4% housing credit application narrative

Project Name: Bentley Commons
Project Address: 2730 Bentley Point, Colorado Springs CO 80910

Executive Summary:

In 2009, Greccio Housing, Partners in Housing, Rocky Mountain Community Land Trust, three leading nonprofit organizations in Colorado Springs, responded to the recession underway at that time by forming a partnership to utilize Neighborhood Stabilization Program funds for the acquisition of a bankrupt and abandoned 24-unit condominium facility known as Bentley Commons. GPR Properties II, LLC was the 2nd of 2 endeavors by the 3 organizations that started in 1999, that brought the resources and complementary missions of the organizations to ensure housing stability for low-income residents, from transitional housing, to affordable rentals, and affordable home ownership. And as with GPR's other properties, Bentley Commons became a highly successful affordable housing community.

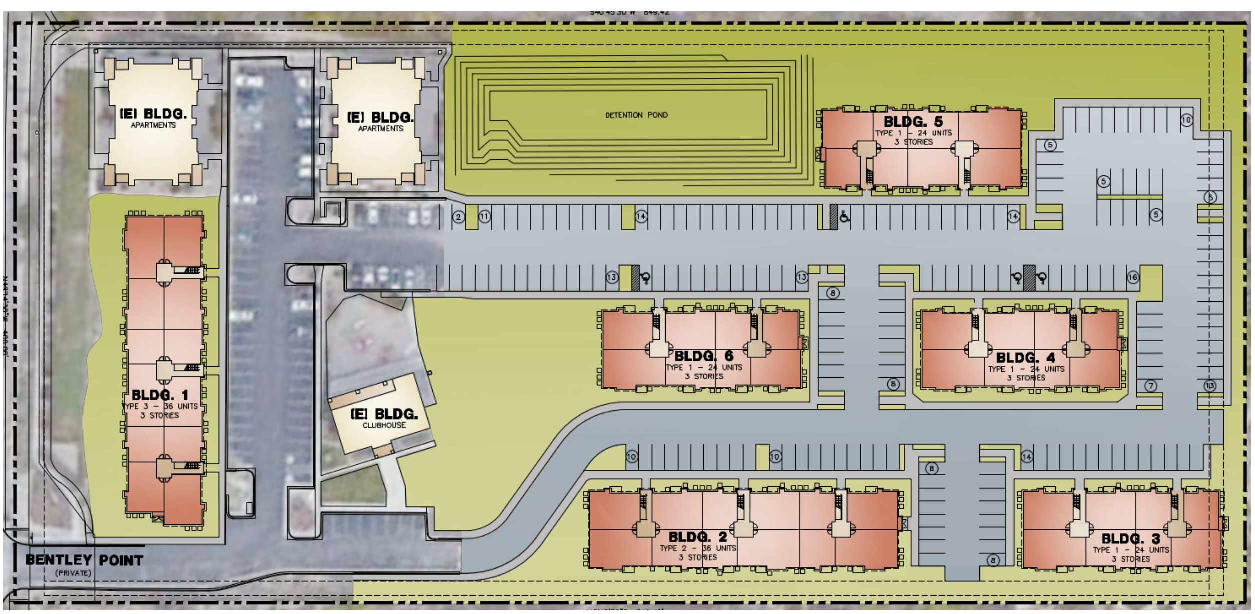
With a long-term plan to expand and fully develop the site, GPR's partner agencies acquired an adjacent parcel of land; the size of the two combined sites is 7.8 acres. The project proposed herein involves the development of 168 new units and renovation of the existing 24 units. An existing community center and leasing office will be refurbished to address the needs of the new residents and associated staffing and service needs for residents of the expanded affordable housing community.

1 BUILDING TYPE 1- FRONT ELEVATION
SCALE: NTS

The project is expected to be financed through the 4% LIHTC and State Affordable Housing Tax Credit programs. The expanded Bentley Commons will offer units at all AMI levels below 60%, including 27 units affordable at 30% AMI. These 30% AMI levels will be supported through an allocation of project based VASH vouchers. The VA will administer the vouchers and assist in coordination of referrals and services.

Local support for this project is significant. In addition to a number of service offerings and partnerships described later in this narrative, the City of Colorado Springs has agreed to use two-thirds of the private activity bonds needed for the project, intends to be the issuer for all PABs, and will provide grant funding (we would ask CHFA to assign the balance of the required PAB to the City). The Colorado Springs Housing Authority will partner to provide property tax exemption and savings; the El Paso County Housing Authority will provide a low-interest loan. And the local Veteran's Affairs office will assign 25 project based VASH vouchers and provide associated support services to the veterans. On the front end, the Trustees of the Myron Stratton Home Foundation have provided a low interest loan for pre-development activity.

Support for residents in affordable housing communities goes beyond providing a cost-effective place to live; we believe housing stability comes through the combination of affordable housing AND services and relationships for resident to depend on when challenging times come. In addition to community supporters and collaborative relationships, the partners of GPR bring an array of services and opportunities to residents, including job coaching, transitional housing and casework, social networking, financial literacy, child-centered programs, eviction prevention support, first-time home-buyer classes, and many other educational and supportive programs.



Section 2 QAP Priorities

While the project will support many residents with unique needs, the project does not specifically qualify as meeting the three priorities in Section 2 of the QAP. Service to veterans (some, formerly homeless), families working their way out of homelessness through Partner in Housing's Transitional Housing programs, and other seniors or those with disabilities will be represented and served among the 192 total households.

Section 2 QAP Criteria for Approval

- Market conditions - The market conditions for this project are strong. Nearby LIHTC projects are over 99% occupied, and with waiting lists. On average, rents will be 23% less on average than nearby comparable class B market rate projects, providing a significant cost savings to prospective residents. The project is expected to lease up 30 units per month, without concessions.
- Proximity to existing tax credit developments – The recent market study noted 318 non-subsidized family LIHTC units planned or under construction on this PMA. Accounting for this, capture rates still fell below the CHFA thresholds. Additionally, the PMA has a strong renter household growth rate that outpaces the number of rental units in the development pipeline.
- Project readiness – This project is ready to proceed. The project is a 'use by right;' much of the proposed project was previously approved prior to the recession and subsequent foreclosure by the former developer. The amended Development Plan was APPROVED in June, 2022. ALL environmental review and approvals by CDPHE have been completed, and plans have been submitted to the Pikes Peak Regional Building Department for review and approval, with an expected permit to be issued just before or after the end of December. The readiness of the project to proceed is a unique aspect of our application.
- Overall financial feasibility and viability – The partners of GPR Properties have independently and collectively served the Pikes Peak region for decades, and together, make up a continuum of housing options: transitional housing, affordable rentals, and affordable home ownership. In fact, GPR's conversion of 6 affordable rentals to permanently affordable home ownership properties (in a land trust model) provided the important initial resources to bring the project to this point in its development. As Property Manager, Greccio Housing and Greccio Commercial Real Estate Services is an experienced provider of affordable rental housing, with over 600 units across 26 properties in the market area. The proposed operating budget is based on comparable costs in its portfolio, and the corresponding debt load appropriate for the projected NOI. The City of Colorado Springs and the State Division of Housing have funding available for this project, and the County Housing Authority has conditionally approved funds for the project. GPR Properties will finance the sale of the land into the deal, effectively bringing the cost of land to $0. VASH subsidies support both operations and resident services while supporting an appropriately-sized loan.

- Experience and track record of the development and management team – As described earlier, the project sponsor is a joint venture between three non-profit organizations, GPR Properties III. The Managing Partner of GPRIII and Property Manager of Bentley Commons is Greccio Housing. Like Partners in Housing and RMCLT, Greccio has served the Colorado Springs community since the early 1990s. In that time, Greccio has developed properties through Acq/Rehab, Adaptive Re-Use, and LIHTC-funded new construction. Additionally, Greccio manages affordable housing properties for other nonprofit and for-profit but mission-driven owners throughout the Colorado Springs. Property management, maintenance, and supportive services are provided by both using a centrally-located team-based approach as well as site-based leasing, compliance and maintenance, to increase efficiency and responsiveness for its scattered-site properties. Greccio has an experienced compliance team experienced with every major affordable housing program. This will be the third tax credit project for Greccio. To assist in the development of the proposed project, GPR Properties III hired Medici Consulting Group to act as a development and construction management consultant. Medici has a strong track record of successfully developing affordable housing in Colorado through the LIHTC program.
- Project costs - The proposed project will be located on a flat site with immediate access to public roads, utilities, and trail systems. Tap fees in the City of Colorado Springs are some of the lowest in the State and will save the project significant amounts of money. The project will take advantage of the existing community center, renovating it to serve the needs of the new larger population, saving money on the new construction of office space.
- Site suitability - This is an infill location, with a long-established plan for multi-family housing development. It is adjacent to an established neighborhood, separated by historic Sand Creek, as well proximal to the South Academy business and transportation corridor, and a mix of other mixed uses in the area. The site is undeveloped, flat, and adjacent to existing roadways. Utilities are adjacent to the site, which walkable to transportation, services, and other resources.

<u>Underwriting:</u> Provide the following information as applicable:

- Justification for waiver of any underwriting criteria – N/A
- Justification of the financial need for a CHFA basis boost up to 30 percent of eligible basis – N/A There is no need for additional credits for this project.

<u>Market Conditions:</u> The market study recommended no changes to the project; no issues of concern were noted.

<u>Environmental Issues</u>: The site is located adjacent to a historic landfill with only inert material, and is unnoticeable today and covered in vegetation. Remnants of subsurface landfill material was found on our site and will be removed as part of the proposed development. In addition, buildings will be constructed with a sub-slab vapor instruction barrier, similar to the system successfully used at the existing buildings. Methane monitoring wells already on-site will continue to be utilized, others will be

added to the site in conjunction with the proposed expansion. The above described conditions and remediation actions have been submitted to the Colorado Public Health and Environment's VCUP program and approved. Once complete the project will be issued a No Action Determination.

Project Costs: There are no unusual features to the site location or building design that are driving costs upwards. The exception will be the cost of removal of the buried landfill material on some portions of the site. The new construction project has been designed to be highly efficient. The interior finishes in the existing building are in good condition, limiting renovations to the replacement of HVAC equipment, modest internal updates for compliance with updated accessibility standards, modification to the community and leasing space, and exterior siding to match the new construction project. Renovations will not require relocation of tenants, saving costs and avoiding inconvenience to residents.

Local Support and Outreach: The existing development exists due to a partnership of local nonprofits and investment of local and state funds, as well as inclusion of the Colorado Springs Housing Authority as a minority owner/partner. The partners of GPR Properties bring leadership and inclusion in affordable rental and home ownership, membership in the Affordable Housing Collaborative, Apartment Association of Southern Colorado, Innovations in Again Collaborative, Pikes Peak Continuum of Care, Housing Colorado, Family Solutions Collaborative, the Affordable Housing Collaborative, the Colorado Nonprofit Association, etc. The partners have also engaged local elected officials, southeast Colorado Springs stakeholders, and others as we have built energy and support for the project. Independently and collectively, the partners of GPR have a strong relationship with the local housing authority and have a preliminary agreement for them to enter as a partner for property tax exemption. The VA will bring project based VASH vouchers and residents to the project.

There is no known opposition to the expansion of Bentley Commons. City Council, current residents, and stakeholders in southeast Colorado Springs and across the city have been supportive of expanding Bentley Commons.

4% housing credit application narrative

Project Name: **Compass Pointe**

Project Address: **Oakshire Lane and Beaumont Street, Pueblo, CO 81001**

Executive Summary

Kittle Property Group is excited to bring Compass Pointe Apartments in Pueblo, CO tot eh CHFA AHTC funding round, a 132-unit project serving families earning 30%, 50% and 60% of the AMI. There will be 32 one-bedroom units, 68 two-bedroom units, 24 three-bedroom units, and 8 four-bedroom units. Compass Pointe will be conveniently located at the southwest corner of Oakshire Lane and Beaumont Street in the Eastwood neighborhood of Pueblo, Colorado. Historically, this neighborhood was disenfranchised from the City of Pueblo, and community leaders are seeking to right those wrongs with public investment and extensive new growth in the area. Overall, Pueblo is growing quickly, the housing shortage is acute, and Compass Pointe will make a positive contribution to the more than 4,000 housing units needed over the next 10 years[1].

The site is adjacent to the Veterans Affairs Office, a solar garden, park, and single-family neighborhoods. There is ease of access to Highway 50 and Highway 47, a transit stop within 225 feet, and close proximity to numerous job hubs and education opportunities. This site is in a Qualified Census Tract. Compass Pointe will consist of 132 units, including 32 one-bedroom, 68 two-bedroom, 24 three-bedroom, and 8 four-bedroom options. Residents will also enjoy a comprehensive amenities package, including a clubhouse with leasing office, fitness center, business center, and game room, as well as a picnic area, playground, dog park, and plenty of greenspace. The project consists of a combination of two-story Breezeway, two-story Walkup, and one-story Cottage buildings, as well as detached Garage buildings with storage, a one-story Clubhouse, and a Maintenance building. All buildings are cast in place slab on grade foundations with wood framed construction consisting of 2x6 exterior walls, 2x4 interior and non-load bearing walls, and wood decking with a light-weight gypsum topping. Breezeway floor is 3” lightweight concrete construction. Exterior stairs are precast treads on a steel stair and rail frame. Roofs are of prefabricated truss construction with OSB decking. One hour rated demising walls separate all units. The Apartment buildings are sprinklered with a type 13R system. Exterior finish materials

[1]Workforce housing need established in *Pueblo Housing Assessment and Strategy* September 2021 Gruen Gruen + Associates page 36.

are masonry, fiber cement siding, vinyl soffits, and an asphalt shingle roof. Exterior doors are insulated fiberglass and windows are insulated vinyl single hung units. Fiberglass batt insulation is utilized for all exterior walls and sound batt for unit demising walls. The attic insulation is blown cellulose.

There will be eight buildings, which are a combination of one story (cottage style) and two-story walk-up apartments with the availability of garages and storage spaces for an extra fee. Residents will be paying their own utilities. Security cameras will be in place for tenant safety. NGBS Bronze certification will be the green standard used. Compass Pointe has generated a great deal of support from the City and County staff and elected officials, Pueblo Housing Authority and the broader community. Evidence of this support includes commitment of HOME Funds and local private activity bond assignment, fee waivers, and letters of support from the Mayor, County Executives, Pueblo Housing Authority, the Chamber of Commerce and the YWCA.

Project Finance

The project will be financed with 4% LIHTC, State Affordable Housing Tax Credits, Private Activity Bond proceeds, Colorado Division of Housing Funds, a local contribution of $750,000, and deferred developer fee. Pueblo County and City of Pueblo have both committed to assign their private activity bond cap to the project. Property tax exemption and sales and use tax exemption through Pueblo Housing Authority is anticipated, but not included in underwriting at this time.

- Total amount of bonds: ~$19,500,000 in tax exempt PAB at the 54% level with a local PAB contribution. The long-term PAB are expected to be about $10,380,000
- Bond issuer: CHFA as a conduit.
- Lender and bond sale structure: We are expecting a private placement execution.
- Portion of bonds that will be tax-exempt and taxable: $19,500,000 of the bonds are expected to be tax exempt. We are assuming a ~$10,000,000 taxable tail during construciton.

QAP Priorities

Compass Pointe is located in a non-metro county with a population under 180,000.

Criteria for Approval in Section 2 of the QAP

Market conditions:
The market conditions in Pueblo indicate a highly favorable environment for this proposed project. Pueblo County is projected to need 9,600 housing units over the next 10 years. Housing supply has fallen significantly short of population growth, particularly for households below 80% AMI. Residential construction in the City and County of Pueblo were hit hard by the Great Recession and never fully recovered. New building permits dropped from 1,400 to 120 issuances per year between 2001 and 2011. Recovery has been slow, with permit levels now at about 50% of pre-recession levels. And, nearly all permits in recent years are for single-family detached housing.

More than half of renters in Pueblo County are cost burdened. The percentage of households with cost burden increases to 67% for those in the 30-50% AMI category and 75% for households below 30% AMI[2]. The primary market area has a vacancy rate of 0%. The Pueblo Housing Authority maintains a waitlist which currently has 1,597 applicants seeking affordable rental housing. The project market study notes extensive pent-up demand for multifamily development of this type and price point. The total capture rate is 15.2%. Lease up absorption is anticipated to be 20 units/month with no concessions.

Proximity to existing tax credit developments:
There are 33 family LIHTC properties in the primary market area. Six LIHTC properties are located within five miles of the site and identified as the primary comparable properties. Compass Pointe generally has comparable rents and location, and slightly superior amenity package and condition. Compass Pointe is the only non-deeply-subsidized family LIHTC project planned or under construction in the position to respond to the extensive pent-up demand. The market study notes excellent condition, larger unit sizes and superior project amenities are Compass Pointe's most significant strengths. The project is located in a rapidly growing area, which City leadership has been specifically seeking to make investments that improve the diversity of housing types, jobs and services.

Project readiness:
The project is ready to proceed, with the exception of zoning. Kittle Property Group has initiated the rezone process. The developer has conducted the required neighborhood meetings, and received preliminary comments from City Planning staff, both of which indicate positive forward movement towards timely completion of this milestone. The next steps will be a Planning and Zoning Commission Hearing on August 24, 2022, and a final letter of zoning approval anticipated September 26, 2022.

All utilities are available and easily accessible from the property.

Site Control:

[2] Ibid.

Kittle Property Group has an executed contract for purchase of the site. The contract meets CHFA site control requirements, and expires April 18, 2023 with extensions available.

Overall financial feasibility and viability:
Compass Pointe is financially feasible if it receives the requested allocations of 4% LIHTC and AHTC. Kittle Property Group, US Bank, the proposed equity partner, and the financial consultant, RCH Jones, have run the project through their tax credit financial models, providing consensus on its financial viability under the current assumptions.

Experience and track record of the development and management team:
Ranked in 2018 by Affordable Housing Finance as one of the nation's top 10 largest affordable housing developers, Kittle Property Group's expansive portfolio includes over 16,500 apartment homes in 18 states, providing quality homes for over 35,000 individuals and families. Kittle Property Group's first development in Colorado, River Bend Residences, is a 9% deal in Idaho Springs that completed stabilized operations in early 2021. Kittle Property Group is a vertically integrated company that serves as the developer, the property manager and general contractor of its properties. As long-term owners, durability and sustainability and operating efficiencies are important to Kittle Property Group – as is a solid commitment to the communities in which it does business. Kittle Property Group has learned through experience that local partnerships are key to a project's success. That is why Kittle Property Group has worked extensively with local stakeholders in Pueblo and partnered with RCH Jones Consulting and Williford LLC. RCH Jones Consulting and Williford LLC are local experienced consultants with a cumulative 40 years of experience in the affordable housing industry, mostly specific to Colorado.

Project costs:
The project costs for Compass Pointe reflect current hard cost information and have been reviewed and verified by a third party, Cost Engineers, Inc. While construction costs in Colorado have been increasing rapidly, the proposed construction approach very familiar to Kittle Property Group, and the company's vertical integration is key to their ability to contain costs. In order to account for the volatile commodities and labor markets, Kittle Property Group has included an owner hard cost contingency along with additional soft cost contingency and allowances for cost progression.

Site suitability:
Compass Pointe is located in the Eastwood neighborhood of Pueblo, which is a suitable location for a non-age restricted multi-family property. This site has convenient vehicular access and good visibility from adjacent streets. There is a transit stop within 225 feet of the site, with service to downtown and several employment hubs. The immediate neighborhood includes residential uses, institutional uses, parks, vacant land, as well as US Veteran's Affairs Department Nursing Home and Eastwood Heights Park. This site has good access to shopping, employment, services and schools. Specifically, Baca Elementary school is 425 ft from the site, and East Side Child Care, Rocky Mountain Head Start, Heaton Jr. High School, Pueblo East High School, and Pueblo Community College are all within two miles.

The site is a level, buildable, infill site, which will connect to existing utilities and residential streets. There are no recognized environmental conditions.

Issues Raised by the Market Analyst in the Market Study
None.

Justification for Waiver of any Underwriting Criteria
Not applicable.

Issues Raised in the Environmental Report Submitted with Your Application and Mitigation
None.

Unusual Features that are Driving Costs Upward and Opportunities to Realize Cost Containment
There is a Pueblo Housing Authority solar farm adjacent to the site. The energy produced by this farm is dedicated to the PHA, but another farm is under construction in east Pueblo. Leaders are seeking to target qualified residents of the area as beneficiaries, and Kittle Property group is exploring tapping into that resource as a renewable source for the site.

Description of Outreach to the Community and any Local Opposition and/ or Support for the Project
Brenda Haddad with Kittle Property Group has done extensive outreach in the community, including several trips to Pueblo to meet with community leaders. Outreach included meeting with the Mayor, City councilman for this district, City Council, City staff, Executive Director of the Housing Authority, Chamber of Commerce, YWCA, Health Solutions, County Council, Community Commission on Housing & Homelessness, and members of the Eastwood neighborhood. Throughout that process, she has gathered feedback that has helped to inform the project design and financing strategies, as well as gathered encouragement and tangible support for the project in the form of financing commitments and letters of support.

1 3BR8+2BR8+1BR8 - FRONT ELEVATION

4% housing credit application narrative

Project Name: Elevate at Aurora
Project Address: 1671 Altura Boulevard, Aurora, CO 80011

1. Summary: Columbia Ventures presents Elevate at Aurora, 137 units of affordable rental housing and a Community Service Facility on a 4.7-acre parcel currently owned by Living Hope Community Church located at 1671 Altura Blvd (the "Project"). The Community Service Facility will primarily serve as the Aurora location for a metro-area non-profit organization, CrossPurpose, a provider of workforce development services (see **attached** for additional information on CrossPurpose). Elevate at Aurora's unique synergistic approach will create opportunities for economic mobility for residents and the broader community. Affordable rents will decrease the economic strain of being rent-burdened, while CrossPurpose will offer residents and the Aurora community growth pathways through leadership, entrepreneurship, and career development programs.

Elevate at Aurora will deliver affordable housing of the highest quality to the Aurora community with a targeted approach to workforce development on site and a continuum of housing stability and upward mobility that can change the odds for families experiencing generational poverty. This will be accomplished through the integration of the new CrossPurpose community impact center on the campus and the site's strategic location across from an elementary school, adjacent to a grocery store and near the region's largest economic engine, the Anschutz Medical Center. By providing housing at many income levels, including levels of deep affordability, Columbia Ventures is creating opportunity for Aurora residents that can benefit most from enhanced workforce training and, in particular, in the medical field. Given the project's walking proximity to schools, a full-service grocery store, transit, and the region's largest employer, Elevate at Aurora residents will have the opportunity to spend less time getting there and more time being there.

Population and Bedroom Mix: The Project will include six studio units, 62 one-bedroom units, 52 two-bedroom units, and 17 three-bedroom units. Columbia Ventures will offer seven units at 30% AMI, seven units at 40% AMI, 34 units at 50% AMI, 55 units at 60% AMI, and 34 units at 70% AMI at Elevate at Aurora. The Project's AMI mix balances the need to create a financially viable project with providing as many lower (30, 40, 50%) and higher (70%) AMI units as possible to serve the full income spectrum and populations that have been underserved by the LIHTC program. See **attached** for information on Columbia's experience with Average Income projects.

Location and Density: The Project is located in a QCT approximately one mile east of the Anschutz Medical Campus on Altura Boulevard, less than a quarter mile from Colfax Avenue, a major thoroughfare that connects Aurora to Denver and provides access to a variety of high frequency transportation options. The Project is a 0.2 mile walk from Colfax, along which the 15 and 15L buses run. Colfax Station (R Line commuter rail) is a 0.9 mile walk from the Project (or reachable by the Colfax buses) and provides additional access to the R Line commuter rail and the 20 and FF5 buses. The R Line connects to the A Line to the north and to the H and E Lines to the south/southwest. These transit options will provide residents access to downtown and central Denver, south Denver and the south metro communities, Aurora, and Denver International Airport. Columbia Ventures has maximized density on the site through a rezoning of the property to Residential - High-Density (R4) from Residential – Medium-Density (R2), receiving unanimous approval from Aurora City Council in February of 2022.

Services: Through Living Hope and CrossPurpose, the Community Service Facility will not only benefit Project residents, but the surrounding community as a whole. The facility's built-in services, programmed for residents and the community at large, will include multi-generational and multi-lingual opportunities to build skills for a better career, share in fellowship with peers, and strengthen their community from within. CrossPurpose's data driven approach to tracking their students offers a high level of confidence that program participants will enjoy a significant opportunity to improve the economic odds for themselves and their families. See **attached** for a summary of how Columbia Ventures will maximize the synergistic benefits of CrossPurpose's on-site programs.

Amenities: Each unit will have air conditioning, blinds, carpet, a ceiling fan, interior storage closet, refrigerator, stove/oven, dishwasher, garbage disposal, microwave and in-unit washer/dryer. Project amenities will include a fitness center, business center equipped with computers, clubhouse/community room where residents can plan events, study rooms designed for after school programs and a playground. Security features include controlled access entries, security cameras, a gated entry and perimeter fence.

Construction Type: The Project will consist of four three-story walk-up buildings with residential apartments and a community service facility building. The residential amenities will be concentrated on the ground floor of one of the residential buildings. The residential buildings will be wood framed buildings on post tensioned concrete slab on grade with fiber cement and brick masonry façades and gabled composite shingle roofs. The units will have exterior breezeway entrances. The community service building will be a one-story wood framed structure with a low slope membrane roof. Assembly areas will feature expressed timber structure. Parking will be provided in surface lots on the northern and southern boundaries.

Energy Efficiency: The Project design extensively considers energy consumption and the importance of maintaining low costs. Lighting throughout the Project will be LED. Clothes washers, dishwashers and refrigerators will be Energy Star-rated. Energy costs for residents are also being kept low by providing domestic hot water through the use of a gas-fired water plant serving the entire building. The Project will meet NGBS Bronze requirements and be electrification-ready.

Financing: The Project will utilize HOME and ARPA funds from the City of Aurora, gap funding from the Colorado Division of Housing (CDOH), Capital Magnet Fund subordinate financing from CHFA, a special limited partnership with the Aurora Housing Authority for sales/use tax and property tax exemption, and funding from CrossPurpose and Living Hope Community Church.

2. Describe the bond financing structure:

Construction Period Bonds (Tax-Exempt): $29,295,000 - Private Placement
Permanent Bonds: $16,190,000 - Private Placement
Bond Issuer: CHFA
Taxable Construction Loan: $10,867,892

3. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (serve Homeless Persons, serve persons with special needs, or in Counties with populations less than 180,000):
The Project does not currently serve any of the priorities from this section.

4. Describe how the project meets the criteria for approval in Section 2 of the QAP:
Market conditions: The market analyst concluded that the project's proposed unit mix is responsive to demand, both in terms of unit types and income level. The overall capture rate for the Project is 18.9%. While the capture rate for the Project's 60% AMI units is above CHFA's threshold of 25%, the market analyst concludes that there is sufficient market demand for all units in the Project because of the strong pent-up demand for rental housing in the project's Primary Market Area (PMA). Strong market demand is evidenced by the market area's low overall LIHTC vacancy rate (1.7%) including 2% vacancy for 60% AMI units in the PMA, high historical occupancy rates, four properties with waitlists, and all properties achieving maximum rents. Additionally, the capture rates noted above are overstated because they do not include in-migration, and the market analyst anticipates the Project to attract 50-65% of its tenants from outside of the PMA based on the experience of other affordable housing properties in the area. This trend will continue to be reinforced by the ongoing expansion and job growth at the Fitzsimons Medical Campus.

The project's proposed 30% through 60% AMI rents are generally equal to the amounts being attained at other surveyed family LIHTC properties in the PMA and are 23-76% below the weighted average surveyed Class B market-rate rents in the PMA. The subject's 70% AMI rents are 10-41% lower than surveyed weighted average Class B market-rate rents. Based on these factors, the market analyst states that the proposed rents for Elevate at Aurora will provide a good value to potential tenants and are achievable. The market study states that the project should lease up at an average monthly rate of 20 units and reach stabilized occupancy within seven months, without concessions. After completing lease-up, the subject should have a stabilized physical occupancy rate of 97%.

Proximity to Existing Tax Credit Developments: The PMA has 14 non-subsidized family LIHTC projects containing 1,506 LIHTC units. The closest existing tax credit project is Range View Apartments, built in 2021 and located approximately 0.4 miles northwest of the Project. This property offers 30%, 50% and 70% AMI units and has a vacancy rate of 1.3%. The other comparable LIHTC properties in the PMA selected by the market analyst were: Connections on 6th constructed in 2002, located 1.5 miles away with 4% vacancy (offering 30% and 60% AMI units); Paris View built in 2019 and located 1.8 miles away with no vacancies (consists of 30, 40 and 50% AMI units); Lumien on Fitzsimons constructed in 2017 and located 1.9 miles from the Project with 1% vacancy (50 and 60% AMI units); Alameda View built in 2020 and located 2.5 miles from the Project with 4% vacancy (30, 50, and 60% AMI units); and Residences at First Avenue built in 1984, renovated in 2007, and sitting 3 miles from the Project (50 and 60% AMI units, 2% vacancy). The six LIHTC comparables in the PMA have a total vacancy rate of 2%, and Alameda View and Lumien on Fitzsimons both have 400-person waitlists.

Project Readiness: The developer has completed the rezoning of the site to Residential – High-Density (R-4) which allows the proposed 137 units and 15,250 square feet of space for the Community Service Facility. Remaining entitlement approvals include site plan and building permits. The City states in its zoning letter that site plan approval is expected to take six to nine months and 90 days for building permit approval. All utilities are provided to the site, and construction is anticipated to begin in third quarter 2023.

Overall financial feasibility and viability: The cost containment realized by the expertise of the development team helps support strong financial feasibility, and the deep affordability allows more soft funding to be brought to the Project. The underwriting assumptions are reasonable and conservative and are based on recent Denver project experience as well as current indicative terms from investors and funders. This is reinforced by the extensive visibility into debt and equity market dynamics of the Project's financial consultant, S.B. Clark Companies.

The documents provided by Shopworks as part of the LIHTC application are to the level of 100% Schematic Design. As part of the conceptual and schematic design process, the architect has designed the building form, appearance and configuration that conforms with the planning and zoning requirements of the City of Aurora as well as all applicable building codes. In addition, Shopworks has identified risks and challenges to the Project and incorporated them into the project budget. With assistance from Ware Malcomb and the balance of the engineering team, the required scope of work has been identified in the drawings and respective engineering narratives to capture the full extent of the project scope. Shopworks and the developer have coordinated with the general contractor to allow the proposed Project budget to include all work required to construct the buildings. A market reasonable cost escalation factor has been included as a part of the estimate.

The Community Service Facility (CSF) soft funding has been conditionally committed by Living Hope Community Church, the Gamel Family Trust and the Anshutz Foundation, contingent upon funding of the entirety of the capital stack for this component. The operation of the Community Service Facility will occur via a triple net lease such that the Project operating budget does not rely on rental revenue from the CSF to be viable and is not impacted by CSF expenses.

Experience and track record of the development and management team: Columbia Ventures LLC formed in 2013 to focus on residentially anchored mixed-use development in urban locations in the southeastern United States. Created in collaboration with the principals of the award-winning affordable housing development and property management firm

Columbia Residential, the company leverages the platform founded in 1991 by the late Noel Khalil to create a market-rate development and investment company with a unique skill set and dynamic approach to urban development.

