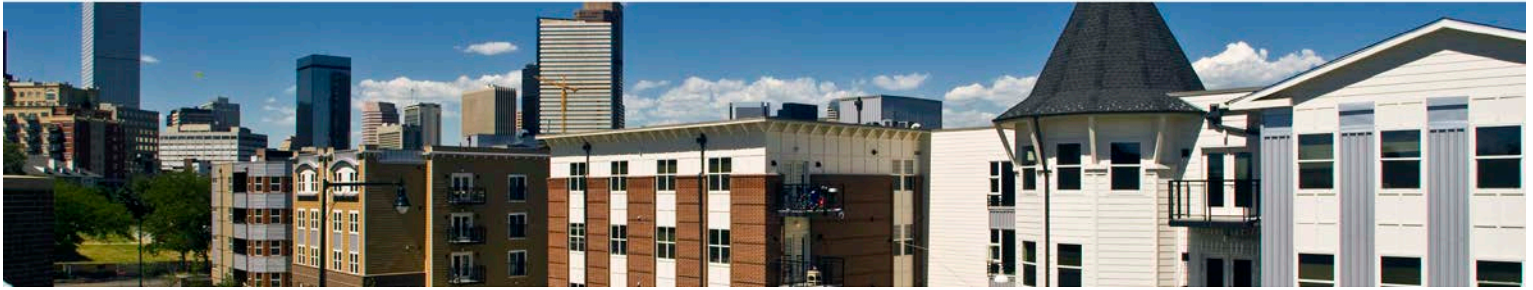
Environmental: There are no environmental concerns identified in the Phase I.

Community Outreach and Local Support: Archdiocesan Housing has been active in the provision of affordable housing in the Roaring Fork Valley for over 20 years. For the past 7 years we have been working with the City of Glenwood Springs to identify sites suitable for affordable housing. Although we have previously been able to identify a few potential sites, land pricing, construction costs, and other project challenges have impeded our ability to develop an acceptable project. Due to the flat and developable nature of our land, AHI's agreement to purchase and donate the land to the project, and the market environment for capital sources, we believe the conditions for AHI to complete this affordable housing project in Glenwood Springs are ideal. The City concurs with the great need for a project like this, and has provided the attached letter to highlight their support for St. Benedict Village.

AHI's longstanding ties to this area are strengthened by the presence of a regional office of our parent company Catholic Charities. As in many communities, this office serves as both a place for Charities staff to work, but also a place for other collaborative organizations to operate. In fact, the Charities office in Glenwood actually provides office space for two other local non-profits. Working with the staff of this local office we have been in touch with a variety of the

local non-profits who work with our target market. These groups include food banks, legal aid providers, health care providers, and others. As described in the attached letters, each of these groups sees an acute need for affordable housing amongst their client base. The proposed project will benefit from the referrals these organizations could provide, as well as the services they make available to those in need. Our access to this network of social service agencies who are working collaboratively to address the housing and related needs of the low and moderate income residents is the result of our long term presence within and commitment to the Glenwood Springs community. The proposed project will greatly benefit from our established ties in this area.

9% lihtc application narrative



Project Name: The Trenton on Colfax

Project Address: 7900 East Colfax Avenue, Denver, CO 80220

Project Description:

The Trenton on Colfax is a proposed 45-unit affordable LIHTC multifamily development located on East Colfax in Denver, CO. The site is located in an area of Denver deemed as a high priority for revitalization and is recognized by the City as a TOD site with access to bus routes just steps from the development. The property will be developed to a moderately high urban density, appropriate for the location on the Colfax Avenue commercial corridor frontage. Trenton on Colfax will be a newly constructed, three level apartment building consisting of one and two-bedroom units for families with low to extremely low incomes. Apartment units will be restricted to households with incomes at or below 60%, 50%, 40%, and 30% of AMI. The apartment complex will have a management office, laundry room, computer center and a community room where activities and services will be provided for the residents.

The neighborhood is a mature, mixed use suburban area, including single family, multifamily residential areas, office, retail and recreation uses. Many of the residential and commercial properties near and flanking the Colfax Avenue corridor were developed in the late 1940s through the 1960s and have below average appeal due to substandard maintenance. Infield's proposed development will help spur revitalization in the area by replace a dilapidated asphalt infill lot along the frontage of Colfax Avenue with a beautifully, family oriented apartment complex.

The site's location close to schools, sports facilities, parks and playgrounds is ideal for children and its proximity to the Community College of Denver at Lowry and the Community College of Aurora at Lowry offers very convenient education for adult learners. Its proximity to the Shops at Northfield Stapleton, health facilities, employment centers, and transit is ideal for working adults and parents. The City of Denver has recently made the revitalization of East Colfax a priority through the designation of the Colfax-Mayfair Business Improvement District (BID) and designating the corridor as a 2016 Enterprise Zone. The BID plans to fuel the area's redevelopment by recruiting additional businesses, making public improvements, improving safety and walkability, advocating for economic development initiatives over the remaining 9 years of the BID, thereby benefiting tenants of the proposed development for years to come.

Infield Development LLC plans to finance the development with 9% LIHTC, construction to permanent financing, funding from Denver's Office of Economic Development and deferred developer fee.

Location:

The subject is located in an ideal neighborhood for this type of development:

- The project is located approximately 5 miles east of Downtown Denver in the East Colfax Neighborhood. The neighborhood is in a QCT with incomes, rents and home prices below the City's average.
- The project will sit on Colfax Avenue, a vital corridor in Denver, which experienced a sharp decline after construction of I-70 rerouted most of its traffic to the north. After decades of decline, East Colfax Avenue is beginning to experience a revitalization due to redevelopment of the surrounding neighborhoods. The subject property is surrounded by the redevelopment of Stapleton to the north, Fitzsimons Medical Complex to the east, Lowry to the south and the recently formed Colfax-Mayfair Business Improvement District (BID) just east of the property.
- The location has a Walk Score of 71 due to its proximity to numerous restaurants, grocery stores, shops, services, parks, schools, and public transportation.
- Denver's Regional Transportation District (RTD) provides multiple bus routes along this section of Colfax Ave with the closest bus stop one block from the subject site. Quebec Street, located a few blocks west of the site, also offers a number of bus routes and connects residents to the closest light rail station three miles to the north.

Tenant Description:

The Trenton on Colfax will cater to families ranging from low income to extremely low income.

Why the project deserves award:

- The proposed development will play a catalytic effect on the revitalization of the East Colfax area in which it is located and as a key initial investment in Colfax-Mayfair Business Improvement District.
- Neighborhood stakeholders, local businesses, the City of Denver and District Councilwoman have all expressed excitement and support for this planned development. The site is located within a 2016 Enterprise Zone, is adjacent to the Colfax-Mayfair Business Improvement District, and supports the 2015 Housing Denver five-year Plan, demonstrating the extensive interest for investment in this area.
- The proposed development has very strong demand due to its location within a Federally-designated Qualified Census Tract (QCT) as well as a primary market area (PMA) with over 8,000 qualified households. Demand in the area has grown over the past five years as market rents have increased while only 50 affordable units have been added to the market in the past five years. After including all affordable units in the PMA that have been awarded tax credits but are not yet built, the subject's overall capture rate is 20%, demonstrating the strong need for additional affordable housing in the area.
- The project helps fill the need for extremely low income units available to families by allocating 38% of its units (17 units) to this population. Approximately 4,000 households within the PMA have incomes of 40% of AMI or less. Demand is so strong for these units that the market analyst estimated capture rates of 7.4% and 10.5% for units at 30% AMI and 40% AMI, respectively, after accounting for all units that have received tax credit allocation but have not completed construction.
- Even though the project qualifies for CHFA's DDA credit, the project does not financially need it. Infield Development is requesting an annual tax credit of \$905,000 or 97% of the qualified basis prior to a 30% boost (75% of QB after boost). The Developer is requesting only enough tax credits needed to

make the project financially feasible in hope that this will give CHFA the ability to finance more LIHTC projects.

Project Strengths:

- The subject site is located in 2016 QCT with strong demand for affordable housing. Comparable LIHTC apartment buildings have an overall vacancy of 0.4% and waitlist times between 1 to 3 years.
- Infield Development has brought together a strong development team to make this project a success. The development team includes a number of firms with long experience in LIHTC including ComCap managing the property, S.B. Clark Companies as the financial advisor, Novogradac & Co. as the accounting firm, and Kutak Rock as the counsel.
- The location offers the project excellent visibility and marketability considering the targeted tenant base, ample supporting retail, and supportive services within the vicinity. Public education, medical facilities are within a short commute. Public bus transportation is accessible within a block of the subject. Major corridors provide convenient access to downtown, additional employment centers, and regional destinations via the highway. The Stapleton, Lowry, and Fitzsimons redevelopments have had a positive influence on the area, providing employment opportunities, retail services, and attracted more upscale housing adding diversity to the neighborhood.

Project Weaknesses:

- Infield Development does not have prior experience developing LIHTC multi-family projects. The company does however, have 4 years of experience developing market rate multi-family and retail developments. Derrick Walker, the Principal of Infield Development, also adds 25 years of experience in commercial real estate construction including acting as project manager on two low-income multi-family projects for Denver Housing Authority. Derrick Walker, Principal at Infield Development, also brings years of experience from his time with his family business, J.A. Walker Company, a long-standing general contractor company based in Denver, Colorado and founded in 1976. J.A. Walker Company has partnered with Hensel Phelps Construction Company for decades. Founded in 1937 in Greeley, Colorado, and now one of the largest general contractors and construction managers in the United States, Hensel Phelps continues to partner closely with both J.A. Walker Company and now Infield Development. Hensel Phelps Construction Company will be the contractor on the project and will also provide the construction and tax credit guarantees, allowing Infield Development to grow into the LIHTC development space (please see the attached letter of support). Hence, in lieu of experience, Infield Development has crafted a strong development team by hiring proven industry specialists such as ComCap (property management and compliance), Novogradac & Co. (tax accountant), Kutak Rock (attorney), and S.B. Clark Inc. (financial and LIHTC consultant) and working strategically with its partner, Hensel Phelps Construction Company.
- The market analyst feels that the low parking ratio may not be adequate for this location. Due to lot size constraints, the property will have 36 surface parking spaces or .80 space per unit. The relatively low amount of parking spaces is mitigated by the fact that there is ample street parking in the area, a large number of services within walking distance, and tenants have access to several public bus routes on Colfax and nearby corridors with a bus station one block from the proposed development. Housing

Denver, the City's 5-year housing plan, also recommends reducing parking requirements at TOD sites to promote high density affordable housing in these areas.

- The property is located along a busy stretch of Colfax Avenue that has had little redevelopment and a number of nearby properties have not been well maintained. According to the market study, Phoenix on the Fax, a 50-unit, 5-story elevator apartment complex built in 2011 with a similar neighborhood and frontage on Colfax Avenue to the subject, has not been adversely affected by traffic, noise, or the neighborhood. With rents slightly higher than the proposed development, Phoenix on the Fax is 100% occupied and has a waitlist of more than 1 year demonstrating the need for additional affordable housing such as the subject development.
- The market study states that the subject offers below average community amenities in comparison to other nearby LIHTC apartment complexes due to the lack of an outdoor play area and fitness center. Although four nearby comparable properties have fitness centers, the majority of LIHTC properties within the PMA do not have one and it's not common place for LIHTC properties to offer this amenity. The Trenton on Colfax will have a large community room with a TV and computers providing a place for children to play games, do arts and crafts and have community events. Both Stapleton and Lowry provide a range of recreational amenities with facilities such as the Jackie Robinson Field and Sports Complex, Montclair Recreation Center, and Big Bear Ice Arena within 3 miles from the property. The site is also located within one mile of 5 parks and within 3 miles from a number of schools ranging from pre-school to college making it an ideal location for families.

Construction:

Construction is expected to begin February 2017 and take 12 months to complete. The general contractor, Hensel Phelps, will be working in concert with TAAG Architects and energy consultant, Group 14, to construct a vibrant energy efficient community. The three story building will have an elevator, 45 rental units, and 36 surface parking spaces. The building will be constructed with wood framing and have a mix of siding and brick veneer on the exterior. The roof will be flat and sealed with a rolled membrane. Each unit will have its own water heater and Aquatherm-type gas, forced-air heating and cooling system. All units will be individually sub-metered for gas and electricity, which will be paid by the tenants.

Energy Efficiencies:

The property will be designed and built to Enterprise Green Communities standards. The development is a compact development with a density of 64.2, well above the census block's 3.73. Proposed Green Building features include Energy Star appliances, Green Label Certified floor coverings, low or no VOC paint, water conserving fixtures, photovoltaic/solar for hot water, recycling storage, a smoke-free building, surface stormwater management, advanced water-conserving appliances and fixtures and heat reducing roofing materials.

Population Served & Bedroom Mix:

The development will house low to extremely low income families with units restricted at or below 30%, 40%, 50% and 60% of AMI. Of the 45 units, 20 units (44%) will be 1-bedroom and 25 units (56%) will be 2-bedrooms. The building will have the following unit mix:

AMI	1 BR	2 BR	# of Units	% of Units	Capture Rate
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30%	1	1	2	4.44%	7.4%
40%	6	9	15	33.33%	10.5%
50%	11	12	23	51.11%	16.1%
60%	2	3	5	11.11%	29.3%
Total	20	25	45	100.0%	20.4%

Amenities:

Unit amenities will include individual central air conditioning and heating units, walk-in closets in the master bedroom, and modern kitchens with a refrigerator, range, microwave hood, dishwasher, and disposal. All units will have one full bathroom with a bathtub/shower unit. The units will also include a microwave, which the market study points out as an added amenity not found in comparable developments in the PMA.

The community will have controlled building access, a leasing/management office; a common area laundry room, an elevator, 36 parking spaces of which 16 are fully covered tuck-under spaces, and a community room with a large screen television and computers for tenant use.

Services:

The services at The Trenton on Colfax will be provided through partnerships that the developer has put together to support the project such as the few listed below:

Community-Campus Partnership: A partnership comprised of the University of Colorado Anschutz Medical Campus and a wide variety of organizations and individuals in and near the City of Aurora including city government offices and officials, community-based organizations, educational institutions, neighborhood associations and community residents is focused on fostering, promoting and supporting mutually beneficial collaborations between the organizations on the Anschutz Medical Campus and the surrounding Aurora community to improve the health and economic well-being of the community. Infield Development will work with the Community-Campus Partnership to link residents at The Trenton on Colfax with job opportunities and events and to provide access to health through the resources provided by the Community-Campus Partnership. [Learn more at their website (<http://com-cam.org/>).

Bright by Three: Formerly Bright Beginnings, this non-profit is focused on providing parents and caregivers of children aged 0-3 with tools, information and resources to empower them to be the first and most influential teachers in their child’s life. Because 85% of a baby’s intellect, personality, and social skills are developed in the first three years of life, Bright by Three visits with parents and other caregivers to provide a three-step program to make sure their little ones get the best start at life. The program is absolutely free. Bright by Three has a history of providing group sessions at local libraries and community centers, and has agreed to provide [quarterly/bi-annual] sessions in The Trenton on Colfax community room. Learn more at their website (<http://brightbythree.org/>)

East Montclair Neighborhood Association: This local neighborhood association is strongly supportive of The Trenton on Colfax, and desires to see quality affordable housing built in the neighborhood. Please see the attached letter of support. In addition, that group has already expressed their desire to use The Trenton on Colfax community room as a locus for their community meetings, providing residents at The Trenton on Colfax a great opportunity to get involved in their community, and garner experience in a board setting that they will be able to list in their resumes when seeking advances in employment.

