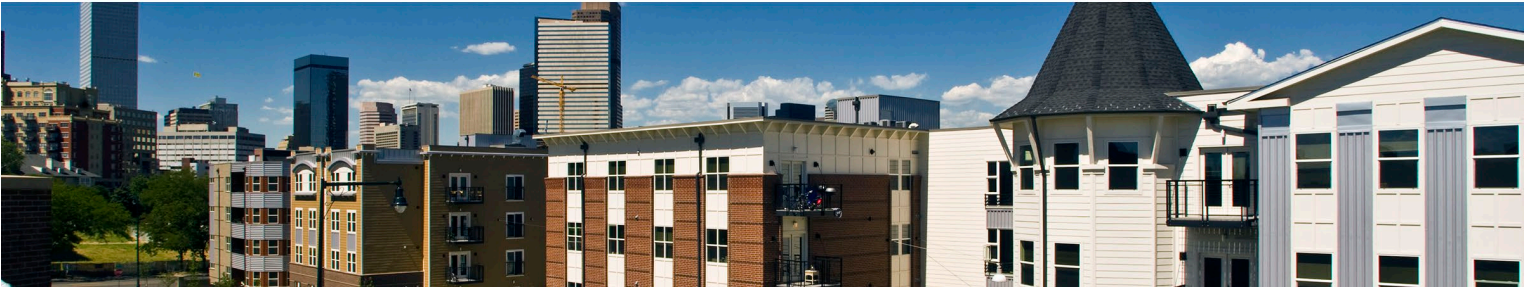


9% lihtc application narrative



Project Name: 7900 E Colfax PSH

Project Address: 7900 E. Colfax Ave., Denver, CO

1. Brothers Redevelopment, Inc. (BRI) presents its request for 9% LIHTC to support 72 units of Permanent Supportive Housing for homeless with a preference for those persons or families experiencing brain injury, the first such project of its kind in the nation. Resident Services will be provided by Brain Injury Alliance of Colorado (BIAC), a 30+ year old Colorado non-profit organization whose mission is *“Through guidance, resources, support, and education, we seek to engage with Coloradans in the lifelong growth of those affected by an injury to the brain.”*

The project will be located at 7900 E. Colfax Ave., Denver, CO., is in Census Tract 44.04 which is a 2020 QCT and is directly on Colfax Avenue with current ‘high frequency’ bus service and the announced, but ‘to be built’ Bus Rapid Transit (BRT) system running down the center of Colfax Avenue. BRI was awarded the site to operate as Permanent Supportive Housing by the City of Denver through its extensive RFP process in 2018. BRI was chosen over all others for its depth of Development Team, design elements, financial feasibility and its commitment to outstanding community outreach and engagement. All 72 units will serve 30% AMI, will be supported by Project Based Vouchers from CDOH and/or Denver Housing Authority, and will be committed to the City of Denver for this use for 99 years. Zoning is Denver E-MS-5. The building is being designed using trauma-informed design principles in all aspects of the building, both interior and exterior. The building features two elevators, leasing office, BRI and BIAC service provision areas on the first floor, and a resident community area on the second floor, away from the street level. This resident community area includes both inside and outside space, to offer choice to residents. The first floor will have approximately 5,700 sq. feet of engagement space, which will be used for common areas as well as programming. The front “Welcome desk” will be staffed 24 hours a day, 7 days a week, by peer navigators and/or other professionals who will play a dual role, including engaging residents and visitors and ensuring the safety of the building and its residents. There will be a secure, front-door entrance and security systems, 28 parking stalls in covered parking, and the south end of the site will be a community outdoor open space.

Building construction will be slab on grade foundation with laminated wood pillars for the parking area. Wood framing for the four floors with membrane roofing material. Residential units will be accessed through central, interior hallways. Elevators will be located at both the north and south ends of the building as will the two fire-rated stairwells. Building skin will be a combination of brick, cementitious fiber siding and stucco. Building will utilize Photovoltaic supplemental electric systems on the roof.

Bedroom mix will be 47 one-bedroom, one bath units, 19 two-bedroom, one bath units and 6 three-bedroom, two bath units. Building will be served by central laundry units on each floor with the three-bedroom units having ‘in-unit’ laundries. Unit amenities include E-Star refrigerator, stove, dishwasher,

and garbage disposer, wall unit heating/air conditioning, window coverings, extra closet space, ceiling fans, and solid vinyl flooring in kitchen, living and baths, with carpet in bedrooms. Project amenities include large second floor community area both inside and outdoors with kitchen area. Case management and other supportive services will be provided by BIAC.

Financing will include permanent loan from CHFA including Capital Magnets Funds, funding from City of Denver and CDOH for both capital construction and supportive services, Wells Fargo Priority Communities grant, and deferred developer fee and direct investment by BRI. Wells Fargo Bank will provide the construction loan. Three Letters of Interest have been received for the LIHTC Equity.

BIAC will have office space on the main floor for case managers and supervisors to provide services including, but not limited to case management, resource navigation, peer monitoring, life skills classes and training amongst several others. BIAC, with the assistance of Beaux-Simone Consulting, has prepared and submitted its application to CDOH for PBV and service support funding per the CDOH RFA. BRI offices will provide access to all of its services, including peer navigation, Colorado Housing Connects, Homebuyer Counseling and Education, Home Modification and Repair program amongst several others.

2. 7900 E Colfax PSH will meet or exceed the requirements of a project serving homeless persons as defined in Section 5.B.5.

3. 7900 E Colfax PSH meets the following requirements of Section 2 of the QAP:

- a. Market Conditions: Per the Market Study “There are only 1,363 PSH units existing or in the pipeline in the PMA, while there are 3,165 income-and size-qualified homeless households in the PMA for the subject’s units. The number of qualified PSH renters exceed the number of existing and proposed units in the PMA. In addition, it can be difficult to identify households at risk of homelessness, suggesting that the number of qualified special needs households is understated.”
- b. Readiness to proceed: Purchase & Sale contract is executed; zoning is fully in place; schematic drawings have been fully prepared, vetted and bid by the General Contractor; initial Site Development Plan has been submitted to the City with positive feedback to date; all utilities are available at the street; financing has been presented to all potential funders with very positive responses; numerous neighborhood meetings have been held including discussion of several significant details concerning security, community areas, and design. All neighborhood groups are supportive of the plan.
- c. Overall financial feasibility and viability: Project has a reasonable request to all funders with very positive responses by all including Services funding and PBV requests; Permanent financing structure covers a Permanent loan with an initial DCR at 1.26:1 and increasing year over year thereafter; funding structure also includes the ability for the project to provide a portion of funds for PSH services as well as repay the deferred developer fee within a reasonable period of time. The financial structure balances a reasonable request of LIHTC with over \$10 million in other funding including Permanent debt, grants, deferred developer fee

and BRI investment. This project is 'GAP' constrained for LIHTC calculation having the ability to request over \$2.345 million in annual LIHTC based solely on Eligible Basis.

- d. Development Team Experience and Track Record: All members of the Development Team are well experienced in operating a property of this type. Of special note, BIAC, as primary service provider, has 30+ years' experience as a non-profit organization supporting persons with traumatic brain injury (TBI), and this project will be the first of its kind in the nation to directly address persons with TBI. Further, the Development Team includes the FAX Partnership, a local, grassroots non-profit who is leading the community engagement and Beaux-Simone Consulting, who is working with BIAC preparing the services program and the various applications for PBV and services funding for DHA and CDOH.
 - e. Cost Reasonableness: Given today's extremely competitive construction market, the upgraded energy efficiency requirements for new construction, and the design considerations as defined in Trauma Informed Design best practices as well as for persons experiencing TBI, this property has been designed and costed as reasonably as possible. Sponsor has deferred 30% of its developer fee in support of the project, as well as detailing an 11% total developer fee. All efforts have been made to minimize cost and/or maximize value received for dollars expended.
 - f. Proximity to existing tax credit developments: There are eight LIHTC/PSH projects in the proximate PMA, but only two within a 2-mile radius. The other six properties are at least 4 miles away with one of the six being 3.3 miles away. Further, BIAC intends to reach out to the non-PSH LIHTC properties to offer services and assistance to their residents as may be appropriate.
 - g. Site suitability: The site is a flat, asphalt covered location that includes a cell tower/fiber-optic data vault on the premises (see No. 7 – Unusual features). All utilities are to the street and readily available. Initial Geotech investigation indicates no special conditions, and the Phase One only indicates the need for additional testing to ascertain conditions due to the site being located near to a former automotive repair location. All such precautions have been implemented within the overall project development plan, and, as in the case of the Geotech report, may also be underway.
4. Provide justification for any of the following as necessary:
- a. Waiver of underwriting criteria: No waivers are requested.
 - b. Financial need for CHFA DDA credit up to 130 percent: No special request as project is already located within a QCT.
5. Address any issues raised by the market analyst in the market study: The only item the market study notes is "The subject's location is slightly inferior to seven of the eight surveyed comparables, which are typically closer to community services and employment opportunities, and/or in neighborhoods of better quality" This issue has been addressed by the larger than

typical service provision space with the building itself, as well as having the BRI office to assist residents with other more typical 'navigation' services. Further, this location was designated by the City as a development area and this project is considered a leading indicator of future commitment by the City.

6. Address any issues raised in the environmental reports and/or any mitigants to said issue: As noted above, the Phase One indicates "Based on a previous Phase One ESA a former automotive repair facility occupied the east adjacent property in 1951 through 1961, prior to site development. The potential for illegal dumping is considered a REC. This assessment has revealed no evidence of CRECs or HRECs in connection with the site." Further, the current Phase One ESA recommends additional testing for ACMB and LBP prior to demolition of any onsite buildings, creation of materials management plan and additional vapor encroachment testing, all of which has been provided for in the development plan for the project, and, hence, some significant increase to the overall development budget.
7. Identify any unusual features that driving costs upward as well as any cost containment opportunities:
 - a. A significant feature of the project is the cell tower/fiber-optic data hub located on site. This existing building will need to be demolished and repositioned within the 7900 building. The fiber-optic data hub will be located within the west side of the building and the cell tower will be located on the roof of the building. The project expects to receive revenue from this relationship, but details of this financial relationship between the lessor and lessee have not been made fully available to date. Although there is an estimate for this work within the development budget (estimate is located in the development budget under 'demolition') all efforts are being made to pass on costs to the lessee, receive additional funding from the land seller (City of Denver) and to seek 'other funding sources' to pay for this work.
 - b. Significant competitive construction market, labor shortage/tightness, increasing costs of materials, and increased energy efficiency requirements have all led to a higher overall development cost than previous years. All efforts have been made with the architect and general contractor to minimize time delays, maintain a 'cost effective' attitude, and not 'over amenitize' the project without violating the principles of Trauma Informed Design and the specific needs of the target resident population.
8. Describe outreach within the proposed community: The Development Team including BRI, BIAC, ShopWorks, Fax Partnership, Beaux-Simone, and RMM have participated in no fewer than nine community meetings. City of Denver staff were also present. The efforts included the formation and utilization of a local steering committee comprised of 7 local members, including representatives from the East Colfax Neighborhood Association, and a business owner and two homeowners resident adjacent to the site. The meetings with the steering committee have served as the guide to forming a 'good neighbor agreement.' Comments have generally focused on the resident population, level and detail of the services programs, and security to be provided. Design elements, building massing including 'shadow studies' and

alley improvements, have been highlighted by ShopWorks. Also, there has been discussion of uses of the general space within the building. To date, the neighborhood has been very supportive of the overall project, with only one party not being concerned about the resident population, but continuing to prefer other commercial uses for the general space in the building. Finally, the Steering Committee and community meetings/engagement will continue throughout the construction and operations process. The General Contractor has agreed to be a significant part of future meetings when construction start is imminent.

9% lihtc application narrative



Project Name: **ATLANTIC SENIOR APARTMENTS**

Project Address: 5640 E. Atlantic Place, Denver, CO 80222

1. Executive Summary

Project Description:

- **62 unit community for seniors ages 55 and older.**
- **Supportive services provided by Eaton Senior Communities.**
- **Public transportation is 1/4 mile away (RTD bus)**
- **Wood frame construction, 3 stories on PT slab**
- **Roof: TPO, 60 mil**
- **Building exterior: brick, stucco, cementitious siding**
- **2 hydraulic elevators**
- **Wood interior stairwells and stairs**
- **Circulation: double loaded halls accessed by elevators & stairs**
- **Surface parking (39 spaces)**
- **Affordability AMI mix: 30%, 40%, 50%, 60%**
- **48 one bedroom units; 14 two bedroom units**
- **National Green Building Standard (NGBS)**
- **Energy Star appliances**
- **Amenities: dedicated Senior Services Room, Fitness Center, Great Room**
- **Density of 59.6 units per acre**

Supportive Services by Eaton:

Atlantic Senior has entered into a 15 year agreement with Eaton Senior Community, Inc. to provide supportive services for the residents of the community.