Columbia believes that thoughtful investment in neighborhoods can produce transformational outcomes that are rooted in community development. Columbia Ventures' founders have developed over $2.5 billion of commercial real estate including over 30,000 residential units, comprising market-rate, senior, affordable, and condominium units with extensive regional and national experience. Columbia Ventures is administratively supported by Columbia Residential and its support staff headquartered in Atlanta. The brand has been built on enduring relationships, absolute integrity and top-notch execution.

In 2022 Columbia Ventures formally opened a Mountain West office in Denver led by local community development leader, Ivan Anaya. Anaya complements Columbia's sterling track record by bringing a wealth of affordable housing and community development experience, local relationships, knowledge and sensitivity to reaffirm the company's long term commitment to Colorado. Organizational charts for Columbia Ventures and Columbia Residential are **attached**.

The strength of the partnerships with CrossPurpose and Living Hope Community Church gives the Project deep roots in the community and in the responsible stewardship of urban land use within Aurora. With Shopworks Architecture guiding the architectural process, I-Kota as the general contractor and Ware Malcomb as Civil Engineer, the Project has a team with broad experience in development and in Aurora.

Project costs: The Project's construction costs were estimated by I-Kota, a local general contractor with extensive (>1,300 units built) LIHTC experience in Colorado, and the construction costs have been confirmed by Columbia Ventures. The Project's soft costs have been informed by Columbia Ventures' recent development budgets, and the operating budget has been informed by Columbia's comparable properties. Even with higher-than-average tap fees due to the Project's location in Aurora, the per-unit state credit request is below the average for the round.

Site suitability: Recent State investment in the Rocky Mountain Regional VA Medical Center, Anschutz Medical Campus, and the surrounding area approximately one mile west of the site has helped to create a vibrant, active neighborhood with employment, housing, and amenities, making the area a great place to live and work. CrossPurpose's close affiliation with the Anschutz Foundation and the healthcare industry more broadly makes this an ideal location to bring forward such an innovative project. CrossPurpose places more than 60% of its graduates into the medical field. Thus, the pipeline of training to job placement to wealth building with housing at AMI levels that support upward mobility, in proximity to the Rocky Mountain Regional VA Medical Center and Anschutz Medical Campus, solidifies the Project as a conduit for intergenerational growth.

The Project site is also well-served by other services and amenities and by public transit. Approximately two blocks from the Project is a bus stop for the 15 and 15L buses, which provide access to a commuter rail station (R Line) less than a mile west on Colfax. The 15 bus runs every 15 minutes seven days a week. Proximity to food options includes many restaurants nearby and a King Soopers grocery store that is approximately a two-block walk from the Project. The site is adjacent to Altura Park and the Altura Elementary School, which also houses the Altura Boys & Girls Club. Within a one-mile walk of the site are East Middle School and Hinkley High School, Colorado Soccer Foundation's Soccer City Aurora, a pharmacy, post office, community health clinic, the region's best hospitals, a bank, and many more life-enhancing amenities.

5. Justification for waiver of any underwriting criteria: Please see the cost basis waiver request (**attached**).

6. Address any issues raised by the market analyst in the market study:

The market analyst noted that the Project's parking arrangement is slightly inferior to some of the LIHTC projects in the PMA that offer covered parking. The Project is providing more than one parking space per unit and is meeting the City's parking requirements. Given current construction costs, the development team did not see it a wise stewardship of financial resources to provide covered parking and is instead focusing resources on youth and family driven amenities on the site. The market analyst concludes that the Project's amenities, unit sizes, condition, building design, security and services will make up for the lack of covered parking.

7. Address any issues raised in the environmental report(s):

The Phase I Environmental Site Assessment completed May 9, 2022 by CTL Thompson indicates that neither this parcel nor the areas immediately surrounding it have any Recognized Environmental Conditions (RECs). CTL Thompson also completed an Asbestos Containing Materials (ACM) survey on May 12, 2022. Columbia Ventures has included the scope of the ACM remediation in the construction costs as a part of the demolition.

8. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:

The depth of the Developer's expertise and experience, coupled with a sophisticated local cost estimation team, allows for the Project's construction costs to be contained. The choice of organizing the site as a series of walk-up apartment buildings allows for simplified building systems as a means of cost control. Limiting the building height and utilizing open breezeway circulation means that elevators and common area ventilation are not required. These systems have recently been seeing cost increases and limited availability in the market. Choosing a design that does not require these elements reduces both project cost and procurement risk. This will be the second project built by Columbia Ventures and I-Kota. The first was Vina Apartments, a 150-unit LIHTC community in the Elyria-Swansea neighborhood of Denver, completed in April 2022. Vina was completed ahead of schedule and under budget.

9. In your own words, describe the outreach to the community that you have done and describe local opposition and/or support for the Project (including financial support):

A virtual public meeting for the Project was held on July 20, 2022, and no members of the public attended the meeting. In January 2022, Pastor Kalevik of Living Hope Community Church presented the church's vision for the Project and campus to Mayor Mike Coffman. Mayor Coffman commented that he supported this vision of affordable housing and job readiness/preparation wholeheartedly and in particular in this location of Aurora. A support letter from the Mayor for the tax credit application is **attached** in addition to other support letters from the community.

Local support for the Project is also evidenced by the City Council's unanimous rezoning approval that was secured in February 2022 and subsequent approvals for $1,750,000 in HOME funding and ARPA funding from the City of Aurora. Commitments for financial support for the Project have also been received from Living Hope Community Church, the Anschutz Foundation and the Gamel Family Trust.

The Project team has also committed to make best efforts once the development is realized to work with Altura Elementary to support after school programs and daycare, with a specific initiative to keep kids focused and reading. Living Hope Community Church regularly meets with the principal and the family liaison of Altura Elementary. The church sponsors back to school efforts such as an on-site barbeque where backpacks and school supplies are donated to the kids.

4% housing credit application narrative

Project Name: Gateway Village

Project Address: 414 Southridge Rd, Fort Morgan

Executive Summary

Rocky Mountain Communities (RMC) will undertake the substantial renovation of Gateway Village, a 96-unit apartment development located at 414 Southridge Rd in Fort Morgan, construct a new building with 24 units, and refinance the existing debt on the property. RMC currently owns the property, which is located at 414 Southridge Road in Fort Morgan. RMC has submitted a site plan application to the City of Fort Morgan that will increase the existing density to from 96 to 120 units as permitted under the current R-3 High Density Residential zoning as shown in attachment '17a – Fort Morgan Zoning.' The property is currently unrestricted and serves families with an average AMI below 40% with units naturally affordable from below 30% to 60% AMI paired with 44 Project-Based Vouchers (PBVs) units and units from 60% to above 80% AMI. Post-renovation the units will be restricted to serve families earning 40-60% AMI with PBVs along with 60-80% AMI units. The units will include a mix of one-, two-, three-, and four-bedrooms across 11 garden style buildings. A summary of the proposed unit mix chart by bedrooms and AMIs is shown below and further detailed in the Application workbook.

Unit Type	# Units	
1 BR	14	12%
2 BR	30	25%
3 BR	54	45%
4 BR	22	18%
TOTAL	**120**	

AMI	LIHTC	LIHTC w/ PBV	Total
40%		15	15
50%		16	16
60%	54	13	67
80%	22		22
	76	**44**	**120**

The two- and three-story buildings were constructed with Type II construction with a combination of slab on grade foundation and below-grade, garden level foundations with wood framed construction, shingle roofs, and will be renovated to include Hardie plank siding and upgraded exterior common stairwells serving each building. The property includes an on-site manager, community room, laundry room, playground, and 182 parking spaces. Water, sewer, and trash collection are paid by the owner. Units include cable and internet connectivity, closets, blinds, and bathroom fans. The apartments are located adjacent to the Pioneer Elementary School. Fort Morgan does not have any public transportation, but the site is less than a mile from the Amtrak Station and approximately two miles from Interstate 76 and employers and retailers along the highway.

In addition to this application for Federal 4% Low Income Housing Tax Credits and Colorado State Affordable Housing Tax Credits, RMC is submitting an application to CHFA in pursuit of bond financing. RMC anticipates utilizing the USDA Rural Development Multifamily Guarantee Rural Rental Housing program through Bellwether Enterprise (BWE) as the approved lender, and CHFA will provide a Capital Magnet Grant loan in a subordinate position. We proposed to work with BWE to provide the construction loan as well. Preliminary discussions have been held with the Federal Home Loan Bank, to whom an application will be submitted. RMC has also received Letters of Interest from Enterprise Housing Credit Investment and Affordable Housing Partners for the purchase of Federal, State, and Environmental Tax Credits, respectively. RMC has discussed loan financing with the Colorado Division of Housing as well as the Brownfield revolving loan fund and Brownfield tax credit program with the Colorado Department of Public Health and Environment and CHFA. RMC will defer 20% of its Developer Fee, reinvest proceeds from the sale of the property into the new tax credit partnership in the form of a carryback loan, and contribute cash from operations during construction to complete the financing stack.

1. Bond Structure

The Gateway Village redevelopment project will generate a total of $23,900,00 Private Activity Bonds. Red Stone, the proposed purchaser, will purchase the bonds at issuance and the proceeds will be lent to the Entity to pay for portions of the costs incurred for acquisition and construction/rehab. All bond proceeds will be used to finance construction and $9,300,00 will transition to the permanent loan amount. RMC will seek a CHFA Bond issuance as a conduit bond issuance only and the PAB will not exceed 55% of the aggregate basis.

Red Stone will purchase the bonds for private placement and all bond will be tax-exempt. The Facility shall be secured at all times by the following: (a) first priority mortgage lien on the Property; (b) first priority assignment of leases and rents; (c) a collateral assignment of the management agreement and all project documents; (d) a general partner/managing member pledge; (e) a developer fee pledge; (f) the aforementioned guaranties; (g) assignment of capital contributions in respect of the tax credits; (h) an environmental indemnity from the Borrower and the Guarantors; and (i) a collateral assignment of the PBV Contract.

2. Gateway Village will serve Fort Morgan County, which has a population of less than 180,000, and meet the priority in Section 2 of the Qualified Allocation Plan (QAP).

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

Demand and Capture Rate

	20% AMI	30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	80% AMI	Total
= Income Qualifying HH In Market Area	151	304	352	440	512	530	862	3,151
+ In-migration of HH (If Any)	0	0	0	0	0	0	0	0
= Total Qualifying HH (Demand)	151	304	352	440	512	530	862	3,151
Existing Units	0	0	14	0	58	0	0	72
Capture Rate - Existing	0.0%	0.0%	4.0%	0.0%	11.3%	0.0%	0.0%	2.3%
Under Construction/Planned Units								
Brush Village II (Proposed)	0	5	0	19	21	0	0	45
Subject Units (Proposed)	0	0	0	0	54	0	22	76
Total Existing & Under Construction Units	0	5	14	19	133	0	22	193
Capture Rate	0.0%	1.6%	4.0%	4.3%	26.0%	0.0%	2.6%	6.1%
Demand Less Existing & Proposed Units	151	299	338	421	379	530	840	2,958

Comments from Market Study

- Gateway Village has an excellent location in terms of access to the property, proximity to services, and nearby employment sources. 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.
- Currently 50% AMI and 70% AMI levels are among the least served sectors by existing peer group properties.
- The property should have no problem leasing the four-bedroom units in the complex even though this floorplan style is not very common among the competitors.
- The units are slightly smaller than competing properties and typical new construction in the metro area; however, this should not significantly impact their demand.
- The slightly higher rents levels should be supported by the project's complete renovation, its planned "average to above average" unit finishes, and due to its established location.

- **Proximity to existing tax credit developments**
  None of the below projects in Fort Morgan are recent reservations, and they all achieve high occupancy levels and LIHTC max rents per the market study.

- Sol Naciente – 1.3 miles
- Riverview Apartments – 2 miles
- Pioneer Apartments – 0.4 miles

- **Project readiness**
  RMC has site control of the property through its ownership since 2016. Zoning required for the redevelopment is in place and Site Plan approval is expected by March 2023. Financing is projected to be in place by June 2023.

  The development team is in place with drawing over 30% completed and the team ready to resume the competition of the drawing upon announcement of the tax credit award.
- **Overall financial feasibility and viability**
  The development team has identified numerous private and public sources of funding in addition to its own investment in the partnership that will together finance the construction and rehabilitation of Gateway Village. All sources are reasonable expected to be obtained based on strong indications of interest from its financing partners as evidenced by the attached documentation. As shown in the sources and uses further detailed in the Application spreadsheet, the project would not be financially feasible without State Credits. The additional equity derived from the State Credits generates $7.5 million, and the project is already maximizing its debt, utilizing multiple soft sources of funding, and investing a significant amount of its own equity in the project.
- **Experience and track record of the development and management team**.
  This year, RMC celebrates its 30th year of continuous operations as an owner, manager and developer of affordable housing. In addition to acquiring, financing, and developing properties through a number of strategies, RMC has deployed LIHTC for the development of three owned properties; Meeker Commons, a 4% LIHTC project awarded in 2000, co-developed Arroyo Village, a 9% LIHTC project awarded in 2016, and is co-developing The Commons, a 9% LIHTC project awarded in 2020.

  RMC manages its own portfolio of over 1300 units in 9 properties located across the state of Colorado, in addition to managing and over 300 units through RMC's 3-party affiliate, Pillar Property Management. The management team is well-versed in all area related to LIHTC compliance and reporting as well as with the management, compliance and report of various HUD programs. The team is responsive, timely in reporting and has no history of failing to meet compliance standards.

  Mark Marshall leads the real estate and development efforts at Rocky Mountain Communities (RMC) and joined the team in February 2021, bringing over 35-years of experience in the building/development industry. His wealth of knowledge spans a variety of development types that include affordable housing, government facilities and military family housing, mixed-use, mixed-income, market-rate and student housing. As a developer, he has participated in the construction, rehabilitation and preservation of over 2,600 single-family and multi-family affordable housing units valued at over $330 million, as well as over 1,700 units of market rate housing valued at over $280 million. His extensive work experience encompasses deal sourcing, acquisitions, housing development, land development, community land trusts, budgeting, scheduling, architectural design and project management. Mark has completed LIHTC developments in Illinois, Indiana, Michigan, Ohio and Texas.

Chris Furlong recently joined the RMC team as a Development Manager. Chris brings 5-years of development experience in affordable housing, market-rate multifamily and hospitality development. He has participated in the development of over 1,600 units of apartments as an underwriter and development manager. Chris was most recent at the Colorado Division of Housing where he served as a Housing Development Specialist.

Development consultant Tom Currell is a community focused real estate development executive with over 25 years of experience spanning public, private and P3 development initiatives encompassing over $800 million of total investment. Expertise in affordable, workforce and market-rate mixed income multi-family and senior housing. Project leadership for the development of more than 1,700 apartment units. Experience leading all facets of planning, design, financing and construction of complex P3 urban revitalization initiatives with a focus on large, neighborhood scale, redevelopment projects involving environmental remediation and infrastructure reconstruction. Expertise in orchestrating complex land planning for the development of mixed-finance, bond and multi-layer mortgages.

- **Project costs**
  The Gateway Village total redevelopment cost is $44.6 million, which equates to a per unit development cost of $372,169 and a per unit construction cost of $160,023. The equity generated from the 4% LIHTC will fund $118,055/unit of the total development costs and the Colorado State credits will fund $37,500/unit of the total development costs. A large part the per unit construction costs is based on 64 of the existing 96 units are larger 3 and 4-bedroom units and 12 of the new 24 units will also be 3-bedroom and 4-bedroom units.
- **Site suitability**
  The project is increasing density as part of the refinance and rehabilitation of the property. It will continue to confirm to the neighborhood character and traditional architectural style and medium density land use patterns in rural Fort Morgan. There are no slope, noise, environmental, flood, or wetland issues that affect the site.
- Established site location near downtown Fort Morgan with outstanding easy access to all parts of town.
- Fort Morgan is the economic and employment hub of Morgan County and is easily accessible from both Brush and Wiggins with excellent access to the metro area via I-76.
- Residents have excellent access to neighborhood schools, parks, the local library branch, and area services.
- The property has a well-balanced unit mix that matches well with the local tenant profile.
- Strong affordable unit demand across all AMI levels and unit floorplan sizes.
- Very limited competition for the in the Primary Market Area and including the Morgan area.
- The property has a strong Walk Score compared to the Peer Group average.

4. The primary issue raised by the market study is to consider adding a second bathroom to the new construction 2-bedroom units.

5. RMC is not requesting a waiver of any underwriting criteria.

6. The Phase I Environmental Site Assessment issued on January 20, 2022 issued a Methamphetamine Preliminary Assessment Report for Unit 221, a vacant apartments, in Building G that concluded the apartment was contaminated with methamphetamine above the regulatory limit and therefore

required remediation. This Recognized Environmental Condition (REC) to the subject property will be remediated. The apartment is scheduled for decontamination prior to future occupancy.

7. One of the main factors that is driving up construction cost is the fact that all units have Asbestos Containing material in the drywall joint compound. This causes significant remediation costs whenever our Maintenance team has to do any work in units that requires disrupting the surface of the walls. We have elected to remove all the drywall, which necessitates temporarily relocating all of the residents from their units for a 3-month period until the construction is complete. The Asbestos remediation required in all units coupled with the temporary relocation has driven costs upward significantly. Taylor Kohrs, the General Contractor, has identified major cost savings to help reduce the abatement costs by exploring new methods for containment and removal from the site.

   We are building a new facility that adds units to assist in housing the families during the relocation period. While the new building adds costs, the costs are considerably less than bring on-site mobile units to house the resident. Additionally, there would be no residual value to the project for mobile unit once the redevelopment is complete.

8. RMC has informed the residents of Gateway Village of the proposed renovation and new construction and also held a public hearing at the community to discuss the LIHTC Application that includes State Credits in accordance with the Colorado Act. RMC has reached out the City of Fort Morgan and Brush Housing Authority and they have stated that they are willing to commit their PAB cap to CHFA to go toward the redevelopment of Gateway Village.

9. The project scope includes the demolition of the existing management office building and community laundry facility, and the construction of an additional 24 units of housing in a three-story building with a new management office, community room, coin laundry, and maintenance office. The proposed renovation scope of work includes the abatement of all Asbestos Containing Materials (ACM) in all exiting units. The scope will involve the removal and replacement of all exiting drywall on ceiling and wall areas and replacement of all flooring. Kitchen and bathroom cabinetry, sinks, and toilets will be replaced along with all appliances, heating ventilation and air conditioning (HVAC) units, and hot water heaters. Insulation will be upgraded throughout the property. A radon vapor intrusion venting system. will be installed in all buildings as well. New Luxury Vinyl Tile (LVT) flooring will be installed in all kitchen bathroom and living areas along with new carpet in all bedrooms and bedroom closets. Exterior stairwells will be reconstructed or repaired, and all interior and exterior doors will be replaced. Repairs and replacement of a portion of the existing aluminum siding will be completed with most repair work being needed from ground level to a height of 4 feet on the building façade. A copy of the plans, specifications and cost estimate are attached.

   Each of the 10 existing buildings will be vacated, and tenants will be temporarily relocated during the renovation of their apartment unit. This renovation work is anticipated to take about 90 days on average for each building. Due to the lack of temporary housing in Fort Morgan and the surrounding area, renovation will be limited to two buildings, or not more than 18 units, concurrently. The total renovation period is projected to require about 24 months. The first phase of the work will be the demolition of the existing management office and laundry facility, and the project anticipates utilizing mobile structures to house the management office, maintenance office and community laundry throughout the course of the renovation. Construction of the new 24-unit building and management/community building will begin as soon as this demolition work is complete on the existing site where the management office is currently located. During the demolition and new construction period, three buildings (Buildings F, H and J), which contain one- and two-bedroom units, will be renovated, and tenants will be relocated off-site until the renovation of their unit is complete. The renovation of these three buildings should require about the same amount of time as the construction of the new building, which will be completed in 10 months. Once the new building achieves a certificate of occupancy, it will be utilized as a relocation resource for tenants in the remaining buildings that contain all three- and four-bedroom units. The configuration of apartment units in the new building enables the project to temporarily configure adjacent one and two-bedroom units into a mix of three- and four-bedroom units in a quantity sufficient to renovate two buildings at a time with a mix of three- and four-bedroom units. The newly constructed building will not be placed into service for tax credit purposes until the final existing units have been renovated. All tenants will return to their original unit following renovation. The project budget includes an allowance for the freshening of the new building before permanent leasing of those units begins.

RMC purchased the property for Fort Morgan Housing Authority in 2016, after managing the property for FMHA since 2000. The property is currently operating under a 5-year HAP contract and has an allocation of 44 Project Based Section-8 voucher administered through CHFA.

The property was constructed in 1975 and has never had a major capital investment during that time. This will be the first allocation of tax credits that the property has every receive and other than the PBVs, the property has no other affordability use requirements. Because of that, is should be viewed as a Preservation deal. One of the major deferred maintenance issues is the frail state of the metal-encased wood entry-stairs leading to each of the buildings. The wood has begun to rot, creating structural deficiency and safety hazard in a number of the buildings that must be addressed immediately. All of the units also have asbestos in the drywall joint-compound located throughout each unit. This creates a remediation issue whenever any walls is the units have to be penetrated for routine maintenance items such as plumbing repair or cabinet replacement.

4% housing credit application narrative

Project Name: Harvest Hill

Project Address: NW Corner of 118th Ave. and Wadsworth Blvd., Broomfield, CO

Executive Summary: Harvest Hill is a proposed 152-unit multifamily development that will provide a transit-oriented and affordable living option for families in Broomfield, CO. Ulysses Development Group (UDG) has assembled a best-in-class team of local affordable housing professionals to deliver a modern housing experience focused on resident health and environmental sustainability. The building has been designed with high quality amenities fit for the targeted family population and to provide outdoor experiences with two courtyard spaces, a publicly dedicated pocket park and the promotion of alternative modes of transportation. UDG is proud to submit this request which is responsive to not only CHFA's priorities but also the stated priorities of the City of Broomfield including: (1) providing affordable homes for a diverse range of incomes, (2) promoting bus and bicycle transportation and (3) incorporating highly sustainable building practices that can adapt to future needs and technological advancements. Some of the key reasons that Harvest Hill is deserving of a competitive State Credit award are:

- **Value –** Harvest Hill has been financially structured to provide CHFA with the maximum return-on-investment from a $1,000,000 award of State Affordable Housing Tax Credits ("AHTC"). As Colorado's housing crisis expands it is increasingly vital that the State realizes a significant value from the scarce investment capital available. Harvest Hill's requested AHTC award is only $6,579 per residential unit which will be near the lowest in the 2022 competitive AHTC round and returns 152 family homes in a severely rent burdened community. The committed AHTC pricing of $0.79 from US Bank ensures that the project is fully leveraging CHFA's support. The project is also leveraging substantial investments from the Broomfield community including an assignment to CHFA of $4.1MM of Private Activity Bond cap and a $1.5MM cash contribution from the Broomfield Housing Alliance.
- **Location** –The project location is only a quarter mile walk from RTD's Broomfield Station on the east side of US-36 with nearby access to schools, grocery stores, and community services consistent with "smart growth" best practices. The brief walk to Bromfield Station will provide residents with access to frequent 'bus rapid transit' service via the *Flatiron Flyer* route to downtown Denver, downtown Boulder, and car-free travel throughout the Denver metro. No opposition to the project has been identified through the public concept review process and neighborhood meeting.
- **Overwhelming Demand** – The most recent housing needs assessment was completed for Broomfield in 2018 and the signs of a mounting housing crisis were highlighted in the report. It was clear then that a growing segment of Broomfield's workforce could no longer afford to live in the town in which they work. The report quantified that forty-two percent of Broomfield renters (3,691 households) as cost burdened and the immediate demand for new affordable housing at 1,286 homes. The project's market analysis highlights census data showing that 80.7% of the local workforce does not live within the primary market area (PMA). The capture rates shown in the market study do not account for any in-migration including

the 79,736 employees (about the seating capacity of the Mile High Stadium) who may choose to live closer to their place of work if there was an affordable available.

- **Local Support** – The City and County of Broomfield ("CCOB") has been extremely supportive of the Harvest Hill project. Included in this application is a support letter from CCOB confirming their commitment to assign their 2022 PAB allocation of $4,116,501 to CHFA in support of Harvest Hill. They have also confirmed the project's eligibility for their affordable housing fee waivers including a 50% reduction of all permit fees. The newly formed Housing Authority in Broomfield (Broomfield Housing Alliance/"BHA") has also agreed to participate in the Harvest Hill partnership in two material ways. First, as a Special Limited Partner to facilitate a property tax exemption/use tax exemption. Second, as a financial partner. BHA's Board has indicated strong support for a $1,500,000 funding contribution to the project to ensure project viability. BHA's Commissioners voted unanimously to support the project with the enclosed support letter at their June 2022 meeting.
- **Urgent Need** – Harvest Hill is only financially viable as affordable housing with a 2022 AHTC award. The development team has a valid concern that current economic projections and a year of carrying costs will not allow the project to return for the 2023 AHTC round. The project is not feasible with 9% LIHTCs or as a straight 4%/PAB financing without a considerable addition of soft funding for which there isn't an identified source. AHTCs are the most critical and urgent component of the capital stack.

Location and Density – The project's transit-oriented location is centrally located in Broomfield with easy access to public transportation and community services. The development will maximize the allowable density permitted within the Planned Unit Development plan. The location is not within a QCT or DDA census tract.

Population and Bedroom Mix – Harvest Hill has been intentionally designed for Broomfield families. It will include a mix of 1-BR (48) 2-BR (68) and 3-BR (36) homes.

AMI Targeting – Eight units will be restricted to families earning no more than 30% of Broomfield's AMI and an additional eight units will be restricted at 40% AMI. Twenty-six homes will be restricted at 50% AMI and the remaining one hundred and ten residences will serve residents earning no more than 60% AMI.

Unit and Project Amenities – Harvest Hill's amenities are highlighted by a suite of health focused and environmentally sustainable benefits. A Transportation Demand Management (TDM) plan developed in conjunction with CCOB includes initial access to RTD eco-passes, shared workspace to accommodate the work-from-home trend, expanded bike storage (including a secure interior bike storage room complete with tools and air pumps for bicycle maintenance) and dedicated parking spaces for car and van share programs. Additional community amenities will include a variety of outside experiences programmed for resident enjoyment regardless of age or family structure. The property will include two programmed courtyard spaces and a dedicated pocket park with walking path, a tot play area, a playground appropriate for older children, multiple shade structures, outdoor seating/picnic area and outdoor workstations. Interior amenities will include a community room, business center with wi-fi internet access, secured building entry, security cameras, ample resident parking at no charge, onsite management and two elevators. Resident homes will include washer/dryers, a full energy star appliance package, internet and cable availability, air-conditioning, ceiling fans, a coat closet and a walk-in closet from the primary bedroom. Apartments will be individually metered for electricity. Residents will benefit from certain owner paid utilities including water/sewer, natural gas, and trash/recycling services. Additional sustainability upgrades included for resident benefit are detailed below.

Type of Construction – Harvest Hill is planned for type V wood frame construction over a slab on grade foundation and a TPO roof. The four-story building will include high quality and durable materials for a modern aesthetic. The building skin includes a mix of brick masonry, cement board siding and cement board panels. Upper-level apartments will be accessed through two elevators and three stair cores. The property will be surface parked with 228 vehicle spaces including ten with EV charging installed and another fifty-eight wired for easier installation of future EV charging stations.

Access to Public Transportation – Harvest Hill is located a quarter mile from the RTD's Broomfield Station. Adequate pedestrian routes connect to RTD's bus facilities on each side of US-36 and make the Harvest Station development an ideal "first and last mile" development which can take advantage of the regional transit service to connect to land uses all along the US-36 corridor including the communities of Denver and Boulder via the Flatiron Flyer bus rapid transit route. In all Broomfield Station is serviced by nine bus routes that will provide residents with a public transportation option to destinations throughout the metro area.

Availability of Services - Harvest Hill has partnered with Broomfield FISH to provide residents with an array of supportive services. FISH has served the most vulnerable members of the Broomfield community since 1963 by preventing hunger, helping to match clients with stable housing situations and by supporting families with emergency financial assistance. The most immediate impact this partnership will have is through a referral process allowing FISH to match their clients with the housing opportunities available at Harvest Hill. FISH will also match residents in need of additional services with one of the more thirty community partnerships they have established with other service providers throughout the region. The services provided will be financed through Harvest Hill operating funds and by the support of Broomfield FISH.

Description of Energy Efficiencies - Sustainability amenities include on-site renewable energy through a rooftop solar PV system, ten installed EV charging stations with another fifty-eight 'EV capable' spaces. Additionally, all appliances in Harvest Hill will be Energy Star certified, LED lighting will be installed throughout the building, on-site recycling services will be provided, and water conserving fixtures and landscaping will be prioritized. Independent Power Systems ("IPS") has provided a quote for a 50.15kW rooftop solar PV system that will be installed to offset an estimated 15% of the building's projected energy consumption according to an analysis completed by IPS. These enhanced sustainability measures will complement the 'greenest' aspect of Harvest Hill which is a transit-oriented location supplemented with a transportation demand management plan including RTD eco-passes for the first two years and on-going transportation subsides through RTD's LiVE program. Together these green building features will contribute to the project's anticipated NGBS Bronze certification and provide residents with the opportunity for substantial savings from reduced utility and transportation expenses.

Capital Sources – The 4% LIHTC/AHTC/PAB financing will be supplemented by a variety of soft funding sources including: (i) a $1,500,000 financial contribution from BHA, (ii)a property tax exemption as a result of BHA's participation, (iii) an anticipated soft funding loan from DOLA, and (iv) a deferred development fee.
Bond Financing Structure – The total amount of the bond issuance is anticipated to be slightly over [$29,000,000] of which roughly [$23,000,000] will remain after construction as permanent debt. CHFA will act as the bond issuer. The project has secured over $4,000,000 in Private Activity Bonds from the City and County of Broomfield which will be transferred to CHFA for the Harvest Hill issuance.
Priorities of the QAP - Harvest Hill meets the QAP priority of being in a county with a population of under 180,000 residents.