Financing and Local, State, and Federal Subsidies:

The following financing sources will be used:

- 9% LIHTC equity
- Construction to Perm Bank Loan
- HOME funds from the City of Denver's Office of Economic Development Office
- General Partner Equity
- Deferred Developer Fee

The project is requesting 75% of the annual tax credits it qualifies for.

1. Describe the bond financing structure:

The development will not be financed with bonds.

2. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

a. To support rental housing projects serving the lowest income tenants for the longest period of time.

This project will have 38% of the units at 30-40% AMI, another 51% at 50% AMI and the remaining 11% of units at 60% of AMI. Infield Development will commit to a 40-year affordability period.

b. To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria.

The project is located in a QCT and has gained the support of Councilwoman Mary Susman and Denver's Office of Economic Development evidenced by their respective letter of support appended to this narrative and letter of intent included in the application. The City and County of Denver's commitment to revitalizing the subject site and surrounding area is evidenced by the area's designation in the Blueprint Denver Plan as an "Area of Change." This marks the area as a revitalization priority for the City, earmarking additional funding for infrastructure improvements, redevelopment, and additional affordable housing. The City has begun carrying out this plan by further designating the area an Enterprise Zone, creating the Colfax-Mayfair Business Improvement District, and making substantial investments and infrastructure improvements within these districts.

c. To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural and tribal areas.

The property is located in a mixed use suburban area on the urban edge of Denver.

d. To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit.

The project sponsor, Infield Development, LLC, is a minority owned for-profit company. Denver Housing Authority will also have ownership in the development as a Special Limited Partner.

e. To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing.

This property will cater to families at or below 60%, 50%, 40% and 30% of AMI.

f. To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail.

This development is on a high-frequency bus corridor (Colfax Avenue) with a bus stop located one block from the property. It is also located within 1 mile of three additional bus corridors (Quebec Street, East 11th Ave., and East Montview Ave.). Light rail is located 3 miles from the site and is accessible via bus from Quebec Street.

g. To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing.

This project adds 45 units through new construction on a dilapidated urban infill site.

h. To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period.

After accounting for a 130% boost to the qualified basis for being located in a QCT, the project is qualified to receive the maximum annual tax credit of \$1,250,000. However, Infield Development is only requesting 75% or \$905,000 of the project's qualified annual tax credit, as this is the amount necessary for the financial feasibility of the project.

3. Identify which housing priority in Section 2 of the QAP the project qualifies for:

The Trenton on Colfax does not directly respond to any of the housing priorities.

4. Describe how the project meets the criteria for approval in Section 2 of the QAP:

a. Market conditions:

Overall, market conditions support the development of this project:

- Average rent in the subject's submarket is \$1,046 and \$1,052 for one- and two-bedroom units, respectively, with an average net rent of \$1,171. This is 76% higher than the subject's average rent of \$666.
- The comparable properties surveyed in the market study all have high occupancy levels, reporting just two vacant affordable units out of 567 units, for a 0.4% overall vacancy rate. Waitlists at these properties are running between one to three years long.
- There are more than 8,000 income eligible households in the market area. The large amount of eligible households, length of waitlists and high occupancy at existing LIHTC properties within the PMA exemplifies the strong demand for the subject.
- Absorption of affordable rental units has been very high for the past four years ranging between 40 to 55 units per month with apartment complexes pre-leasing up to 50% of its units. Given that physical absorption is significantly impacted by the efficiency of management to qualify tenants, the market analyst is estimating a more conservative absorption rate of 18 units per month for the subject. This rate will result in stabilized occupancy in approximately 2.5 months after construction completion.
- Including the new affordable housing supply in the pipeline, the overall capture rate is 20.4%. The capture rate at each AMI level is as follows: 7.4% at 30% AMI, 10.5% at 40% AMI, 16.1% at 50% AMI, and 29.3% at 60% AMI. These capture rates are an over
- The project will benefit from the visibility and transit options associated with being on a major arterial road.

b. Readiness-to-proceed:

- The land is controlled through a purchase option agreement.
- The proposed development is permitted per the existing zoning.
- Infield Development will submit a formal site plan to the city in October, thus moving the development forward in the permitting process.
- The general contractor, architect, property management company, compliance company, tax attorney, and accountant have all been selected.
- Multiple lenders and investors have expressed interest in the project with terms reflected in the attached proforma. The equity and debt providers will be selected upon receiving a preliminary LIHTC allocation.
- The City of Denver has submitted a letter of intent to provide up to \$500,000 in funds to develop the project.

c. Overall financial feasibility and viability:

- Financial feasibility of the project is dependent on receiving 9% LIHTC to finance a large portion of the construction costs allowing the property to place less permanent debt and thereby sustain operations above a 1.15 DSC as required by the lender.
- Multiple lenders and investors have expressed interest in the project, providing letters of intent with terms consistent with the attached proforma. The equity and debt providers will be selected upon receiving a preliminary LIHTC allocation.
- Based on the proposed financial structure above, the property will be able to cover its debt obligations at or above a 1.15 DSCR for the duration of the 15-year compliance period.
- The proposed development is very viable with over 8,000 qualified households in the PMA, an overall capture rate of 15.4% based on existing units, affordable vacancy rate of 0.4%, and waitlists running 1 to 3 years long at nearby affordable properties.

d. Experience and track record of the development and management team:

As outlined above, Infield Development has 4 years of experience developing market rate multi-family and retail developments, and was inspired as a participant in the 2015 Real Estate Diversity Initiative (REDI) program, a program managed by the Urban Land Institute and City and County of Denver's Office of Economic Development, to start developing affordable housing. Derrick Walker, the Principal of Infield Development, has 25 years of experience in commercial real estate construction including acting as project manager on two low-income multi-family projects for Denver Housing Authority.

Hensel Phelps Construction Company, one of the largest contractors and property managers in the U.S., has had a long-standing working relationship with Mr. Walker and has agreed to be the general contractor and to provide the guaranties for the project (please see the attached letter of support).

The property management and compliance will be managed by ComCap Management, an established multi-family property management firm that has been in business for more than a decade and a half, and has worked extensively in affordable housing property management.

e. Cost reasonableness:

Total development cost of approximately \$269k per unit reasonable in comparison with comparable developments after adjusting for anticipated increases in construction costs.

f. Proximity to existing tax credit developments:

The subject site is within 1.2 miles of three existing LIHTC communities: Phoenix on the Fax, Residences at Trolley Park, and Florence Square I & II. Phoenix on the Fax was completed in 2011, Florence Square was built in 2 phases in 2004 and 2007, Residences at Trolley Park was completed in 2007. All three of these properties cater to low-income families and are located on or close to Colfax Avenue within 1.2 miles of the subject site with similar location influences. Even with nearby affordable apartments, the demand shows the need for additional affordable housing with occupancy rates at 100% and waitlists running over two years long at some complexes.

g. Site suitability:

The neighborhood is in a QCT with a strong demand for affordable housing and a large pool of qualified tenants for the proposed development. The site's location close to schools, sports facilities, parks and playgrounds is ideal for children and its proximity to the Community College of Denver at Lowry and the Community College of Aurora at Lowry offers very convenient education for adult learners. Its proximity to the Shops at Northfield Stapleton, health facilities, employment centers, and transit is ideal for working adults and parents.

5. Provide the following information as applicable:

a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):

The Applicant is not requesting an underwriting criteria waiver.

b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:

Even though the project qualifies for CHFA's DDA credit, the project does not financially need it and therefore is not requesting one. Infield Development is only requesting an annual tax credit of \$905,000 or 97% of the qualified basis prior to a 30% boost.

6. Address any issues raised by the market analyst in the market study submitted with your application:

The market study sites the following issues and mitigants:

- The analyst states that the ratio of on-site parking proofed of 0.8 space per unit is relatively low, but is not uncommon for urban edge locations such as this.

Mitigant:

- The site has ample street parking and several RTD bus lines travel along Colfax Avenue and nearby corridors benefiting the tenants. The site also has a significant amount of amenities and services within walking distance.
- The market study states concern for traffic noise at the development due to Colfax being a major traffic and commercial corridor. However, the study also states that Phoenix on the Fax, a new affordable property that is also located on the Colfax Avenue frontage, has 100% occupancy and does not appear to be adversely affected by the traffic noise.
- The planned unit amenity package is below average relative to comparable affordable properties, primarily because the units will not have washer/dryer hookups and none of the units will have a balcony or patio.

Mitigant:

- The property will have a laundry room on the first floor. If the developer is able to reduce construction costs through value engineering, he will consider adding washer/dryer hookups to the units at that time.
- The subject will offer below average community amenities as the proposed plans do not allow for any significant outdoor space such as a landscaped courtyard area. The Developer tried to incorporate outdoor space unfortunately the size constraint of the site and required parking does not allow enough space for a playground.

Mitigant:

- The market study also states that the lack of an outdoor space and playground is not uncommon for apartments in urban and urban edge locations such as the subject.
- The property is within close proximity to multiple parks and large recreational facilities.
- The development will have a large community room for resident gatherings and for children to play.

7. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

Per the Phase I Environmental report by Terracon Consultants, Inc. dated May 25, 2016 one Recognized Environmental Condition (REC) was identified with the site: The presence of a former filling/service station approximately 150 feet southeast and up-gradient of the site. Due to this REC, a Phase II has been completed on the site and all recommendations will be completed with construction.

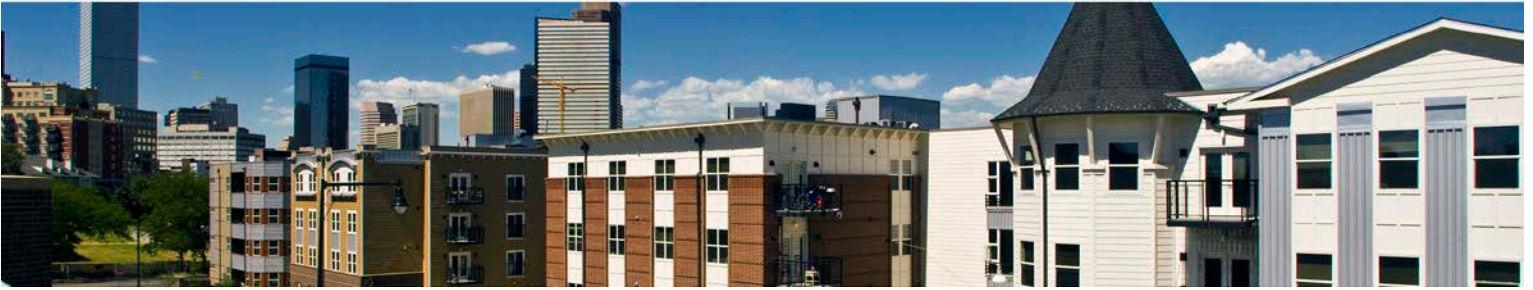
8. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

Infield Development has striven to involve the community in the development process of The Trenton on Colfax so that the project is directly responsive to the requests of the community. Specifically, Derrick Walker has met with and received support from the East Montclair Neighborhood Association (please see letter of support attached), Councilwoman Mary Susman (please see letter of support attached), and Monica Martinez, Executive Director of The Fax Partnership, interested in facilitating transformation on East Colfax (please see letter of support attached).

Attachments:

1. Hensel Phelps Construction Company Letter of Support
2. Councilwoman Susman Letter of Support
3. East Montclair Neighborhood Association Letter of Support
4. The Fax Partnership Letter of Support

9% lihtc application narrative



Project Name: Trinidad Artspace Lofts

Project Address: 200, 218 and 228 West Main Street, Trinidad, Colorado

The first of its kind in Colorado, this innovative project delivers affordable housing, economic development, job creation, downtown revitalization and the historic preservation of an entire city block at the key commercial intersection in Trinidad. The ultimate result pulls together diverse stakeholders at the local, state, and national level to catalyze the state's certified creative district identity, Corazon de Trinidad, in a campus that transforms the entire City.

The Trinidad Artspace Lofts project will bring twenty new artist live/work apartments to rural Southern Colorado. The Lofts will complement a City of Trinidad-owned and operated Community Facility on the same block, though that facility is a separate project not included in this application with no common ownership.



Figure 3: Concept View of New Entry (218 W. Main)

This proposed Artspace Trinidad Lofts is a 47,000 square foot project that adaptively reuses three historic buildings at 200-228 West Main Street, in Trinidad, Colorado. The site is within Trinidad's downtown National Historic Register "Corazon de Trinidad" historic and creative district. The two-story tall Artspace Trinidad Lofts buildings comprise an entire city block; bordered by West Main, West 1st Street, South Convent Street & Beecher Street, and are located at the western end of West Main

Street, approximately one-half mile east of the John F. Kennedy Memorial Highway (US Route 25). The City of Trinidad is located approximately 195 miles from Denver, in southern Colorado, just 25 miles north of the border with New Mexico.

Artspace Projects, Inc. is a non-profit organization with a mission is to create, foster, and preserve affordable space for artists and arts organizations. Established in 1979, Artspace is now a national leader in the field of developing affordable space that meets the needs of artists through the adaptive reuse of historic buildings and new construction. To date, Artspace has developed 40 sustainable, affordable art spaces in 17 states, including the Artspace Loveland Lofts in Loveland (CO) which opened in 2015. We consistently develop these projects in ways that also support more stable, healthy communities anchored in existing assets. Because Artspace owns each of the projects it develops, we are able to ensure that they remain affordable and accessible to artists and creative individuals in perpetuity.



In 2015, Colorado Governor John Hickenlooper established *Space to Create Colorado*, the nation's first state-driven initiative for affordable space for artists. The program involves a consortium of public and private partners including the Colorado Office of Economic Development's Colorado Creative Industries, the Department of Local Affairs, History Colorado, Boettcher Foundation and Artspace. *Space to Create* will address a set of shared priorities among partners: affordable workforce housing needs in rural and mountain Colorado towns; economic recovery in small town communities; and healthy communities retaining and attracting talented workforce. *Space to Create* will build on the economic development success of the State of Colorado Creative Industries Certified Creative District program and leverage the creation of permanent, affordable space and the contributions of low income artists to grow the creative economy in small towns.

As with the Loveland Lofts in Loveland, Colorado, the Trinidad Lofts will be rented with an artist preference. Artspace's process is transparent, well-documented, and consistent. All residents must qualify for the housing by income and screening and the process is heavily rooted in Fair Housing Law. Once the artist applicant pool is exhausted, the project is available to the general population. In screening potential residents, we are not curatorial: we do not judge the quality of work. Instead, we look for individuals who have made a sustained commitment to their craft.

Artspace Trinidad Lofts is the *Space to Create* demonstration location. The initiative plans to support the subsequent creation of eight additional affordable housing and work space projects for artists and arts organizations in rural Colorado communities, and one per each of the eight Department of Local Affairs regions.

The three (3) buildings are individually and historically referred to as the:

- 1) “Lynch/Franch” Block Building: 200-210 W. Main at northeast corner (Figure 1);
- 2) “Stevens/Forbes/Burkhard/Toller” Block Building in the center: 218 W. Main;
- 3) “Aiello/Toller” Block Building: 228 W. Main at the southeast corner (Figure 2)



Figure 1: Lynch/Franch Block c. 1970



Figure 2: Aiello/Toller Block c. 1940

The three (3) existing buildings have been vacant and abandoned for several years and now will be renovated, restored and also interconnected on the upper floor. Seven (7) new live/work apartments are planned ground floor level, while thirteen (13) apartments are located on the inter-connected 2nd floor level. A combination of Studios, One-Bedrooms and Two-Bedroom units are planned to be distributed throughout, ranging in size from 640sf to 1,700 sf. Approximately 10,000 sf of public space is provided on the ground floor level in the separate City-developed commercial/community project.