Available to all senior residents, the Eaton Health and Wellness program focuses on eight (8) areas to help seniors “age well”.

The program encompasses:

- Physical fitness and therapy
- Nutrition programs
- Intellectual stimulation
- Environmental connectivity
- Social involvement
- Emotional support
- Spiritual connection
- Community involvement

The Eaton program will enhance the lives of seniors with special needs as well as all seniors in the community.

Because Eaton is providing supportive services, Rocky Mountain Human Services has agreed to refer seniors to the property.

The common areas of the building have been designed to facilitate the Eaton program. A special “wellness room” is designed and dedicated to the program.

A copy of the Eaton Agreement may be found in Procorem as a stand-alone document.

Financing:

Financing: Atlantic Senior will be financed with a taxable construction loan from a conventional bank lender in the approximate amount of \$10.75 million at an estimated interest rate of 3.63%. Permanent financing will be provided by an approved Freddie Mac lender in the approximate amount of \$4 million at an estimated interest rate of 4.5%. Equity will be obtained from the sale of tax credits at an estimated price of \$0.93. It is estimated that that sale will generate approximately \$9.5 million in equity. Additionally, the General Partner will provide a loan by deferring \$300 thousand of the Development Fee. There will also be a subordinate loan from Denver Affordable Housing Fund of approximately \$620 thousand. These figures are subject to adjustment as the 2020 income limits/rents are released and changes in interest rates, construction costs and tax credit pricing occur.

2. Identify which, if any, of the priorities in Section 2 of the QAP:

Priority #2: Atlantic Senior is being developed as a community that will have the resources to serve persons with special needs. The Sponsor has engaged Eaton Senior Communities Wellness Team to provide supportive services. Physical space is dedicated in the building for the supportive senior services provided by Eaton. Rocky Mountain Human Services has agreed to refer seniors with special needs to Atlantic Senior. (See Letter)

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

A. Market conditions:

- All affordable Senior Communities in the PMA are 100% occupied.
- A survey of the comparable properties in the PMA was completed on June 3, 2019.
- These properties were contacted on Jan. 29, 2020 to confirm current occupancy. These updated numbers are in parentheses.
 - #1 University Station: 100% occupied; Waitlist: 150-200 - (100%)
 - #2 University Hills Senior: 100% occupied; waitlist: 3 years - (100%)

- #3 Yale Station: 100% occupied: Waitlist: 200 - (100%)
- #4 Terraces on Pennsylvania: Unable to contact - (100% occupied: Waitlist year plus)
- #5 Village Hampden Town Center: 100% occupied; waitlist 560 - (97.5%)
- #6 Traditions at Englewood: 100% occupied; waitlist: 80 - (91.67%)

B. Proximity to existing tax credit developments:

The Market Study identified 6 affordable senior communities within the PMA. Every one of the communities is was 100% or close to 100% with waiting lists.

Primary Market Area Senior LIHTC Unit Inventory

Project	Location	YOC/Rehab.	LIHTC Units	30%	40%	50%	60%
University Station	1901 Buchtel Blvd., Denver	2014	60	6	7	22	25
University Hills Senior Residences	2775 S. Brook Dr., Denver	2014	22	0	0	22	0
Terraces on Penn	3S90 S. Pennsylvania St. - Englewood	2008	62	0	24	38	0
Traditions @ Englewood	3500 S. Sherman St., Englewood	2017	177	0	0	0	177
Yale Station	5307 E. Yale Ave., Denver	2011	80	0	5	33	12
Village @ Hampden Town Center	3601 S. Dallas St. Aurora	2005	132	0	0	0	0
Total Existing			371	6	36	115	214

C. Project Readiness:

- Proper zoning in place. Rezoning not needed.
- Concept plan reviewed by Denver Planning May, 2019.
- Site plan and construction plans approval are administrative.
- Site plan will be submitted to City Planning upon CHFA approval of project.

D. Overall financial feasibility and viability:

- Project meets goal of using least number of tax credits to provide feasibility.
- Budget meets or exceeds CHFA underwriting requirements.
- No waivers are required or requested.
- Strong interest from investors and lenders.
- Debt service coverage is very strong at 1.16.
- Sponsor financial strength enhances guarantees.
- Deferred development fee paid in 5 years.
- Based on the CHFA LOI Summary, Atlantic Senior is the most tax credit efficient Senior property in this round.

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

Development Experience

Lexton McDermott (formerly McDermott Properties) has developed 3,000 multifamily units. These units are both new construction and acquisition/rehabs. This includes 5 affordable senior communities.

The Kentro Group has extensive commercial development experience and is Master Developer of the site. Atlantic Senior is a part of the Master Planned site that includes both Atlantic Senior and a 180 unit townhome community.

Property Management Experience

- ComCap Management, an affiliate of the Sponsor, will manage Atlantic Senior Apartments.
- ComCap currently manages 7 affordable senior communities.
- ComCap’s total management portfolio consists of 2,803 senior and family apartments.
- ComCap excels at lease up of new properties and meeting compliance requirements.

F. Project Costs:

- Total project cost is \$ 14,431,299 or \$232,763 per unit.
- Hard construction costs total \$9,364,855.
- Hard construction costs per GSF is \$178.27.
- Hard construction cost per unit is \$151,046.
- Given the smaller project size, 62 units, the costs are reasonable in today’s market.

G. Site Suitability:

- Site has proper zoning for multifamily
- Denver Planning Department reviewed conceptual plan.
- Well located in Southeast Denver.
- RTD bus 1/4 mile from the site, light rail is 0.75 miles from site.
- Walk score is 70.
- Shopping, medical facilities, churches nearby.

4. Provide the following information as applicable:

a. Justification for waiver of any underwriting criteria

No waiver requested.

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

No DDA credit requested.

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

The Market Study suggests that some 50% AMI and 60% AMI units might be moved to lower AMI levels. This suggestion is not acceptable because the existing affordability mix was created to provide a range of AMI income levels and ensure economic feasibility for Atlantic Senior. The overall capture rate is a low 11.5%.

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 reconnaissance section of the APEX Environmental Report observed:

- A diesel generator. This generator will be removed by the Master Developer of the site.
- On an adjacent site several 55 gallon drums. These drums do not affect the Atlantic Senior site. However, the Master Developer will remove the drums.

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:

- There are no unusual building features that are driving cost up.
- Higher land cost does push total project cost higher. The higher land cost is due to the desirability of the site as it is already zoned for multifamily housing and is a good “market” site for luxury apartments.
- Cost containment will be achieved through rigorous value engineering of completed construction drawings.

8. In your own words describe outreach that you have conducted within the proposed community. Describe any potential neighborhood opposition that may impact the project’s readiness to proceed.

The Kentro Group held several public meetings with the Cook Park Neighborhood Association and the East Evans Business Association and the general public in 2018 and 2019.

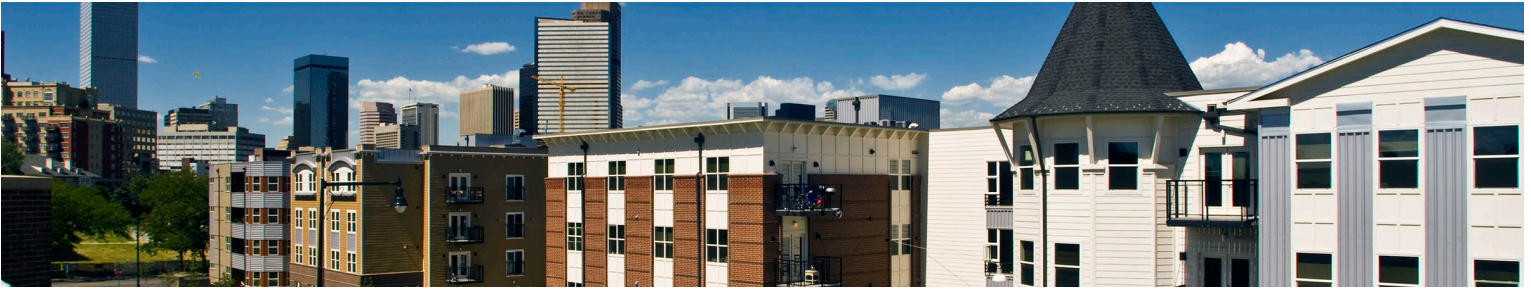
Neighborhood Coordination:

Atlantic Senior Apartments is our project on a Master Plan development that includes a townhome community that will be developed and constructed by LOKAL, a Lone Tree, Colorado home builder. LOKAL plans to build 180 townhomes on their portion of the site and will begin construction by the third quarter of 2020. Meetings have been held with LOKAL to coordinate demolition of existing buildings, over lot grading, site drainage and access. The Master Plan shows two access points into the site: one off of Holly Street and a second off of Atlantic Street.

Additionally, positive support has come from the following:

- Paul Kashmann, Denver City Council Member for District 6
- Robin Kniech, Denver City Council Member at Large
- Debbie Ortega, Denver City Council Member at Large
- Division of Housing
- HOST
- Colorado Senior Lobby
- Rocky Mountain Human Services
- Leading Age
- All Saints Catholic Church and Greek Orthodox Metropolis Cathedral
- JRES Real Estate Services
- Senior Assistance Center
- Ester’s Neighborhood Pub/Restaurant

9% lihtc application narrative



Project Name: The Apartments at Cinnamon Park
Project Address: 1333 Cinnamon Street, Longmont CO 80501

Executive Summary: Senior Housing Options (SHO) is pleased to present this application to CHFA for 9% low income housing tax credits for the construction of The Apartments at Cinnamon Park, a 25-unit senior apartment community located in Longmont, Colorado (the “Project”).

Listed below are the top reasons why the Project deserves a 2020 award of 9% credits:

- **Premier Sponsor:** SHO is a trusted leader in affordable senior housing in the State of Colorado with over 40 years of experience managing, developing, acquiring and rehabbing senior rental housing.
- **No cost land:** SHO will dedicate the vacant portion of Cinnamon Park into the Project at no cost in a strong, expensive real estate market.
- **Infill project under 50 units:** The small, 25-unit building will seamlessly blend into the existing neighborhood without a concern for concentration of tax credit units. New residents will be welcomed into an existing, highly regarded senior community.
- **\$552,219 absolute credit ask/\$22,089 credit ask per unit:** Overall a modest sized 9% LIHTC request.
- **Expiring Planned Unit Development (PUD):** The City of Longmont Planning and Zoning Commission recently extended the PUD that allows SHO to build 25 units onsite to March 28, 2021. If SHO does not receive an award of credits in 2020, the PUD will expire and revert to the underlying City zoning (MU-N) which only allows for 12 affordable units to be built, making the project infeasible.
- **High level of community support and investment:** The City of Longmont will provide waivers for 50% of all fees and City Council has awarded \$250,000 of local funds to project. The funding is subject to a 2020 award of tax credits.
- **Low capture rate:** The overall capture rate is low at 17% and especially low for 60% AMI units at 5.60%.
- **Project realizes unique market need:** The Project will serve income eligible seniors, 62 and older, who are still able to live independently but are reaching an age when they may require some assistance and support soon. SHO is able to share the cost of staff and share facilities with Cinnamon Park Assisted Living located adjacent to the proposed building to cost-effectively offer an array of supportive services and optional care services to apartment residents. The Project will offer assistance call buttons in each unit, fully accessible common areas, bathrooms and adaptability in the kitchen designs to allow residents to age in place and remain in lower cost, independent living accommodations for as long as possible.
- **Enhanced Project since 2016 LIHTC submission:** SHO removed the commercial kitchen, added an additional living unit, and limited the scope of services provided to keep operation costs down. Senior management at SHO is stable after the replacement of the previous Executive Director who retired. The net result is a more efficient cost model that provides more living units.
- **Balanced AMI levels:** The Project will offer a balance of AMI levels: 12% of the units serving tenants in the 30% AMI band, 28% at 40% AMI, 28% at 50% AMI and 32% at 60% AMI.
- **Continuum of care offered onsite:** If residents require the next level of care, they will have the unique option to transfer to the assisted living portion of Cinnamon Park creating a continuum of care onsite that allows residents to realize the cognitive benefits associated with remaining in their social community.