Criteria for Approval -

- *Market conditions* – The market analysis points to a lack of LIHTC and other subsidized housing available within Broomfield which will lead to absorption of Harvest Hill within six months at 97% occupancy.
- *Proximity to existing tax credit developments* – There are four existing LIHTC developments within the PMA; the nearest being the 39 competitive units at Academy Place Apartments 0.6 miles to the east. The market study's projection for an extremely quick absorption of Harvest Hill's units represents the robust demand for the project, in part due to the lack of other affordable housing opportunities in the market.
- *Project readiness* – Harvest Hill will be able to provide the State Housing Credit Milestone documents well before the 18 months from the date of the reservation letter. The development team has been working on advancing the project since summer 2021 and have received great support from community stakeholders without any identified opposition. The project completed the required concept review, open comment period and community meeting in May 2022. The Site Development Plan was submitted to the City and County of Broomfield on July 9, 2022. The required approvals are expected before the fourth quarter of 2022 with closing and groundbreaking scheduled for May 2023. Further, a Purchase and Sale Agreement for the land was completed in 2021 and the Phase I shows no evidence of Recognized Environmental Concerns (REC). CCOB's planning division outlines the readiness to proceed in their letter included with this application. Even though there is a discretionary review process required, the level of support from the CCOB and BHA are representative of the community's desire for the housing at Harvest Hill. Additionally, through the Harvest Hill Concept Review process written comments were provided from two City Council Members and one member of the Land Use Review Committee (LURC) that were all very supportive. The comments from Council Members Lim and Marsh-Holschen as well as the comments from LURC Commissioner Franz are included with the application materials.
- *Overall financial feasibility and viability* – With an award of Colorado AHTCs Harvest Hill will be a financially feasible project. The generous support from the Broomfield Housing Alliance will provide a property tax exemption and a soft funding contribution of $1.5MM. Harvest Hill will also be applying to DOLA for an additional $3.8MM soft funding contribution. The State Credit request of $6,578 per unit will be an extremely efficient use of Colorado's limited housing resources to provide 152 residential units for future generations of Broomfield families. Given the current volatile financial and commodity market conditions, the project budget includes sufficient contingencies to ensure project financial viability in today's uncertain climate.
- *Experience and track record of the development and management team* – UDG assembled a best-in-class team of affordable housing professionals to develop and operate Harvest Hill. UDG's full-time staff of twelve affordable housing professionals located in Denver has the capacity and experience to deliver an exceptional result for the Broomfield community and the Harvest Hill residents. Shopworks Architecture is an industry leader with extensive experience in the design of affordable housing within Colorado. Mission Rock Residential will provide resident-focused property management services with their robust compliance expertise developed through managing 4,484 LIHTC units. Taylor Kohrs has a proven track record of safely completing successful affordable housing development within Colorado. Together the Harvest Hill development team has been focused on the needs and lifestyle of Broomfield families to provide a modern, durable, and high-quality homes that will last well into the future.
- *Project costs* – The cost to construct Harvest Hill has been provided by Taylor Kohrs in collaboration with UDG's Head of Construction and Director of Pre-Construction. UDG solicited proposals from six of the region's most highly regarded contractors and was most confident with Taylor Kohrs' approach to professionalism, safety, and cost estimating. The building's efficient design is highlighted by the per unit hard cost of approximately $225,000.
- *Site suitability* – Harvest Hill's location is ideal for an affordable multifamily development. The proximity to Broomfield Station will provide an affordable transportation resource for residents. Additionally, its central location in Broomfield provides easy access to community amenities including

nearby access to two King Soopers stores and a Walmart Supercenter. Families will have access to Jeffco School District who has confirmed its ability to accommodate Harvest Hill's student population at Semper Elementary, Mandalay Middle School and Standley Lake High School (support letter included). The parcel maximizes the allowable residential density, contains no identified RECs and in many ways is ideal for the proposed residential use.

Requested Waivers – No waivers of CHFA's underwriting standards are being requested.

Issues from Market Study – The only concern identified in the market study is one- and two- bedroom units that are smaller than the competition. Given the market studies subsequent confirmation of the demand for Harvest Hill we do not believe the unit size is a risk to the project's marketability.

Environmental Report - The project's Phase I environmental report did not identify any RECs.

Issues Driving Costs Upward – Harvest Hill has been efficiently designed to provide the greatest return on CHFA's investment of AHTCs. It has also been designed with the ability to convert to all electric in the future as technological advances in providing domestic hot water and ventilation without natural gas. No natural gas service will be provided to the individual apartments.

Community Outreach and Support – The Harvest Hill team has completed significant outreach to project stakeholders including neighbors, area non-profits, the newly formed Broomfield Housing Alliance (BHA), and many individual meetings with members of City Council. The consistent response received has been resounding support with an understanding of the strain of housing costs on so many Broomfield families. As part of Broomfield's Concept Review process the project's initial plans have been posted publicly on the Broomfield Voice website for thirty days and the project team also completed a public neighborhood meeting on May 25, 2022 (recording included with application). The Concept Review comments received were enthusiastically supportive of the project. This public outreach has resulted in broad support throughout Broomfield and a $1.5MM contribution from BHA, a property tax exemption, and over $4MM in Private Activity Bonds contributed by CCOB.

Solar PV System – A planned 50.15 kW rooftop solar PV system will be installed by Intendent Power Systems with renewable energy credits purchased by US Bank.

Radon Mitigation – Harvest Hill will include a robust vapor barrier and a passive or active radon mitigation system dependent on the testing results once the building is constructed.

4% housing credit application narrative

Project Name: Heartside Hill Apartments

Project Address: 6501 Brittany Street, Fort Collins, CO 80525

1. Executive Summary:

Overview: CARE Housing, Inc. (CARE), is pleased to present Heartside Hill Apartments (HHA)— a 71-unit multifamily rental community that will anchor a neighborhood campus in southeast Fort Collins. The property, consisting of 8.84 acres, has been donated by Heart of the Rockies Christian Church, Disciples of Christ (HRCC). Once built, the Heartside Hill campus will address the most pressing needs in our local community—access to affordable housing options, affordable early childhood education and supportive services. The campus will be comprised of the proposed 71-unit CARE multifamily apartments; 9 Fort Collins Habitat for Humanity single-family homes for low-income buyers; 2 L'Arche Fort Collins congregant style "forever homes" for adults with intellectual and developmental disabilities; and a community building with space for supportive programming for Heartside Hill residents including early childhood education, pediatric health care, behavioral health services, and workforce development.

Location: As the culmination of almost two decades of vision and commitment, HRCC selected three local nonprofit organizations to receive a donation of undeveloped land. The parcel is located at the northwest corner of Lemay Avenue and Trilby Road, adjacent to Brittany Knolls, a moderate-income residential neighborhood. The property is centrally located for easy access to Fort Collins, Loveland, and I-25 corridor employment opportunities. While the nearest bus stop is 0.9 miles west of the site, this is not uncommon in areas of low density in Northern Colorado. Additionally, the City of Fort Collins Transit Master Plan calls for both fixed-route and on-demand transit service for this location in the future (see attached letter). CARE has made every effort to maximize the number of units on the site, while accounting for input from neighborhood residents. CARE has leveraged the open space design of the entire property to maximize density from the LMN zone cap of 12 units per acre to 30.2 units per acre on the CARE multifamily parcel.

Units and Affordability: HHA will serve households from 30% AMI to 60% AMI. With a mix of units ranging from 1-4 bedrooms, this property will serve individuals with disabilities, single adults, seniors, and families. CARE will partner with Housing Catalyst to provide 16 project-based vouchers (PBV) to help deepen the affordability for residents with (5) 30% AMI units, (8) 40% AMI units, and (3) 50% AMI units.

Heartside Hill Apartment Unit Mix							
Unit Type	**30% AMI**	**40% AMI**	**50% AMI**	**60% AMI**	**Total Units**	**% Of Total**	**Size (Avg.)**
1 BR/1BA	2	0	2	2	6	8.5%	650
2 BR/1BA	3	2	4	20	29	41%	814
3 BR/2BA	0	4	1	25	30	42%	1005
4BR/2BA	0	2	1	3	6	8.5%	1162
Total	**5**	**8**	**8**	**50**	**71**	**100%**	910

Construction and Energy Efficiency: HHA will be configured as 6 multifamily, 3 story, 12-plex buildings with open stairs and exterior breezeways. Structurally, the buildings will feature grade beam/drilled pier foundations, steel I-beam/columns and engineered wood I-joists/wood framing. Our approach, with continuous insulation, insulated doors and windows, and highly energy efficient MEP systems, will result in compliance with Enterprise Green Communities standards (EGC), Zero Energy Ready Homes certification requirements (ZERH), Fort Collins 2021 Building Code, and Fort Collins Integrated Design Assistance Program (IDAP) metrics. All buildings will be "Electrification ready" to comply with local code standards and could attain "net zero" energy input with the addition of photovoltaic (PV) electricity generation. Exterior finishes will include fiber cement siding and stone veneers topped with Class-4 rated roofing systems.

Amenities: HHA is intentionally designed to create an environment that enhances the physical, emotional, and mental health of our residents. These homes will have immediate access to ample parking, a playground, and community gathering spaces surrounded by community gardens, beautiful landscaping, and walking trails.

The campus community building will include many of the previously mentioned services including an early childhood education (ECE) center and will be financed through American Rescue Plan Act (ARPA) funds and private donations. Larimer County has a 40% shortage in childcare access for families with preschoolers and a 75% shortage for families with infants. Larimer County families with two children under the age of 5 spend close to 40% of their income on childcare, whereas the federal Health and Human Service Department reports that 7% of a family's income is reasonable for childcare. The Heartside Hill ECE center will be operated by Teaching Tree Early Learning Center, the most established nonprofit childcare provider in Larimer County. Approximately 50% of the available affordable childcare slots will be available to HHA residents, ages 0-5. The Boys & Girls Club of Larimer County will offer affordable youth services and after-school programming for students aged 5-10. The project team is engaged with a local pediatrician to establish a medical clinic, including behavioral health care, and other nonprofits that will offer workforce development services, multicultural programming and more.

In addition to the services offered in the campus community building, HHA residents will have access to a community clubhouse with a business center, exercise room, kitchen, and meeting room. Other site amenities include community Wi-Fi and bicycle maintenance/storage.

Statewide and Local Support/Financing: Heartside Hill enjoys strong support from our local community and elected officials. Identified as a "transformational project" by the Governor's office, we recently received a delegation of elected officials, including Governor Polis, Representative Neguse, State Representatives, and County Commissioners who were interested in our collaborative, holistic approach to integrating multiple housing solutions with onsite supportive services to boost economic mobility for Coloradans. With $1.1MM of funding already secured through the City of Fort Collins, CARE is confident in a funding strategy for HHA that includes permanent financing, State of Colorado grants and ARPA funding, and deferred developer fee to maximize the benefit of Federal and State tax credit equity.

While separate from this application, funding support for the campus community building from the American Rescue Plan Act (ARPA) is also strong. Heartside Hill is listed as one of seven transformational projects in Larimer County, receiving repeated support from Larimer County Commissioners and Fort Collins City Council. Please see attached letters related to the community building.

2. Bond Financing Structure:
The anticipated financial structure for the Project is that the bonds will be issued by CHFA and privately placed with the construction and permanent lender. There will be $16,550,000 of bonds issued for the construction period and upon conversion, $5,550,000 will be retired for a permanent bond amount of $10,550,000. It is anticipated that all bonds will be tax exempt. Additional funds needed during construction will be covered with a taxable portion of the construction loan. We do not anticipate any taxable bonds.

3. QAP Project Priorities:
Although units will not be restricted to homeless or special needs populations, CARE is committed to serving people within both demographics. CARE has established formal partnerships with local organizations to ensure the most vulnerable people in our community, including those experiencing homelessness, have access to our available rental homes. These partnerships include Homeward Alliance, Crossroads Safehouse, Project Self-Sufficiency, Family Housing Network, and the Avery Center.

4. Criteria for Approval in Section 2 of the QAP:
<u>Market Conditions</u>: The demand is strong for income-restricted housing in the primary market area (PMA). According to the market analysis conducted by Prior & Associates, the overall surveyed vacancy rate in the PMA was 2.4%, well below a balanced threshold and reflective of pent-up demand for rental units. Additionally, the LIHTC properties were 100% occupied with waitlists of 75 applicants and a four-year wait, indicating demand is equally as high for income-restricted housing. The market study expects an absorption rate of 20 units per month, reaching stabilized occupancy in 3.5 months, without concessions.

<u>Proximity to existing tax credit developments</u>: There are 35 LIHTC projects in the PMA, which is equal to the boundary of the City of Fort Collins. The other 27 non-age restricted LIHTC properties have 2,351 units. The 2 closest LIHTC properties (Eagle Tree-36 units and Provincetowne Green- 85 units) are managed by CARE and are consistently at or near 100% occupancy.

<u>Project Readiness</u>: CARE has invested significant resources to ensure that the Heartside Hill site is ready to proceed upon an award of tax credits. The property has been donated by Disciples of Christ and conveyed to Community at Heart LLC, of which CARE is the managing member. A purchase option agreement between this LLC and CARE has been executed. The appropriate zoning is in place. The Overall Development Plan and Project Development Plan have been submitted and the public hearing for project approval with the Planning & Zoning Commission is scheduled to take place on September 15, 2022. After approval, the Final Development Plans will be submitted and building permit issuance will be 3-6 months after the public hearing.

CARE has also collaborated closely with our design team and general contractor to ensure the cost estimates are accurate and achievable, especially given recent market volatility for materials. The project team will continue to move forward with design documentation and CARE anticipates the project will be ready to start vertical construction in June 2023.

<u>Overall financial feasibility and viability</u>: CARE and the project consultants have worked diligently to ensure the financial viability of the HHA project. The cost estimates are based on 100% complete schematic drawings. The project will benefit from significant local financial contributions, including $1.1MM from the City of Fort Collins. Larimer County has verbally supported an additional $500k. CARE has received preliminary approval from Housing Catalyst for 16 project-based vouchers and a Special

Limited Partnership (SLP) for purposes of property tax and sales and use tax exemption. CARE is pursuing an early rate lock option with our lender to eliminate the interest rate risk. It is anticipated that we will be able to lock the rate shortly after an award of tax credits.

Experience and track record of the development and management team: CARE has over 30 years of development experience, including six new LIHTC developments (287 units) and two acquisition/renovation projects (121 units). Current CARE development and leadership staff are seasoned professionals, and since 2018 they have successfully managed a complex expansive soil mitigation rehab project; a multi-property UFAS project; and an 84-unit acquisition and rehabilitation LIHTC project with Housing Catalyst. By working with Housing Catalyst as an established, award-winning developer, their technical expertise has provided the current CARE team with the necessary tools for successful LIHTC project management.

The CARE Property Management team is well versed in all aspects of LIHTC compliance and has historically maintained very low vacancy and eviction rates. The team has lease-up experience with new LIHTC projects and has successfully managed resident relocation, leasing, and compliance for our most recent LIHTC project.

CARE has assembled an exceptionally qualified project team with ample LIHTC experience. The design firm, alm2s, is a Fort Collins-based company and has successfully completed 21 CHFA LIHTC new construction and rehabilitation projects. Denver-based Palace Construction is serving as general contractor and has completed 25 CHFA LIHTC projects in the past 5 years. Our tax credit consultant, Morgan & Associates is a Colorado-based company and Adam Morgan has secured over $500MM in tax credit equity financing, developing over 5,000 units of housing in 4 different states. CARE has hired G2 Strategies as our Owner's Representative, for pre-construction, construction, and closeout phases of the project. G2 Strategies is a Denver-based company and has served as an Owner's Representative on 15 affordable multifamily projects in the past 3 years. Our legal and accounting firms, Holland & Hart and Eide Bailly respectively, are LIHTC industry experts.

Project Costs: CARE has made every effort to contain costs in an environment of escalating land and construction prices. CARE has been very diligent in making site and building designs as efficient as possible while maintaining high livability standards for future residents. All cost drivers within our ability to control have been evaluated and optimized through significant site redesign and building reconfiguration. Cost containment strategies have resulted in a savings of almost $4MM from our initial cost estimates.

Site suitability: As a result of extensive community outreach, the site has been intentionally designed to complement surrounding neighborhoods by placing the multifamily buildings on the southern side of property adjacent to an existing multifamily community and placing the single-family homes on the northern side, adjacent to the single-family neighborhood. Fossil Creek trail is accessible from the campus, and Fossil Creek Park and Water's Way Park are less than one mile away. The campus is within one mile of a convenience store and bus stop, and within two miles of an elementary school, medical clinic, grocery store, pharmacy, and neighborhood shopping center.

The master-planned community will include affordable homeownership opportunities, home for people with intellectual and developmental disabilities, and a community building with services to benefit residents including early childhood education, behavioral health care, pediatric care, and workforce development. These onsite amenities make this a very desirable community for HHA residents.

5. Justification for waivers:
HHA is requesting a basis limit waiver. This is necessary due to the high cost of fees in Fort Collins, as well as the high site work cost for mitigating grades and expansive soils.

6. Address any issues raised by the market analyst:
The estimated capture rate is above the preferred threshold. However, the market analyst has indicated that leasing up these units is achievable because the surveyed LIHTC properties were 100% occupied with a 4-year waitlist. Additionally, the surveyed 50% and 60% AMI units were 0.0% vacant. HHA alone would only need to capture 1.1% of the PMA's renter households that are qualified at 50% and 60% AMI.

7. Address any issues raised in the environmental report(s) submitted with your application:
The Phase 1 Environmental Site Assessment concluded there are no Recognized Environmental Conditions for the site.

8. Identify if there are issues driving costs and cost containment opportunities:
Bentonite Clay is an expansive soil type that is prevalent in Northern Colorado and is, unfortunately, present on our site. Geo-technical analysis has indicated that we must use a 30' drilled pier with grade beam foundation system to avoid building deflection. This foundation system adds approximately $200K to the cost of each of our 6 buildings. Geo-technical analysis also advises to over excavate all drive lanes to a depth of 5' which will increase costs by an additional $50K. Although this is challenging, the current CARE team has recent experience with expansive soil mitigation and is qualified to make prudent decisions in this regard.

Current market conditions, inflation, supply chain disruptions and labor shortages all contributed to an initial Schematic Design cost estimate that was 30% above our previous estimates. This required an aggressive cost containment strategy which included a significant redesign of the site plan and buildings. Additionally, this site is in a special water district resulting in more expensive tap fees compared with municipal water districts.

While these factors have driven costs up, the extensive site investigation coupled with significant progress in the design and entitlement process reduce the likelihood of major surprises or cost escalations from unforeseen issues.

9. Describe the outreach and local support for the project:
As part of the planning process for the Heartside Hill project, CARE and project partners implemented a robust community engagement plan. This included multiple neighborhood meetings facilitated by the City of Fort Collins, beyond the required neighborhood meeting. Independently, CARE staff met with groups of neighbors to discuss the project and field questions. CARE also launched the HeartsideHill.com website to facilitate communication. All these efforts provided CARE with a significant amount of input that has informed the design of the project. Project features directly influenced by the engagement process include: site design to conserve natural, open space and retain existing view corridors, enhanced UFAS accessible pedestrian walkways, reorientation of drive lanes to promote certain traffic flows, abundant parking, and envelope enhancements to compliment surrounding neighborhoods.

4% housing credit application narrative

Project Name: The Irving at Mile High Vista
Project Address: 3270 W Colfax Ave, Denver CO 80204

Executive Summary and Statement of Need
The Irving at Mile High Vista (the Irving) is a proposed 102 apartment development with studios to three bedroom units at 20-80% AMI. The Irving is the last parcel at Mile High Vista to be developed within a zone lot that includes Rodolfo "Corky" Gonzales Library and the Avondale Apartments. Urban Land Conservancy (ULC), the sponsor, has been working in the West Colfax community for 15 years, and with growing neighborhood displacement we see a critical need to step up now and develop 100+ permanently LIHTC affordable apartments on the last phase development on the site.
Mile High Vista (formally the parking lot for Festival Plaza) was purchased by ULC back in 2011 using the Denver TOD Fund, the country's first fund dedicated to affordable housing preservation and development at transit sites. ULC served as the master developer of the 2-acre site, completing all the environmental remediation and infrastructure improvements by 2013. Del Norte completed the first phase at Mile High Vista in 2014, with the award winning LIHTC development, Avondale Apartments. The Corky Gonzales Library was the second phase, and it was completed the following year. Over the last six years ULC has looked at partnering with several different developers to do Co-op housing, condos, or middle income rental housing. None of these options were the right fit and because residents of West Colfax are getting priced out of the neighborhood, ULC sees a critical role of directly advancing permanently affordable rental housing. Case in point, next door to the Irving is the recently completed 350-unit Luxe Apartments, where 1 bedroom units are going for over $2,000/month and 2 bedroom for over $3,000/month. Long-time West Colfax residents cannot afford these rents and it's why ULC needs to advance The Irving development now.

Project Description
Residents at the Irving will become an integral part of the neighborhood with access to variety of community assets, including the library next door, the #16 high-frequency RTD bus stop, Cheltenham Elementary school and playground across the street; with access to amazing open space at Paco Sanchez Park and the RTD West Line light rail just 2 blocks away.

The building floor plan is an "L" that efficiently utilizes the parcel configuration to maximize parking and number of units. The building will be seven stories with a concrete podium that houses parking, leasing offices, community room and bike storage at the ground level. Approximately 38 structured parking (covered) spaces will be provide at grade level. In addition there are 12 on street parking spaces that are first come first serve. Above the podium, there will be 6 levels of residential floors using a double-loaded corridor configuration serviced by two elevators and two stairs. The main entry will be from Colfax Ave and with additional entry from the resident parking area.

A visually attractive shared laundry room and leasing office will all be accessed from the lobby. Stairs located off the lobby lead to residential units above. In order to encourage residents to use the stairs, promoting wellness, the stair will be bright, colorful and filled with natural light. The flexible community room anchors the first floor as a place that encourages peer and community support. With ample glazing, the room is easily visible and accessible from the lobby. Its design encourages a variety of functions including informal gatherings, potlucks, formal programs, lectures, and community events. A kitchen with residential appliances will support the myriad of activities in the room. A large bike storage will be located next to the community room as there are bike trails on the nearby Lakewood Gulch that connects to the extensive Denver bike trail system. The building is topped by a beautiful roof top deck, with views spanning Pikes Peak, the Front Range, and downtown.

The Irving apartments will be designed utilizing universal design so that people with disabilities can easily maneuver through the homes. With a commitment to environmental sustainability and health and wellness for people and the planet, the building will be mostly serviced using electricity-driven equipment, appliances, and fixtures. Each home will have electric appliances including electric ranges and PTACs for heating and cooling. The corridors will utilize split systems to condition the fresh air. Due to the current cost of equipment and energy consumption, and with attention to conserving resident costs, the central domestic water heater and back up heater will utilize gas.

AMI mix and Set aside

The project will have 25% of the units at 30% AMI and below and over 50% of the units at 50% of AMI and below. The average income is 55% for all units, extremely affordable for a 4% and state credit transaction.

Unit type	20% AMI	30% AM	50% AMI	60% AMI	80% AMI	Total
Studio	1	1	1	1	2	6
1Br	2	15	23	13	25	78
2Br	1	3	3	2	3	12
3Br	1	1	2	1	1	6
TOTAL	5	20	29	17	31	

Unit and Project Amenities

The Irving's apartments will have wall air conditioning, blinds, carpet, a ceiling fan, coat closet, patio/balcony, refrigerator, stove/oven, dishwasher, disposal and microwave. The common amenities will include on-site management, laundry facilities, bicycle maintenance/storage, a community room, rooftop deck, and community café/kitchen. Its security features will include limited access entries and surveillance cameras.

The Irving, located in a QCT, is a TOD site with access to ample public transportation on Colfax Ave and Federal Blvd as well as nearby Decatur-Federal Light Rail station and the Knox Light Rail stop. The site also has access to open spaces including Paco Sanchez Park and the Lakewood Gulch. Additionally, the development is near the Rude Recreational Center as well as Denver Municipal offices including the Workforce Center and other commercial services on Federal Blvd.

Description of Energy Efficiencies

The Irving is designed to be a show case of affordable housing sustainability performance in Colorado. The project will certify to the Gold level of the National Green Building Standard, which exceeds the number of points required for the minimum certification by over 100% (250+ points). In order to meet Gold level in each of the six categories, the project will include the following design elements: building materials that are regionally sourced, resource-efficient, and with sustainable product labeling. (Please see Attachment A for the full details on the sustainable elements.)

The building shows a true commitment to Electric-Ready construction, with electric service sized to accommodate the future electrification of the single natural gas end use on site, domestic hot water (DHW). Currently, the initial cost and operation cost of the electric domestic heaters are higher than that of gas DHW. In order to bring that operating cost down for the residents, we have decided to go with gas DWH. However, the thought is that in the future the cost and operating of the electric DWHs will come down, we can make that change and the electrical service to the building is currently calculated for that future change. By blending high efficiency design, aggressive electrification-ready construction, and a sizable PV installation, the Irving pushes the envelope of advanced energy design while making common-sense budget decisions. Reduced energy costs for building ownership and residents are secured today, while setting the stage for future all-electric near net zero performance. Additionally, the commitment to NGBS Gold will result in improved health and comfort outcomes for building residents.

Financing
The Irving will be financed with LIHTC equity from the sale of State and 4% credits. Wells Fargo has done preliminary underwriting on the project and provided feedback that made the project stronger and will be acceptable to their committees. Additionally, the project has significant support from the City of Denver as well as the State of Colorado. The Sponsor is contributing the land through a 99 year ground lease and deferring almost 40% of their developer fee. Denver Housing Authority has completed their preliminary underwriting and will provide property tax exemption to the project.

Describe the bond financing structure and include the following:

- **Total amount of bonds with a breakout of construction period bonds vs. permanent bonds** - $24.7 million for construction and $10.2 million for permanent.
- **Bond issuer** – CHFA will be the bond issuer.
- **Lender and bond sale structure**- The Irving is using a Freddie TEL, a forward commitment for a tax-exempt loan. It is substantially equivalent to a tax exempt bond direct purchase transaction. However, Freddie Mac is the direct purchaser of the loan made by the seller-servicer (in this case Wells Fargo).
- **Portion of bonds that will be tax-exempt and taxable** - $19.4 Million of tax exempt and $5.3 million of taxable.

Market conditions Demand for rental housing in the PMA is high, given the overall surveyed 96% occupancy rate and the 98% occupancy rate and waitlists at family LIHTC properties. The vacancy rate and presence of waitlists documents sufficient demand to absorb the Irving units and all other LIHTC units in the pipeline without causing oversaturation or market imbalance. The overall capture rate of 12% is well below the preferred CHFA threshold and the surveyed Class B LIHTC properties were 1.9% vacant and five had waitlists with six applicants or a one- to two-year wait, demonstrating strong demand for affordable rental housing in the PMA. Finally, the bulk of the Irving's proposed rents are lower than the payment standards, which significantly broadens the number of qualified renters that could inhabit the property with Housing Choice Vouchers. The project is underwriting its 80% AMI units at a 10% discount to maximums. The bulk of the 80% AMI units at the property are one bedrooms. The average rent for a one bedroom next door at the Luxe (the least expensive of the market study market rate comps) is over $500 more than the Irving.

Proximity to existing tax credit developments The subject will compete directly with 32 properties with approximately 2,101 of the tax credit units that are comparable in terms of target market and income restriction. However, of those 581 have a deep subsidy meaning only 1,520 are direct competition with the Irving. The market study shows strong demand with an overall 12% capture rate for the project and none of the AMI level capture rates over 23%.

Project readiness In 2011, ULC bought the 2+ acre parking lot at Festival Plaza at the corner of Irving and Colfax for $2.1M = $25 Sq. Ft (an excellent investment in future affordable housing as the current price per sq ft is $107). ULC purchased the property for the purpose of developing permanently affordable housing and a long overdue library for West Colfax. ULC acted as the master developer of Mile High Vista, completing the brownfield remediation, and all of the horizontal development that supported Del Norte's Avondale Apartments and the City of Denver's Corky Gonzales Library. As mentioned, the third and final phase of the site has gone through a number of third party developer proposals from a Co-op, to middle income housing development, but none of those options have moved forward. At the same time, ULC is seeing a rapid increase in the need for affordable housing for lower income working households in the West Colfax neighborhood, as high housing costs continue to displace long term residents. ULC feels the time is critical to develop this parcel for permanently affordable rental housing.

Overall financial feasibility and viability This project has strong local support from the City of Denver, State of Colorado and the Denver Housing Authority including grant funds, expedited approvals and property tax exemption. The underwriting is conservative and ULC is contributing the land to the project through a 99 year ground lease as well as deferring a portion of its developer fee. The State credit ask of $9,804 per unit is a very efficient request for provision of 102 units with significant affordability.

Experience and track record of the development and management team ULC currently owns 100 units of LIHTC housing. The President of ULC has 30 years of experience working with affordable housing and affordable housing financing tools, including the completion of 4 LIHTC projects in a previous role. The ULC board has many experienced housing professionals who have been actively engaged as ULC has moved through the development process. In 2019 ULC engaged Syringa Property Management as its property manager and this has been an ideal match of mission driven organizations. ULC selected Studio Completiva, a minority owned business, as the architect because of their 27 years of experience designing award winning LIHTC communities. Studio Completiva has provided excellent guidance as well as evaluating the construction and design options. Please see resumes for details on the development team's extensive experience.

Project costs The development team has worked tirelessly to design a building that maximizes the site density but also keeps costs low. Through significant value engineering with the cost estimator, the team has crafted a building that meets those goals and presents an extremely sustainable and marketable product. Additionally, the development benefits from the use of a cost efficient 99 year ground lease structure. Due to the uncertainty in the construction market we have added a 3% escalator to our construction costs.

Site suitability The site is exceptionally well suited for affordable housing. For starters, it is next to a library, has a #16 bus stop on the block and two light rail stops on the West line less than a ½ mile away. The Irving is across the street from Cheltenham Elementary School, Girls Inc and the Boys & Girls Club all serving children from ages 5-18. In addition, residents will have incredible views of the mountains and downtown. The Rudolfo "Corky" Gonzales Library has significant resources available for the residents just next door including a digital arts and media studio, computer lab, meeting rooms and an Idea Lab with sewing/ quilting machines, embroidery machine & digitization software, 3D printer, a wide variety of tools (power, hand and jewelry). Paco Sanchez Park, a community park 1.5 blocks southwest of the development, has a children's playground, a skate park, picnic areas and other amenities. The Rude Park and Recreation Center is 0.3 miles to the southeast and has ball fields, children's play equipment, trails, picnic areas and a creek while the recreation center has a gymnasium, exercise room, indoor swimming pool, and multi-purpose rooms.

West Colfax is an area that is garnering significant infrastructure investment. Pedestrian crossing improvements will begin construction in 2023 between Sheridan Boulevard and Irving Street on Colfax Avenue to reduce the total number of crashes and improve pedestrian safety in the corridor. This will include the construction of medians, curb extensions, and enhance crossings to improve safety at intersections. This will be a significant improvement to the walk/bike ability of the site. Further, the West Colfax neighborhood underwent improvements ending in March 2022. Improvements included the identification and delivery of near-term transportation and mobility enhancement projects. This included the improvements of four-way stops, daylighting intersections by removing some curb parking spaces, installation of crosswalks and signage.

Address any issues raised by the market analyst in the market study. The market study did not recommend any changes but did note the units are slightly smaller than their competition. However this will be addressed with the design of the units which enables them to “live large”. These design elements include: open floor plans with lighter, high quality finishes; Large windows which bring in substantial light and promote wellness; and patios/balconies or juliettes , which give a feeling of spaciousness and increase fresh air to the units.

Justification for waiver of any underwriting criteria- We are requesting a waiver of the cost basis limits for the project. Please see Attachment B Cost Basis Waiver Request for details.

Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated. Please see Attachment C Phase I narrative for details and mitigation plan.

Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment.
We have a small site but with excellent CMX12 zoning. We are maximizing this zoning by doing steel construction, which allows us to go up to seven stories. The decision to go to seven stories was made to maximize density and serve more low income households without triggering high rise construction costs. The cost of high rise construction (above 7 stories) increases sharply due to mechanical and life safety requirements and would have made the project too costly. The project has also been designed to be extremely sustainable as is the mission of ULC and Studio Completiva. The development meets or exceeds all required energy efficiency/conservation requirements. (Please see Att. A Sustainability Memo for full details) However, the project is delivering cost efficiencies through the use of a ground lease rather than land acquisition cost as well as design decisions such as common laundries.

In your own words, describe the outreach to the community that you have done and describe local opposition and/ or support for the project (including financial support).
Prior to purchasing Mile High Vista, ULC spent 4 years (2007 to 2011) working with the neighborhood and the City on identifying a site for a new public library and affordable housing. Once under contract to purchase a portion of the former Festival Plaza parking lot (2+ acres) ULC worked with the West Colfax community to develop a master plan that would bring permanently affordable housing and a new library. The development team has had multiple meetings with the City of Denver and they have been very supportive as the project meets multiple City goals with 25% of the units at 30% AMI or below and 3 bedroom units. Additionally, we have spoken with the City about how the new affordably housing review team will facilitate the expedited site plan review of the project. ULC is pleased to have enthusiastic support for this development from Del Norte, the owner and operator of the affordable housing just south of the development site. Please see attached for letters of support of the project.

Attachment A- Sustainability memo
Attachment B- Cost Basis Waiver Request
Attachment C- Phase I narrative
Letters of Support
West Colfax BID
City of Denver Office of Climate Action, Sustainability and Resiliency
Email Correspondence with Del Norte

4% housing credit application narrative

Project Name: King's Crossing Village
Project Address: ~15660 E. 6th Ave. Aurora, CO 80011

Executive Summary

In partnership with Restoration Christian Ministries ("RCM"), Community Development Partners ("CDP") is developing Kings Crossing Village (the "Project") a 178 unit "Community for All Ages" affordable home community serving seniors, families, and individuals with children, together with intergenerational programming and services. Housing opportunities will also be made available for residents of the safe parking and safe outdoor space who are eligible for tenancy upon Project completion. The site is located at 15660 E. 6th Avenue, in the Centretech neighborhood of Aurora, a 2022 Qualified Census Tract ("QCT") which is the most racially and ethnically diverse in the State. The Centretech neighborhood, specifically, has more Sub-Saharan African ancestry people living in it than nearly any neighborhood in America with nearly 10% of the neighborhood being comprised of this ancestry. Additionally, more than 4% of residents 5 years old and above speak African languages as a primary language at home. The culturally diverse community will benefit from the Project, which aims to offer equitable and inclusive housing to individuals and families seeking safe and quality homes.

RCM brings a direct and local community presence through their mission to restore individuals to their rightful place in society, and equip them with skills necessary to overcome communal, educational, economic, systematic, recreational, and social deprivation. CDP has years of affordable housing development experience across various states focusing on a mission to create life-enhancing projects that transcends the fundamental goal of providing high quality homes by building innovative and sustainable developments with a focus on long-term community engagement. The Project is the realization of Pastor Felix Gilbert's vision to house those in need and better serve RCM's unhoused neighbors by activating development and programming on a series of empty parking lots adjacent to the church's operations center. Pastor Felix had compassion for those in the community experiencing homelessness. While a teenager in the Caribbean he was homeless for a year and this experience stayed with him throughout his adult years and the eventual establishment of RCM. He worked tirelessly provide safe parking and a safe outdoor space for those experiencing homelessness while beginning plans for this housing development. The Project honors his time on the streets and references a place where he received services and felt safe.

The Project's unit mix includes 1bd/1ba, 2bd/1ba, 3bd/2ba, 4bd/2ba units with underlying 30, 50, 70 and 80% AMI levels. Unit amenities include central air, blinds, carpet, coat closets, storage, and high-speed internet hookups. Units will also include low flow toilets and energy efficient appliances, including a refrigerator, stove/oven, dishwasher, disposal and washer/dryer. The Project will also offer a computer/business center with free internet access, community gathering spaces with communal kitchen, a wellness zone, bicycle storage, and a flex indoor space. Exterior amenities will include BBQ areas, a playground, and a walking path. The Project will be adjacent to a childcare center and RCM facilities.

RCM's commitment is to its own vision as a service provider supporting the community and those accessing their onsite daycare services, cafe and gathering space, supported employment services, health-related services, food programs and case management services. RCM's facilities also include partnerships that offer culturally relevant health education, screenings, and vaccinations. Through their many connections, they have been able to fill a gap with health disparities, food insecurity, community engagement, and housing to the Aurora community.

In addition to the breadth of onsite and in-unit amenities and offerings, the Project is also conveniently located within 0.3 miles west of Chambers Road and 6th Ave bus stop. Transportation costs are the second-largest expense category for the average household, after housing costs. The proximity to the bus stop will assist in decreasing transportation financial and time costs for residents. Residents can ride buses from this location to the Arapahoe Village Center and the RTD Peoria Light Rail Station, with connections to other routes that travel throughout the Denver MSA, resulting in wider access to job markets and resources across the region. Housing and transportation are inextricably linked from an economic, environmental, and public health standpoint. The proximity and wider access to the job market will promote economic mobility by providing affordable, reliable, and safe transportation to residents who may not have a personal vehicle, or whose vehicle is unsafe or unreliable, freeing up money otherwise used for car payments, insurance, or maintenance to use toward healthcare, education, healthy food, and savings. In addition, having easy access to a wider job market will allow for greater job and training opportunities which can result in increase in financial stability, spring boarding people from poverty to self-sufficiency.

The Project site is zoned MU-C (Mixed Use Corridor) which does not have a maximum density as a part of the Unified Zoning Ordinance. The Project will be built on a post tensioned slab on grade foundation which will bear on existing soils which will be over-excavated, reconditioned and recompacted. The Project will be wood framed, glue-laminated post and beam construction. The roofing system is a flat membrane with integral rigid insulation. The slope and taper will be provided as needed for adequate drainage. The exterior siding will include stucco with certain architectural elements wrapped in cementitious lap siding. The vertical circulation in each building includes stairwells and a single elevator. This serves the interior, double-loaded corridor to get to each of the units. In addition to the energy efficient appliances and low flow toilets, the Project's thoughtful design of the courtyard allows for breeze to pass through in hot summer months and blocks prevailing cold frigid winds in the winter months.

The Project will be financed with local, state, and private financing including **$34,428,000** of LIHTC & AHTC equity, **$25,700,000** of private PAB funds **$3,640,000** of State funding from the Colorado Department of Local Affairs, **$1,000,000** of local funding from the City of Aurora ARPA funds and about **$4,950,000** of a deferred developer fee.

Bond Financing Structure

Total amount of bonds requested is **$35,750,00**0 at the ~55% level which will be paid down to an estimated **$25,700,000** in long term PAB. We will be seeking a CHFA issued conduit loan structure using tax exempt PAB draw down to a long-term PAB-sourced loan. We anticipate a private placement structure and are assuming no taxable bond issuance, rather a conventional second position construction period loan.

Priorities in Section 2 of the QAP:

Not applicable

Criteria for Approval in Section 2 of the QAP

- Market conditions

Robust demand exists for affordable home ownership and affordable rentals. Rents have increased from $783 to $1,248 from 2010 to 2018, and three out of four households in this census tract earn 80% of AMI or less. Finally, 58% of households in this census tract are housing cost-burdened and paying more than 30% of their income for housing. The Project will increase the supply of housing to meet surging demand which helps prevent inflationary bubbles in rent and real estate prices. This reduces foreclosures and evictions for the region, thus preventing housing instability and potential homelessness.

The Project is in a mixed residential and commercial neighborhood along an arterial street that provides good access and visibility. It has good access to public transportation and community amenities. According to the Market Study, as of June 28, 2022, according to CoStar, the average PMA vacancy rates were 5.0% in studio units, 7.8% in 1bdrm units, 6.5% in 2 bdrm units, and 5.4% in 3bdrm units. Since 2017, the vacancy rate declined 0.2 percentage points in both studios and 3 bdrm units but increased 2.4 in 1bdrm units and 1.0 percentage point in 2 bdrm units Surveyed properties in the PMA generally had stable or increasing occupancy rates since last surveyed or over the past year. Of the surveyed LIHTC developments, three were at or near 100% since February of 2022 or over the past year, another two were stable at 95% to 100%, one was steady at 97% to 100% and another had an increase to 99% since January 2022. One market-rate property, Copper Flats, had stable occupancy of 90% to 94% since July 2020, while three were between 93% and 98% over the past year, one was between 96% and 100% and another is still in lease-up.

From 2017 through June 28, 2022, the PMA averaged 332 apartment absorptions and 405 deliveries annually. During this period, the vacancy rate increased from 5.4% to 7.0%. The deliveries were concentrated in 2020 and 2021, with an average of 853 per year, while absorption was greatest in 2020 and 2021. Since the start of 2021, absorption has outpaced deliveries, causing the vacancy rate to decline.

Of the new rental units in the pipeline within the Market Area of the Project, 55% are LIHTC or non-LIHTC affordable. The market conditions are favorable for income-restricted developments and the prevalence of in-migration is high. Additionally, the Project and all other 30%, 50%, 70%, and 80% AMI units existing, planned or under construction would have to capture a total of 10.9% of the income and size-qualified renter households in the primary market area to attain full occupancy, which is well below the CHFA threshold of 25% and attainable. Please see Section V. Overview of Market Conditions, within the Market Study for additional information that supports the need for the Project within the area.

- <u>Proximity to existing tax credit developments</u>

There are 13 tax credit developments (LIHTC) projects located within 3.2 miles of the Project. The surveyed LIHTC properties were at a historically low 1.7% vacant, had historical occupancy rates between 95% and 100% and 5 had waitlists.

- <u>Project readiness</u>

The Project has all permanent and construction financing commitments needed to secure tax credits. A site plan approval is anticipated 6-9 months after submittal and an additional 3 months for building permit approval. It is estimated that plans will be ready for submittal February 2023, with permits and construction starting in October of 2023. Construction completion is slated for July 2025 with lease up occurring after Project completion.

- <u>Site Control</u>

Restoration Christian Fellowship ("RCF") is Trustor and site owner of the Project site, as well as the Non-Profit arm of RCM. RCF and CDP entered into a 99-year Ground Lease on 08/01/2022 for the Project site; expiring on 07/31/2121. A Joint Development Agreement was entered into between RCM and CDP on 8/1/2022. Please see Title, Ground Lease, and Joint Development Agreement included in the application attachments for evidence of site control.

- <u>Overall financial feasibility and viability</u>

Our team has worked diligently over the 6 months to increase the financial feasibility and viability of the Project. Although construction costs have increased, we have added local sources in the form of committed funds from the city and the anticipated partnership with the housing authority for tax exemptions. As a result, overall feasibility of the project at this time is strong. We have also included conservative assumptions on contingencies, hard cost escalation, interest rates, and other assumptions.

- <u>Experience and track record of the development and management team</u>

CDP's leadership team has over 60 years of combined affordable development experience with extensive experience developing affordable housing across California, Arizona, Oregon, and Nevada and will serve as the lead developer of the project. Since inception, CDP has successfully built a portfolio of 28 unique communities comprising over 2,200 units and $600 million in total development costs. CDP's team has the breadth of knowledge, holistic design experience, transaction structuring expertise, and project management acumen to identify, underwrite, and successfully execute on opportunities. That coupled with the deep commitment to enhance the quality of life for residents sets CDP apart as a certified B-Corporation.

General Partner and service provider, RCM, has nearly 25 years of leadership experience providing critical services to the community through partnership with local service providers in the community; including County Health, Inner City Health Center, the Center for African American Health, Salud Family Health Centers, Food bank of the Rockies, 18th Judicial District and several other community organizations. These relationships have positively addressed the gap with health disparities, food insecurity, community engagement, and housing to historically underserved and underrepresented groups. Their reputation and relationships with community organizations and leaders paved way for the success of their programming and participants who they serve. On June 16, 2022, Pastor Felix was honored with a Congressional Record by Congressman Crow of Colorado, for his dedication to and impact made to the Aurora community and residents. Please see the attached Congressional Record dated 6/26/2022.

Deneuve, the GC for the Project, has been in operation for 47 years and is recognized as one of Colorado's preeminent affordable housing builders. Within the past five years, they have worked on 24 affordable housing projects, including rehabilitation and new construction projects. This LEED Platinum, LEED Gold, net zero projects.

Shopworks, the Project's architect, has been in operation since 2012. Approximately 60% of the Projects they support are funded by a federal or state source. They are spearheaded by 25 professionals whose specialties includes on LIHTC developments, and non-profit clienteles.

Ryan Jones is providing development consulting support as a Colorado based consultant. Ryan has over a decade of experience in housing finance, tax credit development and other public financing mechanisms. Ryan is supported by Jenn Lopez and Kathleen VanVoorhis who have experience working across the state on housing and homeless initiatives, services programming, and community engagement initiatives. Jenn recently completed a term on the CHFA board and previously worked for DOLA and CHFA as well as under Governor Hickenlooper.

FPI Management has been providing professional property management services to multifamily housing owners for over 50 years. Currently, FPI has in its inventory approximately 140,000+ units, located in 16 states. FPI's current portfolio includes "AAA" luxury and conventional apartment communities, as well as properties developed under all low and moderate-income programs i.e., LIHTC, HUD-insured, Bond Financed, and Section

- <u>Project costs</u>

Costs have been increasing over the last years largely due to inflation and busy crews. We have tried to anticipate increases and have included contingencies accordingly. One area of hard cost increases is that we are anticipating expansive soils onsite. We have included in the construction budget to over-excavate 13' below finish floor and mix a moisture compact of onsite materials back into a pad prior to the post tensioned slab on grade placement. We also have included over-excavating 4' under the pavement parking areas. One strategy we're exploring is the possibility to lock in some major construction costs as soon as possible after an award notice in effort to mitigate material pricing fluctuations.

- Site suitability

The Project is on the south side of East 6th Avenue. Its address is 15660 East 6th Avenue in Aurora, Arapahoe County, Colorado, 80011. The development site is on an arterial street that has a high volume of passing traffic that provides good visibility. The site will have approximately 570sq ft of frontage along East 6th Avenue and is a level, irregular-shaped, approximately 5.74-acre parcel. The site is legally conforming to the Project use. The Project site is located within an established neighborhood and the area that has good access to public transportation and within walking distance to many community amenities. There are no environmental issues or factors that would drastically impact or impede development. The Project's location, access to infrastructure and community amenities, as well as legally conforming zoning makes it a suitable and viable site for the Project.

Issues Raised by the Market Analyst in the Market Study

It was recommended to include at least one security feature, such as limited access entries or surveillance cameras to be in line with the market standard of surveyed comparables.

Issues Raised in the Environmental Report Submitted with Your Application and Mitigation

According to our Phase I consultant, there are no Recognized Environmental Conditions on the site.

Unusual Features that are Driving Costs Upward and Opportunities to Realize Cost Containment

We are anticipating very expansive soils onsite. We have included in the construction budget to over-excavate 13' below finish floor and mix a moisture compact of onsite materials back into a pad prior to the post tensioned slab on grade placement. We also have included over-excavating 4' under the pavement parking areas.

Description of Outreach to the Community and any Local Opposition and/ or Support for the Project

RCM, as a black-led congregation, is leading its own community into this first-ever affordable housing development initiative. They have engaged local leaders and service providers partners, as well as individuals with lived experience and program clients in conversations about how to develop their campus to best meet the needs of the surrounding community. For instance, in partnership with Salvation Army and the City of Aurora, the current campus is hosting both Safe Parking and Safe Outdoor Spaces for individuals and families experiencing housing instability and loss. Additionally, RCM and CDP have provided a letter of support with seventy (70) names of neighbors and business owners who off their full-fledged support of the Project. Please see the Universal Sign on Letter within CHFA attachments for reference.

The development team will begin formal community meetings in the next few weeks to receive feedback from the broader community on the project's site design and layout. Flexible meeting times will be offered to accommodate working community members to ensure the best possible show. Outreach efforts will target the diverse surrounding community to ensure an equitable and inclusive approach to design and execution.

4% housing credit application narrative

Project Name: Legacy Senior Residences

Project Address: 5430 West 64th Avenue, Arvada, CO 80003

EXECUTIVE SUMMARY: Legacy-Arvada Partners, LP, a joint venture between Cornerstone Housing Group, LLC and the Arvada Housing Authority, is pursuing a 4% Federal Tax Credit and State Tax Credit allocation for the new construction of a seventy-two (72) unit attainable senior development targeting residents age 55 or better, to be located at the southwest corner of Sheridan Blvd and 64th Ave, Arvada, CO.

The City of Arvada recognized the increasing proportion of elderly residents in the City and the critical need for quality attainable senior housing. The Arvada City Council made it a “Strategic Result” to facilitate the development, through new construction or acquisition, of an attainable housing development for seniors of 50 units or more, in support of or in collaboration with for-profit or non-profit entities by 2019. The new construction of the Legacy Senior Residences will meet/exceed the Strategic Result identified by the City.

The Legacy development will offer thirty-eight (38) one bedroom and thirty-four (34) two-bedroom units. 100% of the development will target qualifying seniors with incomes at 30%, 50%, and 60% of the area median income. Additionally, Legacy has been awarded eight Project Based Vouchers from the Arvada Housing Authority.

Unit Mix, Set Asides and Rent Structure

Unit Type	30% Units (Vouchers)	50% Units	60% Units
1 Bedroom, 805 SF	(4) $1,275	(1) $1,099	(33) $1,319
2 Bedroom, 928 SF	(4) $1,567	(3) $1,318	(27) $1,582

The rents which include **ALL Utilities** provide a substantial rent advantage of approximately 30% for the 1BR/1BA and 24% for the 2BR/1BA over the market rate rents.

60% Rent Comparison Market Adjusted						
Unit Type	Subject's Highest Proposed Rent	Subject's Square Footage	Survey Min. Rents	Survey Max Rents	Average Rent	Advantage/ Disadvantage
1BR/1BA	$1,319	805	$1,832	$1,941	$1,886	-30.07%
2BR/1BA	$1,582	928	$1,901	$2,383	$2,079	-23.90%

BUILDING AMENITIES: Key components for tenant satisfaction and retention are the building amenities which include:

- Secured Access Entry
- Formal living room
- (2) Elevators
- Outdoor Grill Station
- Optional Garages
- On-Site Manager/24-hr. Maintenance
- Dining Room w/Serving Kitchen
- Stairwell on each wing of the building
- Raised Bed Community Planters
- EV Charging Stations
- Interior Mail Room
- Free Internet access
- Veranda with patio seating
- Patios/Balconies
- Bicycle Racks
- Fitness Center

UNIT AMENITIES: Each of the homes will have a fully equipped kitchen with Energy Star Rated refrigerator, electric 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; Plank flooring in the kitchen, living room, hallways and bathroom, with carpeting in each bedroom; window blinds and ceiling fans are provided in each room; Cable/Internet connections are available in the living room and bedrooms; Emergency call systems in the bedrooms and bathroom (when pulled will ring directly to a 24hr monitoring service). Most units will have a patio or balcony with private storage space. Most importantly, all utilities are INCLUDED in the rent.

BUILDING DESIGN/CONSTRUCTION DETAIL: The Legacy is designed on 4.14 acres as a three-story building, 24 garages and plenty of surface parking. The building is oriented on the north-eastern portion of the lot, adjacent to the commercial properties that border it. With single family homes bordering the western lot line, garages will be at a 65' distance from the backyards of the homes to the west, providing ample distance for landscaping and garden plots.

There are (8) handicapped units: (4) one-bedroom and (4) two-bedroom units, designed for the physically, visually and hearing impaired. All units are designed with an open concept to provide easy accessibility and mobility within the units as well as bathrooms designed with roll-in showers and reinforced grab bars for stability. With the convenience of two (2) elevators, all common spaces and homes within the property are visitable on every floor.

Framing will be of wood construction with standard asphalt shingles. The building exterior will consist of a combination of brick and stone to compliment the use of either a hardy-board or stucco material. The intent with the exterior materials is to create a building theme that is contemporary, energy efficient and sensitive to the neighboring area. Construction of surrounding roads will provide complete connectivity to an area that otherwise did not have full transit access. Once completed, it will greatly benefit the residents in the neighboring homes, as well as positively impacting the businesses surrounding the property.

TRANSPORTATION: The site itself is a superb site for seniors:

- The public bus transportation (Route 51) is within .13 miles, running seven (7) days a week and offers discounted fares to seniors 65+.
- RTD offers two services specific to seniors:
  - Senior Ride – which transports groups of 10 or more to a variety of cultural, educational and entertainment events.
  - Senior Shopper - provides transportation for groups of 10 or more from senior housing complexes on weekdays.
- The Arvada Gold Strike RTD Station is within .5 miles.

GREEN BUILD: Legacy will be an **ALL Electric** building to be certified under the 2020 National Green Building Standard at the Bronze Level. Tenants will have free access to Eight (8) Level 2, Networked Series 7 EV Charging Stations and the public will have access through the Plugshare App.

SERVICE COMMITMENTS: Legacy Senior Residences is committed to providing empowerment services and opportunities for the betterment of our residents. Beacon Management is dedicated to providing tenant counseling as well as facilitating the following service commitments through local providers to the residents of the Legacy community, all of which are free.

- The City of Arvada Homeless Navigation Program for residents with Housing Choice Vouchers will assist the residents moving from homelessness with critical necessities and incorporating services needed for long-term housing stability.
- Beacon Management will provide Tenant Counseling on an as needed basis.
- Denver Urban Gardens will provide community training and low-cost seed and transplants.
- Seniors Resource Center will offer Community Services such as care management, meal preparation, personal care assistance, victim assistance, deep cleaning, and financial assistance. Additionally, adult day and respite services are available.
- US Bank has agreed to Financial Education and Credit Counseling once a quarter, at a minimum.
- Via Mobility Services will provide will offer Access-a-Ride, Access-a-Cab, Senior Event services, and Senior Shopper program. Additionally, scheduled weekly transportation will be available with a voluntary contribution.
- Onsite monthly health and wellness assessments will be scheduled for residents. Due to the current environment, the care providers previously engaged have experienced many changes. The healthcare provider to promote these monthly visits will be named near construction completion.

TYPE OF FINANCING:

Funding Sources	Amount / Term	Construction	Perm
4% Federal Tax Credits	$1,078,412 x 10 Yrs	$959,691	$9,597,867
State Tax Credits	$1,000,000 x 6 yrs	$449,955	$4,500,000
Tax Exempt Bonds	$15,800,000	$15,800,000	$11,815,000
Taxable Tail	$8,200,000	$8,200,000	- - -
DOH Federal Funds	$1,800,000	$1,620,000	$1,800,000
City of Arvada	$840,000	$840,000	$840,000
Deferred Developer Fee	$2,070,000	- - - -	$2,070,000
Developer Equity	$445,142	- - - -	$445,142
		TOTAL SOURCES	$31,068,009

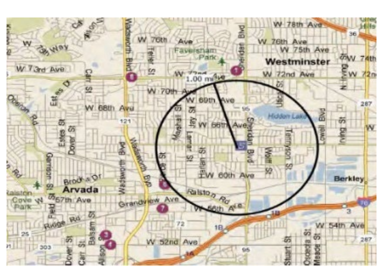
CHANGES FROM PREVIOUS APPLICATION: The project is no longer Income Averaging making Legacy more affordable for future residents with set asides at 30%, 50%, and 60% of AMI. These changes make the Legacy a much more attractive development for the City of Arvada, as they meet more goals of affordability than was previously approved. Legacy is also going above the minimum requirement of providing EV-ready parking spaces and installing eight (8) Level 2 chargers. The Legacy team is committed to this project and has made significant improvements in the past two years. The development is SHOVEL READY, has solid financing commitments, with dedicated City and Community support.

1. Describe the bond financing structure and include the following:
   - Total amount of bonds requested:
     - $24,000,000 Construction Period ($15,800,000 TEB & $8,200,000 Taxable)
     - $11,815,000 Permanent Bonds
   - Bond issuer:
     - CHFA is the conduit bond issuer
   - Lender and bond sale structure:
     - Private Placement with Fallbrook (this will be our 4th project with Fallbrook)

2. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):
   - The Arvada Housing Authority has committed (8) Project Based Vouchers to the Legacy. The vouchers would be in conjunction with the “Homeless Navigation Program” and tied to our 30% AMI units. Cornerstone/Beacon will work cooperatively with the program leadership to educate our staff on how to maximize the services available to the residents and keep these residents stably housed.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:
   - **Market Conditions**: As evidenced by the Market Study Synopsis (Pg 1-3) the demand and capture rates for existing and proposed 30%, 50%, and 60% AMI units presents an overall capture rate of 23.1%. The overall vacancy rate among the comparable properties used in the Market Analysis is zero to 12.5% with an average of 4.1%. Hidden Lake Home Apts. management reported to our Market Analyst they are going through funding changes and software updates. The owner is choosing to keep the units vacant while the changes occur, hence a 12.5% vacancy rate. Two LIHTC properties are fully occupied and all five maintain extensive waiting lists. Based on the market, Legacy is projected to absorb the units into the market within 4 to 5 months (15-18 units per month) and maintain a vacancy level of 3% or lower, as well as maintain a waiting list upon stabilization (pg 34/35 of Mkt Study).

   - **Proximity to existing tax credit developments:**
     i. Hidden Lake Home Apts. - 1.19 miles
     ii. Vistas at Panorama Pointe Apts. – 3.22 miles
     iii. Columbine Village on Allison Apts. I, II & II – 2.04 miles
     iv. Columbine Village at Arvada Apts. – 2.09 miles
     v. Orchard Hill Senior Apts. – 4.18 miles



All of the above properties have extensive waiting lists.

   - **Project readiness:**
     i. Multi Family development is a use by right, based on current zoning
     ii. Preliminary Development Plan (PDP) approval was received in 2019.
     iii. Final Development Plan (FDP) – our engineers have provided our final submittal and are awaiting approval, which is expected in August 2022.

iv. Architectural plans will be submitted in August. Waiting to incorporate any final comments from FDP into the architectural plans before submitting, making certain we revise the plans based on comments from City, reducing unnecessary repeat comments.
v. <u>Legacy will be "Permit Ready" at the time of CHFA Board Meeting.</u>

- **Overall financial feasibility and viability:** The GC, architect and engineers have worked extensively over the last several months to provide a design that will best suit the infill site and size, meet all of the City's mandatory required road connectivity and storm water improvements, all while recognizing cost containment to support the proposed budget. The additional improvements being made will benefit, not only the Legacy residents, but the neighborhood and businesses in the surrounding area of the Legacy. The City of Arvada has been a steadfast supporter of the project providing vouchers, Private Activity Bonds, and soft funding. We know they are willing and committed to providing financial support to the project to help fill the gap and ensure financial feasibility. Additionally, the Division of Housing has been supportive of the project and looks forward to receiving an application. Finally, Cornerstone is committing 70% of the developer fee to complete the financing stack. The project is benefitting significantly from Cornerstone's experience in the market, which has allowed strong financing commitments for permanent debt and equity.

- ***Experience and track record of the development and management team***: The Developer and the management team, Beacon Management, have successfully placed into service and are operating three properties in Colorado. Cornerstone owns and operates 27 properties across 8 states. Cornerstone has utilized the proposed bond financing on other developments within the portfolio. Our management team is dedicated to high performance and ensuring compliance with LIHTC requirements in the ongoing operations of 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 long term market dynamics.

- ***Project Costs***: See cost discussion below.

- **Site Suitability**: The greatest strength of the properties is the location, which makes this a superior site for senior housing.
  i. The site is an "infill" site, a great location next to amenities and transportation.
  ii. There are transportation options and many amenities nearby, which reduces the need for private transportation. King Soopers, Walgreens, Walmart, Chase Bank, Sonic, and Luna's restaurant are all less than one mile from the site.

4. <u>Address any issues raised by the market analyst in the market study</u>. – No issues per Market Analyst.

5. <u>Justification for waiver of any underwriting criteria</u> – See attached waiver request for the Cost Basis Credit Calculation.

6. <u>Address any issues raised in the environmental report(s):</u> There are no known environmental issues.

7. <u>Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment.</u>
   - The land cost of $1,800,000 equates to $397,350/acre and $25,000/door. However, the project has benefited from the fact that Cornerstone acquired the site last year, locking in a lower cost per door than would be available in 2022.
   - There is a great amount of tree removal on the western portion of the site which requires replacement of landscaping, either on site or in a nearby park, or a contribution of Parkland Fees.
   - Building review, permit and tap/impact fees are estimated to be $1,794,635 ($24,251/door).
   - Road Connectivity: Due to the nature of the site being an undeveloped "infill" site, the City of Arvada is mandating the developer to provide connectivity:
     i. Extending Benton St. through the property, a north-south alignment
     ii. Dedication of .5 acres ($163,500) to the City for the creation of W 63rd Ave, east-west alignment;
     iii. Improvement of existing private drive to the east by constructing new curb/gutter and storm water
     iv. Construction of a new private access road on the north, with an easement granted to the City
   - Storm water Detention: Construction of a larger detention pond and additional site work to capture the storm water from the Legacy as well as the storm water from Napa Auto Parts (north of the property)

- Site utilities/Ditch work:
    I. Removal and relocation (burial) of above ground utility lines on the western portion of the property
    II. Improvement of main utility lines that run north/south in the existing utility easement in the middle of the property.
- Building Design:
    I. Articulation of the roofline to break up the exterior to be more visually appealing and conform with architectural design requirements.
    II. Two (2) Elevators will be constructed, allowing for accessibility to each unit within the building
    III. Expansive soils:
        - Building was redesigned to account for the type of soils, now requiring the use of helical piers
        - A crawl space has been designed under the entire building to provide suspended plumbing underneath the building, all of which is necessary due to the expansive soils.
- Material Increases: The Legacy has had some challenges with regard to design and budget. The development team spent several months consulting with Geotech's and the engineers regarding a redesign of the building/foundation and the need for crawl space under the entire building to provide a conditioned space to suspend plumbing, based on the types of soil on the site. As the project currently stands, the GC has indicated the cost of materials and labor are leveling and is confident with the construction budget provided, in anticipation of a Spring 2023 start date.

8. In your own words, describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support). Cornerstone originally reached out to the community (in 2019) and received no opposition to the rezoning and approval of the Legacy. Cornerstone has met with the City of Arvada regarding the re-application of the project in 2021 & 2022, providing information regarding the delay as well as evidence of the financial gap. In addition, we have expressed our continued commitment by way of our increased financial investment in the project since 2019. With this, we have asked for continued support from the City by way of a request for approval of (8) Housing Vouchers, financial support in the amount of $840,000, and the project received their PAB allocation in 2021, which was assigned to CHFA.

    From the onset, the City has provided a reduction of barriers by way of reducing the approval times to accommodate the desire to have all approval processes complete prior to CHFA Committee consideration of approval of the tax credit awards, in addition to the rezoning and density allowances. With the approval of the above mentioned requests, we are pleased to have the full support of the City of Arvada behind the Legacy project.

CORNERSTONE
HOUSING GROUP, LLC

Enc.