The center building, formerly a vehicle garage door entry for the original Toller Motor Co., will function as the main entrance for the Artspace apartment complex as well as the primary access to the public gathering space located in the arched-roof, former service building, in the rear. Adjacent exterior space in the rear along Beech Street, at the southwest corner of West 1st Street will provide exterior public activity space, in addition to the entry court along the front of the West Main entrance, while parking is provided at the northwest corner of the block. Due to the steeply sloping grade between West Main & West 1st Streets, the 2nd floor will have grade-level access from West 1st Street.

New landscaping, permeable pavement, access ramp, glass entry canopy, playground equipment, and even overhead Edison Lighting trellising is planned to compliment the exterior building restoration. The existing masonry exterior walls, windows and storefront will be repaired and/or restored following the US Department of Interior Standards for the Treatment of Historic Fabric, as part of compliance with

the Historic Tax Credit and historic district requirements. Roofing will be repaired or replaced and new energy-efficient historic-replica windows will be installed in the existing window openings, along with added thermal insulation at exterior walls.



New provisions will be incorporated to provide handicapped access from the main entrance and parking to the public and living spaces, including a management office which interconnects the Ground Floor main lobby Gallery to the 2nd Floor resident Gallery. The second floor Gallery overlooks into the large

7,500 sf public gathering “garage” on the Ground Floor through the original window and door openings.

New water, gas and electrical utilities are provided, including separate meters for the apartment dwellers. New energy-efficient heating & ventilation systems will be installed in the apartments and commercial spaces, along with new plumbing fixtures and lighting. Any existing hazardous materials left behind from prior uses will be properly abated and encapsulated to ensure safe occupancy for future users of the Artspace Trinidad Lofts building. The project will be complying with Enterprise Green Communities, to demonstrate excellence in low-carbon footprint design.

Guiding Principles and Criteria for Approval:

The Trinidad Artspace project, riding on a wave of community and stakeholder support, is ready to move forward to construction. The City of Trinidad took an unprecedented step and acquired the buildings directly, now holding fee title and committing the project to the Artspace partnership for the future housing project by purchase agreement. Our team has done an exceptional amount of field work to build the drawings and plans including engineering assessments.

While this project is adaptive reuse and historic rehabilitation, it creates completely new units that we have modeled as new construction. As no acquisition tax credits are proposed, the 10-year rule requirements are not a consideration.

Importantly, the Trinidad project is an excellent example of a project that meets the guiding principle of distribution of projects across the state, particularly in rural areas. Las Animas County’s population is less than 15,000 over a land area of 4,775 square miles for a density of about 3 people per square mile.

There has never been, in the history of the Colorado program, a tax credit development in Las Animas County or in the region.

The Southeastern Region of Colorado is rural and underserved by affordable housing. This new tax credit housing will dramatically increase the quality and quantity of workforce housing in the Region and will be unparalleled in the Primary Market Area. As a project in a county with a population less than 175,000, this project qualifies for priority under the QAP.

As a *Space to Create* demonstration effort and housing with an artist preference, the project meets the guiding principle of having a unique sponsor. Artspace has spent nearly 10 years working in Colorado to advance affordable space for artists, with a CHFA-funded, operating 30-unit affordable artist live/work project in Loveland. In Loveland, Artspace is partnered with the Loveland Housing Authority to deliver



high-quality property management services to the 30 artist families living on site. The Loveland residents are diverse in age, race/ethnicity, gender, and artistic discipline. As a community they are organized and actively programming the building's community gallery. Parallel to Artspace's efforts, the Colorado Creative Industries state department Certified Creative District program was signed into legislation in 2011, encouraging the formation of creative districts in communities and neighborhoods for the purpose of advancing a statewide, creative economy and community development strategy. The *Space to Create* demonstration project in Trinidad advances organizational missions and leverages these two efforts together, adding density to the downtown Corazon de Trinidad creative district with a population of low income working artists and their families, in permanently

affordable space. *Space to Create, Colorado* is the first and only state-led initiative to develop affordable space for the creative sector in rural communities and is already serving as an innovative model to other states across the country.

As demonstrated in the Novogradac CHFA-format market study and reiterated in the two reports prepared by Artspace's Consulting division, the Trinidad Artspace Lofts will be well-received in the market and exceeded our expectations in terms of market demand. This project will not compete with any other subsidized projects as it serves households of moderate income (40%-60% AMI) without project-based rental assistance and will be built with amenities and features comparable and superior to market rate units.

The market studies also confirm that the proposed rental rates at 40%-60% AMI are reasonable and achievable. Median income in Las Animas County is approximately \$55,000 and families in the Trinidad Artspace Lofts will earn maximum incomes of approximately \$25,000 for a single-member household to \$36,000 for a four-person household.

As an underserved market, vacancy rates in Trinidad are very low and many apartment complexes are not advertising due to full occupancy. The Trinidad Artspace Lofts will bring twenty new family units to the downtown district and to the growing Corazon de Trinidad Creative District.

Our on-line, statistical survey of the creative market, yielded a demand for up to 54 units of workforce housing, based on the total interest pool of 162 respondents and a 3:1 redundancy to the number of units we recommend creating. This demand is comparable to the demand we experienced in Loveland, CO.

Trinidad's City Manager, Gabriel Engeland, provided the following (shortened for clarity) statement to support the project's role in downtown development and meeting a housing need:

Currently, our downtown is 47% vacant. We are in the process of completing a vacancy study for our residential housing, but early reports indicate we may have a long-term vacancy and abandonment issue in our residential, middle-class neighborhoods which could exceed 10%. The abandonment issue has existed for several years, and because it has never been addressed, it has left many of the houses uninhabitable. This has exacerbated our workforce housing shortage and led to a large and growing void of quality and affordable housing in Trinidad. It is also the most important contributing factor in the decline and eventual breakup of several of our traditional, historic neighborhoods.

In 2015 we, unofficially, experienced a modest population increase for the first time in nearly 7 decades. Along with this increase in population came an increase in economic activity and vitality. Our sales tax collections have increased 15% year over year from 2014 to 2015 and our "lodging tax," a key indicator of tourism, increased nearly 20% over the same time period. The City is drawing private development to downtown and, in addition to the Artspace project, we have two large private developments totaling \$15-\$20, both located downtown. We recently adopted a first of its kind ordinance in Colorado, the Anti-Dilapidation Ordinance, which will allow the City to roll-out a unique, and again first of its kind, "homesteading" program, aimed at rehabilitating long vacant or abandoned residential properties, and restoring affordable housing and mixed income residences to our neighborhoods.

The key to all of these programs, and the development that has allowed us to see the first rays of revitalization in Trinidad, is Space to Create. It is a primary selling point for our community and an immense source of pride for us in our downtown. Business and visitors are energized by the planned rehabilitation of this city block and they are beginning to financially, emotionally, and socially reinvest in the long neglected MOST historic downtown in all of Colorado.

In addition to the market data and City testimonials, we would emphasize that this project gives low-income families the opportunity to participate in downtown revitalization through the arts. This is a key component of Artspace's work in rural communities and is the cornerstone of the *Space to Create*

program overall. In an Artspace community, residents are typically united in their belief in sense of place and in benefitting the greater community through their creative contributions. Artists are good neighbors and active community members. Many artists collaborate with the larger educational, cultural and business communities as teachers and volunteers with youth and cultural organizations. These projects give residents opportunities to interact with the public through exhibitions, demonstrations, and performances. It is this impact that has excited the City and the many other stakeholders to the process.

Financial Feasibility:

Creating twenty new housing units serving artists and their families serves many purposes in the community in addition to doubling the workforce housing stock in the City of Trinidad. We find it's important to demonstrate that not only does this project serve many purposes, but that other resources are available to the project to enhance each component in line with related costs.

This request in line with typical CHFA tax credit requests in that the total tax credit request is \$26,000 per unit in tax credits and equity of \$280,000 per unit. The total development cost well exceeds this per unit request, but it's critical to note that a multitude of purposes are met by this project's success and that each purpose is tied to additional external resources. We would not make this request if we felt it was out of the bounds of reasonableness for an affordable housing project.

The City knows that it is critical to have this project in this location. The existing conditions are an eyesore and the residents of Trinidad believe in saving these buildings that fit perfectly within the streetscape. The 200 -228 West Main Street buildings are located across from public art installations and all buildings are contributing pieces of the National Registered Corazon de Trinidad historic district.

Broad support is in place from other funding sources including commitments from private philanthropy and the City of Trinidad. These stakeholders know that we could do a modest housing project in the outer reaches of the city if the goal was simply to add housing units. But they have spent significant capital and fully analyzed this project's reach to acknowledge that there is so much more to be done in the City including economic revitalization in the face of increased real estate pressures from other growing economic sectors.

"This project is the key to the revitalization of our downtown and it makes all of the other downtown projects we have going on downtown viable." – Gabe Engeland, City of Trinidad City Manager

On a per-unit basis, the costs are high. So it is important to look past the costs and note the multiple economic and community development goals achieved through this program. The bulk of the costs are hard costs attributed to taking vacant buildings that have, over more than 120 years, been used and have deteriorated, and adapting them to livable, quality affordable live/work spaces with common area. The project means essentially freezing all of the remaining, intact historic elements of the project

in place while carefully re-creating the historic features both on the exterior and interior of all space – all while bringing in modern utilities and green finishes. Add in environmental remediation, a significant slope, and revised seismic zone maps requiring updated lateral loading and the project cost is more than \$300 per square foot to build. This is the realistic cost of main street historic preservation and it is no small task. We are fortunate to have qualified development team members who can take on such a monumental project.

A document is attached that describes the multiple community, economic, and affordable housing goals this project accomplishes along with resources that tie to each component including federal historic tax credits and private funding. We look forward to a continued dialogue in Colorado regarding our efforts to support rural communities through arts-related real estate investment. As the demonstration project, it's critical to note how much community benefit we can leverage with one key block in a town of 9,000 people with the right support and resources.

“Trinidad was selected as the first project, based on the enthusiasm of the community, the opportunity for growth, and the concentration of artists and creative enterprises in the area.” – Tim Schultz, Boettcher Foundation

Based on our extensive experience with relatively small-scale rural artist live/work housing such as this, we have modeled the project to have no amortizing debt and to have a small “sinking fund” to be used to cover small projected deficits over time. With lower rents compared to urban markets and comparable operating costs at a small scale, thus losing out on economies of larger projects, this project is set up to be sustainable long-term.



Before and After 200 West Main Street

As another cost mitigating piece, we have requested the CHFA basis boost of 9.53%. As a rural, Las Animas county project, the FHA 223f limits are at the baseline for the state with no upward adjustment and do not fall in line with the costs of importing labor and materials to a rural city in this competitive construction climate. The basis boost helps generate additional tax credits as well, which improves investor interest in the project.

Community Support:

The local community has been an exceedingly active, integral partner and supporter, without which there would be no project. After the City of Trinidad and the Corazon de Trinidad Creative District (a local all-volunteer led, state Certified Colorado Creative District) succeeded in their bid to become the first *Space to Create*, Colorado community, Artspace joined them in partnership with the Department of Local Affairs, Colorado Creative Industries and the Boettcher Foundation to bring this much desired and needed affordable live/work artist housing, and creative community space project to downtown Trinidad.

Our direct work with Trinidad-based stakeholders began in September 2015 when the City of Trinidad hosted Artspace in town and helped coordinate a series of community gatherings. The goals of these meetings were to solicit input about the project concept, identify community priorities and strengthen partnerships. Highlights included:

- 5 focus group meetings with over 100 local stakeholders including artists/creatives, arts/cultural organizations, teachers, educational institutions, business leaders, property owners, civic leaders, elected official, funders and philanthropists
- 2 interactive public meeting attended by 165 community members
- 2 working meetings with a self-selected “core group” of stakeholders and elected officials who continue to act as a community steering group for the project.
- An informal space needs and project visioning questionnaire completed by 59 participants.

A subsequent 6-month Arts Market Study and related community engagement phase began in October 2015. The Corazon de Trinidad leadership and “core group” members partnered with us in a local and regional outreach effort focused on educating people about the project and encouraging participation in the study. The study included a survey designed to quantify creative space needs and preferences within the community and document support for the project. Gathered data was translated into the project design and influenced development decisions. Highlights of this phase of work included:

- Community partner coordinated outreach by email and social media, direct phone calls, public presentations at open meetings (Kiwanis, Chamber of Commerce, Rotary, etc.), flyers, postcards, radio and print media coverage.
- Public survey launch and interactive meeting held with 130 community members in attendance.



- 616 Arts Market Study, survey respondents
- 162 individuals were identified as interested in the proposed affordable, live/work space (52 current Trinidad residents and 36 who would return for the project)
- 199 individuals expressed interest in volunteering to help the project
- 408 asked to receive additional information about the project

Independently, our community partner lead, Corazon de Trinidad prepared a compelling nineteen-page report, “The Heart of Trinidad – In Our Words” that conveys the “depth and breadth of support” for the project through anecdotal stories and hopes for the project written by community members. The report also includes five letters of support from the following local public and private sector community leaders.

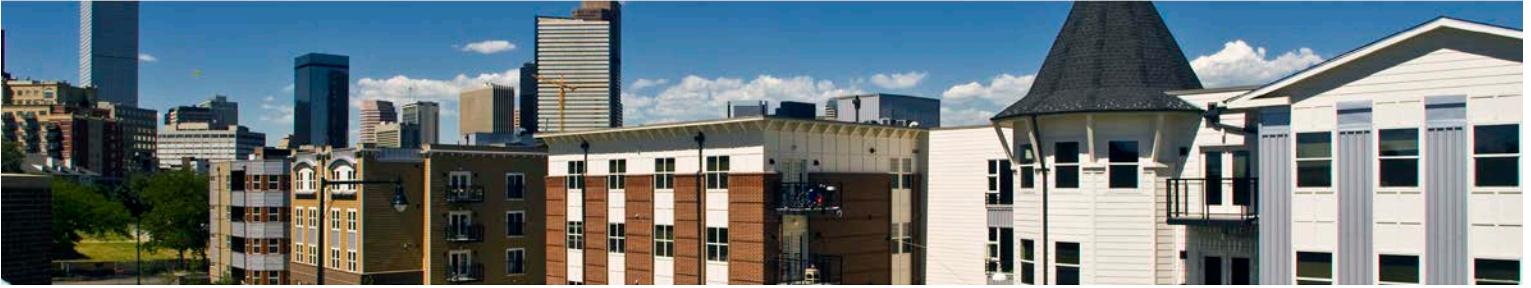
Artspace’s approach to affordable housing development is grounded in significant community process. This project is a prime example of how meaningful local partnerships, support, and input can result in extraordinary outcomes.

Concluding Thoughts

The project creates new affordable housing in an underserved region while accomplishing Main Street rural revitalization and preserving the fabric of an Historic city through preservation and adaptive reuse. The following documents are attached as support to this narrative:

- Letters of Support from the Boettcher Foundation and City of Trinidad
- Outline of Project Costs and Benefits
- Space to Create

9% lihtc application narrative



Project Name: Uplands Townhomes

Project Address: 1400 Acero Avenue, Pueblo, Colorado 81004

Project Summary:

The Housing Authority of the City of Pueblo (HACP) is pleased to present the Uplands Townhomes. The Uplands Townhomes (the “Project”) is a proposed 17-townhome development totaling 72 low-income family units. Located within a Qualified Census Tract (QCT) at 1400 Acero Avenue in Pueblo, Colorado, the Project is ideally located near schools, shopping, transit, and many more amenities. The Project will consist of four 5-unit townhomes and thirteen 4-unit townhomes. The 72 units will consist of 43 units at 30% Adjusted Median Income (AMI), 18 units at 40% AMI, 8 units at 50% AMI, and 3 units at 60% AMI. Each unit will receive a Section 8 Project Based Rental Assistance (PBRA) voucher via HUD’s Rental Assistance Demonstration (RAD) program.