The proposed development is situated on a 0.57 acre, vacant lot adjacent to SHO’s two existing 24-unit assisted living properties known as “[Cinnamon Park](#)”. The community is located in a quiet neighborhood in central Longmont, less than one mile north of the City of Longmont’s downtown with access to public transportation less than a half mile from the

site. There are several amenities within one mile of the site: shopping center, NextCare Urgent Care Center, Longmont Senior Center, Walgreens, several churches, salon, barber shop, and several restaurant options. The Project was located in a Qualified Census Tract in 2019.

The Project will position itself to serve seniors, 62 and older, earning 30%-60% of AMI who are still able to live independently but are reaching an age at which they may need some assistance and support soon. The Project will provide a home for these “in-between” seniors through the availability of 24/7 on-campus staff, ADA compliant bathrooms and ADA adaptability in the kitchen designs, assistance call buttons in each unit, resident and activities coordination, weekly transportation to the grocery store, and the availability of optional services and meals. SHO believes the Project will allow residents to age in place with a sense of community and security and provide access to much needed services to live independently for an extended period of time. If residents require the next level of care, they will have the unique option to transfer to the assisted living portion of Cinnamon Park creating a continuum of care onsite that allows residents to remain in their social community.

The Project will be a two-story, pitched-roof, 25-unit, wood frame building with a post-tension slab foundation. The building will be serviced by an elevator and have a prominent stairwell next to the main entrance to encourage exercise. To keep a consistent design aesthetic with the adjacent assisted living buildings, brick veneer is proposed for a significant portion of the exterior of the building in addition to Allura siding.

The Project will offer a mix of studio and 1-bedroom units serving a range of AMI levels from 30%-60% AMI. The studios will be 450 square feet; 20 of the 1-BR units will range from 540 to 670 square feet and one 1-BR unit will be 416 square feet.

Unit Type	30% AMI	40% AMI	50% AMI	60% AMI	Total of Unit Type	Percent of Total Units	Square Feet (Range and Weighted Average)
Studio/1-BA	1	1	2	0	4	16.0%	450
1-BR/1-BA	2	6	5	8	21	84.0%	416-670 / WA=619
Total	3	7	7	8	25		
Percent of Total	12%	28%	28%	32%	100%	100.0%	

The Project will be amenity rich with ample indoor and outdoor community space to recreate and beautiful, sunlight rich units. Each unit will include built-in shelving, walk-in closets, bay windows, air conditioning, and full kitchens including stoves, refrigerators, dishwashers and disposals. Further, appropriate to the target resident, all of the units will have ADA compliant bathrooms and ADA adaptability in the kitchen designs. Community areas will be fully accessible to all residents and guests. They will offer a wet bar and coffee station, gas fireplace, dining tables and comfortable seating, a computer room with library shelving, a large laundry room, a beauty salon area, a private office for resident health and wellness visits, a children’s play area for guests, intimate seating areas, covered outdoor seating areas, and community gardens with raised bed planters.

To support the “in-between” group of seniors, SHO’s coordination staff will be on-campus 40 hours per week, including a part-time manager at the Project and care staff at the assisted living residences available for urgent help 24/7. Staff will provide wellness checks and health education, as well as weekly transportation to the grocery store. They will be available to help residents access a range of community resources, including recreational programs, health and wellness services, educational programs and financial services. SHO has partnered with Longmont Senior Center to provide an array of services for residents including: exercise and fitness programs, counseling, lifelong learning classes, social clubs, day trips, and lunch programs, to name a few. An activities coordinator for the campus will work with residents to plan and coordinate activities of interest to the residents, both on the campus and excursions away from the campus. For off-campus events and excursions, residents will be responsible for admission fees and their own food, when applicable. During move-in, staff will provide limited assistance (e.g. hanging art/photos or moving furniture).

SHO will be certifying the Project through Zero Energy Ready Homes to create a highly energy efficient building. Green features include: Energy Star appliances, high R-value insulation and windows to create a tight building envelop, low-flow faucets and toilets, LED lighting, passive daylighting features, and energy-efficient PTAC systems that are easy for seniors to control. The building will be solar-ready and three parking spaces will be prewired for EV charging stations.

The Project will be financed using a combination of 9% LIHTC equity, a small permanent loan, local City of Longmont funding and fee waivers, CHFA Healthy Housing funding, State of Colorado Division of Housing funding and Deferred Developer Fee. SHO has owned the vacant parcel since 1992 and will donate the land at no cost to the Project. The Project's financial sources are as follows:

Source		Total	
Senior Housing Options (Land)		\$0.00	Committed
City of Longmont		\$250,000	Committed
City of Longmont Fee Waivers		\$120,000	Estimate: Automatic 50% fee waiver if Project is over 12% Affordability
Colorado Division of Housing		\$312,500	Anticipated
CHFA Healthy Housing Fund		\$500,000	Anticipated
Permanent Debt (ANB Bank)		\$1,575,000	Anticipated
Deferred Developer Fee (20.89%)		\$220,000	Anticipated
Federal Tax Credit Equity (\$0.95 from NEF and Enterprise)		\$5,246,084	Anticipated
	Total	\$8,223,584	

SHO applied for 9% tax credits for The Apartments at Cinnamon Park in 2016, however, was unsuccessful. Since 2016, they have made all changes CHFA suggested as well as a few additional modifications that enhance the project. SHO removed the commercial kitchen and was able to increase the number of units from 24 to 25. They modified the AMI levels served to reflect an underserved population of seniors at 60% AMI and narrowed the scope of services offered to residents in order to keep operating costs down. In addition to the project level changes, SHO hired Jim Goddard as CEO in 2016. Under his strong leadership SHO received an award of State of Colorado LIHTC tax credits to rehabilitate their Olin Hotel property which has completed its financial closing and is under construction. The organization is stable and ready to take on a 9% tax credit award.

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

The Project does not meet any of the priorities in Section 2 of the QAP.

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

Market conditions: There is a strong demand for affordable senior housing in Longmont and Boulder County. There are only five existing tax credit properties serving seniors 62 and older, totaling 322 units, in the PMA. Juxtaposed to 1,120 income eligible senior households in the PMA and 1,568 households when you consider a 40% in-migration. Of the tax credit properties, only four are considered comparable properties: Aspen Meadows Apartments, Fall River Apartments, Spring Creek Apartments, and Village Place at Longmont. There is zero vacancy in all completed buildings, and in the case of Fall River, (opening in early 2020) it's 100% pre-leased. All buildings have large waitlists.

The Apartments at Cinnamon Park will offer studio and 1-bedroom units. The proposed maximum rents are exactly equal to the three newer comparables: Aspen Meadows, Fall River, and Spring Creek. All three of those comparables charge maximum rents at 30%, 40%, and 50% AMI. None of those three comparables offers 60% AMI units. The overall capture rate is low at 17% and especially low for 60% AMI units at 5.60%. Current capture rates are 13.9% at 30% AMI, 0% AMI units is 14.6%, 40% AMI units is 15.3%, 50% units is 19.4%, and 60% units is 5.6%. These low capture rates indicate strong demand for the subject units. Also, because the number of units at the subject is small, 25 units, the planned subject units have very little impact on existing capture rates in the PMA.

Readiness-to-proceed: SHO has owned the land since 1992 and will dedicate the land to the new tax credit project partnership. The project is properly zoned through a PUD allowing the proposed 25 units to be built on the site. The City of Longmont Planning and Zoning Commission recently extended the PUD till March 28, 2021 to allow for a 2020 award of credits and a financial closing. If SHO does not receive an award of credits in 2020, the PUD will expire and revert to the underlying City zoning (MU-N) which only allows for 12 affordable units to be built.

The existing PUD does not have a parking requirement. SHO will provide a minimum of 12 parking spots for residents of the Apartments at Cinnamon Park in the shared parking lot with the assisted living buildings. From SHO's experience at similar properties, this parking level will be sufficient because the targeted demographic typically no longer owns a

vehicle. Included in this application is a parking study SHO's property management conducted at Cinnamon Park to reflect the parking lot's current utilization. If necessary, there is ample street parking available for overflow parking.

SHO is currently working through an administrative process with the City of Longmont to re-introduce the lot lines for the vacant lot in order to facilitate a cleaner transaction when selling the parcel into a LIHTC partnership. The City of Longmont addresses this process in the attached Zoning Letter. This process does not affect the zoning of the property and will allow the proposed building to be built. Permits for the proposed project can be pulled based on the current status as a combined property and will be available after a short administrative process for the vacant lot alone.

Overall financial feasibility and viability: SHO is in good standing with the IRS as a 501(c)3 and is financially stable. In the past 24 months, SHO refinanced and renovated September House, a small apartment building in SHO's portfolio, successfully applied for and received 4% LIHTC funds to renovate SHO's largest apartment building, the Olin Hotel Apartments, and is now fully engaged in the construction process of the Olin Hotel. Construction completion and project stabilization are expected to be complete by early 2021 (renovation work is being completed with tenants in place). For the Apartments at Cinnamon Park, SHO engaged MGL Partners, a trusted LIHTC Development Consultant, to ensure effective leadership and implementation of the financing, construction and placing in service of the proposed Project. SHO will be providing all necessary financial guarantees for the Project.

Experience and track record of the development and management team: SHO has a proven track record of senior housing management, development, acquisition and rehab with over 40 years of experience. SHO's property management includes a portfolio of four other subsidized apartment communities and five assisted living communities across the state.

SHO hired MGL Partners as their Development Consultant to prepare the Apartments at Cinnamon Park LIHTC application. MGL is a seasoned and trusted affordable, workforce and market rate rental housing developer in the state of Colorado. MGL has entitled, developed and acquired over \$625 million (cost basis) of multifamily rental buildings throughout Colorado and other select markets. MGL is providing its expertise and support to SHO as they embark on their first new construction LIHTC building.

Cost reasonableness: SHO maximized the density of the site at 25 units. Due to the small size of the project, relative to other projects competing this round, the development cost per unit is higher than larger projects due to the Project's limitations to amortize fixed hard costs (storm sewer, sanitary sewer, elevator, fire sprinkler, etc.), and fixed soft costs (legal, professional, bank fees) over a larger number of units. To off-set these higher per unit costs, SHO will dedicate the land to the project for free. In accordance with the State statute, the Project will be exempt from property taxes due to SHO's status as a non-profit serving seniors. The City of Longmont has agreed to waive 50% of all impact fees, tap and permit fees. The PUD SHO negotiated with the City of Longmont does not have a parking requirement, therefore SHO does not need to utilize any developable land for parking and can instead maximize the use of the shared parking lot with the assisted living community.

SHO's design team, EJ Architecture, created a rectangular, stacked-unit building design to keep construction and design costs as low as possible. The building will utilize new building technologies to create a tight building envelop with efficient PTAC units which are easy for senior residents to understand and adjust to keep energy costs low. SHO is able to share the cost of staff and share facilities with Cinnamon Park Assisted Living to cost-effectively offer an array of supportive services and optional care services to apartment residents.

Proximity to existing tax credit developments: There are four existing tax credit properties, totaling 242 units, that are considered comparable income-restricted/tax credit senior apartment properties in the PMA: Aspen Meadows Apartments (2002), Fall River Apartments (2020), Spring Creek Apartments (2016), and Village Place at Longmont (1990/renovated in 2007). There is zero vacancy in all completed buildings, and in the case of Fall River, (opening soon) it is 100% pre-leased. All buildings have large, closed waitlists: Aspen Meadows (154), Fall River (no exact number but was reported as extensive), Spring Creek (177), Village Place (100).

Site suitability: Cinnamon Park was originally planned as three, 24-unit assisted living buildings with a shared parking lot in the 1980s, however, only two of the three buildings were ever constructed. The proposed Project will maximize the allowable density under the existing PUD at 25 units. The building will mirror the existing two assisted living buildings with similar architecture, height and exterior materials. The proposed building will fit with the neighborhood architectural character at two-stories with a pitched roof.