Waiver Request
Letters of Support

4% housing credit application narrative

Project Name: Marshall Homes
Project Address: 5549 Marshall Street, Arvada, CO

EXECUTIVE SUMMARY

In the 2021-2022 fiscal year, Family Tree's helpline & walk-in staff gave assistance to **291** Jefferson County residents who were experiencing homelessness. Metro Denver Homeless Initiative (MDHI) reported an 11% increase in homeless individuals in Jefferson County in the 2022 Point in Time Count, up from 444 in the 2020 PIT Count to 493 this year. 187 of those reported being unsheltered, which is a 15% increase from 2020. The annual State of Homelessness report paints a bleaker picture; between July 1, 2020, and June 30, 2021, MDHI reported 10,870 unsheltered adults accessed services related to homelessness through the HMIS system. Family Tree recognizes that poverty, trauma, and crisis are at the root of abuse, neglect, domestic violence, and homelessness. Their mission is to partner with all people to prevent and overcome the interconnected issues of child abuse, domestic violence, and homelessness to promote safety, healing and stability across generations. Family Tree serves the seven-county metro area and is the only organization in the Denver-metro area working to address the interconnectedness among these issues.

To address the growing need of homelessness in Jefferson County, Family Tree has partnered with BlueLine Development Inc., BeauxSimone Consulting and BlueLine Property Management to propose Marshall Homes in Arvada. Located in a Qualified Census Tract (QCT), Marshall Homes will provide 70 one-bedroom and 15 two-bedroom rental homes with supportive services to individuals and families at or below 30% AMI levels who are experiencing homelessness and have a disabling condition. Supportive housing allows people experiencing homelessness to stabilize their housing and address underlying conditions that often have gone untreated for many years. The combination of housing and supportive services creates a synergy that allows residents to take steps toward recovery and independence.

Construction

Marshall Homes sits on a 1.7 acre site and will be a four story, slab on grade, wood frame building designed with double loaded corridors to maintain building efficiency and will be serviced by two elevators. Exterior finishes will be a combination of metal, glass, stucco, siding, and other high quality exterior finish materials. All units will have high efficiency windows, increased insulation and air conditioning. The entire project will comply with the requirements for Certification of the National Green Building Standard (NGBS) Bronze certification level and will include 10% EV charging station parking stalls, a solar "ready" rooftop PV system, Energy Star appliances, low flow plumbing fixtures, LED light fixtures and programmable thermostats for common area HVAC equipment. anticipating electric vehicle use.

Amenities

There will be approximately 5,600 square feet of administrative office, service delivery and resident amenity space on the first floor to serve residents. This space will include a large open lobby with front desk, leasing office, hotel and private office space for service providers and meetings, community kitchen, great room, meeting room, multi-purpose room for kids, mail area, and shared laundry. The outdoor enclosed courtyard will provide a patio and seating, play space for children with seating for adults to supervise, community gardens, smoking area, and activity area.

Financing

Funding for Marshall Homes will be provided by CHFA in the form of tax-exempt bond capacity in the amount of $17,075,000 (55% of qualified basis), allowing the project to qualify for 4% non-competitive LIHTC and 4% State tax-credits. Colorado Division of Housing HDG grant funds, City of Arvada, and Jefferson County CDBG and HOME funds will be used as gap financing. The project will be supported by 60 Housing Choice (HC) vouchers from the Colorado Division of Housing, 15 HC vouchers from Foothills Regional Housing and 10 HC vouchers from Arvada Housing Authority. Marshall Homes will follow all required cross-cutting federal regulations.

- Total construction financing required for Marshall Homes is projected to be $19,000,000, of which $17,095,000 is expected to be tax exempt
- Portion of bonds that will be tax-exempt and taxable
  - Tax-exempt bonds of $17,075,000
  - Taxable bond of $1,925,000
- Total federal LIHTC anticipated is $15,652,750 over 10 years, generating $13,930,948 in equity. Total state credits are anticipated to be $3,745,542 over six years, generating $2,696,789 in equity.
- Permanent tax-exempt financing is expected to be $11,150,000
- Lender and bond sale structure

  Marshall Homes anticipates utilizing a private placement of the bonds at closing of construction financing, with a partial takeout at conversion and assumption of bonds in the amount of the permanent loan by the permanent lender.

Services

Family Tree will be the lead service provider for the project. Jefferson Center for Mental Health, Jefferson County's community-focused mental health care and substance use services provider will provide additional intensive behavioral and mental health services to residents. Overall services provided to residents by Family Tree and/or Jefferson Center for Mental Health will include, but not be limited to, Independent Living Skills, Employment/Vocational Services, Mental Health Services, Substance Misuse Services, Health and Medical Services, Tele-Health Services, case management, and General Supportive Services. Services will be delivered via harm reduction and trauma-informed practices in a building designed with trauma informed principles. Services will be paid for with a combination of Medicaid funding, Tenant Support Services dollars from Colorado Division of Housing, supportive housing 5% developer fee boost, cash flow from operations and expansion of CoC funding. For more detail on intakes, assessment, defining service plans and case management please see the comprehensive service plan provided with this application.

Strengths

Marshall Homes provides easy access via bus/rail to major employment centers throughout the metro area and is not far from Old Town Arvada. Future residents will have excellent access to shopping, a local library branch, the Old Town Arvada light rail station, four bus stops within a 3-minute walk and area amenities.
The unit mix of 1- and 2-bedroom homes matches well with the anticipated tenant
Profile and there is relatively limited competition in the Primary Market Area.
Additionally, Marshall Homes received very strong walk and transit scores compared to both the other peer group properties and the overall Arvada average scores.

Weaknesses

The lack of a second bath in the two-bedroom units is listed as a potential weakness in the market study. However, due to the nature of Marshall Homes being supportive housing and operations supported by vouchers, the lack of a second bathroom is not anticipated to negatively affect the marketability or functionality of the property.

Priorities in Section 2 of the Qualified Allocation Plan (QAP)
Marshall Homes meets the following priorities as defined in Section 2 of the QAP.

- *Projects serving homeless persons as defined in Section 5.B 5*
  Marshall Homes is the result of an experienced provider and advocate's desire to expand their housing capacity for individuals experiencing homelessness in Jefferson County. Family Tree has been serving the seven-county metro area since 1976 and serving those experiencing homelessness since 1989. Marshall Homes will be an expansion of that service with 85 homes, located in the City of Arvada, serving extremely low-income individuals and families exiting homelessness
- *Projects serving persons with special needs as defined in Section 5.B 5*
  Occupancy of the supportive housing apartments at Marshall Homes will target people with a history of homelessness, having a disabling condition, are currently experiencing homelessness or have acute special needs. The most vulnerable among the people experiencing homelessness are those living with a physical health need, behavioral health need and/or substance use disorder. Marshall Homes will focus on the population that is living with a disabling condition that may impact their ability to remain stable in housing; the residents will have an array of supportive services available to them on-site daily. Marshall Homes uses a Housing First model and services will be delivered using trauma-informed best practice delivery. Please see the Permanent Supportive Service Plan submitted with this application for additional information.

Market conditions

There is a lack of permanent supportive housing that target the homeless population in this part of the metro area. The subject site has a good location in terms of access to the property, proximity to services, and nearby employment sources.
Market data supports strong demand across all unit types, as evidenced by low vacancies at most Peer Group properties and by extensive waiting lists at the LIHTC peer group properties that still maintain lists of prospective tenants. Although traditional capture rate data is not required for a supportive housing application, the market data shows 2,163 potential residents in the PMA who are within the income restrictions for a one-bedroom apartment and an additional 315 households who would income qualify for the two-bedroom apartments.

Readiness-to-proceed

The proposed project's site is currently zoned Mixed-Use-Suburban (MX-S) which allows for multi-family development. The site is currently owned by Family Tree, who will sell the parcel to the LLLP upon financial closing with investors. The development team met with the City of Arvada's Planning and Zoning Department for a concept review and confirmed the current plan is an allowable use with a Conditional Use Permit and is compliant with parking and zoning requirements. The required community meeting to request the conditional use permit was held on June 2nd, and the conditional use application was submitted to the Arvada Planning Department on July 6, 2022. The Phase I ESA shows No Recognized Environmental Concerns (REC) associated with former uses of the site.
The Marshall Homes team has engaged Shopworks Architecture, an experienced LIHTC architect, nationally known for their trauma informed design work, to design the building. Additionally, the development team has engaged Denueve Construction Services through a competitive RFP process for pre-construction services and estimating. Denueve is an experienced LIHTC contractor and has completed twenty-seven affordable housing developments along the Front Range.

Overall financial feasibility and viability

Marshall Homes is financially feasible if awarded 4% Low Income Housing Tax Credits and 4% State credit as requested. Marshall Homes will have secondary funding sources through the City of Arvada, Jefferson County HOME and CDBG funds, the Colorado Division of Housing Development Grant Funds and permanent debt. Operations will be funded with project-based vouchers funded by the Colorado Division of Housing (60 PBV's), Foothills Regional Housing (15 PBV's) and Arvada Housing Authority (10 PBV's). By utilizing the soft financing from the City of Arvada, Jefferson County and Housing Development Grant funds and low interest permanent financing, Family Tree Marshall Homes is ensured of continued operations even if the project's Housing Choice Voucher allocation is removed.

Development and management team:

Family Tree Inc.

Family Tree began filling service gaps for people affected by child abuse and domestic violence in Jefferson County in 1976 and began offering homelessness services in 1989. Family Tree has administered a variety of federal funds for many years, including funding for both permanent supportive housing as well as rapid rehousing, and has experience complying with federal regulations. Family Tree's Homelessness Program provides rental assistance, housing navigation and supportive services to households in both scattered site and project-based units, often to households for those with multiple barriers, including physical and behavioral health concerns.

BlueLine Development, Inc.

BlueLine Development, Inc. is a real estate development company dedicated to creating and sustaining affordable housing. Their success comes from forming partnerships and utilizing all available funding resources. The goal of each development is to provide a comfortable, healthy home to those who need it most. BlueLine Development was founded in 2011, by professional developers who brought years of development experience to the table as well as a great zeal for the work they do. BlueLine has secured funding and completed construction on over 40 LIHTC projects, in multiple states, with approximately ten different nonprofit companies utilizing LIHTC, HOME, CDBG, NSP, TCAP, AHP, NAHASDA, Section 1602 and Section 8 programs. Please see the BlueLine Development Resume and List of Properties submitted with this application for more information.

BlueLine Property Management Company

BlueLine Property Management (BLPMC) was started in November 2018 by the principals of BlueLine Development, Inc., an experienced affordable housing developer established in 2011. Through the stabilization and asset management phases, the need for a dedicated property management team was evident to achieve equity investor required occupancy levels. Understanding the Low-Income Housing Tax Credit program and the effect that property management has on the owner or partnership, BlueLine Property Management focuses on the immediate and long-term health of each property.

Cost reasonableness

The costs submitted with this application reflect the current construction market in the City of Arvada. These costs have been verified verbally from funders and in writing by an experienced LIHTC contractor who has worked with the architect on several projects and is active in the metro Denver market. The development team has looked for opportunities to streamline processes and minimize costs at every opportunity. By utilizing an architect, contractor and engineers who are all familiar with the LIHTC process, the development team has been able minimize turnaround time and duplication of efforts in the design phase, which will translate to an efficient construction process.

Proximity to existing tax credit developments

James Real Estate Services identified twenty-four affordable developments within the Primary Market Area. However, only ten of these developments were considered comparable. Of the ten comparable properties, five LIHTC complexes and one market-rent project were selected as the most comparable to the subject property based on their design, location, amenities, age and unit mix, and are included here as market comparables.

Site suitability

The property located at 5549 Marshall Street in Arvada provides the development team a unique opportunity to revitalize and redevelop a parcel of land that is currently being under-utilized. The site is walkable, with a walk score of 56 and a transit score of 46 with four bus stops located within a 3-minute walk of the building. Additionally, there are 3 light rail stations providing easy access to Old Town Arvada and employment opportunities. The site currently has five structures that will be demolished and removed prior to construction. The Phase I ESA submitted with this application found no current RECs.

Justification for waivers

Family Tree Marshall Homes will not be requesting a waiver of the maximum debt coverage ratio of 1.30.

Justification of Financial Need

Family Tree Marshall Homes is in a HUD designated QCT and is not requesting waivers or the use of discretionary boost.

Market Study Issues

James Real Estate Services identified several strengths of Marshall Homes. These are location proximate to local services, employment and Old Town Arvada, strong demand for the housing size and unit mix, vacancy rates at 3% in the market area, generous community amenities, and contemporary finishes, all of which ensure its ultimate success.

The market study noted adding in-unit washer/dryer units and a second bathroom in the two-bedroom apartments as added benefits. However, the development team often finds these items to be underutilized or the cause of repeated maintenance issues in supportive housing developments and the lack of these items would not hinder the projects' success.

Environmental Issues

The Phase I ESA, completed by CTL Thompson, Inc., revealed no Recognized Environmental Concerns, and recommended no further investigation. There is a potential Business Environmental Risk (BER) from past use and/or manufacture of methamphetamine in one of the structures that will be demolished. Appropriate remediation and hazardous material handling are accounted for in the development budget and demolition plan.

Unusual Costs/Opportunities for Cost Containment

The budget for Family Tree Marshall Homes contains line items for construction pricing escalation and estimating given the unpredictability of the construction and commodities markets over the last 24 months. The development team will continue to watch these markets closely to look for areas of savings and opportunities to secure advantageous pricing, resulting in savings to the project. Additionally, with the potential for methamphetamine remediation and disposal during demolition, the team is carrying an allowance for this cost.

Local Outreach

The design team conducted a community meeting on June 2nd at the Arvada city hall building. Notices of the meeting were sent to over three-hundred community and business members. Forty-one community members attended along with representatives from Arvada City Council, city employees from Planning and Development, City Manager's office and Arvada Housing Authority. The team provided a FAQ sheet for attendees and answered their questions. New questions were compiled and added to the FAQ sheet which was emailed to interested community members who provided their email addresses and posted to Family Tree's website. As we proceed, we will continue to reach out to the community, neighbors and Registered Neighborhood Organizations to reinforce the positive messaging we began with the meeting on June 2nd.

4% housing credit application narrative

Project Name: 2727 29th Street (Rally)
Project Address: 2727 29th Street, Boulder, CO 80302

Executive Summary

Boulder Housing Partners (BHP), the Housing Authority for the City of Boulder, is pleased to present the 2727 29th Street community, also known as Rally. This 100-unit new construction project will include ten 30% AMI project-based vouchers provided by BHP, five 40% AMI units, 22 50% AMI units, and 63 60% AMI units with 24 studios, 62 one-bedrooms, and 14 two-bedrooms. The ten project-based vouchers will provide supportive housing to residents exiting homelessness, with five units targeting individuals, and five units targeting families.

The site is currently home to the RallySport fitness center, which will move to a new location in March 2023. The fitness center building will then be demolished, making way for 100-units of new housing. BHP purchased the property in July 2020 and received full Site Review approval from the City of Boulder in February 2021. The 100-units of housing that have been approved are the maximum allowable density for the site, ensuring the property's full potential is realized. This upfront investment in the entitlement process has resulted in Rally being incredibly shovel-ready. In addition to Site Review approval the project has full Tec Doc approval from the City of Boulder and is at a 90% Construction Documentation drawing set. This will allow BHP to submit for building permit review almost immediately upon award of credits, ensuring that units are created quickly and efficiently and deliver much needed new affordable housing to the Boulder market.

In addition to 4% and State tax credits, Rally has received tremendous local support and financing commitments. This includes a significant local contribution from the City of Boulder, anticipated to be up to $12,00,000 in gap financing plus a portion of the City's 2022 bond cap. In addition, Rally has a committed award of $700,000 in Boulder County Worthy Cause funds. BHP also anticipates supporting the project with up to $2,000,000 in gap financing in addition to the 10 project-based vouchers.

The project site is exceptionally located and within walking distance of grocery stores, neighborhood serving retail, and employment centers. The site is also adjacent to several high-frequency transit lines and located across the street from the Goose Creek bike path which connects the site to several public parks, schools, and other amenities.

The project will consist of three-buildings sharing a common courtyard and parking facilities. Parking is provided in a surface lot as well as in tuck under spaces, with 82 stalls to serve the community. This results in .82 spaces per unit, a parking reduction which was approved by the Boulder Planning Board. The structures will consist of wood framing on a spread footer foundation system with common stairwells providing access to unit entries. The building exterior is clad in brick along the street facing facade with Hardie panels on the interior courtyard side of the buildings. Common areas include a community room with kitchenette as well as a courtyard with a variety of seating and natural play amenities.

The units will all feature air-conditioning, ample storage, a full Energy Star appliance package, and in-unit washers/dryers. In addition to typical amenities found in LIHTC projects the units at Rally will meet the City of Boulder's livability standards by providing increased kitchen storage space, large closet spaces, durable countertops, secure bicycle parking, and lockable storage closets. Each unit will also have an individual balcony or walk-out stoop, providing private outdoor space for residents.

The community will continue BHP's commitment to incredibly sustainable buildings and has been designed as an all-electric building. This will be BHP's fourth consecutive all-electric building submitted to CHFA. The HVAC utilizes a highly efficient Variable Refrigerant Flow (VRF) system which will provide both heating and cooling to the units. The project also includes a 148kw photovoltaic solar system, which will generate a significant amount of the project's energy usage on-site. These features combined with a high-level of insulation, EnergyStar appliances, and low U-value windows will help make Rally one of BHP's most energy-efficient communities to date.

Resident services will be provided by BHP as well as Boulder Shelter for the Homeless. Services will focus on housing stability, economic stability, heath & wellness, and community life. Resident services are funded through a dedicated reserve designed to ensure sustainable funding during the community's first five years of operation, at which point BHP anticipates that additional cash flow will fund ongoing service delivery.

Bond Financing Structure

- <u>Total amount of bonds with a breakout of construction period bonds vs. permanent bonds.</u> An estimated $29,250,000 in tax exempt PAB at the ~55% level paid down to $9,950,00 in long-term tax-exempt PAB.
- Bond issuer: CHFA conduit bond issue. BHP can assign up to $3MM in PAB cap to support the issuance.
- Lender and bond sale structure: Private Placement.
- <u>Portion of bonds that will be tax-exempt and taxable</u>: All PAB will be tax exempt. We are planning on a conventional second construction period loan to bridge.

Priorities in Section 2 of the QAP

BHP is providing ten project-based vouchers to provide permanently supportive housing to families and individuals experiencing homelessness However, we will not seek the points awarded for this section.

Criteria for Approval in Section 2 of the QAP

Market conditions
Rally is located in a highly desirable neighborhood that provides easy access to basic services, employment opportunities, and public transportation. The market analyst states the location is superior to all other surveyed properties in the PMA, helping to ensure the units are competitive in the market and attract residents. Although the 60% AMI units have a high capture rate, the rents for these units are still 33% - 38% lower than the surveyed Class B market-rate rents in the area. This is a significant discount to market that will ensure high demand for the units. Additionally, as the market analyst notes, despite the high overall capture rates presented, there is no concern for oversaturation in the LIHTC rental market given the high occupancy of the surveyed properties. This is consistent with BHP's experience managing a portfolio of over 1,500 units, which has seen occupancy for our 60% AMI units trend inline with the rest of our portfolio with occupancy rates for the 60% AMI units consistently above 97%.

Proximity to existing tax credit developments
Although there are several tax credit developments in proximity to the Rally site, all are currently achieving high occupancy and rent levels. This alleviates any concerns around unit absorption at Rally or negative impacts on other LIHTC communities. BHP's LIHTC properties in the vicinity all have experienced strong demand, quick lease-ups, high occupancy, and low turnover. Demand remains exceptionally high for below market units in Boulder, especially in the transit and amenity rich neighborhood where Rally is located.

As a result of this location, the significant discount to market rate rents, and continued strength in the Boulder market, BHP strongly believes that Rally will be highly competitive without compromising the stability of nearby communities.

Project readiness
BHP has invested significant resources to ensure that the Rally site is ready to proceed upon an award of tax-credits:

- *Site Control:* BHP owns the property outright.
- *Zoning:* The site is properly zoned and has received both Site Review approval and Tec Doc approval from the City of Boulder. This leaves only building permit review as the final step prior to beginning construction.
- *Construction Documents:* BHP and our design team have completed 90% construction documents for this submittal. This means we are ready and able to submit for permit review upon an award of credits.
- *Cost Estimates:* Given the advanced state of our drawings, we have very accurate construction pricing. Milender White, the general contractor for the Project, was involved early in the design process and provided valuable feedback to ensure the cost estimates are accurate and reliable.

Overall financial feasibility and viability
BHP has worked diligently to present the Rally site as a financially feasible and viable project. Development in the area can be expensive due to the high demand for construction labor, materials, a stringent energy code and design review process. However, the Rally project was designed to minimize costs while still creating a thoughtfully designed building. The project will benefit from significant local financial contributions including from the City of Boulder and Boulder County. In addition, BHP has a significant investment in the project in the form of a full carryback of the $8,750,000 land cost, $2,000,000 in gap financing, and ten project-based vouchers. BHP has a strong track record of brining our projects to fruition, and we believe the conservative underwriting presented in our application as well as the significant upfront investment in creating a true shovel ready project will ensure that Rally is financially feasible as presented.

Experience and track record of the development and management team
Rally will be developed and managed by Boulder Housing Partners. BHP has over 50 years of experience building and managing affordable housing developments, including experience successfully managing over 1,249 apartments financed through the tax credit program. The development team has combined experience with the development of more than 16 LIHTC projects, construction management, stabilized lease-up, and management of these projects throughout the City. The project team, including the project architect, civil engineer, accountant, tax credit attorney, general contractor/cost estimator, and development consultant, has extensive experience with affordable housing and housing development in the City of Boulder. Please see the project team's résumés for detailed information.

Project costs
Rally has been designed to provide an exceptional community for future residents while also effectively utilizing the scarce resources available for affordable housing. The buildings were designed to efficiently stack units, eliminate the need for elevators, and provide on-site parking in a surface lot rather than in a garage facility. BHP has worked closely with our design and construction team to realize cost containments where possible. This included simplifying the layout of the HVAC system to create greater efficiencies, utilizing expensive façade materials only where required, and creating a framing plan that allows for walls to be built in a panel factory before being assembled on-site.

While the City of Boulder's design requirements and energy code result in increased construction costs compared to other jurisdictions, BHP has more than offset those by providing new local funding sources and maintaining a reasonable credit per unit request.

Site suitability
The project site is centrally located with easy access to services, employment, and transportation. There is a grocery store within a ½ mile of the site and residents will enjoy easy access to Target, Twenty Ninth Street Mall, King Soopers, and many other retail destinations. The Goose Creek bike path is located across the street from Rally and provides safe pedestrian and bike access to nearby parks, recreation facilities, and downtown Boulder. There are also numerous transit routes within ¼ mile of the site including both local and regional routes. As the market analyst noted, Rally enjoys a superior location when compared to all competitive properties in the PMA.

Issues Raised by the Market Analyst in the Market Study
No issues were raised by the market analyst.

Justification for Waiver of any Underwriting Criteria
BHP requests a cost basis limit waiver for Federal Tax Credits. Please see attached letter for more details.

Issues Raised in the Environmental Report Submitted with Your Application and Mitigation
BHP commissioned Farmer Environmental Group to perform a Phase I ESA for the site. The findings from the Phase I recommended a limited Phase II ESA to evaluate offsite sources that may pose a vapor intrusion issue. The Phase II ESA recommended the inclusion of a sub-slab vapor system to prevent soil vapors from accumulation in the structure. This has been included in the form of a sub-slab vapor barrier as well as vapor/radon system that is piped from under the slab to the exterior of the building. This is shown in assembly FS4 in the construction drawings.

Unusual Features that are Driving Costs Upward and Opportunities to Realize Cost Containment
BHP often contends with higher-than-average construction and land costs when compared to similar projects in other Colorado communities. In the case of Rally, we are experiencing increased construction costs as a result of the City of Boulder's updated energy code, design criteria, in addition to the construction labor and material escalations seen across the industry. Specifically, this has resulted in following costs:

- The City of Boulder Energy Code requires a 148 KW photovoltaic system to be installed. This adds $400,000 to the project costs.
- The highly stringent City of Boulder Energy Code required a highly efficient HVAC system which results in additional cost of approximately $7,500 per unit compared to similar projects.
- The City of Boulder's Livibility and Transportation standards require additional storage space and bicycle parking compared to other jurisdictions in Colorado. This valuable, indoor square footage adds an estimated $3,000 per unit to the project costs.

We also balance our need to be cost sensitive with the necessity to build quality buildings that will not require significant capital infusion in the next fifteen years. This balancing act to produce high quality, safe affordable housing requires extensive gap financing and our enthusiasm to find unique solutions in every BHP tax credit development.

Description of Outreach to the Community and any Local Opposition and/ or Support for the Project
BHP has worked diligently to design the Rally project to enhance the surrounding community and be an asset to the neighborhood. This includes the provision of design features such locating parking behind the building, providing stoops at the ground floor units and increasing permeability through the site, as well as working with the City's Transportation Department to increase pedestrian and bicycle safety on the adjacent streets. The results of these efforts were a unanimous approval by Planning Board at the Site Review public hearing, with the only public comments in support of the project moving forward.

4% housing credit application narrative

Project Name: Reserves at Eagle Point

Project Address: E Stephen D Hogan Parkway & S. Picadilly Road

The Reserves at Eagle Point is an exciting opportunity to help address the overwhelming affordable housing demand in a rapidly growing portion of Aurora. Building upon the tremendous demand experienced at The Reserves at Green Valley Ranch, Eagle Point will ensure that affordable housing has a permanent impact in eastern Aurora as the growth of the metro area continues to the east. The proposed community is in a highly sought-after brand new, live/work/play master planned development and will be the corner stone of the area because of its ability to fill the affordable housing void, allowing for further growth. The development, management, and investor teams have a proven track record of success in developing Average Income communities. The Reserves at Eagle Point will result in wide-ranging income targeting that is tailored to the needs of the community, and can reach previously unattainable income levels while providing deeper affordability, the unit mix and income targeting proposed is as follows:

Unit Mix				
Income Level	1-Bed	2-Bed	3-Bed	Total
30%	5	10	5	20
40%	5	10	5	20
50%	5	12	5	22
60%	20	46	20	86
70%	8	12	8	28
80%	5	6	5	16
Total	**48**	**96**	**48**	**192**

The Reserves at Eagle Point is a proposed 192-unit affordable multi-family development comprised of forty-eight one bedroom, ninety-six two-bedroom, and thirty-eight three-bedroom units (828, 1,037 and 1,216 sq.ft., respectively) located in a rapidly expanding mixed-use development in a flourishing area of the eastern Aurora. The community will be distributed over the approximately 8-acre site through eight, three-story walk-up buildings. The development will be constructed with only the highest quality materials: utilizing post-tension slab construction and wood framing, lifetime architectural shingle roof, cultured stone, and hardi-board exterior. This will allow it to withstand the harsh environment of the Colorado front range and comply with the City of Aurora's stringent building requirements and codes. Additionally, the interiors of each apartment will have amenities such as: knotty alder cabinets, energy star appliances (refrigerator, dishwasher, microwave/micro hood, oven/stove and full-sized washer, and dryer in each unit), high grade wood look LVP flooring, walk-in closets, a patio/balcony, 9 ft ceilings and energy efficiency built into every detail of construction.

The development itself will also have a long list of amenities including a clubhouse with leasing office, 24/7 fitness center, community room, warming kitchen, business center, theater, covered outdoor seating and game room along with an outdoor gaming area, kid's playground, community garden, walking trails, picnic areas. Additionally, the project located abuts the Coal Creek open space ensuring that future residents will be able to enjoy unrivaled views and peaceful enjoyment of nature for the foreseeable future.

The Reserves at Eagle Point will feature and all-electric design paired with an advanced energy standard. Specifically, the project will achieve certification through Zero Energy Ready Homes (ZERH) and Enterprise Green Community. To achieve ZERH energy performance, the current design approach includes several high-performance building systems:

- High efficiency air-sourced heat pumps
- Low power density LED lighting package and Energy Star appliances
- Above code windows and envelope insulation systems
- Low flow plumbing fixtures and native landscaping
- Electric vehicle ready infrastructure

Working closely with our sustainability consultant, architect, and general contractor, we have outlined a plan that includes extra attention to indoor air quality. We expect to be able to achieve this via extensive architectural detailing, design-optimizing energy analysis, trade training, sample unit mockups, and additional site inspections to meet the HERS Score and EPA Indoor Air Plus requirements. The building roof slopes are very conducive to future photovoltaic systems and will be designed solar-ready to fulfill the PV-Ready requirement. This will result in a tremendously energy efficient, comfortable, healthy, and resilient all-electric building, aiding in the State of Colorado's goals to reduce greenhouse gas emissions.

The need for affordable housing in this quickly developing area of Aurora is only growing and becoming more unattainable for working families that desire a high quality of life near major services and employment opportunities. This is demonstrated by extremely low vacancy (less than 3% across the PMA, according to the market study). The development is in one of the fastest growing areas of the metro area with countless commercial, office and retail developments under construction or planned near the site. In fact, within two miles of the proposed community, there is over two million square feet of commercial and office space and nearly 2,500 luxury residential units currently under construction and over 5,000 planned residential units. Eagle Point has an opportunity to ensure that affordable housing is an integral part of the creation of this burgeoning community at a time when land costs still allow for a financially feasible proposal.

This development will benefit from additional sources, outside of the tax credits and bond financing including $3,700,000 from the Colorado Department of Housing and an assumed $1,000,000 in financing from the City of Aurora. The development team has been in close collaboration with the City of Aurora throughout the predevelopment process and intends to apply for the City's Community Investment Funding.

As stated, this development location is highly sought after and difficult to secure and the cost of developing affordable housing in this community will only become more unattainable as the communities and additional commercial / retail locations are completed. The immediate adjacent commercial corridors already have firm commitments and approved plans for multiple dining options, a national coffee shop brand as well as convenience stores, and a significant amount of retail stores as well as an additional 275 units of luxury market rate multi family.

Bond Financing Structure

It is anticipated that the bonds for this project will be issued by CHFA and privately placed with construction and permanent lenders.

- The total amount of bonds during the construction period is $36,000,000. Upon conversion, $7,500,000 of the principal will be retired for a permanent bond amount of $28,500,000
- There will not be a taxable tail
- The construction and permanent lender are identified as Wells Fargo Multifamily Capital, the proposed Permanent Loan Facility would be provided by Freddie Mac under their Tax Exempt Loan (TEL) Program via a Unfunded Forward Commitment. This program provides loan proceeds at an efficient cost of capital and reduced upfront costs. This should bring about substantial savings to the proposed community.

Conformance with CHFA Priorities

While the proposed community does not directly address the key identified priorities by CHFA in the Qualified Allocation Plan, the community does present an opportunity to expand the reach of affordable housing within the Denver Metro area and serve a rapidly growing segment of the market, before it becomes unattainable due to rapidly increasing land costs.

Key Criteria for Approval

Market conditions: Through the utilization of the Average Income set-aside, the proposed community will serve a wide range of AMI brackets in the Primary Market Area ("PMA"). Per the Market Study provided, The Reserves at Eagle Point will, "provide excellent quality affordable housing in a market area that has limited quality low-income housing options." The market study further concludes that the proposed community will experience significant demand based upon the capture rates of income eligible households indicating a strong underserved low-income population within the PMA. Per the Market Study, "the overall capture rate of 9.9 percent for the LIHTC units. Individual capture rates by AMI level are 5.9, 7.1, 11.1, 14.7, 14.5, and 1.3 percent for the Subject's 30, 40, 50, 60, 70, and 80 percent AMI level units, respectively."   The demographics of the PMA indicate strong demand now and in the future with substantial inflow demand due to lack of current options in the area and extremely high development growth and jobs in the area.