Uplands Townhomes will be the first of a three phase development to replace its antiquated public housing property known as Sangre de Cristo apartments over a 4-5 year period. Built in 1952, the Sangre de Cristo apartments are functionally obsolete given today’s building standards. The complex contains ZERO ADA units and 176 of the 212 units do not have a restroom on the first floor making it completely inaccessible for anyone with a disability to access. The second phase will consist of 74 units and the final phase will be 66 units (master planned for an additional 15 units in the final phase).

After a lengthy application process with HUD, HACP receive a Commitment to enter into a Housing Assistance Payment (CHAP) contract with HUD to participate in the RAD program converting its 212 public housing (Section 9) units to Section 8 PBRA supported units. The RAD program requires a one-for-one replacement and all the current residents are afforded the opportunity to return to the Project.

HACP’s 72 families currently living at the Sangre de Cristo apartments will be moved literally across the street to a 5.35 acre parcel donated by the City of Pueblo. Under the Uniform Relocation Act, (URA) the HACP will cover the entire cost of the move, including utility transfers (not budgeted in tax credit application). This plan will minimize moving residents and disrupting daily living activities—children will be able to attend the same schools, residents will

have the same commutes to work, shopping, recreational attractions, and most importantly, they WILL NOT be uprooted from their friends and family. HACP expects an occupancy rate of 98% - 100% given the residents' right to return to the project and the agency's robust waiting list.

Following the Authority's master-plan, after the Certificate of Occupancy is received and residents move in, the eastern and southern portion of the Sangre de Cristo apartments will be demolished. This will clear the way for a 74-unit project as the second phase. This second phase (and subsequent third phase) is planned as a stand-alone and completely independent project. It is important to note that each phase is completely independent of each other.

Project Strengths:

-Model Green Community: Uplands Townhomes will serve as a model in the affordable housing industry for green building, renewal energy and Energy Star rated. The Project will meet all mandatory requirements of Enterprise Green Communities. Each townhome will be rated as an Energy Star dwelling. As with past projects, a certified energy specialist will be retained to inspect all aspects of the energy efficient measures. This process was developed by the Housing Authority staff architect and has been used at the completion of previous LIHTC projects.

-Walkability: Within the project, there will be walking and street path(s) that meet all ADA accessible requirements. A concept called "Woonerf "or "Living Street" will provide a traffic calming pedestrian friendly street design. This concept is designed to make vehicular traffic move slower through the project and bring social activity out on sidewalks and streets.



Woonerf "Living Street" concept to encourage social activity between residents and to provide traffic calming

-Amenity Proximity: Uplands Townhomes is located within a block of large grocery stores, several restaurants, post office, gas stations, schools and various other amenities. Public transportation routes are within one-half mile.

-Security: While conducting four separate public meetings with current residents', the number one concern residents voiced was security. In the past few years, the Sangre de Cristo apartments have seen an increase in gang and drug activity. Given this concern, HACP's new Project and master-plan design addresses community walkways, open-spaces and street design with improved lighting and security cameras that are intended to help deter criminal activity and give residents a greater sense of security. In addition, a private security firm has been contracted to provide additional security.

Construction Type:

The project will include 8 one-bedroom units with approximately 699 square feet each; 40 two-bedroom units with 1,168 square feet each; and 24 three-bedroom units with approximately 1,343 square feet each. The generously sized units will have a private patio space, a central green amenity area, and access to a community garden. They will be equipped with a refrigerator, stove, built-in dishwasher and laundry hook-ups in each unit.

The design will include low VOC materials and environmentally sustainable flooring. As with HACP's other LIHTC developments, a passive crawl space radon system will be installed. Fresh air will be introduced into the heating/air conditioning system; timers will be installed on the bathroom exhaust fans to bring in fresh air, providing a healthier indoor environment. The construction materials will consist of brick, concrete, drywall, asphalt shingles, and other environmental friendly materials. Any unused construction materials will be salvaged and a 50% construction waste recycling is the goal.

Population Served:

The population served will be very low-income families. The Project will serve families primarily earning 30% to 50% AMI—with 84% of the residents at 30% AMI. Given the RAD guidelines; the current residents are given first priority to return to the development. This will create an opportunity for very low-income families to live in a new master planned community and provide a sense of renewal, a new beginning.

Location:

Uplands Townhomes will be constructed on block 29 (QCT) of Uplands Park which is located on the 1400 block of Acero Avenue just east of the Sangre de Cristo apartments.

Amenities:

Upland Townhomes units will have the following amenities:

- Fully equipped kitchens with energy efficient stove, refrigerator, dish washer and garbage disposal
- Energy efficient appliances that will result in lower utility costs
- Washer and dryer hookups
- Large kitchens
- Large dining areas
- Closets and pantries
- Private patio space
- Living street to provide calming pedestrian friendly design
- Access to a new community garden area

Energy Efficiency:

Uplands Townhomes will meet all mandatory requirements of 2015 Enterprise Green Communities. Each townhome will be rated as an Energy Star dwelling unit. A certified energy specialist will be retained to inspect all aspects of the project that will ensure adherence to a rigorous construction specification that was developed by the Housing Authority staff architect and was used in past new construction projects.

Uplands' tenants will benefit from the lower water and energy use through lower utility bills. Past experience has proven a 50% savings in energy bills through construction techniques and energy conservation systems. The heating system employs a gas-fired tank-less water heater providing on-demand hot water for domestic use and used as a boiler circulating hot water through a heat exchanger. This system has been used in other projects and has proven to lower both energy and maintenance costs.

A "best practices" storm water management is porous concrete pavers over an angular rock sub base. This will allow storm water to infiltrate the soil below. The Project's landscaping will be "Western Low Water" plantings. In regards to water conservation, the use of a drip irrigation system will substantially reduce water in landscaping areas. The dwelling units will also include the modern low-flow toilets, and water-saving plumbing fixtures.

The Project will utilize photovoltaic panels on all south facing roofs. This will provide additional site lighting for safety and security. All 72 units will be metered separately for gas and electricity—as the resident is responsible for consumption. In addition, all lighting within the Project will be LED lighting. The appliances and cooling condensers will be Energy Star rated.

Construction will further specify regional materials for brick, concrete, drywall and other materials as found. Any unused construction materials will be salvaged and a 50% construction waste recycling is the goal.

Financing:

Letters of Interest are included in the attachments for all sources of financing and the sources and uses of funds are summarized below:

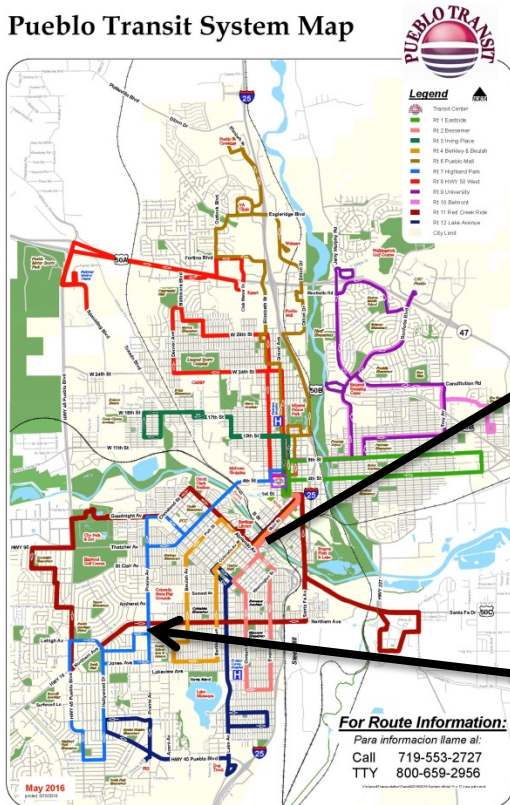
Uplands Townhomes Sources and Uses	
Sources	
Construction to Permanent Financing	\$625,000
LIHTC Equity	12,250,000
Deferred Developer Fee	375,500
Pueblo HOME Funds	400,000
CDOH Funds	720,000
Pueblo County	100,000
Housing Authority of City Pueblo	300,250
Total Sources	\$14,770,750
Uses	
Land Lease	\$20
On-Site Work	1,880,094
Construction	9,788,023
Professional and Predevelopment Fees	728,000
Construction Interim Costs	720,362
Permanent Financing Costs	47,350
Soft Costs	196,338
Syndication Costs	37,000
Developer Fee	1,220,000
Project Reserves/Other	153,333
Total Uses	\$14,770,520

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

- **To support rental housing projects serving the lowest income tenants for the longest period of time:** The population served will be very low-income families for 40+ years or as long as the HACP manages the Project. The project will serve primarily low-income families earning 30% to 50% AMI.
- **To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons and persons in need of supportive housing:** Pueblo County is in need of additional affordable housing for families. Uplands Townhomes will provide new, modern, safe and sustainable housing for low income families primarily earning 30% to 50% AMI.
- **To provide opportunities for affordable housing within a half-mile walking distance of public transportation such as bus, rail, and light rail:** The City of Pueblo Transit System serves Uplands Townhomes within less than a half-mile walk. Connections with various other routes that operate through the city makes for easy

access to downtown, the Pueblo Mall, the Mesa Junction, Pueblo Library District Branches, Pueblo Community College and Colorado State University-Pueblo.

Pueblo Transit System Map



All bus routes connect to the regional transit center. Patrons are connected to regional bus lines traveling throughout the nation.



The site is adjacent to the City bus route #7.

- **To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing:** Uplands Townhomes supports construction of new affordable housing options to replace the outdated and difficult to maintain existing public housing project of the Sangre de Cristo apartments. If the Project is not approved—RAD is lost and 212 public housing units would be demolished—as the units are functionally obsolete.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

- **Projects in Counties with populations less than 175,000:** Pueblo County's current population is approximately 161,000.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

- a. **Market conditions:** Given RAD requirements, the HACP already has residents pre-qualified and ready to move over from the current complex—i.e. a captive

audience. In addition, HACP has more than 3,114 persons and families on its public housing and Section 8 waiting lists.

- b. Readiness-to-proceed:** HACP has site control of the proposed site and can proceed immediately to begin construction. The site is currently zoned correctly and the City permit process will be prompt and supportive. After the reservation of tax credits, the entire Project will be completed and move-in ready within 18 to 21 months. The City planning department has provided a letter of support (see attached).
- c. Overall financial feasibility and viability: (see above “Financing”)** HACP has been a successful housing authority serving 2,186 public housing residents and 3,506 voucher holders. The agency has proven in past tax credit projects that it has the financial strength and experience to complete the proposed project successfully. The RAD PBRA vouchers will provide subsidy support for operating expenses and the limited amount of permanent debt financing. HACP has received letters of interest to provide the financing components and the tax credit equity in the current market should result in strong pricing.
- d. Experience and track record of the development and management team:** As noted above and set forth in the Applicant Information Development Team, HACP has extensive LIHTC project experience and success. The Authority has managed a large number of housing units and support programs since its inception in 1951.
- e. Cost reasonableness:** The expected per unit cost for the Project is approximately \$205,000 per unit. The land acquisition cost is very low due to the support of the City. The City has agreed to sell the HACP 5.35 acres for \$20.
- f. Proximity to existing tax credit developments:** The proposed Project is approximately 30 blocks southwest of the Central Grade School, an 18-unit ac/rehab family competitive tax credit project with all units at 50% AMI that received allocation in 1994; approximately 20 blocks south of the Project is the Pueblo Village Apartments that received a competitive tax credit ac/rehab award for 128-units all at 50% AMI, with Section 8 subsidy made in 2006 (neither project owned by the HACP).
- g. Site suitability:** The site is general flat, served by all necessary utilities and has paved street, curb and gutter. Minimal demolition and site improvements are necessary for prompt construction. The site is zoned correctly for the proposed project. Public transportation is within one-half mile. Shopping, schools, entertainment are all in close proximity. These replacement units on a green-field site across the street from the antiquated public housing will cause minimal disruptions to jobs, schools and family and friend connections for the current residents.

4. Provide the following information as applicable:
 - a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum): **FIRST YEAR DSCR IS OVER 2X BUT DETERIORATES TO 1.15X IN YEAR-15 DUE TO RAD RENTS AND THE 2%/3% GROWTH RATES FOR INCOME AND EXPENSES, RESPECTIVELY.**
 - b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis: **THE PROJECT IS LOCATED IN A QCT.**
5. Address any issues raised by the market analyst in the market study submitted with your application: **GIVEN THAT THE SUBJECT PROJECT IS A HUD APPROVED RAD REPLACEMENT OF PUBLIC HOUSING NO MARKET STUDY WAS REQUIRED.**
6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated: **THE PHASE I ENVIRONMENTAL REPORT HAS SHOWN NO MITIGATION OF HAZARDOUS MATERIALS.**
7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support): **HACP has conducted four (4) separate meetings with the residents of the Sangre de Cristo apartments. At each meeting, a PowerPoint presentation was given, and residents were asked for input on unit amenities, and all questions were answered. There was a ton of excitement about the potential Project. However, a few residents' voiced concerns about being excited in the past (HOPE VI applications' in 2006 & 2010) just to be let down... These residents have been through a lot of heartbreak over the past decade. In addition to resident meetings, the Authority made presentations to Pueblo City Council and the Pueblo County Commissioners. The Pueblo City Schools District #60 President, Phyllis Sanchez, is the Chair of the El Centro Pueblo Development Corporation Board of Directors—who will be the HACP 501 c (3) partner. The City of Pueblo has made a commitment of \$400,000 in HOME funds and the County's is committing \$100,000. Pueblo City Schools has made a soft commitment to support resident GED program for parents and afterschool reading and math programs at the Jack Quinn Center.**

- 8 For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans and relocation plan (if applicable). Address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, nature disaster). **N/A**

You may also provide additional documentation that supports your narrative by attaching it to the narrative or submitting it on a CD. Each supporting document should briefly describe what is contained in the attachment.

Example 1: Additional documentation to support the Market Conditions Criteria could be labeled to as follows: *Attachment Market Conditions or Market Conditions.pdf*, etc.

Example 2: Soft funds documentation to support that amount of soft funds listed in the Application can be secured could be labeled as follows: *Attachment Overall Financial Feasibility and Viability or Overall Financial Feasibility and Viability.pdf*, etc.

9% lihtc application narrative



Project Name: Valley Sun Village

Project Address: 700 East 2nd Street, Cortez, Colorado 81321-3933

The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project's strengths and address its weaknesses. It must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc.

Property Description - Current

Valley Sun Village is an existing 34-year-old garden style apartment community serving senior residents aged 62 and older. The property is located at *700 East 2nd Street* in the City of Cortez, Montezuma County, and consists of fourteen (14) single-story residential buildings and one (1) community/office building on 3.38 acres of land. The property provides 50 one-bedroom units of approximately 530 square feet each. Buildings are wood construction with fiberglass shingle roofs, and concrete entrance and rear patios.

Located just east of Ute Mountain, Cortez is a rural and tribal community approximately 40 miles west of Durango and approximately 25 miles from the New Mexico border.

The property is currently held under a pre-payable FHA 221(d)4 mortgage, and is subsidized under a HUD Project-Based Section 8 Housing Assistance Payments (HAP) contract covering 100% of the units.