The site is located in a quiet neighborhood without any floodplain or wetland issues. It has a walkscore of 53 which allows more mobile seniors to access some services. SHO will offer residents transportation to the grocery store weekly, as well as, help residents connect with Via, a paratransit program available on-demand for a small fee, and navigate the City of Longmont's excellent public transportation system.

4. Provide the following information as applicable:

a. Justification for waiver of any underwriting criteria

The Project meets all underwriting criteria.

b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis: The Project is not requesting a basis boost from CHFA.

5. Address any issues raised by the market analyst in the market study submitted with your application: The Highland Group identified two minor issues with the Project:

1. "The site is not walkable to some basic amenities." SHO will offer residents transportation to the grocery store weekly as well as help residents connect with Via, a paratransit program available on-demand for a small fee, and navigate the City of Longmont's excellent public transportation which offers frequent bus service and is located four blocks from the Project. There are several amenities within one mile of the site accessible by bus: shopping center, NextCare Urgent Care Center, Longmont Senior Center, Walgreens, several churches, salon, barber shop, and several restaurant options.

2. "Very independent residents will likely be less drawn to this project than they would to the larger, more typical senior apartment properties" This Project is targeting a specific group of seniors who are nearing the end of their independence and are happy to be in a service rich environment, should they need it. If residents require the next level of care, they will have the option to transfer to the assisted living portion of Cinnamon Park creating a continuum of care onsite that allows residents to remain in their social community. With the amount of income eligible households, SHO does not believe it will have any issue filling only 25 units.

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 reports contained no environmental issues.

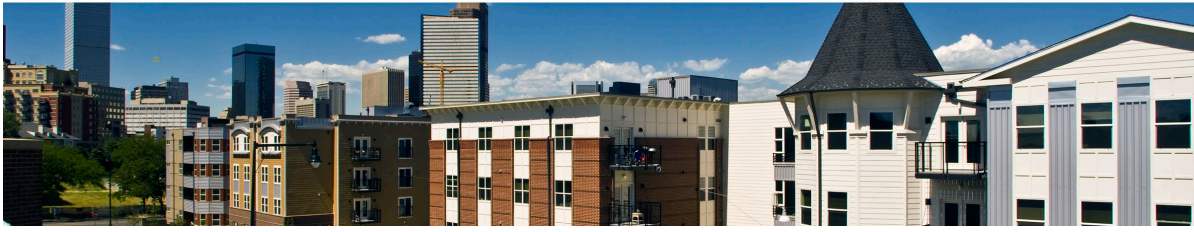
7. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment: To best serve the "in-between" group of seniors straddling independent living and assisted living, SHO chose to make each bathroom Type 1 ADA accessible to keep residents living in affordable, independent living for as long as possible and preventing vacancies (cost increase of \$500 per bathroom). The Project is pursuing Zero Energy Ready Home (ZERH) which represents a cost of \$1,500 per unit over Enterprise Green Communities 2015.

To contain costs, SHO will not build any additional parking. SHO will provide a minimum of 12 parking spots for residents of the Apartments at Cinnamon Park in the shared parking lot with the assisted living buildings. From SHO's experience at similar properties, this parking level will be sufficient because the targeted demographic typically no longer owns a vehicle. If necessary, there is ample street parking available for overflow parking. Operationally, SHO is able to share the cost of staff and share facilities available at Cinnamon Park Assisted Living to cost-effectively offer an array of supportive services and optional care services to apartment residents.

8. In your own words describe outreach that you have conducted within the proposed community. Describe any potential neighborhood opposition that may impact the project's readiness to proceed. Prior to SHO's 2016 LIHTC application, SHO conducted a neighborhood meeting in fall 2015 and received positive encouragement from the surrounding neighbors. The residents of SHO's assisted living community at Cinnamon Park have been kept informed of the proposed development schedule and they provided a letter of support for this application. If the Project receives an award of tax credits, SHO and BC Builders will conduct a neighborhood Open House meeting to answer questions about the development and the construction process. SHO does not anticipate any neighborhood opposition that would impact the Project's readiness to proceed.

9. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans and relocation plan. Address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, nature disaster). Not Applicable.

9% lihtc application narrative



CLARA BROWN COMMONS: 3800 York Street, Denver CO 80205

Executive Summary

Clara Brown Commons (CBC) will become the anchor for a new planned community in the Cole Neighborhood of NE Denver. The property was rescued from decades of neglect and purchased in an auction by the TyL Foundation (TyL) as an act of friendship on behalf of the project sponsor, Mile High Ministries (MHM). The property is in a QCT and occupies the city block bounded by 37th and 38th Avenues and by York and Gaylord Streets. Eventually there will be three uses: the proposed 61-unit family oriented 4-story residential elevator building; 17 Habitat for Humanity townhomes for low-income buyers; and a community building with space for programs supportive of the rental and for-sale residences (Early Childhood Education, jobs placement, etc.).

The CBC building is planned to have a slab on grade foundation with wood frame construction, alternating composite siding and brick veneer exterior with aluminum glazing accents, and a flat roof. Units will have entrances off double-loaded interior hallways, and surface parking will be in the center of the site. The project will embrace Enterprise Green Communities standards and will seek to go beyond the requirements of EGC in every respect feasible within project budget limits.

Parts of the Cole neighborhood have struggled due to low average household income and inadequate financial support for its schools, businesses, and other institutions; at the same time, rapid gentrification in other parts of the community is displacing some of our neighbors. The site is in a qualified census tract. The derelict buildings on the block were demolished by the receiver prior to TyL taking title. Many new signs of life are bringing hope to the community and CBC will greatly enhance this forward momentum. Russell Square Park (Denver Parks) occupies the block SW of the site, while elementary schools and a Middle School and High School are just blocks away. Some retail shopping is available, with much more beginning to move in. A long-standing nonprofit health clinic (Inner City Health Center) is directly across the street and an RTD bus stop is directly in front of the property. Several other bus lines are within a few blocks walk and the 38th & Blake light rail station is less than a mile to the NW. The neighborhood association is optimistic about the future and has eagerly assisted MHM in developing plans for the new CBC community.

The CBC building will emphasize families with children, having a unit mix of 19 – 3s, 28 – 2s, and 14 – 1 BR units. A generous portion of floor space will be dedicated to community life and programs reflecting MHM’s commitment to people and the support groups that nurture community. Common area will be available for both informal and formal gathering and programming. MHM wishes to provide housing for the lowest income families feasible within a mixed income setting. Thus, the AMI range is 20% - 80%, more than 1/4 of the units (16 of 61) are in the 20-30% range with no project-based vouchers, and over half of the units serve households earning 50% of AMI or less. Our supplemental strategy will be to recruit very-low income renters who leave transitional housing (including our own transitional communities) with Section-8 tenant-based vouchers.

MHM was able to accomplish the project financing goals for this program by embarking on an aggressive capital campaign, supplementing the capital stack with over \$3,000,000 of donations (including discount on land price). The project will not seek set-aside funding for Permanent Supportive Housing programs, but MHM has substantial experience in resident programs and will use this experience to provide personal development programs for all residents. Other sources of financing that MHM is seeking include funds from each of the City of Denver and State of Colorado. MHM is also seeking an LIHTC allocation and a Capital Magnet loan/grant from CHFA.

The Clara Brown Commons Project and its Uniqueness

The mission of CBC is to promote belonging among residents and our neighbors by creating a safe and compassionate community where we can stabilize our lives, expand our economic capacity, and deepen our spiritual connectedness.

In 30 years serving homeless and very low-income families, Mile High Ministries (MHM) has witnessed how critical it is for families who have experienced trauma and insecurity to be surrounded and supported by local networks of compassion, hope and healing. Our purpose is to build such “transformational community” at CBC with tools we’ve been using for decades: on-site counseling and chaplaincy; mission-driven residential staff and volunteers; community meals, educational and recreational events; children and youth programming (ECE, after-school tutoring, recreation, counseling and play therapy). This blend of relationship and services has helped us companion families as they build more integrated, healthy, and inter-dependent lives – the kind of lives we all want for our families.

MHM’s executive director, Jeff Johnsen, lives in northeast Denver just down the street from the CBC property. The project grows out of 15 years of relationships, prayers and conversations with neighbors about an especially blighted property that has attracted crime and extremes of violence for nearly a generation. The neighborhood’s patience and resilience is now being rewarded with the opportunity to realize something beautiful and useful to support lower-income people in our neighborhood!

CBC will emphasize larger units: 19 3BR units; 28 2BR, and 14 1BR. (The townhomes will emphasize 3-BR units.) Other specifics of the project are noted in the Executive Summary above.

Because we are eager to provide affordable housing and safe community, the Colorado Village Collaborative will temporarily locate an 18-unit tiny home village for women on a small portion of the property – “Tiny Clara Brown Commons” – for the next two years before the community/commercial building is built.

CBC adds critical affordable housing to our neighborhood: More than a fourth of CBC units will serve very low-income households, and over half will serve those at 50% AMI or less. CBC continues MHM’s record of serving some of the city’s most vulnerable families, with an emphasis on those leaving transitional housing facilities.

Project Strengths

- **Community support:** CBC enjoys strong support from neighbors who are pleased to see 30 years of extreme blight transformed and re-integrated into the life of the neighborhood. Our neighbors have been engaged all along in setting priorities for this project, reflected in how quickly the project moved through a change of zoning. “This is how we wish EVERY project would relate to its neighbors,” expressed several council members.
- **Superior site location:** convenient access to public transportation, including a bus stop on our block; a newly renovated public park right across the street; a new regional greenway within one block; a new grocery store coming to the neighborhood; a non-profit community health clinic right across the street, with whom we have jointly served clients over 30 years; schools within close walking distance, including an elementary school one block away.
- **Philanthropic support:** MHM is raising \$4.1 million in private donations for development of the entire CBC site. \$3 million of that total has been applied to the multi-family building: \$1 million in the form of a discount on the price of the land, and \$2 million in cash to reduce other development costs. 100% of that \$3 million has been raised in gifts and pledges contingent upon receiving an allocation.
- **Placemaking strategy:** The LIHTC building will leverage the development of non-profit community space and increase neighborhood stability through a mix of rentals and ownership.

- Planned project amenities include a playground; large community space (with kitchen) for recreation, community gatherings, children’s programs, counseling and chaplaincy offices; and next-door Early Childhood Education and satellite sites for partner non-profits (e.g. The Justice and Mercy Legal Aid Clinic).
- Resident Volunteers: MHM recruits and trains individuals and families within our communities whose mission is simply to be good neighbors, look out for the welfare of those who live near them, host community meals and other social events, and prime the pump for relationship and community programs.
- Contemplative space: Because we value inner peace, solitude and contemplative spirituality, we’ve been intentional to create physical spaces for these pursuits throughout the building and property.

Project Challenges

All development projects have vulnerabilities and Clara Brown Commons is no exception. The MHM team has worked to identify and address these potential soft spots and to mitigate the risks associated with them:

- MHM is a first-time LIHTC applicant. MHM will lessen the risk by including experienced team members. Ray Stranske will work as developer and Dan and Adam Morgan will provide skills as tax credit specialists. These partners have worked with the tax credit program since its inception and have done numerous projects, many of them with each other. Although MHM has no previous LIHTC project experience, they have done several real estate development projects to serve their clients. These have all been successful. MHM continues to operate and manage most of these properties, all of which are debt free.
- The CBC property has no parking garage. This choice was made to reduce construction costs. To lessen the potentially negative impact of attracting 80% tenants, MHM has reduced those rents for marketability.
- The CBC units are at the small end for comparable units. This choice, made to manage project construction costs, will be compensating by adding amenities attractive to potential renters, including in-unit washers and dryers, ample common area and a pleasant outdoor recreation area visible from apartments and commons.
- The cost of land and construction in Denver is high. This can tend to make projects cost more, including this one. MHM has worked to mitigate this weakness by securing above average private donations to supplement the traditional sources of cash for such projects. Included in this is a \$1 M grant from the TyL Foundation to reduce the land cost by one fourth and numerous grants from individuals and the Anschutz Foundation to offset construction costs. The fact is that there is huge demand for affordable housing in Denver because of the need for jobs and services for lower income families, so MHM is working to serve this huge need.
- The Coca Cola bottling plant across 38th Avenue from the property is a commercial use that may not seem totally friendly. MHM has reached out to the Coca Cola plant managers and they have been receptive to help in addressing noise reduction and other requests that MHM has made. A good working relationship is believed to be the best help in mitigating this risk.