Proximity to existing tax credit developments: The Reserves at Eagle Point is 3.7 miles away from the closest LIHTC development, Terrace Park Apartments which was placed in service in 2008 and out of the 179 LIHTC is demonstrating only a 1.7% vacancy. The next closest LIHTC community is Alameda View Apartments, located approximately 4 miles away. This 116-unit community was built in 2020 and have only a 2.6% vacancy. Given the growth that north-eastern Aurora has seen over the last few years, there is a severe lack of LIHTC developments in the PMA as demonstrated by the comparable properties. The Reserves at Eagle Point will have 30-80% AMI units enabling the project to serve a much larger segment to a highly underserved population.

Project readiness: The Reserves at Eagle Point is well positioned to move quickly from concept to construction. Our development team provides a readiness to proceed that exceeds the standard due to our years of experience, collaboration, and attention to detail long before construction begins. The development site was specifically identified for its extremely high readiness-to-proceed, located within a key development corridor of Aurora. The property is currently within the Mixed-Use Regional District (MU-R), Subarea C and Mixed-Use Corridor District (MU-C) zoning criteria. The development team held a Pre-Application Meeting with the City of Aurora on June 2, 2022 and given the conformance of the site plan with the allowed uses in the zoning code, the proposed community will be able to proceed to building permit through the standard administrative site plan and building plan review processes beginning with the development application to the planning department.

Overall financial feasibility and viability: The development team has worked extensively with its financing partners to ensure the most efficient use of all available sources of funds. The combination of support from DOH funds, federal tax credits, tax-exempt bonds, local support, and deferred development fee presents a project that exhibits strong financial viability. Additionally, we have engaged with proven investor and lender partners to ensure the most efficient pricing and terms as to avoid any unknowns, specifically as it relates to the utilization of Average Income. Taken together, the financing structure for this development will bring together a variety of financing sources to support the development of a high-quality affordable housing community which will directly address the housing needs of this growing portion of Aurora.

Experience and track record of the development and management team: Since 2002, the developer has successfully developed, built, owned, and operated over 55 properties across the Midwest, Texas, and Colorado totaling more than 2,500 units and $500 million in development costs. OPG currently has three operating properties in Colorado; Tabor Grand Apartments in Leadville, and The Reserves at Steamboat Springs and Alpenglow Village, both located in Steamboat Springs. In addition to these stabilized communities, OPG is currently in lease up of the Reserves at Green Valley Ranch in Denver, located in close proximity to the proposed development, which received over 400 applications for 144 affordable units and Anglers Four Hundred in Steamboat Springs that is currently under construction, in all, OPG has been directly responsible for the creation or rehabilitation of over 350 affordable units in the State of Colorado all of which have exceeded all expectations in terms of equity pricing, quality, construction cost, construction schedule, lease-up, management, and financial performance. The development team also consists of Dan Morgan and Associates, who have successfully helped countless affordable housing projects receive funding, as well as Jones Gillam Renz Architects who have designed more than 75 Section 42 projects. Our experienced group is built for the challenges of building and developing quality affordable housing that maintains its integrity for decades.

Project costs: The Reserves at Eagle Point is a very high-quality development for the eastern Aurora community and will provide a reasonable and efficient cost per unit for the City and region. This community will build off lessons learned from other similar projects, including the Reserves at Green Valley Ranch, which has just completed construction. OPG and its team of high-quality design and construction professionals are utilizing this proven design concept, and its lessons learned through the construction process to efficiently use the credits we receive to serve the working families of the community. With a total development cost of approximately $370,000 per unit the community is in line with other recent affordable communities while maintaining enough contingency to deal with continued cost escalation and supply chain challenges. The proven design concept and our relationship with our design and construction professionals will aid in the ability to maintain a financially feasible financing structure.

Site suitability: Located as part of a highly growing and desirable master planned development, the proposed communities' site is ideally suited to offer high quality affordable housing for decades. Situated directly in the path of growth the numerous proposed and under construction retail, commercial, office and luxury residential properties the Reserves at Eagle Point has an opportunity to provide unparalleled access to services and can provide housing near job opportunities. Overall, the project site is flat and provides immediate access to all necessary utilities and is zoned properly to add to the readiness to proceed of the development.

Market Study Weaknesses

The only weakness identified by the market study relates to the current walk, bike, and transit score of the proposed location. While, based upon current conditions, the access to services is burgeoning, based upon the committed and under construction retail, commercial and office uses, by the time the Reserves at Eagle Point is occupied, the access to services will be unparalleled. The Market Study goes on to note that current developments in the area offer a massive influx of services and amenities to the surrounding area. Additionally, the proposed community site is located less than 1 mile from current transit options, with direct access to downtown Denver. Given the proximity of these transit options, expansion of services as residential and commercial uses will increase the probability of future expansion, prior to the grand opening of Eagle Point.

Environmental Report Issues

The Phase 1 Environmental Site Assessment concluded there are no Recognized Environmental Conditions for the site. Additionally, given the proximity to Buckley Air Force Base, the development team felt it was prudent to conduct a noise study to determine if any noise attenuation would be required. The noise study concluded that the proposed site location has a combined project DNL of 60 dB Maximum, which is within the HUD Acceptable noise range.

Community Outreach

Community outreach for Reserves at Eagle Point to date has been extensive and is only just beginning and will continue throughout the planning process and community development. Thus far, all the feedback has been supportive, and it is evident that the City of Aurora recognizes the need for high quality affordable housing to be an integral part of the growth of the City. The development team has worked closely with The City of Aurora Community Development division to ensure that the proposed community is designed and developed in conformance with the Community Development Action Plan, and the project has applied for funding through department. Additionally, through the pre application process with the City of Aurora, the development team has identified all neighborhood organizations associated with the area and will include all key stakeholders in future changes to the development proposal. OPG has been engaged in several discussion with the Aurora Housing Authority and recognizes the need for affordable housing in this part of Aurora and will consider partnering with projects after the award of tax credits.

4% housing credit application narrative

Project Name: Residences on Acoma
Project Address: 1501 S. Acoma Street, Denver

EXECUTIVE SUMMARY

Over the last two years, Second Chance Center (SCC) has seen their clientele numbers grow from 1,100 visits per month to 1,300 and their participants continue to struggle to find not only housing but fulfilling employment as well. To address the growing employment needs, SCC expanded their career development services in 2020 that include strategic partnerships with several trade organizations, the Denver economic development office, Colorado Dept. of Labor, business owners and others that include paid apprenticeship placements as part of career development services, they offer. In 2021 SCC enrolled 64 participants into apprenticeship programs upon exit from the Department of Corrections and 49 participants finished the programs and averaged $22.87 hourly wage or $47,588 annual wage.

SCC continues to be a leader in services, advocacy, and support to the communities they participate in and has partnered with WellPower (WP) formerly Mental Health Center of Denver, a nationally recognized behavioral and mental health services provider in Denver. WellPower will provide the supportive services for Residences on Acoma in a unique delivery of services for this new housing development being offered to residents of Denver. SCC will make available career development services and paid apprenticeship services to all 128 of the residents at the apartment homes while WP will be the lead service provider to the supportive housing residents and there to lend support to the work force housing residents should it be requested.

The Second Chance Center, Inc. (SCC), in conjunction with BlueLine Development, Inc., LeBeau Development, LLC, and BlueLine Property Management Company, is proposing the new Residences on Acoma housing development in Denver. Residences on Acoma will include 57 one and 3 two-bedroom supportive housing units targeting individuals and families who are homeless, at or under 30% AMI and have a disabling condition. The Residences will also provide 64 one-bedroom apartments and 4 two-bedroom apartments at 60% AMI. Each apartment will have an Energy Star refrigerator, oven/range, dishwasher, disposal, ceiling fans and microwave. The two-bedroom units will also have stackable washers and dryers.

Construction

Residences on Acoma will be a four story, wood frame building over 60 spaces of underground parking. The building is designed with double loaded corridors to maintain efficiency and will be serviced by two elevators. Exterior finishes will be a combination of metal, glass, stucco, siding, and other high quality exterior finish materials. All units will have high efficiency windows, increased insulation and air conditioning. The entire project will exceed the requirements for Certification of the National Green Building Standard (NGBS) and will include in excess of the 5% EV Charging Stations anticipating electric vehicle use.

Amenities

There will be approximately 10,860 square feet of administrative offices and service space on the first floor to serve all the residents. This space will include a large lobby with front desk, secured front entry, security cameras, leasing office, hotel office space for service providers and meetings, community kitchen, lounge area, meeting room, multi-purpose room, bike storage area, mail area, and shared laundry on each floor. The outdoor community space will include patios, a BBQ picnic/activity area, and a community garden.

Financing
Funding for Residences on Acoma will be provided by CHFA in the form of tax-exempt bond capacity in the amount of $23,482,000 (55% of qualified basis), allowing the project to qualify for 4% non-competitive LIHTC and 4% State tax-credits. City of Denver funds and Colorado Division of Housing HDG grant funds will be used as gap financing. The project will be supported by 60 HCV vouchers from the Colorado Division of Housing. Residences on Acoma will follow all required cross-cutting federal regulations.

- Total construction financing required for Residences on Acoma is projected to be $29,621,000of which $23,482,000 is expected to be tax exempt.
- Portion of bonds that will be tax-exempt and taxable
  - Tax-exempt bonds of $23,482,000
  - Taxable bond of $6,139,000
- Total federal LIHTC anticipated is $15,958,170 over 10 years, generating $14,202,771 in equity. Total state credit is anticipated to be $6,000,000 over six years, generating $4,320,000 in equity.
  - Permanent tax-exempt financing is expected to be $17,300,000
  - Lender and bond sale structure
    Residences on Acoma anticipates utilizing a private placement of the bonds at closing of construction financing, with a partial takeout at conversion and assumption of bonds in the amount of the permanent loan by the permanent lender.

Services
WellPower (WP) will be the lead service provider for the SH residents and Second Chance Center, in partnership with WP, will provide supportive and career services to both the supportive and work-force housing residents. SCC These services will include, but not be limited to Independent Living Skills, Employment Services, Mental Health Services, Substance Abuse Services, Health and Medical Services, Services for families and General Supportive Services. Services will be delivered via trauma-informed delivery practices in a building designed with trauma informed design principles. Services will be paid for with a combination of Medicaid funding, TSS dollars from Colorado Division of Housing, City of Denver supportive services grant funding, WAGEES Funding, supportive housing 5% developer fee boost and cash flow from operations. For more detail on intakes, assessment, defining service plans and case management please see the comprehensive service plan provided with this application.

Strengths
This will be Second Chance Center and BlueLine Development's second venture together coming after the success of Providence at the Heights, a 50-unit supportive housing development in Aurora. BlueLine Development will provide development consulting services to Second Chance Center who will be the sole General Partner, Guarantor and Owner. Since the development of Providence at the Heights, Second Chance Center has embarked on a structured capacity assessment and expansion program set forth by the investors in Providence at the Heights with the goal of becoming sole owner and general partner. As of January 1, 2022, Second Chance Center has realized both the financial and staffing capacity to act in this role and has vetted their ability to guarantee and act as sole general partner with multiple investors.
Residences on Acoma will serve residents at or under 30% for supportive housing units and 60% AMI for all remaining units who will be referred by Second Chance Center's apprenticeship programs. This is an underserved population in the neighborhood, with over 5,500 qualified households in an area with little affordable housing available or planned in the coming year. The housing development is near grocery and drug stores, 2 blocks from an RTD bus stop, within a mile of three light rail stops, schools, a library and employment opportunities. The development also receives a 76-walk score which is well over Denver's average of 61.
While Second Chance Center and WP will operate the services component of Residences on Acoma, LIHTC compliance and day to day property management will be performed by BlueLine Property Management Company (BLPMC) an extremely knowledgeable property management company with experience in LIHTC, HOME and Section 8 project-based vouchers. SCC, BLD and BLPMC will work collaboratively at Residences on Acoma to create an environment conducive to permanently overcome homelessness and maintain housing and employment stability.

<u>Weaknesses</u>

The market study lists the site's location adjacent to light rail service as a potential weakness; however, the development team views this to be one of the project's greatest strengths in serving both supportive housing and workforce populations. The design team will account for additional noise in the use of noise reducing design implementations such as additional insulation and double pane windows.

Priorities in Section 2 of the Qualified Allocation Plan (QAP)

Residences on Acoma meets the following priorities as defined in Section 2 of the QAP.

- Projects serving homeless persons as defined in Section 5.B 5

Residences on Acoma is the result of an experienced provider and advocate's desire to expand their housing and career services for homeless individuals as well as for those residents who have incomes at or under 30% and 60% AMI within the city of Denver. Second Chance Center currently serves over 60 homeless individuals every day. Residences on Acoma will be an expansion of that service with 60 of the 128 affordable units serving extremely low-income homeless individuals in the City of Denver.

- Projects serving persons with special needs as defined in Section 5.B 5

Occupancy of the supportive housing apartments at Residences on Acoma will target people with a history of homelessness, have a disabling condition, are currently homeless or have acute special needs. The most vulnerable among the homeless in the Denver Metro area are living with a physical health need, behavioral health need and/or substance use disorder. Residences on Acoma will focus on the population that is living with a disabling condition that may impact their ability to remain stable in housing; the residents of the supportive housing will have an array of supportive services available to them on-site daily. Services will be delivered in trauma-informed best practice delivery. Please see the Permanent Supportive Service Plan submitted with this application for additional information.

<u>Market conditions</u>

Analysis of the primary market area indicates a shortage of housing available to homeless individuals as indicated by an estimated 1,168 good candidates at or below 30%, and 1,702 at 60% identified by the market study, with only 103 units planned or currently available for 30% AMI residents and 469 units currently available or planned for 60% AMI residents. These figures are further corroborated by high occupancy rates and wait lists at existing housing communities within the primary market area. Capture rates for the project are 16.5% at 30% AMI and 27.6% for 60% AMI.
Based on these calculations we anticipate a quick lease up and long- term stabilization for Residences on Acoma.

<u>Readiness-to-proceed</u>

The proposed project's site is currently zoned I-MX-5 which allows for multi-family development. The site was purchased by SCC in January of 2022and will be sold to the LLLP upon financial closing with investors. The development team met with the City of Denver's Planning and Zoning Department for a concept review and confirmed the current plan is an allowable use and is compliant with parking and zoning requirements.
The Phase I ESA shows No Recognized Environmental Concerns (REC) associated with former uses of the site. The current owner had soil abatement performed per previous findings and provided documentation showing the site is clean and ready for development.
The Residences on Acoma team has engaged Shopworks Architecture, an experienced Denver LIHTC architect, to design the building. Additionally, we received a construction estimate from Calcon Constructors, an experienced Denver LIHTC contractor.

<u>Overall financial feasibility and viability</u>

Residences on Acoma is financially feasible if awarded 4% Low Income Housing Tax Credits and 4% State credit as requested.
Residences on Acoma will have secondary funding sources through City of Denver homeless housing funds, and the Colorado Division of Housing Development Grant Funds and permanent debt. By utilizing soft financing from the City of Denver and Housing Development Grant funds and low interest permanent secondary financing, Residences on Acoma is ensured of continued operations even if the project's Housing Choice Voucher allocation is removed.

Development and management team:

Second Chance Center

Since 2012 Second Chance Center has provided services to men and women released from Colorado correctional facilities. During that time Second Chance Center has become the largest and most effective community re-entry program in the state through a focus on helping returning citizens transition to lives of fulfillment and success. Nearly 10,000 men and women are released annually from Colorado correctional facilities, with the majority returning to the Denver metro area. Nearly half of these individuals will end up back in jail within three years, indicated by a statewide recidivism rate of 44%. Over the last decade Second Chance Center participants have experienced great successes, with a 77% recidivism rate.

BlueLine Development, Inc.

BlueLine Development, Inc. is a real estate development company dedicated to creating and sustaining affordable housing. Their success comes from forming partnerships and utilizing all available funding resources. The goal of each development is to provide a comfortable, healthy home to those who need it most. BlueLine Development was founded in 2011, by professional developers who brought years of development experience to the table as well as a great zeal for the work they do. BlueLine has secured funding and completed construction on 35 different LIHTC projects, in multiple states, with approximately ten different nonprofit companies utilizing LIHTC, HOME, CDBG, NSP, TCAP, AHP, NAHASDA, Section 1602 and Section 8 programs. Please see the BlueLine Development Resume and List of Properties submitted with this application for more information.

BlueLine Property Management Company

BlueLine Property Management (BLPMC) was started in November 2018 by the principals of BlueLine Development, Inc., an experienced affordable housing developer established in 2011. Through the stabilization and asset management phases, the need for a dedicated property management team was evident in order to achieve equity investor required occupancy levels. Understanding the Low-Income Housing Tax Credit program and the effect that property management has on the owner or partnership, BlueLine Property Management focuses on the immediate and long-term health of each property.

Cost reasonableness

The costs submitted with this application reflect the current construction market in The City of Denver. These costs have been verified verbally from funders and in writing by a Denver LIHTC contractor who's worked with the architect on several projects and active in the Denver market. The development team has looked for opportunities to streamline processes and minimize costs at every opportunity. By utilizing an architect, contractor and engineers who are all familiar with the LIHTC process, the development team has been able minimize turnaround time and duplication of efforts in the design phase, which will translate to an efficient construction process.

Proximity to existing tax credit developments

James Real Estate Services identified 24 affordable developments within the Primary Market Area. However, only ten of these developments were considered comparable. Of the remaining 10 LIHTC projects, four affordable, tax-credit complexes and two market-rent projects were selected as the most comparable to the subject property based on their design, location, amenities, age and unit mix, and are included here as market comparables.

Site suitability

The property located at 1501 S. Acoma Street in Denver provides the development team a unique opportunity to revitalize and redevelop a parcel of land. The site is extremely walkable, with a walk score of 76 and is located within a mile of 3 light rail stations providing easy access to downtown Denver and the Tech Center and employment opportunities. The site is currently level and vacant, so excavation and site work requirements are minimal. The Phase I ESA submitted with this application found no current RECs.

Justification for waivers

Residences on Acoma will not be requesting a waiver of the maximum debt coverage ratio of 1.30.

Justification of Financial Need

Residences on Acoma is not requesting any waivers or discretionary boost.

Market Study Issues

James Real Estate Services, JRES identified only one weakness, which was the noise associated with the site's location proximate to light rail service. This has been accounted for in the design of the building.

Environmental Issues

The Phase I ESA, completed by Atlas, revealed no Recognized Environmental Concerns, and recommended no further investigation.

Unusual Costs/Opportunities for Cost Containment

The budget for Residences on Acoma contains line items for construction pricing escalation and estimation given the unpredictability of the construction and commodities markets over the last 24 months. The development team will continue to watch these markets closely to look for areas of savings and opportunities to secure advantageous pricing resulting in savings to the project. Additionally, the development team has undertaken intense study of anticipated parking needs over the past year and has determined that underground parking is appropriate and necessary for the population to be served. While the supportive housing population is expected to generate a parking needed parking ratio of less than 10%, it is expected that workforce will require a parking ratio of 50% of the remaining units in addition to a 1:1 ratio for staff. This calculation translates to six parking spaces needed for PSH units, 35 spaces for workforce units, 10 spaces for staff for a total of 51 necessary spaces. With 60 spaces of underground parking included this allows for nine spaces to be used for guests of the building. While the cost of underground parking is high, we believe the inclusion of these costs will translate to a more functional building.

Local Outreach

The design team for Residences on Acoma held an informational meeting on July 22, 2021 with 74 attendees from Overland Park Neighborhood Association, Platt Park Neighborhood Association, Broadway Business District, Councilman Jolon Clark, Urban Peak employees and other interested parties. Members of the design team also met privately with CM Clark on June 28th and received positive feedback. The development team held another community meeting on June 28, 2022 at the Platt Park Recreation Center with 10 attendees from the neighborhood, including Councilman Jolon Clark. The team received positive feedback at the meeting as the development team had adequately addressed the neighbors concern with parking in the previous design. No issues were raised at the June 28 meeting.

4% housing credit application narrative

Project Name: **RidgeGate Senior Affordable Apartments**
Project Address: **East Side of Couplet in between Westbound and Eastbound lanes of RidgeGate Parkway**

Executive Summary

Koelbel and Company (KC) is pleased to submit this application for RidgeGate Senior Affordable Apartments (RSAA), a new affordable housing project in Lone Tree, CO. Located in the RidgeGate East Villages Sub-Area Plan, RSAA will sit in the Central Village Couplet District which is the “heart” of the community planning framework for RidgeGate East Villages.

RSAA will consist of one hundred and one (101) affordable senior housing units in a single building. The foundation will be constructed of drilled concrete piers with a one-story post-tension concrete podium supporting four levels of Type V-A fully sprinkled wood frame construction. The building is designed in cohesion with the standard established by the RidgeGate East Villages Sub-Area plan Architecture Guidelines with an envelope consisting of pre-manufactured stone veneer, metal-clad siding, fiber cement siding, vinyl windows, and storefront. Utilizing the site’s sloping grade, the ground floor podium will be open to the north, semi-exposed to the east and west, and enclosed to the south. The area below the podium will consist entirely of covered parking for seventy-five (75) vehicles with all residential units housed in the floors above. Vertical circulation of the building will consist of two elevators and two stair cores.

Each residential unit will have individually controlled heating and cooling with vertical terminal air conditioners. Additional amenities include a full kitchen (with dishwasher, oven/range, microwave, refrigerator/freezer, and garbage disposal), coat closet, in-unit washers and dryers, and cable and internet wiring. Community amenities will consist of a community room, fitness room, on-site property management, first come / first serve covered parking, controlled access entries, and security cameras. The exterior amenities will include a picnic area with outdoor dining and seating areas.

RSAA will follow the sustainability criteria as set forth by the National Green Building Standards. Some of the energy efficiencies included in the project are the use of Energy Star appliances, all LED lighting, and advanced water conserving appliances. Additionally, at least 10% of the parking on site will be EV-ready and the project is designing where possible to be electric ready.

The unit mix will contain seventy-four (74) one-bed / one-bath units and twenty-seven (27) two-bed / one-bath units. The project is targeting the senior community and utilizing the income averaging approach of AMI levels between 30%-80% with the average AMI below the 60% AMI threshold per the unit mix below:

RidgeGate Senior Affordable Apartments - Unit Mix			
AMI	1 Bed / 1 Bath	2 Bed / 1 Bath	**Total**
30%	8	3	11
40%	8	3	11
50%	12	5	17
60%	28	10	38
70%	12	4	16
80%	6	2	8
Total	**74**	**27**	**101**

The project site will be served by Lone Tree's free Link On Demand shuttle service. This service provides residents with transportation to anywhere within the Lone Tree city limits at no cost and can easily connect residents with RTD's RidgeGate Parkway Station less than 2 miles away. From there residents will have access to downtown Denver, the Denver Tech Center, Park Meadows, Sky Ridge Medical Center, and Denver International Airport. In addition, the RidgeGate East Villages sub-area plan calls for an urban trail that provides an off-street route for safe and pleasant pedestrian or bicycle travel that will connect the entire community.

The Central Village Couplet will soon be home to a brand new 123,000 sf King Soopers and over 50,000 sf of standalone retail that is expected to open in 2024 and will be walkable to RSAA due to its location just over a quarter mile away. In addition, the Ridgegate development has been engaged with Douglas County on a new public library to be constructed in the Couplet District that will also be easily accessible. Finally, other nearby amenities include the Charles Schwab Campus, Super Target, Cabela's, Park Meadows Mall, the Lone Tree Recreation Center, Lone Tree Arts Center and several restaurants, shops, hotels, and other services within a three miles radius of the project site.

In addition to LIHTC equity, financing assumes the use of a construction loan, permanent loan, CDOH Funds, SLP participation with Douglas County Housing Partnership, and permit fee and use tax waivers from the city of Lone Tree as well as a deferred developer fee.

Bond Financing Structure

The anticipated financial structure for the Project is that the bonds will be issued by CHFA and privately placed with the construction and permanent lender. There will be $20,000,000 of bonds issued for the construction period and upon conversion, $6,900,000 will be retired for a permanent bond amount of $13,100,000. It is anticipated that all bonds will be tax exempt. Additional funds needed during construction will be covered with a taxable portion of the construction loan. We do not anticipate any taxable bonds.

Sustainability

The building will be constructed to comply with National Green Building Standard criteria and is expected to achieve at least NGBS Bronze certification. In addition, the project will also enroll in Xcel's Energy Design Assistance program to minimize energy usage and increase performance. The property's location to the relatively adjacent RidgeGate Light Rail Station combined with Lone Tree's Link On Demand will reduce or eliminate the resident's use of an automobile for transportation needs. The Lone Tree Link On Demand is a free shuttle service provided by the city of Lone Tree that operates within the city limits and is wheelchair-accessible with bike racks. The app allows riders to schedule rides in the future or as needed from 7am-7pm Monday through Thursday, 7am-10pm on Friday, and 10am-10pm on Saturday.

Project energy efficient features will include:

- Low-E Energy star qualified windows and doors
- High "R-Value" insulation
- Energy Star rated appliances and Energy Star-qualified exhaust fans
- All LED light fixtures
- Low flow water fixtures

- Flat roof with white EPDM or TPO
- Native and Xeriscape landscaping

The building will be designed with an eye towards being electrification-ready in the future in an effort to meet CHFA's Guiding Principles of helping the State of Colorado meet it's 100% renewable energy goals. This includes designing for a future installation of a second electric transformer that can be easily placed in the future with empty conduits installed during building construction to the main electrical room. In addition, the project will size the main electrical room to accommodate future electrical gear as well as providing pathways to each unit for future upsized wiring. Finally, the project is exploring the installation of upsized electrical panels and dedicated 240-volt circuits in the water heater closets for future replacement of gas fired water heaters to electric.

Guiding Principles

Designed to support the maximum allowable density, RSAA will provide senior affordable apartments to a growing and desirable area. As indicated in the unit mix chart above, the project has targeted a wide range of AMI levels from 30% to 80% with an average below 60% AMI at 56%.

Although the project location is over a half-mile away from public transportation, we believe this issue is easily overcome due to the free transportation option provided by the On Demand Link shuttle service. It is also important to note that RTD is exploring a bus line through the Central Village Couplet that will provide public transportation just steps from the project. In addition, the adjacent soon-to-open grocery store, library, and retail stores provide services that are easily walkable for residents of RSAA.

The project is also only asking for an amount of credit that is absolutely necessary to finance the project. The project team has identified and is utilizing a variety of other sources of funds that are being used to leverage the CHFA investment to provide a significant number of units in a PMA with little to no vacancy.

Market Conditions

The James Real Estate Services Market Study provided with this application indicates there is demand for senior housing product in the Primary Market Area. Currently, the only other planned LIHTC units in the PMA are targeted at the 60% AMI level, while the other income bands have capture rates of zero (prior to construction of the subject property). RSAA unit sizes are on par with other similar unit floor plans in new construction in the Greater Denver metro area and the subject's unit mix meets area demographics as 86% of the PMA households in the 62+ age group consist of 2 people or less.

Additionally, this market area is realizing an extremely high in-migration factor. The North Douglas County apartment submarket vacancy levels have fluctuated over the last few years due to new construction coming online (nearly 2,000 new units were added in the county in the last three years). The current Douglas County apartment vacancy rate for multifamily projects is 4.3% and apartment vacancy rates in the North Douglas County submarket is 4.5%. These low vacancy rates, even among the relatively "expensive" comparable properties support low vacancy levels across the market area under study.

The concern of a low walk score is due to a lack of existing development in the area immediately surrounding the proposed site. This is addressed by the Lone Tree Link On Demand shuttle, a service offered to residents in Lone Tree that can be accessed via phone that will bridge this gap until the surrounding neighborhoods are developed. The property is in close proximity to RidgeGate Station RTD train station. Additionally, the location is within the Lone Tree City Center sub-area plan which plans to develop the entire surrounding area to create a pedestrian friendly environment with numerous amenities and employment opportunities. Future plans include walkable grocery, restaurants and parks directly across a pedestrian friendly drive from RSAA.

Overall, the proposed subject property is well-positioned in its market area and to its targeted residents in terms of anticipated project design, amenities, and target rents. Its unit mix and contemporary unit finishes ensure its success along with its location. The lack of traditional senior apartment options in the PMA should benefit its marketing and shorten the lease-up period. Furthermore, Capture Rates support a high level of demand for the subject in all AMI bands.

Readiness to Proceed

The property is zoned PD – Planned Development, as part of the RidgeGate Planned Development, 6th Amendment, and is within a commercial, mixed-use planning area called C/M-U#4. Multi-family apartments are a use that is permitted by right.

A Phase 1 Environmental Site Assessment by Kumar & Associates was completed with a determination that no recognized environmental conditions (RECs) or Controlled RECs were identified in connection with the site. As such, no additional site investigation is warranted at this time.

Bryant Flink Architecture + Design (BFAD) has completed concept and light schematic design, as indicated by the site plan, elevations and floor plans in the application. Upon award of credits, BFAD will complete the design development and permitted construction drawings for the project. The development team has been working with Alliance Construction to price the drawings as they have been developed and included their estimate in this proposal. Based on this input, along with recent pricing on other affordable (RidgeGate Station Affordable and Ellipse Apartments) and market rate multifamily apartments, the development team is comfortable with the pricing as indicated in our cost projections in the application.

Finally, the project team has full site control as detailed in the attached executed Purchase and Sale agreement with the landowner.

Financial Feasibility and Viability

Based upon the developers' recent experience on RidgeGate Station Affordable Housing, several sources of potential funding for the project have been identified. Preliminary discussions have been held with potential participants as indicated in the attached construction loan, perm loan, and equity LOI's. The development is anticipating the use of CDOH Home funds as detailed per our discussions with the Colorado Division of Housing. Finally, we have met with both Douglas County Housing Partnership regarding their participation in the project as a special limited partner as well as the city of Lone Tree waiving both application/permit fees and construction use tax for the project as indicated in the included letters in this submittal.

Due to 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.

Developer and Property Manager Experience and Track Record

Koelbel and Company has been developing in the Denver metro area for over 70 years and has experience in almost every type of real estate development. In addition, the Company has a strong history of public-private partnership development with nine completed affordable housing projects (including two senior affordable projects) totaling 690 units. These completed projects include the Apartments at Yale Station (2011 - 50 Senior units), University Station (2013 – 60 Senior units), Ledges Apartments (2014 – 61 units), Lumine Apartments (2015 – 69 units), Garden Court at Yale Station (2016 – 66 units), Ash Street Apartments (2017 – 112 units), Sienna at Sloans Lake (2018 – 49 units), 8877 Eaton (2019 – 118 units), and The Ellipse Apartments (2020 – 105 units). Koelbel's tenth affordable project, Talus Apartments in Lone Tree (67 units), is currently under construction and opening this Fall.