Population Served

The property currently serves the low-income senior population of the City of Cortez and Montezuma County with one of the very few Section 8 complexes in the region. The property will continue to serve the senior population of the area with a continuation of the Section 8 subsidy and assistance from the CHFA 9% LIHTC program.

The current Section 8 contract is in effect through January 2030, though the development teams' intent is to extend or reset the contract term for as long as possible, including a two-step rent increase, justified by a 3rd party rent comparability study, for both current and post-rehab conditions. The rent increase proposal is being submitted to HUD concurrently with this application.

Preservation Imperative

The property is in vital need of rejuvenation with numerous physical and operational difficulties. Failing building systems, life-safety hazards, and management and compliance issues all contribute to the need for this community to be acquired, redeveloped and operated by a capable and experienced team. Valley Sun Partners, LP represents the ideal group for this endeavor.

The long-term goals of the development team are as follows:

- Maintain and preserve long-term affordability.
- Retain, extend and increase Project-Based Section 8 HAP rental assistance to continue serving low and very low income senior residents not otherwise served by other tax credit developments.
- Replace old and fatigued components and systems.
- Reduce downstream operating costs.
- Improve property image and desirability to match neighborhood growth and community investment initiatives.

These goals are supported by a feasible financial structure utilizing a number of resources including CHFA and HUD as well as a detailed maintenance and operations plan working in tandem with professional property management.

Rehabilitation

The scope of rehabilitation is based on a comprehensive property conditions assessment (PCA) report, prepared by a third party professional, of the site, structural and building systems, and interiors (including units and common areas). The PCA focused on fundamental critical and non-critical repairs needed to maintain the site and buildings. The proposed scope of rehabilitation meets and exceeds these recommendations in order to enhance the property, improve the residents' quality of life, and prolong the useful life of the property.

Included within the proposed scope of rehabilitation are advanced energy efficiency measures designed to reduce operational costs for residents and the common property, upgraded site and unit amenities, and strategic security improvements.

As indicated in the attached PCA report, the property is in critical need of substantial rehabilitation including failing building systems, rampant cosmetic and structural issues, as well as ADA and life-safety necessities. The proposed rehabilitation will result in approximately **\$3,326,400** of hard cost investment or **\$66,528 per unit** to provide these essential repairs and improvements, including but not limited to:

- Full refurbishment of unit interiors including flooring and painting.
- New kitchen cabinets and countertops.
- Replacement of plumbing fixtures with water conserving units; replacement of tub surrounds.
- Replacement of appliances and lighting with energy efficient upgrades, including new common laundry facilities.
- Creation of 3 fully compliant ADA units.
- Replacement of smoke detectors.
- New roofs and siding on all buildings.
- Parking lot and sidewalk repairs, including ADA path of travel.
- Installation of needed exit lighting throughout the site.
- New perimeter fencing and security cameras.
- Cosmetic upgrades to exteriors, interiors and common area.

Key project components include:

Energy Efficiency – A top-to-bottom emphasis on energy efficiency, including low-flow plumbing fixtures; high-efficiency unit, common area, and exterior lighting fixtures; and ENERGY STAR rated appliances including new on-demand water heaters, ranges and refrigerators.

Amenities – New locally-based landscaping, new gazebos, replacement of kitchen countertops, cabinets, doors, bathroom fixtures and showers, energy efficient lighting, appliances, new HVAC systems, smoke detectors, and new flooring.

Security – New security gates with private entry; new security camera system throughout property; emergency and exit lighting; and new vinyl fencing along the full property perimeter.

Accessibility upgrades will be completed as part of the rehabilitation in compliance with Section 504 of the Americans with Disabilities Act.

Valley Sun Village's physical deterioration is among its greatest needs, however, it is also in need of management and compliance-level improvements to ensure it is operated within program requirements, serves its intended population, and sustains itself viably long-term.

Development Team

The core development team is made up of Monfric Group and Treadstone Companies, serving as co-developers and co-general partners, along with co-general partner Durango Housing Corporation, a Colorado based non-profit. This team consists of seasoned and specialized affordable preservationists with relevant experience in this region.

- **Treadstone Companies** - Co-Developer and Co-General Partner
- **Monfric Group*** - Co-Developer, Co-General Partner, General Contractor and Management Agent
- **Durango Housing Corporation** – Non-Profit Co-General Partner

Professional support:

- **Jackola Engineering & Architecture, PC** - Architect
- **Klein Hornig, LLP** - Developers & HUD Counsel
- **JCCS, PC** - Certified Public Accountant

Resumes for each team member are included in the application.

**includes John Grady, Monfric, Inc. and Monfric Realty, Inc.*

Financing Plan

The financial structure of Valley Sun Village emphasizes long-term feasibility, conservative underwriting assumptions, rapid placed in service, and highly efficient leveraging of the LIHTC resource.

Specific highlights include:

Sources

- Fixed permanent debt with a rate of 5.5% and amortization of 30 years is assumed based on CHFA's 9% Tax Credit Loan Program, secured by a first lien position on the property.
 - Debt is underwritten at the proposed post-rehab rents under the HAP contract, which will be extended for as long as possible to preserve the property. A copy of the current HAP is included in this application.
 - The assumed permanent debt coverage ratio (DCR) is 1.15:1.00, providing sufficient cash flow to service residual obligations, such as deferred developer fee, and a long-term safeguard against unforeseen operating cost increases.
 - Vacancy is assumed at 5% in accordance with QAP requirements; historical vacancy at the property has been 5% or less for the past 5 years.
- The price and terms of the equity investment are consistent with QAP requirements and are considered quite competitive, especially for a Section 8 preservation project in a relatively remote location. Capital will be contributed over the course of the project based on achieved milestones such as closing, rehab completion, and stabilization.
- Deferred developer fee can be fully repaid within 5 years of placed in service.

Uses

- Acquisition costs are supported by a 3rd party appraisal; land value was determined for appropriate basis calculations.
- Rehabilitation costs were engineered to create a fully modernized property with increased safety and security, more efficient operations, and improvement of residents' quality of life. Thoughtful consideration of energy efficiency was paramount in creating the hard cost scope.
 - Contingency funds (10% of direct hard costs) are included in eligible basis calculations since they are committed to be incurred to benefit the project. As a result, GC fees were calculated to include the contingency amount.

- Operating reserves equal four months of operating expenses and debt service, in accordance with the QAP.

Operating Expenses

- Projected operating expenses are \$5,063 per unit per annum (pupa), not including reserve for replacement, which exceeds the \$4,600 pupa minimum established by QAP requirements.
- Reserve for replacement (R4R) of \$300 pupa is budgeted, though the PCA indicates a recommendation of \$261 pupa.

Sources and Uses Summary:

\$2,240,464	Permanent debt from CHFA 9% Tax Credit Loan Program
\$152,564	Net operating income during rehab
\$4,279,000	Equity from sale of 9% LIHTC
<u>\$62,423</u>	Deferred developer fee

\$6,733,452 Total Sources

\$1,500,000	Purchase price
\$2,700,000	Hard costs
\$270,000	Hard cost contingency (10%)
\$356,400	GC Fees
\$600,288	Soft costs (including soft cost contingency of 5%)
\$312,531	Financing costs
\$147,000	Operating reserves (35% of annual operating expenses and debt service)
<u>\$847,233</u>	Developer fee (per QAP requirements)

\$6,733,452 Total Uses

A more detailed source and use summary is enclosed within the application.

Post-Rehabilitation Conditions

Valley Sun Village will be completely transformed by this preservation effort. The building exteriors will have a renewed appearance defined by a two-tone color scheme with new siding and roofs. Unit interiors will feature new cabinets, countertops, bathrooms, appliances, paint and flooring. Unit amenities will include new HVAC units with programmable thermostats.

The community room will be upgraded with a new kitchen, flooring, television and meeting area. The laundry room will be separated from the community room and enhanced with new machinery and flooring.

The site will feature new locally-based landscaping and gazebos for resident use. The parking lot and pathways will be repaired and restriped. Full perimeter fencing will be added, along with site and common area security cameras. Finally, new monument signage will be added to the property entryway's, and each building will have new directional signage and unit numbers.

Request for 9% LIHTC

Valley Sun Partners, LP and its development team are seeking the assistance of 9% low-income housing tax credits (LIHTC) from CHFA to rehabilitate, enhance, and preserve the community. The goal is to sustain Valley Sun Village as a high-quality affordable housing asset for the next 40+ years.

We respectfully request CHFA's support to preserve this important affordable housing resource serving the City of Cortez and Montezuma County's low-income senior community. The preservation of Valley Sun Village is well within CHFA's Guiding Principles and is essential in order to ensure the community continues to serve seniors with limited means in this dynamic area for years to come.

In addition, the narrative should address the following:

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

- *To support rental housing projects serving the lowest income tenants for the longest period of time*

Valley Sun Village currently serves very low-income seniors being a Project-Based HUD Section 8 property. The owners intend to continue and extend the HAP contract for as long as possible and preserve the affordability of the asset by extending the LIHTC Use Period for 25 years beyond the required 15-year compliance period.

The LIHTC set-asides are proposed as follows:

- 20% of units @ 40% AMI
 - 40% of units @ 50% AMI
 - 40% of units @ 60% AMI
- *To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas*

Recent allocations of Low Income Housing Tax Credits have been distributed mostly in the Denver-Metropolitan and Front Range areas. Cortez is located in a predominantly rural area in the western region of the state, and is in substantial need of affordable preservation. An allocation of Tax Credits in this area will extend CHFA's impact to other regions in the state while also helping to preserve Valley Sun Village.

- *To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit*

The ownership structure of Valley Sun Partners, LP is as follows:

- ❖ Dumont Partners, LLC – .01% General Partner
 - John P. Grady – 25% managing member (principal of Monfric Group)
 - Durango Housing Corporation – 50% member (non-profit)
 - Courtney D. Allen – 25% member (principal of Treadstone Companies)
- ❖ TBD LIHTC Investor – 99.99% Limited Partner

This partnership includes companies with substantial experience in affordable housing including finance, construction, asset management and community relations.

Please note – in 2006 this group successfully redeveloped Durango Housing, a Section 8 property serving families located in Durango, Colorado, and in 2001, Courtney Allen was the project manager on Southgate Commons, a successful Section 8 preservation project in Grand Junction, Colorado. Both of these projects involved financing from CHFA.

- *To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing*

Valley Sun Village serves very low-income seniors and an investment from CHFA will preserve and improve an important housing resource specifically for senior citizens 62 years of age or older.

- *To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail.*

Montezuma Senior Services is located less than 1-mile from Valley Sun Village and provides free transportation to all residents (voluntary donation based). This Public Transportation service is funded by the Older Americans Act which was designed to provide door to door transportation for senior citizens. They provide a host of services such as: health, educational, meal and transportation services all around Montezuma County; and outside counties on an as-needed basis.

- *To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing*

Valley Sun Village is an existing affordable housing community in urgent need of revitalization. The most critical needs are addressing failing building systems, bringing the ADA units up to current code, installing energy efficient upgrades, adding security features, and implementing significant interior and exterior enhancements to address extreme levels of deferred maintenance. No significant rehab work has been performed at the property since its construction in 1982.

- *To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period*

The financial structure was designed to efficiently leverage the limited resources available while addressing the projects critical needs and insuring long-term financial feasibility. Since the property is already operating under a Section 8 project-based HAP contract, its viability as a qualified low income housing project is assured.

The developer has *manually reduced* the amount of yearly Tax Credits Valley Sun Village is generating by **(\$120,000)** such that the project is more efficiently leveraged. In addition to the sale of Tax Credits, the developer is sourcing permanent debt from CHFA's *9% Tax Credit Loan Program*.

Importantly, the development team has investigated the feasibility of a 4% Tax Exempt Bond transaction. Unfortunately, given the critical rehabilitation needs, current market conditions, and transaction costs, the development is not feasible under this structure. The financing gap under a 4% Tax Exempt Bond transaction would be approximately *\$2 Million* which is unsustainable even with other funding sources or a significant reduction in rehabilitation expenditures. A source and use summary of the 4% tax-exempt transaction is included in Section 4 of the application.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

- *Projects in Counties with populations of less than 175,000*

Per the 2013 US Census, the population of Montezuma County was 25,642. Per the 2013 US Census the population of the City of Cortez was 8,568.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

- *Market conditions:*

The need for affordable housing in Montezuma County, and in particular the City of Cortez, is substantial and rising. While the property is near full occupancy, there is a significant untapped market that Valley Sun Village is not currently capturing which our team will be seeking through partnership with the Housing Authority of the County of Montezuma. This market includes Native American's as well as Hispanics, both of which are underserved at the property currently.

It is imperative that Valley Sun Village be preserved and improved to continue to provide an affordable housing opportunity for the growing senior population with limited means in this region.

- *Readiness-to-proceed:*

Please consider the following regarding the projects readiness to proceed:

- The Applicant has a fully executed PSA providing for the acquisition of the property upon the receipt of an award of tax credits.
- Rezoning is not be required for the proposed renovation. The property is currently zoned NB (Neighborhood Business) per the attached City of Cortez zoning letter, and is a legal non-conforming use.
- Schematic Drawings including site plans, floor plans and elevations have been submitted with this application. In addition, a Property Conditions Assessment (PCA) has been completed and identified certain needs and recommendations to continue ongoing operations of the property. A proposed rehab scope has also been submitted to address all the needs identified in the PCA along with additional needed improvements such as ADA, security enhancements, amenities etc.
- A rent comparability study has been performed and submitted with this application supporting a rent increase for the Section 8 subsidy on both an as-is and as-rehabbed basis. The as-rehabbed rent increase will be utilized to support the proposed permanent loan, thus allowing for improved leveraging of the LIHTC resource.
- The development team is in place and ready to proceed upon award. Contingent upon CHFA's award process, closing will occur by October and rehab will commence immediately thereafter. Time to rehab completion and placed in service is estimated at 12 months from closing.

- *Overall financial feasibility and viability:*

The proposed project utilizes the minimum amount of credits needed for the feasibility of the project, while meeting all underwriting criteria of CHFA's program. An equity investment letter from Aegon Realty Advisors has been submitted confirming credit pricing and terms consistent with QAP requirements. Other financing sources include:

- Permanent first mortgage financing is anticipated from CHFA Community Development's HUD Risk Share 9% program.

- Net Operating Income (NOI) from the property serves as an interim source of funds to support debt service and other miscellaneous costs during the rehabilitation period.
 - Lastly, a portion of the Developer Fee is deferred, providing the final source of funds.
- *Experience and track record of the development and management team:*

Valley Sun Partners, LP is a highly experienced development team and owner of affordable housing assets across the United States and its' territories. The team represents a group of highly specialized developers and operators of Section 8 preservation projects.

Valley Sun Partners members, collectively, have developed over 5,655 units in 12 states, including Colorado, Montana, California and Puerto Rico.

Valley Sun's property management partner, Monfric Realty, Inc., was founded in 1974 and manages a portfolio of 18 affordable and market rate, multifamily communities across the country.

Resumes of the development team are included for reference.

- *Cost reasonableness:*

Total project costs are estimated to be \$6,733,452 or \$134,669 per unit. Each of the professional fee line items have been crafted based on total financing, scope of work, feasibility, and for those needed on-site, a degree of added cost for travel to the project given its relatively remote location.

It is also important to note that development of affordable housing in the City of Cortez, a rural community, comes with a level of increased construction cost. Due to the limited supply of local construction workers, an increased cost to bring workers to the area has been anticipated.

Overall costs are in line with the market for projects of this size and type.

We have provided a rehab scope and PCA outlining necessary rehabilitation to continue feasible operations, as well as provide for upgrades to improve the buildings to modern standards, including significant energy efficiency measures.