QAP Project Priorities

While the Clara Brown project does not directly address any of this year’s project priorities, MHM’s plan is to provide a place where “graduates” of their Joshua Station (and other transitional housing programs for formerly homeless families) will be able to move after a period of transitional housing. MHM also intends to actively welcome homeless individuals and families from DHA and other wait lists and has active programs to support families in this next step of stabilization. Clara Brown is planned with 26% of the units available to very low-income households and hopes to welcome many households who have vouchers.

Criteria for Approval

Market Conditions: The demand is strong for low-income housing in the primary market area and is becoming stronger as Denver rents continue to rise. According to the market study conducted by Prior & Associates, “The surveyed LIHTC units in the PMA were 1.1% vacant in October 2019 and mostly had extensive waitlists, illustrating significant pent-up demand for affordable housing.” The occupancy rate for the overall rental market in the PMA is 97.5%, further illustrating the high demand. The 80% AMI units, in the project, will be rented at rates below maximum allowable, to compensate for a slightly softer demand at this AMI level.

Readiness-to-proceed: Since the property has already been purchased by a friendly party (TyL Foundation), who agreed to lease the property to MHM for \$1/year until MHM closes on the construction loan, MHM pursued and received a change in zoning to meet the project’s intended needs. This zoning was approved in February 2019. MHM also met with Denver CPD for a concept review to make sure there were no impediments to development. MHM is seeking a larger than usual amount of philanthropic donations to meet the capital needs of the project. The fundraising goal has been met, and commitments are set to be funded once a tax credit allocation is secured.

Overall financial feasibility and viability: MHM has secured financing commitments to ensure feasibility of the project as envisioned and designed. The team has made reasonable assumptions about achievable interest rates, investor pricing, construction costs, and operating assumptions.

Experience and track record of the development and management team: This is MHM’s first LIHTC project, but they have done several development projects that have been successful, are debt free, and are operating successfully (as described elsewhere in this application). MHM has gathered an experienced team to enhance the likelihood of success for the project. The design firm and the general contractor have done multiple LIHTC projects in the Denver region. The property management firm has likewise managed many tax credit projects and has given guidance on budget and property design. Ray Stranske and Dan & Adam Morgan have worked on multiple LIHTC projects together and individually and are together guiding the development process. MHM plans to hire an experienced owner’s rep for the construction phase to ensure that the owner’s interests are translated into a successful construction project.

Cost reasonableness: MHM has made every effort to contain costs in an environment of escalating land and construction prices. The foundation that purchased the property on behalf of MHM has agreed to reduce the sale price back to MHM by \$1,000,000. We have chosen surface parking to eliminate structured parking costs, and we were careful to maximize building efficiency while still allowing ample space for programs, resident services, and community gathering, all to promote community life. We have replaced full balconies with Juliette balconies and made other construction decisions to contain costs.

Proximity to existing tax credit developments: The market study states; “There are no family LIHTC units, with or without rental assistance, within a 0.6 radius of the subject.” There are other LIHTC projects in the PMA, but MHM wishes to specifically work to meet the needs of families with children. That fact and the urgent need for affordability in Denver lead us to believe this is a good time for the Clara Brown project to be built.

Site suitability: MHM has made every effort to maximize the number of units on the site, while accounting for extensive input from neighborhood residents on density and construction style. (E.g. neighborhood desired low density on the west side.) The master-planned block will include Habitat homes and nonprofit programs to benefit residents – ECE, jobs placement, etc. There is a city park across the street (Russell Square Park) and a nonprofit health clinic (Inner-City Health) also across the street. There are bus stops in front of the building and on nearby blocks and a light rail station less than a mile from the property. Schools and shopping are also in proximity.

Market Study Questions

The market study conducted by Prior & Associates clearly shows the need for additional affordable housing in the PMA. The study does point out that Although capture rates are higher than CHFA's preferred level, Prior believes the numbers are "...likely overstated, considering that the analysis does not account for renter growth or tenants with vouchers," who are likely to find the project provides good value in the PMA. The market study also points out that the units are smaller than many of the comps, which "...poses a mild competitive disadvantage. However, the surveyed LIHTC projects were highly occupied and many had extensive waitlists." The study concludes that the smaller unit sizes will not impact its marketability.

Issues in Environmental Report

The Phase I report revealed a PCE plume under the property. The Phase I recommendations conclude that this is not expected to pose a vapor intrusion impact problem. If any vapor problem is detected in post construction testing that is not dealt with through the passive vapor barrier that is planned in the construction (see construction budget and attached notes from conversations with the inspector who conducted the Phase I), then an active ventilation system can be added for about \$15,000 which will be paid from the contingency budget. The site is within the Vasquez & I 70 Superfund site, but the Phase I concludes this has been satisfactorily addressed at this time through on-site sample/analysis. The Phase I also concludes that an on-site asbestos presence and neighboring sites LUST issues have been dealt with and that no further investigation is needed at this time.

Cost Containment Efforts

The elements of the project that tend to contribute to the cost are land, high bedroom count, and the amount of common space. MHM has solicited and received a sizable price reduction of the land (explained above), which helps to offset the high cost of Denver land. The cost of the high bedroom count has been offset somewhat by a reduction in unit SF sizes. Since MHM has strong programmatic reasons for wanting a large amount of program space and community gathering space, they have opted to give up features such as full balconies in order to pursue their priorities. The team has gone through a value engineering exercise and will continue with more such efforts to continue to shave cost on the project.

Community Outreach

The very idea for this project emerged from 15 years of conversations with neighbors about the blighted property. More recently, we conducted 3 neighborhood meetings in 2018, engaging over 80 neighbors and stakeholders. The meetings were streamed online and viewed more than 500 times; we provided free food, childcare, and translation services. An ongoing "CBC Values Survey" identified neighbor's priorities for development in a gentrifying neighborhood; 75% of all respondents shared that they wanted to feel proud of their involvement in making this dream become a reality. Our organizing team personally canvassed all homes within 200 ft of the property and delivered 300 flyers with an invitation for feedback on www.MyClaraBrownCommons.com. We received 72 letters of support from our neighbors during re-zoning. We hosted a neighborhood party the Saturday before demolition of the existing buildings with free food and a piñata custom designed to look like the blighted units being demolished. We are proud of our engagement efforts and refer readers to the more detailed addendum to this application.

Please see various letters of support for our project (attached) from stakeholders including the Cole Neighborhood Association:

9% lihtc application narrative



Project Name: The Commons

Project Address: 3770 East Uintah Street, Colorado Springs 80909

1. Executive Summary

Homeward Pike's Peak is proposing to construct a 50-unit permanent supportive housing project, The Commons, in Colorado Springs, CO. The proposed development is phase 1 of a two-phase project on a 2.85-acre site located at 3770 E Uintah Street, Colorado Springs, CO 80909, which is in a qualified census tract. The site plan for phase one includes 20 one-bedrooms, 16 two-bedroom, and 14 three-bedrooms. The proposed design is for one 4-story building with an elevator and ample community space, so residents can more easily receive needed services. The community amenities include a fitness space with a child play area, a multipurpose community room, case manager space, community partner space, computer lab, social service waiting lounge, family advocate space, and laundry rooms on each floor. The project will also provide a playground, bike parking, and a patio. The building will be serviced by one elevator and it will have 51 onsite parking spaces, and 10 on-street parking spaces. Phase 2 will have 65 additional parking spaces on-site.

The building proposed for this development will incorporate quality residential materials. The building will be a 4-story wood frame construction, and the building foundation will be slab on grade. Homeward Pikes Peak has engaged with a 3rd party green consultant, Aserusa, to follow the Green Communities Criteria and maximize energy efficiencies. Energy efficiencies will include the following: LED lighting package, Energy Star rated appliances, and high efficiency fan exhaust ventilation. The project will include conservation and green building items such as high efficiency plumbing fixtures, efficient irrigation and landscaping materials, and low-VOC interior paints, adhesives and sealants. It will meet the Enterprise Green Community certification standards.

This building will serve highly vulnerable families with substance abuse disorders, mental illness or fragile health. Colorado Springs does not currently have a family-orientated supportive services development and thus, there is strong demand for a project like The Commons, as demonstrated by the market study. The Commons will utilize "housing first principles" which provide housing stability followed by the supportive services. On-Site services will include: case management, health care, support groups, substance abuse recovery groups, life skills training, recreational/socialization opportunities, conflict resolution/mediation training, personal financial management/budgeting, and benefits counseling. HPP will use

community partners to deliver many services. In addition to the onsite services, The Commons is centrally located in the heart of Colorado Springs. Project financing will consist of a construction loan and permanent financing provided by ANB Bank and tax credit equity from Alliant Capital. Additionally, the partnership with the Colorado Springs Housing Authority will provide real estate tax exemption to the project.

Homeward Pikes Peak has engaged Dominion to assist with the development of The Commons. In 2018 Homeward Pikes Peak graduated from the Pathways toolkit and is actively engaged with LeBeau Development in follow up technical assistance to bring this project to fruition. Dominion has provided their development services for free. The Commons will be Dominion's 2nd pro bono project, and first philanthropic project in the State of Colorado. In addition to the unique team structure, Homeward Pikes Peak has partnered with the Diocese of Colorado Springs to serve as the co-general partner on the project. HPP has agreed to escrow 50% of the paid developer fee for the Diocese. This developer fee escrow will be used to pay any calls on its guaranty. HPP will receive the other 50% of the paid developer fee. HPP will also receive the Permanent Supportive Housing developer fee boost. The PSH boost will be fully committed to supportive services at the commons. Lastly, Dominion is donating the construction management fee to HPP. The supportive services budget will be covered through a variety of resources that Homeward Pikes Peak has secured from community partners along with capital generated from the development costs and operations from The Commons. Specifically, 100% of the permanent supportive housing developer fee boost, 30% of the property's net cash flows and 75% of HPP's paid developer fee will be allocated to social services as needed. The supportive services budget is an exhibit that can be found in the scoring section of this application.

After The Commons did not receive the 9% allocation in round 2 of 2019, the development team worked hard to make this application stronger than before. The development team worked with E+A architects to get a construction ready pricing set and plan. These architectural plans not only make the building more efficient and encompass trauma informed design and EGC certification, but this helped the team dial in on our construction costs. Homeward Pikes Peak chose Bryan Construction as the contractor. Bryan used the pricing set and plans provided by E+A architects to come up with the most accurate and detailed pricing.

The Commons is no longer relying on funds from the Federal Home Loan Bank. HPP applied to three regional FHLB's and did not receive an award. HPP made the decision to not include the FHLB funds in the capital stack. Even though The Commons is not including soft funding from the Federal Home Loan Bank, The Commons still expects to receive soft funding from DOLA, El Pomar foundation, and the City of Colorado Springs. It should be noted that the City of Colorado Springs more than doubled its HOME commitment to The Commons, thus showing its strong support for this important project. With the elimination of the FHLB funds

and the increase of the city's commitment, we will be requesting slightly more annual tax credits, but we are still minimizing our ask by maximizing other soft funds and grants. The Commons will become a strong community asset where struggling homeless families can receive the family support, financial support, and mental support they need.

2. The Commons will support the following priorities of CHFA:

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

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

a. Market conditions:

- i. As demonstrated in the market study, demand for permanent supportive housing is strong. The market analyst concluded a low capture rate, and a population of 1500 homeless households looking for permanent supportive housing in the primary market area. According to the market study, there are 1,562 income qualifying homeless households in the PMA, but only 65 existing units, 50 units under construction, and The Commons will add another 50 units to the PMA. Unfortunately, demand for Permanent Supportive Housing in Colorado Springs still far outweighs supply.

b. Readiness-to-proceed

- i. The site acquisition took place in February 2019. The land is vacant but previously supported a similar multi-family structure before 2009. The site has been deemed "Free" and "Clear" from all harmful components of the former property and contains a clean title record and Phase 1 with supporting soil reports. Also, the site is ready to be serviced with electricity and water/sewer access due to the previous apartment building. The property is already zoned R-5 for Multi-Family Residential use and only needs to pull a building permit to proceed. HPP has received a letter of commitment from Colorado Springs Community Development Department to receive HOME Funds for the project. Additionally, we are applying for 50 units of project-based vouchers from DOH, \$1,500,000 from DOLA's Homeless Special Program Funding to move forward with a financially feasible project. Our commitment letters from ANB Bank and

Alliant Capital demonstrate that this project is financeable with the development team in place.

c. Overall financial feasibility and viability:

- i. Homeward Pikes Peak is seeking 9% competitive credits. We have received financing commitments for 80% of the total development costs. HPP is deferring a portion of the developer fee which is projected to be repaid within 15 years, as required by our equity investor. The loan is sized at a 1.31 debt service coverage ratio. This will provide enough cash flow to assist with the cost of supportive services. We are loan to value constrained, so we are maximizing our debt.