The project team plans to use Mission Rock Residential to manage the lease-up phase of the project as well as the ongoing property management duties. Mission Rock is an established multifamily property manager with extensive experience in managing affordable and senior housing projects, including six Koelbel properties. The development and management team of Koelbel and Company with Mission Rock, working together have a strong history of compliance with CHFA's affordable housing programs.

Cost Reasonableness

RSAA has been priced by Alliance Construction Solutions per their review of the current drawings and per extended discussions with Ownership and the design team. Alliance has a strong portfolio of completed affordable housing projects and is close to finishing construction on the Talus Apartments, Koelbel's workforce affordable housing project adjacent to Ridgegate Station that was also designed by BFAD. Per their review, current costs are estimated to be roughly $264k/unit as detailed in the attached pricing work sheets and as included in the proposed budget. Based on the collaborative history and recent success with both Alliance and BFAD, the development team is confident the cost estimate as presented in this proposal. In addition, the substantial multifamily and affordable housing experience/expertise of both Koelbel and Alliance will also help in mitigating any cost concerns.

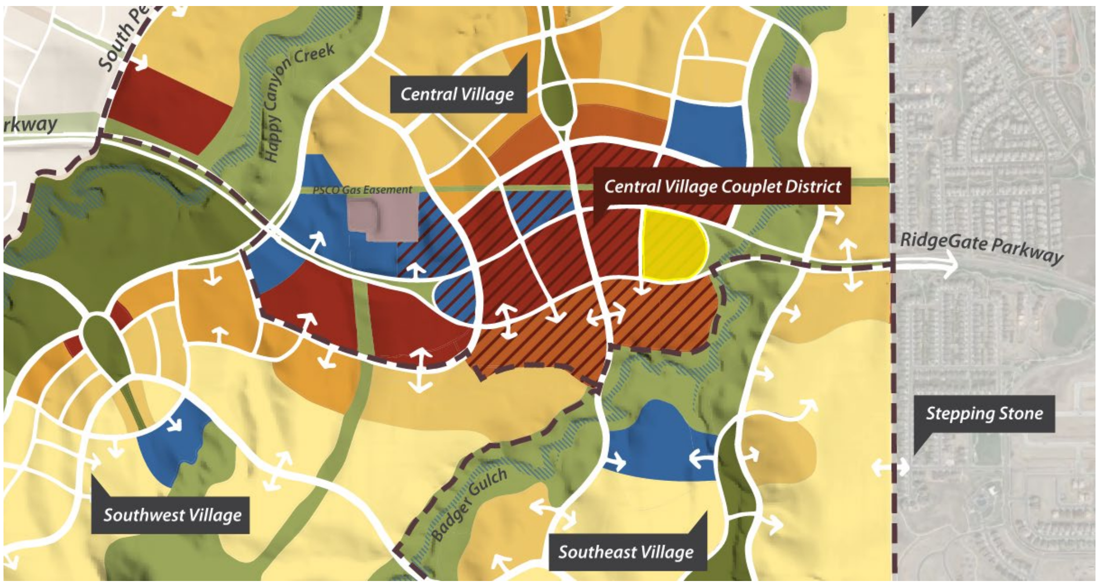
Proximity to Existing Tax Credit Developments

There are no existing senior housing tax-credit complexes nor traditional age-restricted market rent projects in the PMA. Morningstar operates locations within the PMA in both Lone Tree and Parker, but these developments are "continuing care facilities" that include an independent living component. These properties are included in the Market Study Report, however they are not direct comparables because they operate fundamentally differently than traditional standalone Senior Affordable multifamily complexes. There is currently one Tax Credit Development under development in the RidgeGate Sub-Area Plan, however this is a workforce LIHTC project and not age restricted.

Site Suitability

The project is a part of the RidgeGate East Villages Sub-Area plan which came from the City of Lone Tree's planning and commitment to create a true pedestrian-oriented downtown with a wide variety of uses. This plan proposed a commercial core that flanks RidgeGate Parkway and serves the surrounding neighborhoods. To create this commercial core, RidgeGate Parkway was divided into two, one-way streets after crossing Happy Canyon Creek to create the Central Village Couplet District where RSAA will reside. This creates a park-like drive, with narrower street widths that encourage slower traffic and pedestrian friendly experiences in the Central Village Couplet District.

Located between two greenways, Happy Canyon Creek and Badger Gulch, the Central Village Couplet District is the natural and ideal location for the heart of the residential community outside the City of Lone Tree City Center. The illustration below shows the bifurcated Ridgegate Parkway to create the couplet with RSAA highlighted in yellow on the eastern side and a "main-street" that connects the northern and southern Villages of the community. There will be an eclectic mix of residential and commercial uses all situated within a walkable Village that will be a hub of activity for the senior residents and a desirable place to work and live.



In addition to the aforementioned King Soopers and standalone retail opening in 2024, there are also several nearby grocery stores (Safeway, Sprouts, Walmart Supercenter, and Target) and numerous retail options located within three to four miles of the site. The nearest health facility, Sky Ridge Medical Center, is located two miles from the site while other community amenities (Douglas County Library, Lone Tree Arts Center, and Lone Tree Recreation Center) are located nearby as well. Additionally, the subject site is roughly a mile from Prairie Sky Park and the Bluffs Regional Park Trail system. This doesn't include future parks, community amenities, and other retail options that will be constructed during the build out of the Lone Tree City Center.

While there is currently no bus service serving the Central Village, the Master Developer has been engaged in conversations with RTD regarding the expansion of service as this area is built out. However, the free Lone Tree Link on demand easily provides a transportation option for residents to access the myriad services and employment centers offered within Lone Tree. Thus, allowing the residents of RidgeGate Senior Affordable Apartments to enjoy everything the community has to offer without the use of an Automobile.

Waiver Request

The project is requesting a basis limit waiver which is necessary and justified due to the current high construction cost environment.

Community Outreach

A public meeting for the project was advertised in both the Lone Tree Voice and the Douglas County News Press and was held on July 6th with no attendees. As noted previously, the project will sit in the RidgeGate East Villages

Sub-Area plan that is currently under development. As a result the project currently has no immediate neighbors but will instead be constructed concurrently with developments in the RidgeGate East Villages sub-area plan. The developer has met and been in communication with the City of Lone Tree regarding the project and has received support as indicated in the letters from both Kelly First, the City of Lone Tree Community Development Director, as well as the Mayor of Lone Tree, Jackie Millet. As indicated in the letters, the City of Lone Tree is extremely supportive of the proposed project.

4% housing credit application narrative

Project Name: Smith Ranch Apartments
Project Address: 105 Ruby Ranch Road, Silverthorne, CO

Executive Summary

Gorman & Company, LLC is pleased to submit a 4% Federal and State of Colorado Low-Income Housing Tax Credit (LIHTC) application for Smith Ranch Apartments, a 65-unit affordable housing development in Silverthorne, Colorado (in the Summit County DDA) that will provide one-, two-, and three-bedroom ***perpetually affordable*** units that target individuals and families earning 30% through 60% of Area Median Income (AMI).

The newly constructed apartments will add to the highly desirable Smith Ranch master planned neighborhood. The Smith Ranch Neighborhood already includes 164 deed-restricted homeownership housing at 80-120% AMI, with an additional 50 under construction, leaving a gap in housing options for households earning 30-60% AMI. Adding the proposed Smith Ranch Apartments will create a spectrum of mixed-income and mixed-tenure housing options. The Town of Silverthorne is deeply committed to this project which will deliver affordable for-rent housing within their community. Silverthorne, in the midst of a severe housing crisis, is on the cusp of losing an existing LIHTC project to the end of its extended Use Period and the owner plans to convert the project to market-rate. This conversion will yield a loss of 78 LIHTC units from Silverthorne.

Smith Ranch Apartments is designed to deliver excellent value to the LIHTC program by offering:

- Economies of scale to reduce costs and our credit request by optimizing site infrastructure already in place within the Smith Ranch Neighborhood.
- Land that is entitled and ready for development in a high-cost mountain community.
- Reduced costs through a ground lease from the Town instead of high land acquisition costs.
- Significant local funding in the form of property tax exemption, a $1,625,000 subordinate loan commitment from the Town of Silverthorne, water and sewer tap fee waivers, and building permitting fee waivers.

Smith Ranch Apartments LIHTC will include one free-standing, slab-on-grade, wood framed, three-story walk-up building with varied elevations, hardi-panel and stucco siding and pitched roofs. Parking will be on surface lots that meet Silverthorne's parking requirements. As evidenced by the zoning letter, the project will offer the 114 parking spaces required.

The project will certify to NGBS 2020 Bronze level that also meets and exceeds 2018 IECC.

Additionally, Gorman is also concurrently developing a workforce housing component to the project, which will include approximately 70 apartments for rent targeting those between 80% and 120% AMI. Together with the LIHTC project, a spectrum of for-rent housing will complement the adjacent deed-restricted for-sale housing, creating a mixed-income and mixed-tenure neighborhood that is highly connected and livable.

If funded, critically needed housing can help relieve an unprecedented housing shortage that is currently overtaking Summit County and the Town of Silverthorne. As a ready-to-go site, we present an excellent opportunity to add perpetually affordable units quickly to a market with very high barriers to entry where local officials have declared a 'housing emergency'.

Project Location

Smith Ranch Apartments is in Silverthorne, Colorado just west of an access point from State Highway 9. The site provides central access to many employers including the outlet mall and big box retail in Silverthorne and Dillon (0.25 miles to 3 miles), as well as Keystone, Arapahoe Basin, Breckenridge and Copper Mountain ski resorts. Access is good to County schools and grocery/retail shops (within one mile). Neighborhood parks are within walking distance from the property. Adjacent to the site is a Summit Stage bus stop. The site is adjacent to the Summit Stage is a **free** County-wide bus system, with loops from Smith Ranch throughout Silverthorne and connecting to Frisco, Dillon, Keystone, Copper Mountain and Breckenridge. The accessibility of employment, services, and recreation enhances the desirability of Smith Ranch Apartments.

Project Need and Urgency for Funding

The Summit County economy that *was expected* to pause during COVID-19 instead revved up in intensity, especially in the cost of housing. Simultaneously, many non-deed restricted rental units were and continue to be purchased by Buyers for use as investment properties or second homes, effectively shrinking the housing stock. What is left for rent is scarce, very expensive, and often not affordable to local workers. As units have been lost from the locals' rental market, new units have been slow to come on-line. The *2020 Summit County Housing Needs Update* estimated a need for 1,400 rental units above what was supplied by the housing stock in 2020. By 2023, the gap for affordable rental housing is projected to grow to 3,400 units, even when accounting for housing projects already in the pipeline.

The Summit County Board of County Commissioners proclaimed a ***workforce housing crisis*** on June 22, 2021, warning that "irreversible changes" will result from a lack of action on the housing front. The proclamation calls for implementation of any viable strategies to address the shortage. Our proposal will help address this emergency.

Population Being Served

The development will attract community workers who, in many instances, now live in overcrowded, distant housing or in a nearby apartment complex ending its extended use covenant as a LIHTC project and flipping to a market rate property. Our project units will be restricted to those earning 30% AMI and 60% AMI and will provide rental options that do not currently exist within the Smith Ranch Neighborhood. Leveraging this LIHTC project into the mixed-income site will further benefit future residents of Smith Ranch by offering a community of choice and 'move up' options for tenants. This is a unique attribute of Smith Ranch that furthers the mission of the tax credit program and is exceptionally hard to replicate at other sites in rural areas.

Unit Mix and Amenities

The one-, two- and three-bedroom units will average 554, 757 and 1,013 square feet respectively. In-unit amenities will ensure long-term marketability of the project and include fully equipped kitchens, ample storage space, and access to a community room, fitness room, and central laundry facilities.

The amenities also include direct access to a Summit Stage bus stop, access to walking and biking trails, preserved open space, and access to retail shops. The Town of Silverthorne is currently working to design and develop the expansion of Trent Park, located directly north of the Smith Ranch Neighborhood. New amenities will include picnic areas, restrooms, ball courts, boulder play, and a bike pump track.

Type of Financing

The project will use 4% Federal and State of Colorado Low Income Housing Tax Credits, funding from the State Division of Housing, local contributions from the Town of Silverthorne, Deferred Developer Fee, and permanent and construction debt financing. The project will be helped significantly by savings through the Ground Lease structure and savings from infrastructure already in place. The Town of Silverthorne is showing its commitment to this project by contributing a subordinate loan, building permit fee waivers, water and sewer taps and a favorable ground lease. The total contribution is estimated at $4,652,000, or $71,000 per unit. We will defer approximately 45% of developer fee within a 15-year pay back schedule to assist in funding a financing gap on the project. We are providing letters of interest from National Equity Fund (NEF) for 4% and State LIHTC equity and Citibank for construction and permanent debt.

1. Describe the bond financing structure and include the following:

- The total amount of TE bonds during the construction period is $14,264,000. We will have a $2,650,000 taxable tail for a total aggregate construction financing of $16,914,000.
- We would like CHFA to serve as Bond issuer and have limited our PAB request to 55% of the aggregate basis.
- Our construction and permanent lender is identified as Citi Community Capital.
- The Lender and bond sale structure will be through a private placement.

2. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):

Smith Ranch Apartments is being developed in a county with less than 180,000 in population meeting the CHFA priority.

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

<u>Market conditions:</u>

As noted by the market study, there are no recommended changes to the project. The PMA illustrates strong demand for the project unit mix through exceptionally low vacancy rates and long waitlists. The property's common amenities are generally comparable or slightly superior to existing LIHTC properties in the PMA. While its unit sizes are similar or smaller, it will be in slightly superior or superior condition. These attributes will enable it to compete effectively for tenants over the long-term. The subject's 30% AMI rents are 69% to 70% lower than the average market-rate rents. The market study states that the property should reach stabilized occupancy within three months of beginning lease-up, without concessions.

<u>Proximity to existing tax credit developments:</u>

Excluding two LIHTC projects with vacancy issues resulting from mismanagement, the overall surveyed vacancy rate in the PMA was 0.0% and five of the six LIHTC and mixed-income projects had lengthy waitlists. Wintergreen West, which is another LIHTC property developed by Gorman & Company, was 100% occupied and is achieving maximum allowable rents, and has over 60 on its waitlist. It pre-leased all 40 units in one month prior to the COVID-19 pandemic, which reflects significant demand for affordable housing within the PMA. Gorman is also under construction at Alta Verde LIHTC in Breckenridge, which will open in November 2022, and Wintergreen Ridge in Keystone, which will break ground in 2023. While in the PMA, these two pipeline projects cater to a different tenant base for those working in their respective communities (between 7 and 13 miles away). We do not see any concern adding Smith Ranch Apartments to the LIHTC pipeline in Summit County.

Blue River Apartments, built as LIHTC in 1994, has a mix of 48 two-bedroom units and 30 three-bedroom units. Its extended use period expires at the end of 2024 at which point its owners intend to convert it a market rate property. The loss of Blue River Apartments will create a negative number of LIHTC units in the PMA that Smith Ranch Apartments will help mitigate.

Project readiness:

The project is ready to proceed. The site is zoned for the multifamily housing use which is evidenced in the zoning letter from the Town of Silverthorne (Attachment 17). We are anticipating site plan approvals by end of Q1 2023 and building permit approvals in Q2 2023 from the Town of Silverthorne.

Overall financial feasibility and viability:

The Property Tax Exemption from the Summit Combined Housing Authority, subordinate loans from both the Town of Silverthorne and State of Colorado, the structure of a ground lease (rather than a loan acquisition at closing), and waiver of water and sewer tap fees are keys to project feasibility. Our experience developing in Summit County (both in Keystone and in Breckenridge) assures us of the feasibility of our project application.

Experience and track record of the development and management team:

Multi-family developments in mountain communities are not easy deals to put together or to see through to project completion. The Smith Ranch Apartments project team has experience implementing projects in similar areas, including Wintergreen in Keystone (between 2018 and 2020), Sunlight Crossing in Steamboat (completed in 2022), Alta Verde Phases I and II in Breckenridge (under construction), and Lion's Ridge in Vail (completed in 2016). We have a strong track record of completing projects on time and on budget. Our architecture and contracting teams are Colorado based. Overall, we believe we are the best suited team for the project.

Gorman & Company will serve as Developer, ***Gorman Architectural***, an affiliate of Gorman & Company**,** will serve as Architect of Record. ***Deneuve Construction*** will serve as General Contractor. As a "vertically integrated" development firm with in-house architecture and construction staff, Gorman has the capacity to produce affordable, multifamily development projects from concept to delivery. The Property Management will be led by ***Gorman Property Management, USA***, who has been managing our mountain properties since mid-2020. *Please see the resumes included with this application in Tab 10 for more information on our development team.*

Project costs:

Smith Ranch Apartments is in a higher-cost-to-build area known for above average construction costs. We are utilizing cost saving measures in the form of a ground lease (versus expensive land acquisition) and are using design characteristics that allow for reduced construction costs. Our requested State Credit per unit is only **$4,615**. Due to these higher costs, we are seeking a Waiver to the Cost Basis Limitation as provided in Attachment 1.

Site suitability:

The site is zoned and suitable for our project concept. Work completed in the Smith Ranch master-planned community leaves the site serviced with utilities, roads, and existing neighborhood amenities. The multi-modal transportation opportunities, and proximity to various job centers, services and amenities make the site an exceptional location for a new affordable housing community.

4. Address any issues raised by the market analyst in the market study.

A. Concern: The subject's capture rate is above the 25% preferred threshold.

   Our Response:

   i. The current capture rate (31%) is not identifying the essence of demand as PMA LIHTC properties have a near 0% vacancy rate and long waitlists. Given our experience operating in the PMA, we see very high demand and expect to lease up quickly.

   ii. The market analyst described that the capture rate ***will reduce*** to 41% when Blue River is no longer a LIHTC project (page 83). This loss of LIHTC units will be devastating to the community, already in a housing emergency. Adding the Subject Units will help mitigate this loss.

iii. In-migration is understated as six LIHTC and mixed-income property managers mentioned 10% to 50% of tenants are from outside Summit County, while three market-rate developments also had 30% to 80% of their tenants relocating from outside the county. In-migration will account for tenants and help workers to the community move closer to their jobs; many of whom commute long distances now.

B. <u>Concern:</u> The subject unit sizes are smaller than weighted averages.
<u>Our Response:</u> We have spent time fine-tuning our units to be highlight livable and include ample in-unit storage which will mitigate this concern.

5. Provide the following information as applicable: Justification for waiver of any underwriting criteria.
Our tax credit application is being capped under Method Three (Cost basis Limit Calculation). We are seeking a waiver to this requirement and to tie the Federal 4% LIHTC amount to Method One (Qualified Basis Calculation). Summit County is a high cost-to-build environment. Additionally, we are seeing construction costs rising dramatically across all markets due to inflation, and we are reflecting realistic costs in this application. Please see our full summary of this request in Attachment 01. Smith Ranch – Cost Basis Waiver Request.

6. Address any issues raised in the environmental report(s).
A Phase I ESA for the site is included with this application. There were no recognized environmental conditions.

7. Identify if there are features driving costs upward and opportunities to realize cost containment.
The proposed project is being built in an expensive area known for above average construction costs. We have contained costs where possible (ex: a ground lease versus land acquisition) and are using design characteristics that allow for reduced construction costs (no balconies, private entrances from interior hallways, and joint efficiencies with a simultaneous Workforce Housing project nearby). We are adequately reflecting current construction costs, which are high in general, due to current inflationary experiences nationwide.

8. Describe community outreach to the community, local opposition and/ or support for the project.
Extensive community outreach has been conducted for the Smith Ranch neighborhood as well as this project specifically. Through the Smith Ranch Neighborhood master planning process that occurred in 2017, many on this design team worked with the Town through the many aspects (neighborhood plan, framework for residential versus commercial locations, housing typology, architectural character) with the community through a charrette, open house events, and small group meetings. Additional community outreach in 2020 occurred and the community and the Town Council expressed strong support for as much affordable housing as possible on the Subject property, and for a future medium-format grocery store to the east of the Subject site.

The Smith Ranch Apartments project has specifically been discussed with Town of Silverthorne Council in June 2022 and received overwhelming support for the project. A public hearing was held on June 22, 2022 to discuss the State LIHTC and State of Colorado DOH applications; unfortunately there were no attendees.

We consistently hear support for affordable housing in Summit County. In speaking with employers, renters, and Elected Officials it is noted time and time again that the scarcity of affordable housing is at a crisis level and that new housing is needed quickly. We often receive calls and emails from employers in Summit County asking if we have any new housing developments planned to help add to supply.

The consistent message in the Town of Silverthorne is that more affordable housing is needed as quickly as possible. Given this demand, the local proclamation of a housing supply crisis, the partnerships we are bringing with this project, and our track record of developing in the mountains, we ask that you award our Smith Ranch Apartments application these tax credits.

4% housing credit application narrative

Project Name: *Village at Homewood Point – Phase II*

Project Address: *903 E. Colorado Ave. Colorado Springs, 80903*

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 to address its weaknesses.

This document should be no more than five pages.

The narrative should address the following in a one-page Executive Summary addressing CHFA's Guiding Principles and how the project will promote equity and economic mobility for residents and their communities. See Section 2 of the QAP for more details:

- **location and allowable density including if it is in a QCT/DDA/SADDA,**
- **population being served; bedroom mix;**
- **location and allowable density, AMI targeting;**
- **unit and project amenities;**
- **detail type of construction (including foundation type, framing, roofing, building skin, circulation, stairs, elevator(s), etc.);**
- **access to public transportation within one-half mile of site and job centers (if applicable) and how it promotes opportunities for economic mobility;**
- **type of services and how they are financed, if applicable;**
- **description of energy efficiencies (if applicable, include advanced energy performance standards and certification tier);**
- **type of financing; local, state, and federal subsidies; etc.**
- **what, if anything has changed since previous application (if applicable);**
- **if the project is for Homeless/Special Needs Housing, describe how the proposal follows best practices (trauma-informed design, funding for services, experience, etc.).**

<u>Executive Summary:</u>

The proposed project is for the construction of the second phase of the Village at Homewood Point Apartments, adding 83 new, affordable apartments for independent seniors, located adjacent to the existing first phase.

Village at Homewood Point II is located in a QCT, directly west of the existing first phase, Village at Homewood Point, at the corner of East Pikes Peak Ave. and South Institute St. The site is one of the few remaining development sites near Downtown, providing residents many opportunities for employment, services and entertainment. According to a KRDO news story, in 2021, 25% of the apartments approved for construction in The Pikes Peak Region were for projects being built downtown. A Pikes Peak Building official was quoted as saying "Builders are hearing that is where (downtown) people want to live, so that's why construction companies *are building downtown." Memorial Park is less than a half-mile walk from the apartments and includes amenities such as tennis courts, bike and walking paths, Prospect Lake, picnic areas and others. There is a bus stop on the corner of Pikes Peak Avenue and Institute Street, a short walk from the site. The site is 2.2 miles away from a Park 'N Ride facility that provides transportation throughout Colorado Springs. The project is also located within a Mountain Metro Mobility zone, so that public transportation will be available at the front door of the property. The Access-a-Ride program, which provides door-to-door transportation for people with disabilities, is also available.*

The site is currently zoned Office Complex/Commercial Regional District (OC/CR) and is subject to R-5 zoning standards as it would be built for residential use in an OC zoning designation. The allowable density is 54 units per acre. The current zoning designation allows for development of multifamily apartments.

Village at Homewood Point II will be a community for independent seniors. The bedroom mix will be 50 one-bedroom, one-bathroom apartments and 33 two-bedroom, one-bathroom apartments. The proposed AMI mix would all apartments at 60% AMI.

The building will be a four-story, elevator-served structure, with interior corridors, restricted entry, large lobby and lounge area, community kitchen, manager's office, mail kiosk, and public restrooms. Also provided are a common laundry area for oversized items, computer room with provided computers and printer, a library, media room, craft/game room, exercise room with provided equipment, and a private dining room that can be reserved free of charge, by individual residents. Free wi-fi connections will also be provided. Exterior amenities include seating areas, benches and walking paths.

Individual unit amenities will include vestibule entries, nine-foot-high ceilings, provided washers and dryers in each residence, walk-in closets in the 2-bedroom apartments, cable television hookups and a private balcony or patio. Apartments will also include a full appliance package, including a self-cleaning oven, dishwasher, frost-free refrigerator and garbage disposal.

Project construction will be wood-frame on a post-tension foundation system. Exterior materials will include hardboard siding and brick veneer. The roofing material will be asphalt and solar shingles. The design of the proposed project will match the existing Phase I building, so that when completed, the project will have the appearance of a single development, rather than a project that was developed in separate phases. Landscaping will be extensive in accordance with City of Colorado Springs specifications. The project will be designed to meet all required local, state and federal guidelines for accessibility. The proposed project will be designed and constructed in conformance with EGC 2020 standards and will be constructed to be "electrification ready." A solar PV system will be integrated into the roof with solar shingles. This will reduce the overall utility costs of the completed property. EV ready parking spaces will also be included.

The project will be 100% owned and co-developed by the Colorado Springs Housing Authority, with the co-developer, MJT Properties, Inc., who will provide all guarantees. The project will be financed through several different sources including the sale Private Activity Bonds, State Tax Credits, Solar Tax credits, an El Paso County HTF loan, a HOME grant from City of Colorado Springs, a permanent loan from CHFA, and a deferred developer fee note. The local contributions to the project show the dedication to the importance of the project to the local community.

1. **Describe the bond financing structure and include the following:**
    - **Total amount of bonds with a breakout of construction period bonds vs. permanent bonds**
        - *Total bonds: $23,424,150*
        - *Construction period bonds: $15,887,150*
        - *Permanent bonds: $7,557,000*
    - **Bond issuer (please specify whether you are seeking a CHFA bond-financed loan, a CHFA conduit bond issue only, or bonds from another municipal source)**

- **If CHFA is the bond issuer, private activity bonds will be limited to ~55% of the aggregate basis**
  - *We are seeking a CHFA bond financed loan*
- **Lender and bond sale structure (public sale/ private placement, takeout, securitization, etc.)**
  - *Private placement*
- **Portion of bonds that will be tax-exempt and taxable**
  - *Tax exempt bonds: $15,266,168*
  - *Taxable bonds: $ 8,167,982*

2. **Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):**
   - **Projects serving Homeless Persons as defined in Section 5.B 5**
   - **Projects serving persons with special needs as defined in Section 5.B 5**
   - **Projects in Counties with populations of less than 180,000**

The proposed project may not meet a strict interpretation of these principles; however, the project will serve low-income, independent seniors who have extremely limited housing options and face growing demand for the few housing options available, due to a rapidly aging U.S. population.

The project will target low to mid AMI levels and will have services and amenities designed for senior populations. We do this by creating amenities that benefit different aspects of a senior's health such as fitness center, games and craft rooms, places for enjoyable social connection, library and outdoor walking paths. Additionally, we hire quality staff that are knowledgeable about community resources and provide daily social activities for all to enjoy.

3. **Describe how the project meets the criteria for approval in Section 2 of the QAP:**
   - **Market conditions**
   - **Proximity to existing tax credit developments**
   - **Project readiness**
   - **Overall financial feasibility and viability**
   - **Experience and track record of the development and management team**
   - **Project costs**
   - **Site suitability**

The market conditions are excellent for the proposed project. There is high market demand, especially for a location near downtown. A recent market study rated the overall marketability for this project as "excellent." The proposed amenities and finishes have been described as comparable to superior to other market comparable properties in the market area. The project would be one of three proposed senior LIHTC developments for the subject area and there are no other LIHTC property that is currently under construction. The two other proposed senior LIHTC properties had less desirable locations and would complete their lease up before the completion of construction and therefore would not compete with Village at Homewood Point – Phase II.

The project is ready to move forward if awarded in 2022. The site is owned by the Colorado Springs Housing Authority and properly zoned for multifamily housing. There has already been a general contractor selected, Shaw Builders, LLC, and they have provided construction pricing for the project. Despite the large increase in material and construction costs, with approved financing, the project remains viable. The Development Plan will be submitted in early August. Based on the 3 previous rounds of reviews and discussions with the City, we expect that the plan will be approved during the fall of 2022. The final drainage report was approved at the end of May 2022, and the minor modification of that plan will be reviewed and approved along with the Development Plan.

National Equity Fund has submitted a letter of interest to be the investor for the project, if an award is received. We have received a letter of support from each the Colorado Division of Housing, the City and the

County, and each are expecting our application for the use of HOME and other soft funds on this project. CHFA is providing an LOI to be the construction and permanent lender.

The project will be co-developed by the Colorado Springs Housing Authority, who will retain 100% ownership of the property throughout the development process. The other co-developer is MJT Properties, Inc. who has been developing affordable housing across the front range for the last 30 years. The property manager will be the Colorado Springs Housing Authority who currently manages several properties in Colorado Springs. MJT Properties, Inc. will be contracted to provide all compliance related needs of the project ensuring that all compliance review, approval and reporting requirements are met.

4. Address any issues raised by the market analyst in the market study.

There were no issues or weaknesses raised in the market study analysis.

5. Provide the following information as applicable:

- **Justification for waiver of any underwriting criteria**

No waivers are requested.

6. Address any issues raised by the market analyst in the market study.

Same answer as 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.

A Phase I Environmental Site Assessment (ESA) was completed in February 2021 by Landmark Environmental, Inc. (Landmark). It was updated in November 2021. The ESA in November confirmed that there is no evidence of recognized environmental conditions (RECs). There was one historical REC (HREC) on the property, however there is evidence that proper remediation work occurred at the northwest corner of the property in response to a jet fuel spill. The release incident occurred during the removal of an approximately 5,200-gallon aboveground storage tank (AST) for jet fuel located on the northwest side of the subject property. The ESA reports, "The contaminated soil area was remediated with approximately one foot of material excavated around the concrete pad where this fuel AST had been situated. The Colorado Department of Labor and Employment (CDLE) Division of Oil and Gas (OPS) issued a closure for this historical spill event and the associated remediation efforts on November 12, 2008. The issuance of a No Further Action (NFA) closure letter by OPS indicates that the petroleum hydrocarbons contamination was removed to the satisfaction of the state regulatory authority."

8. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment. (Refer to Section 2 of the QAP for additional information).

There are no unusual features of the site or the development plan that are increasing costs. The project will be built "electric-ready," so any future costs to retrofit will be minimal. The project will be certified as an Enterprise Green Community building and will have solar shingles to reduce electricity costs in the common areas and staff office. The general contractor, Shaw Builders, LLC, has been constructing properties for MJT Properties, Inc. for over 15 years, so there is an understanding and methodology to ensure that efficiencies are maximized in design, development and construction practices.

9. In your own words, describe the outreach to the community that you have done and describe local opposition and/ or support for the project (including financial support).

The project is being co-developed by the Colorado Springs Housing Authority (CSHA), who will be the 100% interest owner. CSHA has extensive knowledge of the housing needs in Colorado Springs. They believe this project will be well received by the community and fills an important housing need. The project has received letters of support from the City's Community Development Division, El Paso County Housing Authority, the Downtown Partnership, and the Mayor.

Members of the development team also have had pre-application meetings with the City of Colorado Springs, to ensure that all code requirements are followed during development. There has been no opposition to the project, and it was viewed as very positive for the neighborhood and the City. Steve Posey of the Community Development Division stated, "The Community Development Division fully supports this project. Opportunities to develop affordable, senior housing on a site near downtown with convenient access to nearby medical facilities, recreational opportunities and shopping for basic needs don't come along often."