The project will utilize only the amount of LIHTC needed for the feasibility of the project, and includes a portion of deferred developer fee.

- *Proximity to existing tax credit developments:*

There are five other LIHTC properties in the City of Cortez, only one of which is dedicated to seniors with only 23 units. One other Section 8 property is available to low income families, *Sleeping Ute Apartments*, which received an allocation of 9% LIHTC in 2005. No other projects in the City of Cortez are dedicated to *very low-income seniors*.

Valley Sun Village will be the only rehabilitation of existing housing in this area for this competitive round, and will serve an essential need for the State of Colorado and the western region.

- *Site suitability:*

Valley Sun Village is an existing affordable housing property and therefore serves as a suitable site given its long history and existing subsidy from HUD. The existing site is currently zoned NB and is legal non-conforming. The building and units were designed adequately for the senior population, and the site itself offers ample green space.

The site is located in an ideal, walkable location 1-block from Main Street in Cortez and has a host of schools (Elementary, Middle and High schools), shopping, medical services and parks/playgrounds.

Investing in the preservation of existing affordable rental properties is essential to ensuring that such housing remains decent, safe and available throughout the State of Colorado.

4. Provide the following information as applicable:

- *Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):*

Based on preliminary analysis, the project has met all of CHFA's minimum underwriting criteria.

- *Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:*

Valley Sun Village is not requesting the DDA discretionary boost because the property is already located within a QCT. It is therefore eligible for the 130% qualified basis boost on all rehab related items.

5. Address any issues raised by the market analyst in the market study submitted with your application:

- Valley Sun Village is an existing 100% Section 8 subsidized complex which will retain and extend its HAP contract and is not changing the unit AMI mix and therefore is not subject to a Market Study for this application.

6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

- The Phase I, dated April 26th, 2016 and prepared by EBI Consulting, indicated the site does not have any Recognizable Environmental Conditions (REC).
- Radon testing was performed in four randomly selected units. Small amounts of Radon were detected in one unit during this testing, but not in the other units tested. Additional testing will be performed in remaining units to assess full impact. That said, sufficient hard cost contingency is available to address any needed mitigation if Radon is present in those remaining units.

7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

- It is standard operating procedure of the development team to conduct outreach within the community. We have been in contact with the following agencies to assess their concerns and gather local support, including:
 - City Mayor Karen W. Sheek and City Manager Shane Hale – please see attached support letter.
 - Neva Connolly of the City Planning & Building Department.
 - Compliance Officer Helen Gonzalez and Executive Director Terri Wheeler of the Housing Authority of County of Montezuma.
 - Montezuma Senior Services – please see attached letter indicating their ongoing support services for the project.

- It is the intent of the team to maintain a relationship with the Housing Authority for purposes of ongoing resident referrals and to maintain a more comprehensive waiting list for the property.
- No financial support was needed from the City of Cortez or Montezuma County due to the feasible financial structure of the project.

8. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans and relocation plan (if applicable). Address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, nature disaster).

- This proposal is for the preservation, acquisition and substantial rehabilitation of Valley Sun Village in Cortez, Colorado. The substantial rehabilitation of this project addresses four critical and immediate needs:
 - Targeting accessibility/ADA issues
 - Replacing critical building systems
 - Reducing operating costs through energy efficiency upgrades
 - Significantly upgrading dilapidated interior units that have not been renovated since 1982

The project will include a complete remodel of 3 ADA units to comply with Section 504 accessibility standards and requirements. Currently, these units are not in compliance, per the PCA, and pose a potential danger and inconvenience to disabled residents. These identified units, as well as the laundry room and management/community room, and paths of travel, will all be made to comply with ADA requirements under the rehab scope.

There are plumbing and electrical systems that are outdated and at the end of their useful life which need to be replaced. The scope of rehab includes all new kitchen and bathroom plumbing installation as well as electrical upgrades. In addition, new windows and through-wall A/C units will be replaced to prevent outside air from breaching.

Energy efficiency improvements are important to not only benefit the environment, but also reduce operating expenses at the property. Specifically,

the project will upgrade major systems including the replacement of hot water heaters to high efficiency on-demand units, through-wall A/C units, upgraded siding and roofs, and new energy efficient windows. The renovation will also provide the residents with all new Energy Star rated kitchen appliances and new low water usage kitchen and bath fixtures.

Kitchens and bathrooms have become worn and are deteriorating. The renovation will add new resilient flooring, new kitchen cabinets, bathroom fixtures and brand new kitchen appliances, including refrigerators and stove ranges. A total modernization of these units is absolutely necessary. With the proposed renovation the tenants will not only enjoy completely renovated interiors, but will also benefit from many new amenities including two gazebos and community room upgrades.

- Relocation Plan – the ADA units will require temporary off-site relocation; which cost is covered within the relocation budget. The remaining units will involve rehab-in-place, though a trailer will be set up as a temporary living area for displaced residents during each work day. Please see the Relocation Plan included in the application for further details.
- The Project is assisted with a 100% Project Based Section 8 Housing Assistance Payments Contract and is therefore considered to be a “federally assisted building” under the definitions of Housing and Economic Recovery Act of 2008 (HERA), and thus is not required to meet the 10-year hold requirements of Section 42(d)(2)(B) of the Internal Revenue Code. The HAP contract and applicable excerpts from HERA are included in the application as support for this exemption.
- There have been no Capital Expenditures disclosed to us by the current owners of the property. Only on-going maintenance and repairs have been taking place over the last five years.
- The seller and buyer, nor any of their agents, have no financial or business affiliation.
- The proposed owner, Valley Sun Partners, LP, will be managed by Monfric Group’s management arm, *Monfric Realty, Inc.* The General Contractor is

Monfric, Inc. , which is also affiliated with Monfric Group. As noted in the QAP, any related party GC is not allowed to take more than 8% total in fees. The GC is currently assuming 12% in fees, but is only seeking 8% of those fees for basis purposes. Furthermore, the costs of rehabilitation have been verified by a third party firm, EBI Consulting, and that form can be found in Attachment 24 in this application.

- The project has had a Section 8 HAP Contract and was financed with a FHA insured mortgage when constructed in 1982. The FHA debt is pre-payable and will be replaced by a new first lien mortgage from CHFA at time of closing.
- While there are no clear design flaws in the buildings, the PCA and the General Contractor/Management Agent have confirmed obsolescence issues throughout the property including structural, mechanical and building systems. Life safety hazards are also noted by these professionals. All of these issues will be addressed within the proposed scope of rehabilitation.

9% lihtc application narrative



Project Name: **Vida at St. Anthony's**

Project Address: **4017 W. Colfax Ave., Denver, CO 80204**

Project Description:

Vida at St. Anthony's will be a senior affordable housing and mixed-use development that is a critical component of the St. Anthony's redevelopment in Sloan's Lake neighborhood on West Colfax. "Vida", the Spanish word for "Life", is a project that promises to re-establish the medical presence of St. Anthony's with primary and urgent care, delivered by Centura Health while also providing a place and home for many low-income seniors and disabled residents to age in place with amenities and services proven to positively impact their health and wellbeing (see the attached "Letter of Intent" with Centura Health). This essential project will be a mix of 9% and 4% Low Income Housing Tax Credit ("LIHTC") units and a community health clinic and senior activity center financed with New Markets Tax Credits ("NMTC"). The 176 units will provide much needed housing to seniors and disabled residents with a contiguous healthcare facility inside the building. The Housing Authority of the City and County of Denver (DHA) believes in the viability of the site and will orchestrate a multi-component financing and development structure to maximize the services offered by Vida at St. Anthony's.

All 176 units will be either public housing units or Project-Based Section 8 Voucher (PBV) units (including one Manager unit), supporting the lowest incomes in the community and completing the spectrum of incomes currently targeted in the St. Anthony's Urban Redevelopment Plan. The St. Anthony's redevelopment includes luxury high-rise living (with studio apartments leasing at well over \$2.5psf or \$1,500 per month), a 4% LIHTC workforce housing development, market-rate townhomes (starting in the \$400k range for a 2bd, 2bath), and DHA's crucial subsidized component will help ensure current area residents are not forced out. In addition, the units will be offered to residents on DHA's waiting and reasonable accommodation lists as well as residents currently residing in Sun Valley. The site's proximity to Sun Valley can help diversify the concentration of poverty in Sun Valley by offering a supportive housing option to the most needy and positioning Sun Valley for mixed income redevelopment.

The building will be a three-part condominium structure with a ground floor NMTC-financed community health clinic and senior activity center, the six floors of the west side (112 units) funded with 4% LIHTC, and the four floors of the east side (64 units) funded with 9% LIHTC (both residential condo buildings will be above the 1st level NMTC condo). The rooftop garden and exercise amenity deck on the fifth floor (accessible from the ground-floor lobby off Colfax

Avenue) will be a part of the senior activity center and the NMTC-financed condominium. The underground parking lot and the rooftop amenity deck, (that includes a community garden, exercise track, and adult fitness equipment) will be made available to all residents as a part of their base rent with no additional charges for these amenities and services (please see the “Design Packet” for site plans and renderings of these spaces). The in-house community health clinic will allow residents to utilize healthcare services from Centura Health immediately downstairs from their households, providing the most efficient, convenient, and advantageous preventative and emergency care services that will cater to a lower-income population.

Each financing component is necessary to ensure construction of the total project. The success of a fully-realized project hinges on an award of 9% LIHTC in order to obtain NMTC and move forward with the tripartite financing structure. Eighteen Community Development Entities (“CDE’s” a.k.a. NMTC allocatees) featured Vida at St. Anthony’s in their NMTC applications in December 2015 and 22 CDE’s are currently interested in bringing allocation to the project. To capitalize on this intense interest and pipeline line-up, the NMTC financing must be sought this year—such high level placement in applications only happens once and the likelihood of receiving NMTC financing is further increased by the combined 2015 and 2016 NMTC rounds totaling \$7 billion of NMTC allocation to be announced in late 2016. DHA has received numerous LOIs, attached to this narrative, from the above mentioned CDEs evidencing their support. All of the NMTC allocatees will evaluate their award of allocation on a 9% LIHTC commitment. Without NMTC financing the project can move forward, but will not have the strong community asset of a health clinic. DHA has worked with the project architect and contractor to formulate an alternate plan in the unlikely event that NMTC financing is not secured, that allows the project to still meet the Main Street Zoning “build-to” requirement with an appropriate level of ground floor commercial, lobby entrances, and resident community space. This alternate plan still makes the project viable without the NMTC’s by reducing costs using tuck-under/surface parking in-lieu of the expensive underground parking structure.

The 9% LIHTC equity will be leveraged three to one, initiating an additional \$45 million of investment into the project including sources from the 4% LIHTCs, NMTCs, Denver Urban Renewal Authority tax increment financing, state and city funds, and a substantial investment from DHA.

Location:

The Project is located in the West Colfax area south of Sloan’s Lake and is part of the St. Anthony’s Redevelopment Plan. This urban renewal area was once home to the St. Anthony’s Hospital before it moved to its current location in Lakewood, CO. The area is currently undergoing redevelopment with high-density market rate housing (both rental and for-sale), an Alamo Drafthouse cinema, office space, and retail in a walkable urban landscape; residents will be able to take advantage of the transformative revitalization occurring in the neighborhood. Residents will also be able to take advantage of the beautiful Sloan’s Lake Park only three blocks from the site. The site is located half a mile from the Perry Station Light Rail stop, as well.

Tenant Description:

Residents of Vida at St. Anthony's will be seniors and/or disabled tenants requiring access to very low income-restricted housing, DHA community services and convenient healthcare.

Why the project deserves award:

As St. Anthony's is redeveloped, housing must be preserved now for the lowest income individuals to save the area from complete gentrification. In addition, the 9% LIHTC award directly impacts the project's ability to obtain NMTCs available this year for the ground floor community health clinic and senior activity center that will be a true benefit to both Vida residents and the community at large. The housing and the health components work in conjunction and the financing must be obtained in conjunction. The Vida project will also allow DHA to combine its progressive sustainable and healthy building design with specialized programming and community services that are proven to positively impact resident health behaviors and wellness specific to the growing senior and disabled population it will serve.

Project Strengths:

The project leverages multiple funding sources to achieve a community combining healthy living, vulnerable tenant opportunity, and ease of transportation in a mixed-income environment. Vida at St. Anthony's is an unparalleled opportunity to provide housing to the lowest income population in an ideal location for seniors and disabled persons to benefit from.

Project Weaknesses:

Colorado Housing and Finance Authority ("CHFA") waived the requirement for the Vida project to include a market study or a rent comparability study due to the strong demand for public housing and project based voucher units. Hence there are no weaknesses to be identified by such a study.

Potential weaknesses include, first, that the site for the Vida project includes four parcels that have already been assembled by the St. Anthony's land developer, EnviroFinance Group ("EFG"). The Environmental Site Assessment reports identified Recognizable Environmental Conditions ("RECs") for three of the four properties. As shown in the attached EFG Letter of Support and the Purchase and Sale Agreement ("PSA") with DHA (submitted for Site Control Documentation), it is the responsibility of EFG to deliver a clean site free of any and all regulated building materials and environmentally-impacted soils. EFG has contracted with Terracon to prepare and implement a Voluntary Cleanup Program plan ("VCUP") for the subject properties—also included with this Application. Terracon will provide a Cleanup Completion Report on behalf of EFG who must obtain approval from Colorado Department of Public Health and Environment in the form of a No Action Determination before DHA will purchase all four properties. EFG specializes in land development that requires environmental remediation and has worked well with Terracon to cleanup and deliver other demolished/remediated properties throughout the redevelopment of the St. Anthony's Central campus. DHA feels very confident

that EFG will complete all demolition and remediation of the subject properties per the terms of the PSA and deliver the fully assembled site, free of all RECs well before the scheduled land closing this December.

Second, while all of the resident units are one-bedrooms with one two-bedroom Manager unit, this closely follows DHA's other senior/disabled mid-rise and high-rise building models, including Thomas Bean Towers, Hirschfeld Towers, Walsh Manor, North Lincoln, and Mulroy Apartments. DHA has already identified a strong pipeline for occupying this type of building and unit mix. Currently DHA has 106 existing senior/disabled residents currently "over-housed" in Sun Valley and other DHA projects that require one-bedroom units in order to hold onto their public housing benefit or Section 8 voucher. This does not include the additional 27 disabled residents with reasonable accommodation requests that are currently in need of a one-bedroom unit. Also, DHA's Section 8 Voucher lottery has 22,429 people on its most recent waiting list, of which 8,030 are one-member households and 2,085 are classified as elderly. Further attracting residents to the Vida project, DHA has used the feedback from their recent "Health and Aging Survey" of residents to determine the highest priorities in the senior/disabled community they serve to ensure a comfortable environment for them to successfully age in place. Feedback suggested that personal health and nutrition were two of the top three concerns weighing on the minds of this community. Hence, by creating a synergistic project with housing, a health clinic and senior activity center in the same project, and incorporating programming such as the nutrition and cooking modules described below, DHA has resounded to this feedback by implementing these services and assessing them for their effectiveness (see "Amenities"). The Vida project will be an evolution of DHA's senior/disabled building model to serve this growing and underserved demand and DHA anticipates from all this qualitative and quantitative feedback that the demand for these units will be quite high.

Third, the sophisticated financing structure relies on multiple parties and funding sources to work in conjunction to accomplish this three-part project. To create the strongest possible proposal, DHA has already issued an investor and lender solicitation (under Federal HUD Procurement guidelines for RFP's) and has identified a short-list of financing partners who are currently in a "best and final" phase of the process. DHA received over 10 investor/lender proposals and has narrowed down the firms that have the greatest understanding and experience of the financing structure with also the most competitive fees and realistic terms for the deal overall. DHA will have selected their financing partners by July 15, 2016, and these financing partners will participate in all three tax credit partnerships (4%, 9% and NMTC) and thus be able to manage any complexities as a cohesive unit with a shared final goal.