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

- i. This is the first substantial supportive housing project for Homeward Pikes Peak, but they have assembled a very strong team to complete this development, at a high-quality level. Dominion, with over 45 years of development experience, has agreed to be the pro bono developer and construction manager of The Commons. Dominion is known for its high quality and cost-effective developments, and they will not take any compensation for their services, which means these fees can benefit families experiencing homelessness, and build financial capacity for Homeward Pikes Peak so they can continue to serve the Colorado Springs Community. The Catholic Diocese of Colorado Springs has agreed to be the co-general partner and guarantor for The Commons. In addition, the property will be managed by Cardinal Capital who manages 8,300 units nationwide. We also have been working with Katie Symons and Zoe Lebeau who are both local development consultants. Both are assisting in creating the services budget and services plan. Lastly, we have engaged with ASERusa, a green consultant to assist in getting The Commons certified through Enterprise Green Community.

e. Cost reasonableness:

- i. The Commons' largest cost driver is construction. As mentioned previously in the executive summary, the development team has refined the architectural plans and pricing set after our previous 9% application. HPP chose Bryan Construction as the contractor. Dominion has previously worked with this group on other 4% projects in Colorado. After working closely with both Bryan Construction and E+A architects, the development team believes that costs are as accurate as possible.

The total cost of the project is \$17,776,115, and the development team believes this is in line with construction costs in Colorado Springs.

f. Proximity to existing tax credit developments:

- i. Based on the market study, there is an extremely strong demand for affordable housing in the immediate area and The Commons' proximity to other developments does not impact the rental rates and demand for this project. There is a limited amount of Permanent Supportive Housing in Colorado Springs. The Commons differentiates itself from the other PSH projects by serving families. Both Freedom Springs and Greenway Flats serve single individuals. The Commons will also distinguish itself by the quality of project partners that have assisted with this development and partnered with Homeward Pikes Peak to address the homelessness problem in Colorado Springs. The Novogradac market analyst spoke with John Pettigrew, property manager at Greenway Flats, and he noted that Greenway Flats was 100% leased in just 3 months, and demand now far outstrips the 65 units they built. According to the market study, there are ten existing unsubsidized LIHTC or mixed-income developments within the primary market area (PMA) and seven existing subsidized Section 8 developments that target the general population. The Commons will be one of only three homeless- targeted developments in the PMA.

g. Site suitability:

- i. The subject's immediate area includes immediate access to schools, grocery stores, commercial options including Walgreens and discount stores all within walkable distance of the development. In addition, the UC Health Memorial Hospital Center is 2.31 miles away from the property and accessible by public transportation. We have provided a detailed amenity map that exhibits the amenity rich area the selected location will provide for the families who reside at The Commons. The Commons is adjacent to a child care facility inside the Springs of Life Church, which provides services to infants and toddlers. This child care center also accepts the CCAP-Colorado Child Care Assistance program and serves approximately 100 low income families. The Commons is located very close to the service providers that we have partnered with to help provide supportive services. These service providers include Peak Vista Community Health Center, and AspenPointe Health Services.

4. Provide the following information as applicable:

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

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

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:

After the initial phase 1 testing in 2018, the engineers found traces of soil vapors. In response, the project sponsor engaged Terracon to perform additional soil vapor investigation to determine the source of these vapors. No compounds above regulatory thresholds were identified in the additional soil tests. Terracon updated the phase 1 in December of 2019, and they didn’t find any issues problems or recognized environmental conditionals on site.

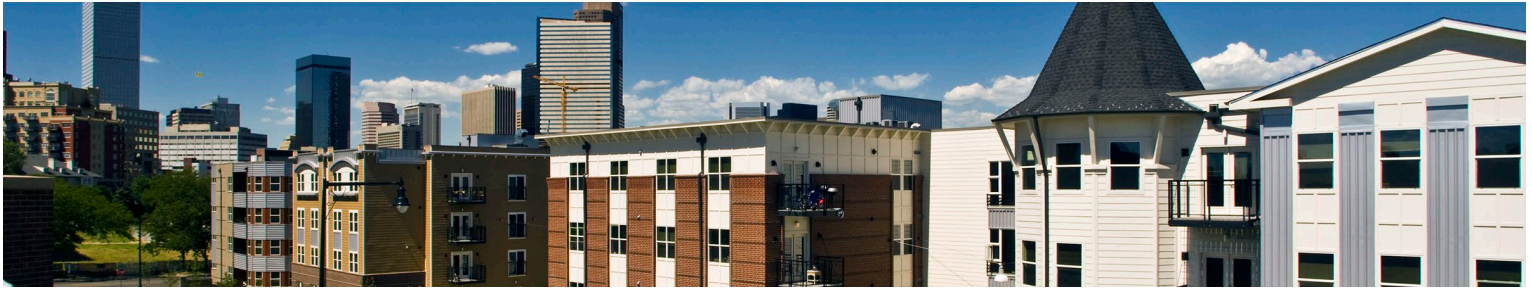
7. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:

This is Phase one of a two-phase project. We are paying for 100% of the land costs in phase 1. Also, we are building the site preparation costs for both phases up front. Finally, common area social service space built in phase 1 is large enough to accommodate most of the service provision in phase 2. The largest cost of the development is construction. We received an estimate for construction costs from Bryan Construction. As described above, the development team completed various measures to evaluate the cost reasonableness of this project including obtaining access to similar PSH project construction pricing within the Colorado Springs market, Freedom Springs. The Commons has substantially more square footage per unit than Freedom Springs because it has one, two, and three-bedroom units to accommodate families. In addition, The Commons will be built two years later than Freedom Springs, and construction costs are increasing faster than inflation due to a variety of factors. Although The Commons costs more than Freedom Springs on a per unit basis, it is right in line when compared on a per square foot basis.

8. In your own words describe outreach that you have conducted within the proposed community. Describe any potential neighborhood opposition that may impact the project’s readiness to proceed.

Homeward Pikes Peak has been building support for The Commons since January 2018 when it presented the concept to a group of people at the end of the 2018-19 Pathways Home Toolkit training. The Commons is a permanent supportive housing development for 50 households and is a significant step forward to meet the goals of the 2016 Strategic Plan of the Pikes Peak Continuum of Care and the 2019 PlanCOS which is the official community plan for the City of Colorado Springs. The project has received public support from John Suthers, Mayor of Colorado Springs, City Council President Richard Skorman and three other City Councilors at four town hall meetings held between October 17 and December 13, 2018. Homeward Pikes Peak made a presentation to over 40 community leaders and representatives from foundations, banks and public officials on November 8, 2018 with Dominion. The presentation included the overall project design, financial models, demographics, and support services plan. A neighborhood meeting took place on January 28, 2019 at the Council of Neighbors and Organizations offices nearby the site. Notices were mailed to properties within 1000 feet of the proposed site. Distribution of the meeting announcement was sent to over 1000 email address through a listserv managed by the Pikes Peak Continuum of Care and Homeward Pikes Peak. There was a healthy dialogue about the project proposal. Thus far, there has not been any negative feedback or comments about the proposal. HPP has conducted one-on-one meetings with the following agencies to build support and increase community partnerships for The Commons: Mayor of Colorado Springs, City of Colorado Springs Office of Community Development, El Paso County Department of Human Services Executive Director, Colorado Springs Housing Authority, El Paso County Dept. of Economic Development and Housing Authority, AspenPointe, Peak Vista, Catholic Charities, The Independence Center, Westside Cares, Community Health Partnership, Pikes Peak Continuum of Care, Pikes Peak United Way, El Pomar Foundation, Colorado Springs Health Foundation, Lane Foundation, Myron Stratton Home, Pikes Peak Community Foundation, Chapman Trusts. At this time Homeward Pikes Peak has received only positive support for the project. HPP has received numerous letters of support for the project which will be submitted to the State Division of Housing and they are included in this application.

9% lihtc application narrative



Project Name: Confluent Park Apartments

Project Address: NEC of Highway 50 and Vandaveer Rd, Salida, CO

1. Executive Summary

Confluent Park Apartments will bring much-needed affordable workforce housing to the city of Salida, CO. If funded, this will be the first affordable project in Salida in 23 years. In the time since the last LIHTC project was funded, the population has grown by almost 30% and housing prices have far outpaced wage growth and inflation. With outside pressure from second home owners, the local workforce struggles to find decent, affordable housing in Salida. While CHFA has made some recent investments in Chaffee County, no new deeply affordable units have been built in the city limits of Salida in over two decades. Workers residing in other parts of the county face long commutes to Salida creating a significant transportation burden on low-wage earners. Salida faces many of the same challenges as other high cost mountain communities throughout the state. Local residents are being priced out, local businesses have difficulty with employee retention and there is a significant imbalance in the housing market.

For its part in helping to alleviate the affordable housing shortage in Salida, the city has recently adopted several code changes and incentives to help facilitate new development. Those include inclusionary zoning, reduced parking requirements for units with affordability restrictions and waived school impact fees. City leadership recognizes that it must be part of the solution to improve affordability and livability in the community. In March 2019, the Salida City Council outlined four primary goals for the upcoming year. Housing, and more specifically affordable housing, was one of those goals. A 2018 Community Survey also highlighted affordable housing as one of the top concerns facing the city.

Confluent Park Apartments will bring the right unit and set-aside mix to a rural community that needs new housing within its borders. The project will feature mostly one and two-bedroom units, with set-asides at 30%, 40% and 50% of AMI. The development will include two garden style, wood-framed buildings and surface parking. The buildings will be clad with Hardie and stucco siding. Units will feature Energy Star lighting and appliances, efficient gas furnaces and durable finishes. Site amenities will include raised garden beds for resident use, bike parking, EV ready stalls and unprogrammed open space that could accommodate a ground-mounted solar array in the future.

Energy Efficiency

Commonwealth is committing to Zero Energy Ready Homes (ZERH) for Confluent Park. The project team has held several meetings with the energy consultant (EnergyLogic) to plan for greater energy efficiency. To achieve ZERH certification, the project will first adhere to 2015 Enterprise Green Communities. The project will achieve a HERS rating in the low 50s which is 30% below our typical specification, we will certify to Indoor Air Plus and the development will be renewable-ready throughout. The site and buildings will be designed to accommodate PV on each of the roofs and in an area on the north side of the site for a future ground-mounted solar array. Additional costs

accounted for in the construction cost estimate include installation of conduit to the future solar locations, disconnect boxes and deduct meters for each unit, mounting hardware on the roofs, and enhanced blown-in insulation in the exterior walls.

Unit Mix

Unit Type	% AMI	# of Units	Net Rent Range
1 Bedroom	30% - 50%	24	\$317 - \$572
2 Bedroom	30% - 50%	21	\$379 - \$686
3 Bedroom	30% - 50%	3	\$438 - \$792

2. **Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):** Confluent Park will be located in Chaffee County which currently has a population of just under 18,000 people. The project is also under 50 units.

In terms of Guiding Principals in the QAP, Confluent Park meets the following:

- A. Preference to the lowest-income tenants: Average AMI at Confluent Park will be 47%
- B. To provide distribution of tax credits throughout the state: Salida is a rural community that has not received a tax credit allocation in over 20 years.
- C. To support maximum allowable density: Confluent Park will be one of the densest developments in Salida upon completion and at 19 units/ac is considerable for this rural community.
- D. To support projects with enhanced energy efficiency standards: Confluent Park is committing to Zero Energy Ready Homes.