A notice of development for the project was posted at the site in May 2021 and received minimal comment. Two neighbors had questions about the impact of the project. One neighbor reported being concerned about trash trucks and heavy machinery coming down the alley, her view to the north being blocked, lighting in the alley, and increased crime. Upon review, the alley will not be used for trash pickup and will not have access to the property. There will be a 6' privacy fence installed, as per Colorado Springs code. Lighting will be added to the project site, but per city code will not impact adjacent properties. The property will be managed by an experienced property management company and will be constructed with restricted-access entries. Because of the senior-only occupancy at the property, there will not be an increase in crime in the area.

Another neighbor reported concerns about the population increase and lack of retail and services. As you can see from the market study, there are grocery stores and retail within an accessible radius to the site. For the last 18 years the property has been designated to be used for multifamily development. In fact, the site was previously approved by the City Planning Department. The developer's current process with the City is simply to update the previous Development Plans. No change of use is being proposed. We also believe giving low-income seniors access to housing so close to downtown bus lines and the nearby services will have a positive impact on the community. City Staff is supportive of the proposed project.

You may also provide additional documentation that supports your narrative by attaching it to the narrative and uploading it to ProCorem. Each supporting document should briefly describe what is contained in the attachment.

- **Radon mitigation**

The project will have a passive radon mitigation installed prior to the post-tension foundation being poured, with the ability to convert to an active system. We will work with A.G. Wassenaar, a Colorado based environmental engineering firm, to oversee the radon mitigation system and provide radon testing once construction is complete. If the passive radon testing denotes levels higher than EPA standards, then-active portion of the mitigation system will be activated to ensure the project has radon levels below the EPA standards.

- **Green Systems (Solar, Geothermal, Other, etc.)**

The proposed project will seek full certification of the Enterprise Green Communities 2020 standards. It is designed to have high efficiency domestic water heaters and HVAC systems. As we have done with many of our projects, we will use solar shingles on the roof to offset utility costs for the common areas and staff office. The project will also be built "electrification ready" by including upsized electrical systems and needs to ensure that the project can be easily transitioned to a fully electrical system in the future. The project will also feature 8 electric vehicle charging stations.

4% housing credit application narrative

Project Name: Warren Village III
Project Address: 1394 West Alameda

Executive Summary

Warren Village III (the "Project" or WVIII) will be located at 1394 West Alameda and 1373 West Nevada in the Athmar Park neighborhood of Denver, Colorado. The site is located in census tract 13.02, which is a HUD-designated 2022 Qualified Census Tract (QCT). The Project will serve single parents and their families who are homeless, at risk of homelessness or are exiting homelessness. There will be 89 units, a blend of 1, 2 and 3 bedroom units, each with a crib alcove off the main bedroom. Underlying Area Median Income will span 30%-60% AMI, with 79 vouchered Supportive Housing units. This development also includes a 100 child Early Learning Center onsite and is the first family supportive housing development in Denver. The sponsor is Warren Village with development support from Urban Ventures. Since Warren Village's inception in 1974, they have focused on providing housing and supportive services that provide vocational coaching, life skills, educational opportunities, and other available services that can lead to stability and higher family income levels. In an effort to allow families to remain housed at Warren Village III through incremental increases in income, we are prioritizing 30% AMI households for all 79 vouchered units at lease-up, although half of the 79 vouchered units will be designated as 50% AMI units to allow for flexibility in income growth. Additionally, WVIII will have ten non-vouchered LIHTC units at 50% and 60% AMI levels to allow for further flexibility of housing opportunities for families.

The WVIII campus is divided into two buildings, linked by a walking path. The north building fronting Alameda houses the main campus entrance into a welcoming community "living room" where the front desk soft-security staff will be located as well as casual meeting areas, a printing / computer station for residents, and a library area. Down the hall on the first floor will be office / meeting space for family advocates to meet with residents as well as medical and therapy spaces for residents to engage with outside service providers (therapists, counselors, and medical professionals). Also on the first floor is a large classroom with demonstration kitchen for cooking classes, community gatherings, and movable partition wall to host multiple meetings or classes for residents. There is a kid's club room for afterschool programming and a large bike storage room. The south building contains a small extension of the community living room with mail station and fob-secured package room, as well as indoor secured bike storage. The main space on the first floor of the south building is the 100-child Early Learning Center ("ELC"), for children from infant through elementary-aged afterschool care. The ELC has an onsite kitchen to prepare two meals a day for students, a large gross motor room, classrooms, and multiple age-specific outdoor playgrounds. Units will have individual VTAC units providing conditioned air to all rooms. All units will have a full kitchen including dishwasher. Unit bathrooms will have a water-resistant flooring to protect the unit in the event of toilet overflows (more common in units with young children) as well as high performance toilets. There will be a total of 42 onsite parking spaces.

Both the north and south buildings will be type VA construction. The project is anticipated to be fully wood framed with premanufactured open web trusses for floor and roof construction. Wood transfer beams and columns will be used as necessary throughout the buildings to support loads that cannot otherwise be handled by wood-framed load bearing walls. The flat roofs are designed to accommodate solar panels in the future.

The building skin will predominantly be a combination of fiber cement board and batten and lap siding with thin set masonry CMU and brick veneer at grade level on both buildings. All flat roofs will be white TPO and all sloped roofs will be made of asphalt shingles.

There is a bus stop immediately in front of the North building that serves bus routes 3 and 4. This bus stop is a five minute bus ride from the Alameda Station that services light rail lines D, E, and H as well as bus routes 1, 3, 4, and 52. This convenient, quick access to many educational and economic centers throughout the metro area provides additional opportunities for residents to continue their educational and career growth outside of the onsite opportunities at WVIII. Warren Village has been a member of RTD's Nonprofit Program that offers 40% off of regular fares.

Warren Village's Family Advocates (case managers) are the constant that help families navigate multiple plans, service mandates, and plug into much needed services. Warren Village will work directly with residents to provide general supportive services, independent living skills, mental health services, career and educational development and other family and children's services. In addition, Warren Village will work with numerous community partners to provide health / medical services, financial counseling, specific employment services, and with WellPower specialists for substance abuse, in-patient and other mental health services. These services will be funded over the initial years by a combination of the developer fee boost for services, project cash flow, deferred developer fee, DOH TSS funding, a Warren Village internal services reserve, and Warren Village start up and general operating contributed revenue funds.

The project will also utilize higher performance sustainable design and is anticipated to achieve the Silver level of the National Green Building Standard.

The development of Warren Village III will be financed with equity generated from the sale of 4% LIHTC, Colorado State AHTC, a permanent loan, funding from DOH & HOST, funding from Warren Village capital campaign, and deferred developer fee. We are anticipating 79 PBV.

Bond Financing Structure

- <u>Total amount of bonds with a breakout of construction period bonds vs. permanent bonds.</u> \$26,000,000 at the ~55% level in tax exempt PAB paid down to \$11,450,000 in long term bonds.
- <u>Bond issuer:</u> CHFA
- <u>Lender and bond sale structure (public sale/ private placement, takeout, securitization, etc.).</u> We are anticipating a private placement execution

- Portion of bonds that will be tax-exempt and taxable. None at this time. We are assuming a conventional bridge during construction.

Priorities in Section 2 of the QAP

- This project serves Homeless Persons (89% of the units)

Criteria for Approval in Section 2 of the QAP

- Market conditions: Warren Village continually assesses its waitlist for its currently operating Gilpin Street campus. On average, there are between 25 and 40 families on the waitlist for housing and services. The number would likely be higher but Warren Village experiences attrition due to the low availability of units, causing a long duration of time between application and placement. The MDHI report for 2021-22 indicates that there were 1,581 families in shelter at the time of the study. Of those, 43% (or about 680) were living in emergency shelters. Families here are defined as at least one adult and one child. We can use residence in any shelter or just in emergency shelters as proxies for indication of housing need. Based on the national average of 25% as the proportion of families that are single parent lead, that gives us an estimate of possible demand on the high end of 395 (25% of 1581) and 170 (25% of 680) on the lower end.

- Proximity to existing tax credit developments: Warren Village III is not in close proximity to any existing, operational LIHTC projects. The closest are Atlantis Apartments (0.8 mi), Hirschfeld Towers (1.2 mi), Terraza Del Sol (1.3 mi), Westwood Crossing (1.4 mi), Ruby Hill Residences (1.4 mi), and Walsh Manor Annex (1.7 mi).

- Project readiness: Warren Village III is a use-by-right project, not requiring any rezoning or public approvals. We have submitted for and received Concept Approval from Denver Community Planning & Development (CPD) and have been assigned an AHRT (Affordable Housing Review Team) from Denver CPD to prioritize and expedite project approvals for WVIII through construction completion. Design is currently at 25% DD and progress will continue in earnest after this LIHTC application submittal, with a Site Development Plan (SDP) submittal to CPD expected in August.

- Site Control: Warren Village Inc., along with its development consulting team, won an RFQ for development of family supportive housing at 1394 W Alameda and 1373 W Nevada from Denver Housing Authority as part of the citywide D3 bond project. Warren Village has entered into a Ground Lease Option Agreement (attached as part of this application) and has begun negotiations with DHA for a 99 year ground lease.

- Overall financial feasibility and viability: Our team has worked diligently over the past year to increase the financial feasibility and viability of the Project. Although construction costs have increased, we have more than offset those increases through the addition of local sources. As a result, overall feasibility of the project is very strong. We have also included conservative assumptions on contingencies, hard cost escalation, interest rates, and other assumptions. In addition, RCH Jones has run multiple iterations of the model and we have put the projections in front of several lenders and investors for feedback.

- Experience and track record of the development and management team: Warren Village has owned and operated their 93 unit campus (with HAP contract and as part of TCEP CHFA program) at 1323 Gilpin St. since 1974, along with the community living center that houses their FirstStep program (13 units; program partnership with Florence Crittenton) for pregnant teens in North Denver. For WVIII, they have teamed with development consultant Urban Ventures, LIHTC consultant RCH Jones Housing, Bryan Cave Leighton Paisner for LIHTC legal support, Rubin Brown for LIHTC accountant services, Beaux Simone Consultants for PSH support, and BlueLine Property Management for LIHTC and Supportive Housing property management. In depth resumes are included as part of this application.

- Project costs: The costs of building a campus with space for wraparound services for family supportive housing is inherently higher than building typical housing—15-20% of the total building area is non-residential space. With the nature of having two building sites instead of one large one, there are some costs (utility services, elevators, stormwater detention areas, central hot water boilers) that are incurred twice. We understand these challenges inherent to the specific development of WVIII, but have also found some areas to save on cost. Land cost is a land lease structured at $100/year with Denver Housing Authority. In design, we have eliminated underground detention vaults, eliminated any form of structured parking, reduced the amount of concrete and steel in the building structure (opting instead for almost entirely wood framed), stacked units and demising walls to reduce duplicative framing, planned for the most cost efficient but comfortable and sustainable HVAC systems, selected cost effective exterior materials, and reduced common area circulation areas within the buildings to maximize their efficiency.

- Site suitability: The nature of two-parcel site has allowed us to increase building height (and unit count) of the Alameda-fronting building, and place more "public" building functions along the ground floor of this portion of the campus, while keeping a strong connection to the residential-facing Nevada-fronting building. The lower building height, pitched roofs, and Early Learning Center are appropriate building forms and uses to the single-family-residential character of W Nevada Street. The West Alameda corridor is a growing area, with increasing economic activity but affordable services. The W Alameda Ave and S Pecos St bus stop that is feet away from the front door of the Alameda building and on the south side of Alameda serves two bus lines that provide an eight-minute bus ride to the Safeway grocery on S. Broadway. The two parcels are flat, have easy pedestrian and vehicular access, and show favorable ground conditions for development.

Issues Raised by the Market Analyst in the Market Study

The subject's special needs capture rate is above the 25% threshold, due to the inability to collect accurate data on the subject population. The homeless count understates the total number of single-parent families because it does not consider those that have accessed emergency services or those that are staying with relatives or friends and does not track the number of families that are at risk of homelessness due to many economic and household factors. The ability to count all homeless and potentially homeless single-parent households, is extremely difficult and information obtained through Point in Time (PIT) counts is likely significantly understated. Many single mothers are forced to choose between staying in an abusive relationship or becoming homeless. Therefore, many will choose to stay in abusive relationships and are not counted as homeless, which further understates the total number of homeless single-parent households.

Justification for Waiver of any Underwriting Criteria

We are assuming a 1.40x DSCR because this is a PSH deal and all cash flow is currently going to Warren Village as the services provider. We have requested a cost basis waiver due to the nature of unique aspects of this parcel and development that are driving total development costs higher.

Issues Raised in the Environmental Report Submitted with Your Application and Mitigation
There was one REC in the Phase I, however, based on information in previous Phase II reports, the conclusions are as follows: *"Considering the most recent subsurface investigation…did not reveal contamination associated with former uses, no further investigation is warranted. Use of groundwater is not recommended at the subject property considering the elevated arsenic levels above regulatory limits. Furthermore, the existing piezometer/well should be abandoned/decommissioned according to regulatory requirements."* Our construction team will adhere to the recommendations.

Unusual Features that are Driving Costs Upward and Opportunities to Realize Cost Containment
Due to the nature of space needs of providing supportive housing for families, WVIII has a uniquely high ratio of non-residential space to residential space. On the north building, the non-residential space is about 15% of the total area and on the south building it is about 20% of the total area (including the ~10,000 SF Early Learning Center). This additional square footage drives up the cost/unit. Additionally, the non-residential space takes up area that would typically be used for additional units, thus making these buildings less efficient in terms of the number of units that can fit within the building footprint. With the lower amount of units/building, the fixed costs of the building are amortized over fewer units, which drives up the cost/unit. These fixed costs include utility services, storm water detention, concrete site work, asphalt paving, landscaping, roofing, and foundations. Additionally, the 89 units for this project are split between two separate buildings--this means that several costs such as utility services, elevator, storm water detention areas, hot water central plants, and electrical services are incurred twice. Many of these driving features are inherent to the property that was awarded to us through the D3 bond RFQ issued by DHA. There are a few recent City of Denver code related changes that are driving up the costs as well.

Throughout the SD design process, opportunities for efficient design, reducing intersecting disparate building systems, and utilizing cost effective, durable materials were prioritized, building an inherent level of cost control into the project. Additionally, we have built conservate assumptions into the development budget and have allowed for an additional escalation contingency. We are working hand in hand with the GC and design team to have a living trend log document to track potential opportunities for additional value engineering.

Description of Outreach to the Community and any Local Opposition and/ or Support for the Project
Warren Village has reached out to the Athmar Park RNO and the Valverde RNO. We have presented at three neighborhood meetings and are updating the organizations with design project details as it evolves. We have reached out to the Denver Police Department Community Resource Officer for Sector One to bring in their expertise into the design development discussions. Additionally, we have made connection with the St. Rose of Lima Catholic Church and School—they are a supporter of Warren Village and are interested in setting aside some scholarships for WVIII residents. The Women's Bean Project (nonprofit renovating the building to the east of the Alameda site) has been supportive of WVIII since our early conversations prior to award of the DHA RFQ to develop the site. We continue to work with WBP to look for ways to strengthen our relationship and leverage our complementing services to benefit our residents and their clients.

4% housing credit application narrative

Project Name: Willoughby Corner Phase 1B Family Apartments
Project Address: N. 120th Street and E. Emma Street, Lafayette, CO 80026

Executive Summary: Willoughby Corner is a proposed new community in East Lafayette, less than one mile from the historic downtown, approximately 10 miles east of Boulder and 25 miles north of Downtown Denver, with views west to the Flatirons and direct connections to regional trail networks and Open Space. Boulder County Housing Authority ("BCHA"), in concert with an intergovernmental agreement ("IGA" – *see Attachment 1: IGA*) with the City of Lafayette, will develop the 24-acre site into a community of 400 permanently affordable homes constructed in multiple phases (*see Attachment 2: Phasing Plan*). The first half of Phase 1, Willoughby Corner Phase 1A Senior Apartments, was awarded 9% tax credits in May 2022. Willoughby Corner Phase 1B Family Apartments ("Willoughby 1B" or the "Project") is a new construction 129-unit phase with two multi-family apartment buildings and two nine-unit flats serving families with income at or below 60% Area Median Income (AMI), and a resident/community amenity building. This project is the second half of Phase 1 of the master-planned community and together with 1A Senior Apartments makes up the cornerstone of the neighborhood. Phases 2 and 3 of the master plan will also be 100% affordable and include additional apartment homes, additional community space, property management/maintenance offices, and townhomes and duplexes, 80 of which will be affordable for-sale.

Boulder County's Housing Need: There is a critical need for affordable options in Boulder County as evidenced by the overwhelming response BCHA recently received for housing applications. In December 2021, BCHA began accepting applications for pre-leasing at The Spoke on Coffman in Longmont (a new BCHA property, which opened in April 2022). In a matter of just eight hours, BCHA received over 5,000 applications for housing, including over 1,900 specifically for the 73 apartments at The Spoke. BCHA's in-house property management team has worked diligently to find qualified residents to rent apartments. At the time of this application, BCHA achieved stabilization with 93% occupancy, just three months after welcoming the first residents.

Contributing to the high demand for affordable homes in Boulder County were the December 30, 2021, Marshall Fires, which devastated the Town of Superior, the City of Louisville and parts of unincorporated Boulder County. Over 30,000 residents were evacuated, more than 1,000 homes and businesses were destroyed, and hundreds more suffered property damaged. The region was declared a Disaster Area by President Biden on December 31, 2021, providing access to Federal Emergency Management Agency (FEMA) aid and other resources. The Primary Market Area identified in the Willoughby 1B Market Study includes census tracts that suffered the most tragic losses. While frustrating that the community cannot rebuild instantly, BCHA's 400-home planned neighborhood is already advanced to a high level of development – the current strategy would position BCHA to open the first doors to new affordable homes in early 2024. Consistent with recovery priorities identified by local, state, and federal agencies, this project addresses the need to promptly build and provide the deepest level of affordability within the community, which is especially important to a region that has increasingly suffered from rising housing costs.

Community-Input Design: BCHA has prioritized quality of life for future residents including performing a Trauma-Informed Design Process (*see Attachment 3: Trauma-Informed Design Report*) and holding interviews with current BCHA property residents and property management staff (*see Attachment 4: Unit Amenities and Site Recommendations*). BCHA has used the information from these interviews, and lessons learned from operating over 900 units of affordable housing, to create Willoughby 1B Family Apartments.

The project site is currently in a QCT (608.00). The City's new Comprehensive Plan (see Scoring section for more details), adopted at the end of 2021, designates the Willoughby Corner site as a Housing Area. A Planned Unit Development overlay was recently unanimously approved by the Planning Commission, following the successful rezoning to R-4, high density residential. With this zoning, a density of up to 18 dwelling units per acre is allowed across the entire 24-acre site (up to 432 total dwelling units).

Willoughby 1B will provide 87 one-bedroom apartments, 30 two-bedroom apartments, and 12 three-bedroom apartments for family residents. Seven units will be restricted to residents at 30% AMI and below, nine units will be restricted at 40% AMI and below, 52 units will be restricted at 50% AMI and below, and the remaining 61 units will be restricted at 60% AMI and below.

Willoughby Corner will offer amenities geared towards enjoyable, independent, active living, including the following:

Unit Amenities (Willoughby 1B)	All-electric, high-efficiency appliances including washer, dryer, oven/stove/vent, refrigerator, dishwasher, and disposal; abundant natural light; durable materials and finishes; utilities paid by BCHA
Building & Site Amenities (Willoughby 1B)	Third floor outdoor patios with view of the Flatiron Mountains; resident parking with EV-charging stations; photovoltaics, geothermal heating/cooling and other sustainable technologies; conference and classroom multi-purpose space
Neighborhood Amenities (Shared for all phases)	Community gardens and orchards, dog park, RTD bus service, recreation and multi-use trails, covered and secured bike/trike storage, playground, community buildings with fitness room, kitchen, outdoor patio
Programming (Shared for all phases)	Multigenerational agricultural programming, public art installations, future connection to Open Space and regional trails

Construction of Phase 1B includes:

- Five separate buildings in 3 different typologies: three-story multi-family apartments; two-story 9-plex flats; and single-story community building (no residential)
- All buildings will have shallow concrete foundation system on over-excavated and compacted soils, based on geotechnical report recommendations; slab-on-grade ground floor on over-excavated and compacted soils.
- Wood stud wall framing with high acoustic separation between units and to corridor; wood i-joists or wood trusses at floor and roof framing; upper-level floors will have gypcrete topping slab for fire resistance and acoustic separation. The contractor will investigate prefabricated and panelized wood framing during the bidding process, which may include off-site construction of components where it makes sense economically and for the construction schedule.
- Gabled roof elements around the perimeter consisting of composite shingle roofing with standing seam roof accents; white TPO or EPDM membrane flat roof system in the middle of the building for mounting PV and mechanical equipment
- Durable exterior cladding materials to provide fire resistance
- High-efficiency fiberglass windows in residential units, with aluminum storefront windows in public areas

- Balconies in each 2nd & 3rd floor unit in the 9-plex Flats with patios at ground floor units.
- Each multi-family apartment building has three separate stairwells for egress. Stairs will be metal pan and concrete with durable finish materials The 9-plex flats buildings each have two exterior stair wells providing access to upper level dwelling units.
- Two machine-room-less traction elevators in each multi-family apartment building.

Service for two Regional Transportation District (RTD) bus routes (the DASH and the 225D) will be extended to Willoughby Corner. RTD personnel will have access to the Community Building for restroom facilities. The design team is working with RTD to understand bus stop, layover and terminal requirements to provide the best service to residents. With the additional ridership created by the Willoughby Corner development, this project will enable RTD to fulfill transit goals and provide direct benefit to Willoughby's residents and neighbors. BCHA will provide residents at Willoughby Corner with a free RTD Neighborhood Eco-Pass. BCHA also intends to incorporate a car share program, bike sharing program, e-bike charging locations, ViaMobility programming, and resident bike storage to promote multimodal solutions. Alternative modes of transportation will allow residents to reduce their dependence on automobile ownership, improving economic mobility and well-being over time.

A primary goal of this project is to achieve net-zero energy efficiency through an insulated building envelope, high-efficiency MEP systems, and onsite PV electric generation that produces enough clean energy as is consumed on an annual basis to offset all utility expenses. This project as well as Willoughby Phase 1A, will pursue Zero Energy Ready Homes certification and exceed Enterprise Green Communities requirements. Willoughby Corner is an all-electric neighborhood, provides EV car chargers on-site, utilizes a geothermal heating system, and will be equipped to be powered by roof-mounted and ground-mounted solar arrays. The project has benefited from a partnership with the University of Colorado Boulder's Masters of the Environment program, students from which created a sustainability and community resiliency report that BCHA was able to use in its site design (*see Attachment 5: URS Student Sustainability Report).*

Proposed Project financing will consist of 4% Federal LIHTC equity, State Affordable Housing Tax Credit ("AHTC") equity, a first mortgage, soft funds from the Colorado Division of Housing (CDOH), Boulder County Worthy Cause Funds, gap funding from BCHA, and deferred developer fee.

1. **Describe the bond financing structure:**
   Construction Period Bonds (Tax-Exempt): $33,250,000 - Private Placement; Permanent Bonds: $15,400,000 - Private Placement; Bond Issuer: Boulder County Housing Authority; Taxable Construction Loan: approx. $6,600,000
2. **Project does not serve Homeless Persons, persons will special needs, low population counties**
3. **Describe how the project meets the criteria for approval in Section 2 of the QAP:**
   Market conditions: Strong demand for affordable family units is supported by the market data for the PMA. Current capture rates for the 30%, 40% and 50% AMI units are 0.9%, 5.1%, and 11.8% showing very high demand at those levels. Current capture rates for the 60% AMI units are slightly higher at 36.2%. However, the market analyst notes that, while migration data is not easily available for the market area, the PMA would experience "significant in-migration" if more housing units were available in the market. The market analyst also emphasizes the Marshall Fire as an indicator that there may be more need than the capture rate data shows. Very low vacancy rates at affordable properties support BCHA's and the City of Lafayette's commitment to providing homes at 60% AMI and below in this community.
   Proximity to existing tax credit developments: The market analyst notes that affordable units in this market area of Boulder County are limited. Aspinwall is located one mile to the north of the Project in Lafayette and has 72 affordable units at 60% AMI with 0% vacancy. Ardenne Apartments is located 1.2 miles to the southwest of the Project and has 64 affordable units at 60% AMI with one vacant unit and no

waiting list maintained. Copper Stone is located 2.6 miles to the south of the Project and has 260 affordable units at 60% AMI with no vacant units and 85 families on its waiting list. Eagle Place is located 2.9 miles to the southwest and has 60 affordable units at 40%, 50% and 60% AMI with one vacancy. Sunnyside Place is located 4.4 miles to the west of the Project and has 17 units at or below 50% AMI. Village Square is located 5.9 miles to the south of the Project and has 108 units at 50% AMI and below with no vacancy and it does not maintain a waiting list. Meadow Ridge is located 6.7 miles to the southwest of the Project and has 180 units at or below 60% AMI.

Project readiness: BCHA has actively pursued development of the site for three years and is targeting a December 2022 financial closing for Phase 1A 55+ Apartments and January 2023 for Phase 1B Family Apartments. BCHA has had control of the 24-acre site since 2017, and the project is well into the City of Lafayette's planning approvals process. The project was most recently presented for a Planned Unit Development overlay and received a unanimous (6-0) vote of approval. Zoning for the site was approved in April 2022. BCHA recently published an RFP to select financing partners for both Phase 1A Senior and Phase 1B Family apartments and is in the process of signing term sheets. Receipt of building permits for 1A is anticipated for December 2022 and for 1B in January 2023, a timeline decided upon with explicit input from the City of Lafayette.

Overall financial feasibility and viability: This project will benefit from economies of scale. Although this application contemplates only the second half of the first phase, BCHA is planning wholistically for funding and design of the entire neighborhood. With a coordinated approach to neighborhood development BCHA aims to reduce administrative costs and efforts, and to leverage investor opportunity across the entire development. BCHA will create synergies and financial advantages by having been allocated 9% tax credits in early 2022 and applying for 4% tax credits and AHTC with this current application. BCHA is also pursuing financial closing of 1A and 1B close together to create synergies in closing documents and due diligence. Financial support from Lafayette (land purchase and assignment to BCHA; water rights purchase and assignment to BCHA) has made the Project financially viable.

Experience and track record of the development and management team: BCHA has provided affordable housing in Boulder County since 1975. BCHA's mission is to foster the availability of quality, affordable housing and related services for County residents. BCHA is directly involved with the development, construction, preservation and financing of a portfolio containing 903 homes (in 58 properties within 7 jurisdictions) that are owned, managed and maintained by BCHA. BCHA has assembled a team that includes experience in all facets of planning, financing, constructing, managing, and maintaining affordable housing. Collectively, the team has more than 80 years of experience in housing.

Project costs: BCHA is committed to financing and implementing the infrastructure for the entire Willoughby Corner site so that each phase has the access and infrastructure required. BCHA will then be repaid by each phase on a per unit ratio as arranged through a cost-sharing agreement. Costs for Willoughby 1B Family Apartments include the per unit pro rata costs (129 units out of 400 total units, or 32.25%) for the total site infrastructure to allow BCHA to provide necessary infrastructure for the site (see Cost Estimate section for more details). Included in the per unit infrastructure cost are gardens, recreation areas, parks, orchards, and plazas, as well as pedestrian-centric roads and planned public transportation options. Costs specific to the Project benefit from BCHA's coordinated approach to the entire development.

Site suitability: There is a scarcity of available land to develop in Lafayette due to Open Space boundaries and residential growth limits set by the City code. This site is ideal for residents because of its proximity to Open Space and existing neighborhoods. Less than one mile from Willoughby Corner is the historic downtown of Lafayette with restaurants, boutiques, services, museums, and public art. Within a one-mile radius are three schools, the Coal Creek Flagg Park Trailhead, the Great Bark Dog Park, Waneka Centennial Farm, and Josephine Roche Open Space. Within a two-mile radius are grocery stores, the Bob L. Berger Recreation Center, and Waneka Lake Park. The project team is collaborating with the Boulder County Regional Trails Manager and the Lafayette Open Space Superintendent to ensure direct connection to the greater network of recreation paths throughout the region (*see Attachment 6: Regional Trail Connections & Open Space*). Additionally, the project will serve as the connection point for the City's plans to create continuous connection between the converted BNSF rail line and the Flagg Park Coal Creek multi-use trails.

4. **Justification for waiver of underwriting criteria:** Please see the cost basis waiver request (*see Attachment 7: Cost Basis Waiver Request*)
5. **Address any issues raised by the market analyst in the market study.** The market study raises the issue of poor transit options in Lafayette. The project team is working directly with RTD to extend bus service directly to the site, providing residents and surrounding neighbors with direct access to the regional public transportation system. The market analyst also recommended Income Averaging, which was contemplated by the development team but is not currently financially feasible due to the IRS guidance around Income Averaging. While the higher capture rate for the 60% AMI units is noted, the market analyst also describes the continued strong demand for 60% units in the PMA.
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 potential for herbicides and pesticides has been noted as a potential site condition, due to historic use as agricultural land. However, it is not a recognized environmental condition for the project. The overall site grading will require clean fill to be brought onsite as topsoil, thereby mitigating any soil issues and soils would be tested prior to any food cultivation activities on the site.
7. **Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment (refer to Section 2 of the QAP).** Escalation due to supply chain issues, transportation and material cost increases are driving construction budgets upwards across the nation. BCHA just completed a project that has been under construction since September 2019. Throughout this process, the development team has become familiar with managing construction costs in highly turbulent market conditions. BCHA is creating a culture of design-build among design and construction consultants, so the response will be unified and nimble if cost increases occur. Another source of budget increase this year was the realized costs of water rights dedications, which increased drastically to reflect market conditions. BCHA was able to find water on the open market through the sale of a nearby legacy farm and are currently purchasing rights to accommodate the Willoughby project. This fortuitous transaction allowed the City and BCHA to avoid costly brokerage fees and secure water in a timely fashion. The City, as a major financial partner, has agreed to pay for half of the water as an economic incentive.
8. **In your own words describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).** This project is the result of a partnership between Boulder County, BCHA and the City of Lafayette. The City showed their commitment with a significant financial contribution – $3.5M purchase of the land and waived fees – and formalized their faith in BCHA's ability to deliver with an IGA. The Pachner Company ("TPC") has worked with BCHA to create a community outreach plan and BCHA remains committed to being sensitive to a range of audiences and communication preferences (*see Attachment 8: Public Engagement Plan*). While the pandemic has caused some challenges, BCHA has prioritized sharing current information via the website – www.willoughbycorner.org. Mailings, email newsletters, informal coffee meetings, phone calls, and Instagram stories are other real-time methods for spreading the word about public hearings and project updates. The East Lafayette Advisory Committee (ELAC) was created to provide a forum for neighbors to voice concerns, advocate for their needs, and ensure Willoughby Corner is developed in the best interest of current and future Lafayette residents (*see Attachment 9: ELAC*). Letters of support show the wide reach and strong level of support by local and regional organizations, jurisdictions, and members of the public (*see Attachment 10: Local Letters of Support*).