Construction:

Construction is expected to take place over 17 months. The building will consist of an underground parking garage (Type I-A concrete frame), followed by a single-level of non-residential/commercial ground floor space (Type I-A concrete/steel podium), topped with both a 4-story steel-framed residential mid-rise building (9% LIHTC entity) and a 6-story steel-framed tower (4% LIHTC entity). The ground-floor will be wrapped in full storefront

glass/glazing and floors 2 through 7 will include a combination of metal cladding, siding, cementitious and faux wood panels to make up the gradient color pattern façade. The ground-floor commercial spaces will be individually metered with separate HVAC systems and each of the residential buildings will include a central boiler for domestic hot-water and all apartments will have individual PTAC units for personalized comfort.

Pinkard Construction has been selected as the General Contractor/Preconstruction Manager through a competitive RFP process already completed by DHA. Both the Architect and General Contractor were selected early in preconstruction to allow the highest use for this important site to take shape and to use a design/build approach to efficiently design a building of this size in today’s expensive construction market. Considerable thought and coordinated effort among the developer, the construction team, and legal counsel arrived at the building layout and financing structure; all parties are confident in the approach and pricing for the proposed building and program.

Population Served:

Within the building, 64 units will be public housing (ACC) and 111 units will be PBV. Therefore, all of the units will be benefiting tenants with incomes close to 30% AMI. The units will have the following area median income (AMI) limit restrictions:

Vida 9%		
30% AMI	8	13%
40% AMI	20	31%
50% AMI	20	31%
60% AMI	16	25%
Total	<u>64</u>	

Vida 4%		
30% AMI	13	12%
40% AMI	36	32%
50% AMI	37	33%
60% AMI	25	22%
Manager	<u>1</u>	1%
Total	<u>112</u>	

Total		
30% AMI	21	12%
40% AMI	56	32%
50% AMI	57	32%
60% AMI	41	23%
Manager	<u>1</u>	1%
Total	<u>176</u>	

ACC	46	72%
PBV	<u>18</u>	28%
Total	<u>64</u>	

ACC	18	16%
PBV	<u>93</u>	84%
Total	<u>111</u>	

ACC	64	37%
PBV	<u>111</u>	63%
Total	<u>175</u>	

Bedroom Mix:

All of the units will be one-bedroom units except for one two-bedroom manager unit (see “Project Weaknesses” for justification for the proposed unit mix). The average unit size is 610sf and the two-bedroom unit will be 912sf.

Amenities:

The community health clinic on the ground floor will be a significant amenity for tenants as it will provide convenient access to Centura’s primary care and geriatric services as well as emergency and urgent care services to residents and the overall community. Centura Health has also committed to serving a larger portion of Medicaid/Medicare beneficiaries at this location and will provide job training opportunities such as Nurse Residency, Pharmacy

Residency Programs among many others for Vida residents and community participants (see the attached “Letter of Intent” with Centura Health).

The senior activity center, to which every resident will have a free membership as a part of their rent, will be managed by DHA and will bring together many of the successful programs implemented at DHA’s Mariposa project in Lincoln Park (please see the attached “Mariposa Evaluation Progress Report” prepared by Denver Public Health for more details on these successful programs and services that will be expanded upon at this project). The business plan for the senior activity center at Vida is currently being finalized and includes a Healthy Living Coordinator who will organize programs that take advantage of the activity center’s fitness equipment, classrooms, and community co-op kitchen which will allow on-site Healthy Eating, Active Living (HEAL) programs and education that encourage residents to be engaged and in control of their health. The activity center will also have a full-time “Health Navigator” who will help residents attain benefits and have access to care and focus services in the areas of mental health, substance abuse, daily activities, treatment plans, and patient advocacy—this staff person will work closely with DHA’s full-time Resident Service Coordinator who will be 100% dedicated to providing supportive services to Vida’s senior/disable residents on site. Additional physical therapists and personal trainers will also be a part of the activity center’s daily programs and services. The project will also incorporate a rooftop “amenity deck” and exercise track as an active living courtyard that accommodates community engagement with a community garden, greenhouse, adult fitness equipment, and activity space for tenants, their families and their grandchildren.

All units will have ceiling fans, dishwashers, energy star appliances, and common washer/dryer rooms will be located on each floor. The project will be built to DHA’s strict sustainability goals and standards and all utilities will be paid for by the owner so many successful energy conservation measures, such as efficient lighting, apartment “all-off switches” as well as resident green behavior training and incentives will be a part of the buildings program. Trash and recycling chutes will be conveniently located at each end of the building and components of the active living staircase will encourage residents to use stairs more often than the elevator.

Financing:

The financing structure incorporates 9%, 4%, and New Markets tax credit financing. DHA will select their financing partners by July 15, 2016 at the culmination of their competitive process. The condo and deal structure, framed in the RFP and refined for this application was created over many months with extensive coordination between DHA, S.B. Clark (Financial Consultant), and Kutak Rock (Legal Counsel). The responses to the RFP, now in the process of a “best and final” revealed strong interest from firms sophisticated enough to manage the complexities of this three-part financing. The selected financing partners and associated legal teams will work with DHA to confirm the financing structure. A summary of the financing sources is presented in the following table:

Denver Housing Authority - Vida Senior Housing, Clinic and Senior Activity Center					
	4%	9%	Total LIHTC	NMTC	Total
Sources					
Permanent Financing	5,880,000		5,880,000		5,880,000
CHIF Loan	900,000		900,000		900,000
LIHTC Equity (LP)	12,682,547	14,748,525	27,431,072		27,431,072
LIHTC Equity (GP)	100	100	200		200
Deferred Developer Fee	553,663	337,254	890,917		890,917
DHA Sub Loan: State Funds	800,000		800,000		800,000
DHA Sub Loan: City Funds	1,000,000	-	1,000,000		1,000,000
DHA Sub Loan: Program Funds	8,200,000	950,000	9,150,000	1,131,479	10,281,479
NMTC Mini-Perm Loan				7,276,386	7,276,386
NMTC Equity				3,698,370	3,698,370
Total Sources	30,016,310	16,035,879	46,052,189	12,106,235	58,158,424

1. Describe the bond financing structure and include the following:
 - a. Total amount of bonds with a breakout of construction period bonds vs. permanent bonds.
 - Total bonds: \$18,119,074
 - Construction Period Bonds: \$18,119,074
 - Permanent Bonds: \$5,880,000
 - b. Bond issuer.
 - DHA will issue the bonds as a conduit issuer for the tax credit partnership; bond cap has been assigned to DHA from the City and County of Denver (see “Denver_DHA Assignment Letter”).
 - c. Lender and bond sale structure (public sale, private placement, short-term bonds to be taken out by a FHA-insured GNMA securitized loan, etc.).
 - Based on the received proposals, DHA anticipates a private placement structure, which will be confirmed once the financing partners are selected.
 - d. Portion of bonds that will be tax-exempt (i.e., will the bonds have a “taxable tail”).
 - The bonds will be 100% tax exempt. Bond proceeds will not be used in the NMTC or 9% financings, which otherwise would have required a “taxable tail.”
2. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:
 - a. To support rental housing projects serving the lowest income tenants for the longest period of time
 - All 175 of the affordable units will be subsidized for the lowest income tenants in the community (almost all will be at 30% AMI or lower). DHA will commit to a total 40-year affordability period.
 - b. To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria

The project is located in a QCT. Vida is helping to fulfill many community and development goals of Blueprint Denver, the West Colfax Corridor Plan, and the St. Anthony Urban Redevelopment Plan.

- c. To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit**

Denver Housing Authority is a public housing authority and redeploys all “profits” from its development activities into other opportunities that either enhance or create new permanently-affordable housing.

- d. To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing**

The property will cater towards seniors and disabled tenants, providing affordable units and specialized supportive services to serve this vulnerable and growing population.

- e. To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail**

The property is located half a mile from the Perry Station light rail stop on RTD’s West line, as well as right next to the rapid W. Colfax Avenue 15 bus route.

- f. To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing**

Vida at St. Anthony’s will consist of 176 new units with all but one available for low-income tenants, along with a ground floor health clinic in a newly constructed building in an area undergoing redevelopment and gentrification.

- g. To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period**

The development will use New Markets Tax Credits to build the community health clinic and senior activity center along with 4% and 9% credits to build the housing units. This structure allows for some cost sharing but requires all three financing sources in order to achieve the high-density mixed-use product.

3. Identify which housing priority in Section 2 of the QAP the project qualifies for:

Vida does not directly respond to any of the housing priorities.

4. Describe how the project meets the criteria for approval in Section 2 of the QAP:

a. Market conditions:

As stated above, DHA has quantitative and qualitative data pointing to the strong demand for this project as well as a pipeline of residents in need of relocation and a long wait list for seniors that are requesting a one-bedroom unit.

b. Readiness-to-proceed:

- The land is controlled through a purchase agreement and will be delivered clean and project-ready by the land seller EFG.
- The site is correctly zoned with current design meeting all requirements.
- The design plans will be submitted on approximately November 1, 2016.
- The project architect, general contractor, legal counsel and financing partners are either under contract or in final negotiations.

c. Overall financial feasibility and viability:

- The project will utilize 4% and 9% LIHTC allocation to complete the residential portion of the project. The amounts of tax credits requested are reasonable to complete development and leverage each financing source efficiently in terms of cost per unit & cost per square foot.
- The NMTC financed community health clinic and senior activity center is evidenced by a signed letter of interest from Centura Health as the lessee and significant support from NMTC allocatees.

d. Experience and track record of the development and management team:

DHA was established in 1938 as a quasi-municipal corporation authorized to provide affordable housing to the tenants of the City and County of Denver. Today, DHA's vision has been honed to reflect the goal that every individual or family shall have quality and affordable housing, in communities offering empowerment, economic opportunity, and a vibrant living environment.

Number of Employees:

302 Full-Time and Temporary Employees (242 FTE; 65 Temporary)

Fiscal Year Budget:

\$140,542,484

Federally Assisted Housing Portfolio:

10,785 Units/Housing Choice Vouchers

4,876 DHA Dwelling Units

5,909 Housing Choice Vouchers Section 8

Business Units:

Low-Rent Housing: 3,886

Section 8 Housing Choice Vouchers: 5,909

Denver Housing Corporation: 568

Denver Housing Program: 109

Benedict Park Place: 214

Globeville: 62
Thomas Bean Towers 29
Portfolio Administered or Financed: 10,785 Units
Number of Energy Efficient Units: 4,246
Number of Seniors (60+) Housed: 2,800
Resident Community Services (Senior/Disabled):
Case Management Visits (YTD): 3,011
Health Services (YTD visits): 508
Nutrition/meal services (YTD): 2,123
Activities (YTD Participants): 234

e. Cost reasonableness:

- DHA selected Pinkard Construction through a competitive process. The costs reflect actual estimates based on conceptual/schematic drawings from Parikh Stevens Architects. The construction costs per square foot are very reasonable given the vertical size of the project and significant cost for unground parking shared by all three condominium owners.
- The landowner is delivering the site clean and project-ready, avoiding any potential costs related to site preparation, entitlements, and utilities.

f. Proximity to existing tax credit developments:

- There is no Market Study to reference but using CHFA's wonderful interactive map, it shows six existing LIHTC projects spread throughout the West Colfax Neighborhood (or QCT 7.01 and 7.02) that total 463 LIHTC units (including DHA's 50-unit Mulroy Senior Apartments).

g. Site suitability:

- Vida provides housing for the lowest incomes at the St. Anthony's redevelopment. The area's development plans currently include luxury high-rise living, 4% LIHTC workforce housing, an Alamo Drafthouse cinema, office space, and retail in a walkable urban landscape.
- The site's proximity to Sun Valley can help diversify the concentration of poverty in Sun Valley by offering a supportive housing option to the senior/disabled population at a near-by location and positioning Sun Valley for mixed income redevelopment.
- Residents will be able to take advantage of the transformative revitalization occurring in the neighborhood and the outdoor amenities or Sloans Lake just a few minutes walk from the project site.

5. Provide the following information as applicable:

- a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):**

N/A

- b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:**

N/A

- 6. Address any issues raised by the market analyst in the market study submitted with your application:**

Please see Project Strengths and Weaknesses above.

- 7. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:**

The site is enrolled in the Colorado Voluntary Cleanup Program and will be delivered by the land developer (EFG) clean from all RECs (please see Project Weaknesses section).

- 8. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):**

Vida at St. Anthony's is pursuing public funds from the Denver Office of Economic Development, the State's Division of Housing, and the Denver Urban Renewal Authority; preliminary meetings have been held with all entities with indications of support included in the application.

DHA has also presented the project at multiple registered neighborhood organizations (RNO's) and the neighboring senior apartment tower, Denver Metro Village to gain support and gather feedback for the project. The RNO's: Sloan's Lake Citizen's Group and West Colfax Association of Neighbors are both in support of the project and look forward to being a part of DHA's "Community Driven Design" approach once Vida is awarded Tax Credits and is able to proceed with the project's design. The Denver Metro Village is also very excited to have the ground floor health services next door to them and their staff, Board, and residents will provide necessary feedback as DHA develops the design and programming further after award of tax credits (please see letter of support included in the Application attachments). DHA has also been working very closely with EFG (land developer of St. Anthony's) and the West Colfax Business Improvement District to get the project's design and proposed improvements to where it is today (see letters of support included in the Application attachments). DHA plans to work with all of these organizations when Vida is awarded tax credits to further refine the design, programming and foster a cohesive vision for Vida at St. Anthony's.

9% lihtc application narrative



Project Name: **Woodgate Trails**

Project Address: **Odelle & Woodgate Road, Montrose, CO 81401**



Woodgate Trails, a project presented by Four Corners Development, LLC will be a newly-constructed, 48-unit, planned residential community of duplexes designed for moderately active, independent, seniors. *Woodgate Trails*, an affordable tax credit duplex community in the City of Montrose, Colorado, will provide a total of 48 units with a mix of both one- and two-bedroom options. With only 16 existing senior low income housing tax credit units in the Montrose market that are not project based Section 8, there is a shortage of quality affordable housing for seniors and as a result, there is a significant need for additional senior housing.

While the duplex construction may not be common for affordable housing in Colorado, Four Corners Development has successfully developed this product type for seniors in other states.

The occupancy rates for our senior duplex and townhome properties are consistently at 100%. Based on feedback from our residents, we believe this is attributed to their delight with living in a quality space that affords the comforts and feeling that they are living in a home. They enjoy reduced neighbor noise, the opportunity to park in a garage, as well as the additional storage it provides. Grilling, patio gardening and relaxation add a dimension not offered in a typical apartment-style design. All units will offer vaulted ceilings and a several windows; playing on the openness and beauty of what the residents have come to expect living in Colorado, the true hallmark of the western slope.

The additional attraction of *Woodgate Trails* is that it offers ease of mobility and is within a short walking distance to grocery stores, medical care, local restaurants and offers easy access to the heart of Montrose. *Woodgate Trails* offers seniors the enjoyment of suburban life and the attraction of a diverse array of amenities.