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

Market conditions:

The overall capture rate of all units is 21%, with the 30% and 40% units at or below 12%. Chaffee County is small compared to other counties throughout the state, which will generally result in slightly higher capture rates. The City of Salida has struggled with housing issues for the past decade. The major employers in town have all expressed extreme difficulty attracting and retaining employees as a result of limited housing options. These challenges extend through all segments of the housing market, but are particularly difficult for the workforce at or below 50% AMI. Housing production has increased for households at 100% AMI and above, but almost no new units have been added below 50% AMI in many years. Housing in Salida has become so problematic that the school district took matters into their own hands and started acquiring property and building units in Poncha Springs, where land is more readily available. Roughly half of the district’s staff, or 130 employees, earn wages that put them in the 50% AMI range and those workers simply can’t find affordable housing in Salida. Many commute from other parts of the county or further down the Arkansas Valley. When left with the prospect of commuting the 24 miles from Buena Vista to Salida, many prospective employees choose other parts of Colorado to seek employment.

The market inside the city of Salida is strong. **Of the eight comparables surveyed in the market study, four were in Salida and the vacancy rate averaged 1.4%.** The last tax credit community to be awarded funding in Salida, River Bend, has a waitlist of over thirty households.

New market rate units in Salida are being absorbed very quickly at rates considerably higher than what’s proposed for Confluent Park. On average, the market rents in Salida are \$925 for a 1 Bedroom and \$1,095 for a 2 Bedroom. This is 60% higher than the highest income set aside for Confluent Park. Many residents renting market rate apartments in Salida are likely severely rent burdened as a result of having very few affordable options in the city.

Proximity to existing tax credit developments:

There are only two tax credit projects in Salida. River Bend, funded in 1997, is two miles from the site and Salida Apartments, funded in 1991, is one mile from the site. River Bend had a waitlist of 30 households at the time of the market study. Salida Apartments had a waitlist of over 400 applicants, with 34 having undergone a complete background check and ready for immediate move-in.

Readiness-to-proceed:

With the approval of the plat and Planned Development in January 2020, no additional land use approvals are required and Confluent Park can go straight to a building permit application. We anticipate final design and permitting to take nine months from the date of reservation.

Overall financial feasibility and viability:

Financing includes a typical structure of 9% LITHC, Division of Housing HOME funding and a permanent loan. Initial letters of interest are included in the application. Tax credit pricing of \$0.905 was confirmed by several of our syndication partners. The deferred fee was maximized and can be repaid in 15 years. While the DCR does trend downward, this is not uncommon for rural projects with lower average AMIs. Commonwealth has many similar projects in its portfolio. All of our small rural deals maintain near full occupancy and debt coverage ratios above 1.15x. Our team is equipped to efficiently manage rural projects.

Experience and track record of the development and management team:

Commonwealth Development Corporation has successfully developed and placed in service over 2000 tax credit units. The Commonwealth Companies include development, design, construction, and property management. In recognition of its development work, Commonwealth has received many awards including Excellence in Community Design from the City of Greeley, CO in 2016. Commonwealth has earned a spot on the AHF Top 50 Developers list for the past few years. For 2018, Commonwealth was ranked # 7, up from # 22 in 2017. Commonwealth is supported by over 300 employees who have the capacity to see each project to completion. If awarded, this would be Commonwealth's fourth project in Colorado. Our first project, Mission Village of Greeley completed in 2016, reached stabilized operations quickly and won an award for Excellence in Community Design from the City of Greeley. The second project, The Ridge in Colorado Springs is under construction, has met carryover, and will be complete in the spring of 2020. Mission Village of Evans, our third project in Colorado, is also under construction with completion anticipated in the third quarter of 2020. This project met all of its original schedule and budget benchmarks and completed carryover in October 2019. Commonwealth Management Corporation (CMC) currently manages nearly 4,000 tax credit units around the country. Many of the projects are in rural locations like Salida. CMC has highly trained staff and the capacity to add this project to its management portfolio.

Cost reasonableness:

Commonwealth will be partnering with Diesslin Structures on the construction of Confluent Park. Diesslin Structures is a full-service general contractor based in Salida. They maintain critical subcontractor relationships in the county and can complete this project for the budget provided in the application. Diesslin's experience includes municipal work, large commercial projects and residential development. Diesslin has completed over \$200M of work in Colorado mountain communities including over 200 multifamily units, the majority in Chaffee County. Diesslin will also be the general contractor on the remaining parcels in the subdivision, which will offer great efficiencies. We intend for Diesslin to be the general contractor of record for Confluent Park with Commonwealth Construction in a supporting role. This arrangement will leverage both contractors' skills in terms of local experience, multifamily experience and tax credit experience.

Site suitability:

The development site is located on the southern edge of town, less than one mile from the main public school campus in Salida and about 1.25 miles from the city center. There are many services within one mile of the site and residents will have easy access to the community through a pedestrian/bike path that's being developed as part of this subdivision. The site is flat, served by all utilities and has adequate soil conditions for construction of the planned project. The parcel north of the Confluent site will be a public park, dedicated by the adjacent property owner. This will be an incredible amenity for our residents and the neighborhood as a whole. Finally, the land seller, who will be developing the balance of the subdivision with single-family homeownership and market-rate rentals, is obligated to build the road in front of our site.

The site received approval for a Planned Development (PD) on January 21, 2020. That PD established high density zoning for Lot 1, which is the development site for Confluent Park. The R-3 zone district allows for increased density for affordable housing (up to 20 units per acre) and reduced parking ratios (1:1) for affordable housing. Confluent Park nearly maximizes density (19 units per acre) and provides slightly more parking than code minimum (1.27:1). The additional parking is a result of the rural location, limited public transportation options and the need to make sure we have adequate staff and visitor spaces.

4. Provide the following information as applicable:

a. Justification for waiver of any underwriting criteria

We are requesting the ability to have a debt coverage ratio in Year 1 of 1.60x. With an average AMI of 47%, the expense to income ratio causes the DCR to drop over time. In order to maintain at least a 1.15 in Year 15, the starting DCR needs to be higher than the prescribed maximum in the QAP of 1.30.

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

We are requesting a 20% basis boost for Confluent Park. There are several factors behind this request: 1) Chaffee County has a relatively low Area Median Income, which reduces overall rents and leads to less ability to leverage debt. 2) Average AMI for the units at Confluent Park is 47% and 3) We are committing to Zero Energy Ready Homes for this project. To support this request we have maximized deferred developer fee and maximized our per unit request to the Division of Housing.

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

The market analyst concluded "there are no recommended changes for the subject". Additional discussion about the market area is included in other sections of this narrative.

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

The Phase I Environmental Assessment concluded there are no Recognized Environmental Conditions (RECs) 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:

The flat development site and an efficient three-story walk-up design allow us to keep development costs in line with our previous projects in Colorado. With total development costs of approximately \$267,000 per unit, we are right at our average for the three other projects Commonwealth has in the state. While construction costs are slightly higher in Salida, other costs are lower such as land and city fees.

8. **In your own words describe outreach that you have conducted within the proposed community. Describe any potential neighborhood opposition that may impact the project's readiness to proceed.**

The immediate neighborhood surrounding the Confluent site is being built out concurrently with this project. The community of Salida is very much in support of affordable housing, with housing consistently being a top issue when residents are surveyed. Commonwealth has had several meetings with city leadership, including a presentation to City Council. The subdivision that includes Confluent Park was a public process that involved Planning Commission and City Council and there was no opposition to our project during any of those hearings.

Strengths

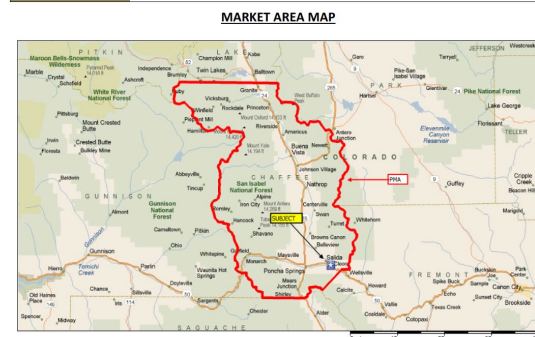
Confluent Park is located inside the city of Salida and will be the first tax credit project developed in the town in over twenty years. The housing market inside the city limits is notably stronger than the rest of the PMA which reflects residents' desires to live and work in the city. The project will expand the housing options available to the local workforce, allow workers to dramatically reduce commute times and allow housing choice voucher holders to utilize their subsidies. According to the Upper Arkansas Area Council of Governments (UAACOG) there are approximately 100 people on the Chaffee County waiting list and about 20 vouchers that were issued but could not be used because of a lack of affordable housing or landlords willing to work with Housing Choice Vouchers.

Weakness

The main weakness relates to certain findings in the market study. The PMA is experiencing some vacancies, and capture rates are estimated to be on the higher end of CHFA's acceptable range. The most important point in the market study is the following, a direct quote from the report:

“there is significantly higher demand for rental housing in Salida relative to other areas in the PMA. The four surveyed properties in Salida were only 1.4% vacant, while the four surveyed projects in Buena Vista and Poncha Springs were 14.9% vacant”.

This is a critical point in CHFA's review of the application for Confluent Park. The PMA for this project is 1,015 square miles and the project location is at the very southeast corner of the PMA. The location of Confluent Park is nearly as close to Canon City as it is to the northern boundary of the PMA. The housing market in Salida is unique. Anecdotal evidence from business owners, major employers, city leadership and from residents suggests the need is much greater than the market study indicates. Affordable housing has been a top issue in the city for many years and while some recent progress has been made, it remains a key priority of the Mayor and City Council.



9 % LIHTC application narrative



Project Name: Deer Run

Project Address: 730 N. 4th Street, Sterling, Colorado 80751

1. Executive Summary:

Four Corners Development LLC is excited for this opportunity to present a 9% Low Income Housing Tax Credit (LIHTC) application for Deer Run Senior Apartment Community. The proposed development will be a newly constructed 50-unit independent senior housing community located in the City of Sterling. Sterling is in Logan County in the northeastern corner of Colorado and represents the largest population of communities east of Pueblo. Sterling serves as the regional shopping and medical hub for northeast Colorado, including the communities of Ft. Morgan and Brush. Deer Run represents the first senior LIHTC community to be built in Sterling and Northeastern Colorado. The City of Sterling recognizes the need for senior housing and has worked with Four Corners to identify this City owned site as an ideal location for senior housing. The City Manager was quoted as saying that he “should also note that during meetings with Four Corners Development, LLC the City identified the proposed site as the only buildable and zoned multi-family site in the City of Sterling that is shovel ready with utilities onsite.” Over the past year, City of Sterling management staff and leadership have rezoned the site from Community Business to R-3 High Density Residential on behalf of Four Corners in anticipation of this application and award.

There are no existing senior LIHTC properties in either Logan or Morgan counties which make a large portion of the Northeastern part of the state. The absence of quality affordable options for seniors demonstrates the need for a project like Deer Run.

The 2.7-acre site is ideally located near downtown Sterling at 930 N. 4th Street. The site has all roads, utilities and public services available on site or adjacent to the site. The centrally located transit-oriented site is serviced by Prairie Express bus service adjacent to the property. The bus service runs fixed-route and route-deviation services Monday through Friday and from 7:00 am to 5:00 pm on Saturdays. The location will reduce the residents’ need to own vehicles which is unusual in a rural setting.

The site is walkable (57) with immediate access to businesses and services. Across from the site is a Mexican restaurant, convenience store, and pending Banner Health Center. Within one mile of the site is Broadway Plaza retail center, Walgreens, a movie theatre, grocery store, post office, small retail, library, Sterling Recreation Center, Council on Aging, Logan County Fairgrounds and Probst and Prairie Parks.

Deer Run is a universally designed 49,124 square foot new construction, two-story senior apartment community with residential, community and exterior spaces focused on health and quality of life specific to seniors. The residential construction is a wood-framed building over an engineered foundation and slab. Exterior finishes will take design cues from the adjacent single-family neighborhood and will include pitched roof, cement lapboard siding and stone accents. The v-shaped building will provide secure single

point of access leading into a central common area with community room, entertainment kitchen, computer/internet/library area, furnished lobby, exercise room, adjoined outdoor patio, and private wellness/flex office for use by outside service providers. Outdoor amenities will include raised gardens beds and gazebo/garden gathering area.

Resident apartments will feature 9’ ceilings, full kitchens with energy-efficient appliances, patios/balconies, large step-in showers, washers and dryers, linen closet, large closets, large windows in bedrooms and kitchen/dinning area and individually-controlled heat and air conditioning.