Woodgate Trails is designed to promote a sense of community and belonging. This philosophy is apparent throughout the property. The community building offers an inviting atmosphere with large windows and pockets of quaint seating for enjoying conversation with a good friend or playing a friendly game of cards. For those wishing for a more competitive gaming event, there are twelve tables which can be used to host a weekly bridge tournament, or similar events. For those looking to keep up with world events or escape into solving a mystery, they can take advantage of the on-site library or computer stations available. Additionally, residents can use the facility for hosting their family, friends and/or groups they belong to. Whether for a special event or merely because they want to, the entertainment kitchen and dining area will provide the necessary equipment and seating needs. Several patios connect to the outdoor amenities, once again to promote a transitional and engaging opportunity to the outdoor amenities. The fitness center offers the residents the opportunity to stay fit and active from the comfort of the indoors.

The design of the outdoor space is also unique in serving the needs of the residents. For those whom already have green thumbs, they will have the opportunity to work the dirt and foster the growth of a vegetable, herb and/or flower garden in the raised bed planters; perhaps even mentoring less experienced gardeners-to-be along the way. The flat, meandering walking path will be useful for not only general enjoyment of the outdoors, but also as an opportunity for continued light exercise or help with rehabilitation after a minor surgery or health issue. If not physically engaged in one of the several sporting activities available; putting on the putting green, badminton, croquet or beanbag toss, residents have the opportunity to cheer their comrades on by watching from the shaded benches. The amenities and location of *Woodgate Trails* are designed for supporting residents in outdoor activities.

Four Corners worked diligently to find a site best suited to support independent, active seniors. There is a bus stop 2 blocks away providing transport to downtown Montrose every hour. Seniors today are healthier and more active than ever before. By living in the 'silver lining', the area slightly outside of the urban downtown area, these seniors will have the opportunity to experience all that life continues to offer them! *Woodgate Trails* is the perfect choice. Every day they will be able to choose from a long list of options, all of which will be on the property of Woodgate Trails. Without leaving *Woodgate Trails*, they have the opportunity to enjoy the Community Center which offers the opportunity to garden, exercise, entertain a group, enjoy a challenging game or hand of cards, be entertained with friendly conversation, re-live childhood memories by engaging in a game of badminton, read a book, surf the internet or improve their putting. Yet, the option to run errands or enjoy other activities 'off site' is not much more than a short walk.

Why seniors:

While certainly there is a need for affordable housing among all segments, unquestionably one of the greatest needs will be among those aged 65 and older. A recent article *Housing America's Graying Population* reported that, "housing will be the biggest challenge for the coming wave of aging baby boomers." Additionally, not only will homeowners 65+ increase by 65% over the next 16 years, but renters in that same age group will increase by 100%. (Urbanland, 6/3/13) Perhaps a better understanding of this information is to break it down to the daily impact: On January 1, 2011, the first baby boomer turned 65 and every single day thereafter, more than 10,000 have, and will continue to turn 65 for another nineteen (19) years. Not only are the baby boomers 'coming of age' but they are healthier, and more active in comparison to prior generations. With the advancements in health education, technology and medical breakthroughs, they will enjoy a longer life than any prior generation has experienced. At first glance, an additional thirty (30+) years of life sounds delightful, yet the reality of it delivers a host of challenges which among other things includes: limited financial resources to remain independent.

Why Four Corners Development:

Four Corners and Hamilton Builders are a group of long time real estate developers who have taken their combined skillset and financial capacity to create a group that brings it all together for affordable housing. From architecture services, due diligence services, construction and development services, Four Corners does it, and does it well. The partners have been involved in developing over 2,500 units of affordable housing across multiple states and have weathered the storm during times of economic boom and bust.

In addition to the skills and resources of the four partners they have built a staff that is second to none. The staff of 18 has a combined 100 plus years of real estate and LIHTC development experience. The company's combined human resources and financial capacity allow it to attract many investors and lenders and handle multiple projects in different states.

Project design is handled by Rita Baron, principal of Baron Design and Associates, LLC. Baron has developed over 1,100 senior and multifamily housing units. Ryan Hamilton and Douglas Hamilton are the Vice President and Construction Compliance Supervisor of Hamilton Properties Corporation. Founded in 1968, Hamilton Properties Corporation has developed, built and managed over 2,500 low-income and senior housing units. Mike Hamra, an attorney, is the President and CEO of Hamra Enterprises, which has participated in the development of over 600 low-income and senior housing units. Four Corners Development, formed in August, 2011, is an entity whose partners have 54 years of combined experience designing, developing, and managing LIHTC developments. In addition to the partners of Four Corners Development, the team assembled brings many years of experience in the affordable and senior housing development industry. Four Corners will partner with Volunteers of America (VOA) to serve as the property manager. VOA is a national non-profit housing and services organization with a strong presence throughout the state. VOA owns and manages four other senior properties in Montrose.

Four Corners Development presents a capable, well-rounded team that is focused on serving the housing needs of the low to moderate income working families and seniors, developing communities, and providing jobs to the local economy. It shares CHFA's value for quality housing, useful amenities and cost-effectiveness.

Strengths

- Site ideal for Senior housing: The site offers the quiet peaceful setting of a typical residential area but still has great walkability to groceries, dining, medical services and parks and recreation, most notably the \$30MM new recreation center under construction and slated for completion in late 2016. This new recreation center will offer many services and activities for seniors. It also provides close access to public transportation for errands that cannot be done within walking distance.
- Readiness to proceed: The site is properly zoned as R-3, or residential medium-density. Four Corners has been working with a local development consulting group to assist with the entitlement process. The development of residential duplexes is a use by right. They have had several planning sessions with the planning department and the City is very supportive of adding affordable senior housing in this location, specifically this type of

construction. The city feels this construction type and development plan is best suited for the community and the site. Due do this support, Four Corners anticipates having site plan approval by November and being able to start construction in April of 2017.

- Development team: The combined experience of the partners who make up Four Corners Development along with their staff of eighteen and consultants bring the necessary experience and capacity to deliver quality development efficiently.
- Desirable unit amenities: Large windows to allow natural light. Patios to expand living space to the outdoors and allow for fresh air. Large closets to allow for plenty of storage. Vaulted 9' ceilings and full sized, energy star appliances. Washer and dryer provided in each unit.
- Community environment: The entire design of *Woodgate Trails* promotes a feeling of community with a strong focus on activity. The Community Building offers a mix of quaint spaces and also integrates larger areas for gathering to play games (badminton, putting, croquet, beanbag toss), or celebrate a special event. The outdoor space invites residents to enjoy activities to satisfy their mood; picnic with others, garden, take a leisurely stroll, play an outdoor game or utilize the pathways to visit nearby neighbors.
- Answers a severe need: The addition of these 48 units will increase the available units to low-income seniors from 16 to 64 and still return an overall capture rate of 9.0% for the project.
- Promotes healthy lifestyle: Fitness room, walking trails, outdoor games, and gardening are free to residents and their guests. There will also be wellness checks provided in the community building and an activities coordinator will help plan and provide recreational opportunities.
- Strength in Partnership: Four Corners plans to work with Volunteers of America (VOA) as their property manager. VOA is a national non-profit housing and services organization with a strong presence on the western slope, as well as the Denver area. VOA owns and manages four other affordable senior properties in Delta and Montrose. Additionally, Four Corners anticipates the Montrose County Housing Authority becoming a special limited partner which will provide the project a property tax exemption.

Weaknesses

- Somewhat Car Dependent – based on the Walk Score, the site is labeled “Car Dependent”. The Walk Score is 41 and although it is labeled car dependent, it is very close to many desirable amenities. Four Corners spent significant time and effort searching sites in Montrose and this location has a higher walk score than typical and provides a level of walkability that is high for the area and fits the needs of seniors. It

should be noted that the average walk score for Montrose is 27 so the site selected is one of the prime locations in Montrose for the convenience of the residences.

Type of Construction

The *Woodgate Trails* project will consist of 24 individual duplexes; for a total of 48 units. Each unit will provide a single car garage for the resident. In addition to the 2 parking spaces per unit, there will be seven (7) parking spaces at the Community Building; a total of 103 parking spaces exclusively available to residents and guests.

- Wood frame construction.
- The roof will be pitched; composite shingles will be used.
- The exterior of the building will be a combination of stucco-appearance cement fiberboard siding and stone facade.
- There will be large windows throughout each unit consisting of windows in the kitchen, bedroom(s) and dining area.
- The units will have 9-foot ceilings, ceiling fans, washer/dryer and individually controlled heat and air conditioning.
- Kitchens will be equipped with full-sized, energy-star rated appliances; refrigerator, electric range/oven, dishwasher, and disposal.
- Each unit will have a useable patio.

Unit Mix

Unit Mix and Rents - Montrose County								
Type	AMI	Size	#	Max Rent	UA	Max Rent Adjusted	Actual Rent	Annual Revenue
1 Bed 1 Bath	30%	837	3	337	-	337	337	12,132
2 Bed 1 Bath	30%	971	2	405	-	405	405	9,720
1 Bed 1 Bath	40%	837	4	450	-	450	450	21,600
2 Bed 1 Bath	40%	971	7	540	-	540	540	45,360
1 Bed 1 Bath	50%	837	3	562	-	562	562	20,232
2 Bed 1 Bath	50%	971	16	675	-	675	675	129,600
1 Bed 1 Bath	60%	837	2	675	-	675	675	16,200
2 Bed 1 Bath	60%	971	11	810	-	810	810	106,920
Total Units			48	Total Revenue			361,764	

Types of Financing

In addition to Low Income Housing Tax Credit Equity, *Woodgate Trails* will utilize a permanent loan from CHFA as well as soft loans from the Colorado Division of Housing and from deferred development fee.

Location:

The project site is located on the Southeast corner of the intersection of Odelle Rd. and Woodgate Rd. in Montrose. The project will be situated on the western nine-acre portion of the total 18.1 acre parcel which is zoned Residential Medium-Density (R-3); appropriate for the proposed project. This classification use includes multifamily residence. All utilities are available at the site.

Woodgate Trails is perfectly located in an area where residents have the option to travel throughout the city of Montrose with ease for daily errands or jobs, medical appointments, activities, or to enjoy any of the many recreational or cultural options available. Yet, when the resident is craving a more low-key day (or overall lifestyle) but still wants to ‘piddle’, they will have a host of choices in their ‘community’ to do so; indoor or outdoor.

Within two (2) miles of the site residents will find a Walmart Supercenter, Target, Home Depot, Fresh Market, Banks, Dental, casual and sit-down dining, several churches, convenience stores and a brand new recreation center. Overall, the strength of the combination of amenities and location provides a highly desirable community for seniors.

Amenities

- Community Building with Kitchen
- Fitness Room
- Computer room & Library
- Walking trails
- Game area
- Putting green area
- Outside Event area (also artificial turf) for larger gatherings (private party) and/or activities such as badminton or croquet.
- Outdoor grill/picnic area
- Raised bed garden area (community garden)
- In unit washer and dryers
- E-star Appliances
- On site manager
- Smoke Free Building

Energy Efficiencies

- Preservation of Open Space
- Advanced Water Conserving Appliances and Fixtures
- Recycling Storage
- Environmentally preferable flooring and materials
- Energy efficient roofing

Guiding Principles

- *To support rental housing projects serving the lowest income tenants for the longest period of time*

Woodgate Trails has committed to providing five units at 30% AMI, eleven units at 40% AMI, nineteen at 50% AMI and the remaining thirteen at 60% AMI. There are currently only 6 units at 50% AMI and below in the market area. *Woodgate Trails* will add 35 units at 50% AMI or below serving the much needed very low income households. Montrose County incomes are much lower than many other areas of the state which makes providing housing in this area much more difficult. Also, *Woodgate Trails* has committed to extend the LURA to 40 years.

- *To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas*

Montrose County has a population of about 40,000 with most residents near the City of Montrose. It has been 8 years since the county last received a 9% allocation and 12 years since a senior project received an allocation.

- *To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit*

Woodgate Trails will be developed by a for-profit entity but will utilize the management expertise of Volunteers of America. With VOA as the property manager, *Woodgate Trails* benefits from having an experienced operator with local knowledge. Simultaneously, VOA benefits by adding to its management portfolio which helps support a primary advocate of affordable housing in Montrose.

- *To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing*

Woodgate Trails will serve independent seniors aged 55 and over. The grounds and recreational amenities will appeal to the full range of 'limited to moderately active' independent seniors.

Housing priority in Section 2 of the QAP

Woodgate Trails meets the priority for counties with a population of less than 175,000. Montrose County, based on the most recent census had a population of 40,713 in 2010.

Describe how the project meets the criteria for approval in Section 2 of the QAP:

Market conditions

There is tremendous need for additional affordable apartments for seniors in Montrose. The capture rates for the subject are very strong, with an overall capture rate of only 9.0%. Despite the fact that the PMA has a high number of lower-income older residents, there is one competitive, senior tax credit apartment property, Delta Village, offering 16 units targeting 40% AMI to 60% AMI. San Juan Apartments, the other senior tax credit apartment property (72 units) in the market area is Project Based Section 8.

Readiness-to-proceed

As mentioned previously, the development of residential duplexes is a use by right. As evidenced by the provided letters of support and the feedback from the planning sessions with the City of Montrose, the community is very supportive of adding affordable senior housing in this location, specifically this construction type. Due to this support, Four Corners anticipates having site plan approval by November and being able to start construction in April of 2017.

Overall financial feasibility and viability

Income and rents in Montrose County are lower than many other areas of the state which makes development particularly challenging as projects cannot support a significant amount of debt. *Woodgate Trails* properly balances the need to be financially feasible along with serving lower incomes.

Experience and track record of the development and management team

The project will be developed by Four Corners Development, LLC, an entity comprised of individuals representing three firms experienced in affordable and senior housing development, design, construction, and management.

Partnering with additional local organizations enhances the strength of the development team. Our mutual commitment to high quality facilities provided the platform to build our team. The Volunteers of America will lend their experience, professionalism and understanding of the market; qualities that we believe are invaluable.

Cost reasonableness

Woodgate Trails construction costs are estimated at about \$175,000 per unit. The overall development costs are estimated at \$264,000 per unit. The current budget has been vetted by Four Corners Development, Hamilton Builders and Alliance Construction and is very reasonable for the current construction climate. Four Corner and Hamilton builders have experience with this type of construction through their development profile.

Proximity to existing tax credit developments

There are three tax credit properties within 25 miles of *Woodgate Trails*. They are listed below. Delta Village is the only one of the three that is age restricted.

- Delta Village (16 units) – 22.5 miles away
- Sunshine Peak Apartments (92 units) – 2.7 miles away
- Cottonwood Apartments (60 units) – 0.6 miles away

Site suitability

The site is relatively flat and ready for development. All utilities exist on the site and the City of Montrose is extremely supportive of the project. With many amenities and services within just a few blocks, residents will be able to walk to a grocery store, medical services, and a newly constructed recreation center; all of which are available *within 2 blocks of the site*. The site offers a generous area for green-space which has been designed to promote an active lifestyle. The location of the site provides the best that life has to offer; daily peaceful enjoyment with the opportunity to easily run errands and stay connected to all that the city of Montrose offers.

Community Outreach and Local Support

Woodgate Trails has reached out to many local service providers and the community at large. They anticipate partnering with service providers who will regularly offer wellness services in the Community Building.

“The Woodgate Trails Senior Housing is a project that models the type of housing that will benefit our seniors and make aging in place in Montrose, Colorado attainable. The location was well thought out with convenient access to public transportation shopping, pharmacy and other necessary services.”

- Eva Veitch, the Community Living Services Director at Region 10 LEAP, a non-profit service provider for Western Colorado.

Attachments:

Please also see the provided letters of support from:

1. Montrose Economic Development Corporation
2. Region 10 League for Economic Assistance and Planning
3. Montrose Downtown Development Authority
4. Montrose Recreation District