The development will offer fifty units (50) of independent senior living comprised of forty-two (42) one-bedroom units and eight (8) two-bedroom units. Four Corners’ focus is to provide outstanding quality housing to qualifying seniors in Sterling and adjacent communities with incomes at 30%, 40% 50% 60%, 70% and 80% of the area median income. One hundred percent (100%) of the development will be set aside for qualifying seniors age 55 or over.

	30%	40%	50%	60%	70%	80%
One Bedroom	4	2	17	15	2	2
Two Bedroom	1	1	2	2	1	1
TOTAL	5	3	19	17	3	3

Deer Run will be developed under Enterprise Green Communities (EGC) mandatory and elective criteria. We will be working with Group 14 through the entire design phase to maximize the efficiency of the building. The building and site design encompass environmentally responsive building practices to promote and provide a holistic approach to energy efficiency, conservation of natural resources, and healthy indoor air quality. The development will involve a framework of green building practices that include integrative design, neighborhood compatibility, smart framing, energy efficient heating and cooling systems, window efficiencies, low flow water fixtures, Energy Star appliances, low or no VOC products, formaldehyde free lumber produces and xeriscape landscaping with native habitat and adaptive species being emphasized. Long term operations and maintenance will design and adopt a “Green Maintenance Plan” following best practices to ensure the building and property maintain established EGC green goals. During lease up and periodically throughout the year residents will receive information and education on how to maintain the environmental health of their units.

Services: Four Corners will partner with Sterling and Logan County service agencies to bring resources and coordinated service opportunities to our residents. Hudson Property Management staff will assist residents to obtain services from outside senior and health services agencies such as: specialized transportation, nutrition programs, health and wellness checks, cultural and recreational programs. In addition to community space, a flex-office will be provided to facilitate outside programs and services. Some of the agencies with whom Four Corners will partner include:

- *Logan County Arts League* - The Arts League will bring art activities and programs to the residents throughout the year.
- *Eastern Workforce Center* - The Center sponsors “Retirement Encore”, a program that provides services to older adults looking to return to the workforce. Services onsite may include workforce training classes, events and computer training assistance.
- *Banner Health* - Banner Health owns a vacant building across the street from the subject site. Banner plans to renovate this building to offer occupational, speech and wound care services.
- *Northeastern Junior College* - The college’s nursing program will provide onsite health screening and education related to health and nutrition programs. Northeastern Junior College’s Nursing program plans to locate off campus in the Banner Health building in 2020.

- *CSU Northeast Regional Engagement Center* - The Center has grants and affiliations with the Next-Fifty Initiative and Senior Planet. Through these programs, the Center will provide residents with technology services onsite.

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

- **Projects in Counties with populations of less than 175,000**
The 2018 Census estimated population of Sterling is 13,360 persons and Logan County is 21,896 thus the project meets the “Projects in Counties with populations of less than 175,000” priority in Section 2 of the 2020 QAP.

CHFA Guiding Principles

- **To support rental housing projects, service the lowest income tenants for the longest period.** One hundred percent (100%) of the Deer Run units will be affordable and targeted to qualifying low-income seniors at 30%-80% of AMI for the maximum extended use period. The project will serve the Logan county which has a much lower median income than most other parts of the state. As an example, the median income in Denver is 36% higher than Logan county so this project will serve much lower residents than metro area projects.
- **To provide for a distribution of housing credits across the state.** The proposed development is located in the City of Sterling, Logan County. This development represents the first affordable senior LIHTC in a multi county PMA.
- **To distribute housing credits to assist in a diversity of populations in need of affordable housing.** The City of Sterling has identified the need for affordable senior housing. Deer Run will meet an underserved market for affordable senior housing by providing the PMA’s first affordable senior LIHTC development.
- **To support new construction of affordable rental housing projects.** The City of Sterling and surrounding communities have an unmet need for affordable senior housing. The construction of Deer Run will address this underserved market by providing 50 units of affordable senior housing to qualifying households between 30% and 80% of area median income.

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

- Market conditions:** Deer Run provides a unique opportunity for CHFA to introduce the only tax credit funded, income-restricted senior apartment community to northeastern Colorado and Logan and Morgan County PMAs. As indicated in the market study, “there is a tremendous need for additional affordable apartments for seniors in northeastern Colorado.” With no other senior LIHTC properties, the capture rates are very low with an overall capture rate of 7.1%.
- Proximity to existing tax credit developments:** Sterling has three family LIHTC developments built in 1996, 1999 and 2005. The properties will have no direct impact on Deer Run as these projects are marketed towards low-income families.
- Project readiness:**
In 2019, the City of Sterling rezoned the property from Community Business to R-3 High Density Residential on behalf of Four Corners in anticipation of a LIHTC senior housing application. The site is use-by-right under Sterling’s R-3 zoning designation. All public infrastructure is on site or adjacent to the site and includes city streets, water, sewer and power. Through early design review consultation, the City anticipates development can achieve permitting within one month of award. Construction

duration is based on a twelve-month buildout schedule with estimated completion in August 2021. The current schematic design is compliant with parking, landscaping, onsite detention and building requirements under the City's adopted International Building Code (IBC).

- d. Overall financial feasibility and viability:** Deer Run is financially feasible upon an allocation of 9% LIHTC. Because the site is rural and not in a QCT or DDA, a 4% option is infeasible. The costs are reasonable relative to the rural location, construction pricing, labor and materials. The projected development's operating costs and financing assumptions are based on the collective experience of Four Corners' construction company Hamilton Builders, and third-party pricing and operations analysis by Deneuve Construction Services and Hudson Property Management Group. In addition to LIHTC equity, Four Corners will utilize a CHFA 1st Mortgage loan and \$660,000 in funding from the Colorado Division of Housing.
- e. Experience and track record of the development and management team:** Four Corners Development, LLC, is a successful vertically integrated development company with a proven track record of affordable LIHTC housing real estate development in five (5) states; Colorado, Missouri, Texas, Oklahoma, and Georgia. The company is comprised of individuals representing three firms experienced in affordable design, development, construction, and management. Four Corners, formed in August 2011, is an entity whose partners have over 60 years of combined experience designing, developing, and managing over 1,200 LIHTC units. The company's combined human resources and financial capacity allow it to attract many investors and lenders and handle multiple projects in different states. Four Corners Development presents a capable, well-rounded team and shares CHFA's value for quality housing, useful amenities and cost-effectiveness as delivered with Oakshire Trails, in Pueblo, CO Peakview in Greeley, CO, and Woodgate Trails, Montrose, CO. The combined experience of the partners, along with their staff of eighteen and consultants, bring the necessary experience and capacity to deliver quality development efficiently. Four Corners' priority is to find underserved markets throughout Colorado to locate the greatest housing needs of underserved communities such as Sterling.
- f. Project costs:** Deer Run total development costs are financially feasible, if awarded 9% LIHTC. The project financing has been structured to limit LIHTC equity and maximize hard and soft funding. The project costs reflect current hard cost information and has been independently reviewed and verified by Deneuve Construction Services; the third-party reviewer for Four Corners' construction division and Hamilton Builders. Four Corners strong senior housing development experience across five states will produce a high-quality project at a competitive price. Four Corners has a proven history of utilizing universal integrated design to develop and value engineer high quality affordable senior communities.
- g. Site suitability:** The 2.7-acre site is ideally located at the corner of N 4th and Broadway. The vacant site is the former junior high football field located in a developed residential and business area within proximity to downtown Sterling. Four Corners has an efficient design that provides 18.5 units per acre with design sensitivity to the surrounding neighborhood and businesses. The site is well suited for seniors providing an excellent location with high visibility, curb side fixed-route public transportation and close proximity and access to shopping, businesses, recreation, library, health, public safety and entertainment within one-mile of the site. Four Corners has also committed to fund a \$3,000 transportation reserve to assist residents who may not otherwise have their own transportation and or financial means to afford Prairie Express ride tokens.

The use by right site is undeveloped, flat and adjacent to existing roads and public and private utilities. Fire, police and public library services are located .25 miles from the site and a planned Banner Health facility with Northeastern Junior College Degreed Nursing Program is located across the street from the

property. There are no obvious impediments to the shovel ready site's use for independent senior living.

4. Provide the following information as applicable:

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

We are requesting a CHFA designated DDA boost. This boost is justified due to the location. The cost to build in Sterling is very similar to other parts of the state but with lower incomes and rents, the property cannot support very much debt. We have pursued all available local financing contributions but there are not as many resources available as there are in some larger cities. Additionally, equity pricing tends to be slightly lower in the more rural areas.

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

The commissioned Highland Group Inc. market study identified the poor condition of a motel backing the property. Four Corners will address this weakness by placing the building to the far northwest corner of the property and screening the common property line with privacy fencing, trees and landscaping berms.

6. Environmental issues:

There are no recognized environmental conditions in the Phase 1 ESA conducted by NV5.

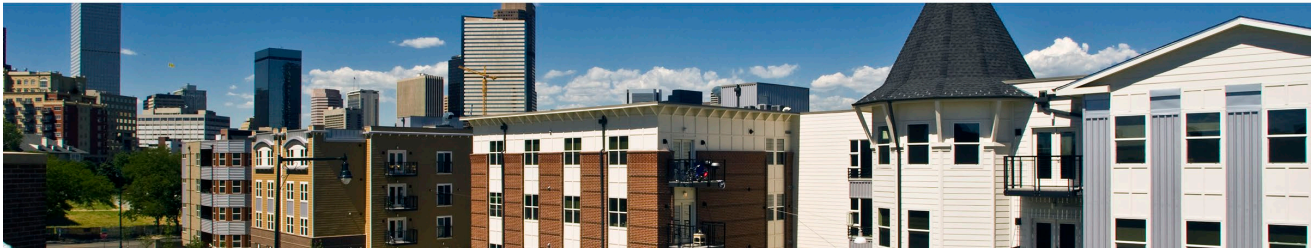
7. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:

The City of Sterling is supportive of the development and cost-effective fast track permit approvals. The site is relatively flat and will require certified imported dirt to raise the building foundation, maintain positive water flow away from the building to detention and create landscape berms and screening. Labor shortages and rising costs of materials is anticipated in pricing given the rural locations. Four Corners and the City will continue to partner to find value-engineering and building and site efficiencies.

8. Community outreach:

Four Corners has been in constant contact with City leadership, County Commissioners, Logan County Economic Development and area service providers throughout the year. We have also attended seven public hearings with Planning and Zoning and City Council during the rezoning and purchase approval process. The response of the community and leadership has been overwhelmingly supportive throughout the public process. Included in our application are letters of support from Sterling City Manager, mayor, Banner Health, Logan County Economic Development, Logan County Commissioner, Northeastern Junior College, Logan County Arts League, Northeastern Workforce Center, CSU Northeast Regional Engagement Center, and Logan County Heritage Center (Senior Center).

9% lihtc application narrative



Project Name: Eastlake Apartments

Project Address: NWQ of Eastlake Avenue & Claude Court

1. Executive Summary: Provide a description of the project as proposed including location and if it is in a SADDA; detailed type of construction (including foundation type, framing, roofing, building skin, circulation, stairs, etc.); population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc.

DAE Development, LLC (DAE) is excited to present Eastlake Apartments (EA), a 63-unit affordable workforce housing community in Thornton, Colorado. EA will be a part Eastlake Station North, a proposed master planned residential community that will also include both market rate apartments and for-sale single family homes. The community is in a SADDA and is being constructed on fourteen acres of land directly west of RTD’s new Eastlake & 124th commuter rail station that is opening in 2020 and is served by the N Line as well as bus routes 120, 120L, and 128.

EA will be a three-story wood framed building housing a mix of one, two, and three-bedroom units served by dual elevators with two stair cores. The foundation will be shallow spread footings foundation while the roof will be a white TPO. The exterior skin is proposed to be a mix of brick, hardi siding, metal panels, vinyl windows, and storefront. Provided parking will consist of 66 surface parking spots with at least seven spots being EV ready.

EA will contain a mix of one, two, and three-bedroom units across the affordable AMI spectrum as detailed below:

	20% AMI	30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	80% AMI	Market Units	Total	Size (SF)	Type
Studio Units											
1 Bedroom Units	0	5	9	9	13	2	2	0	40	660 SF	Flat
2 Bedroom/1 Bath Units											
2 Bedroom/2 Bath Units	0	2	2	3	6	2	2	0	17	950 SF	Flat
3 Bedroom/2 Bath Units	0	0	1	0	3	1	1	0	6	1,200 SF	Flat
4 Bedroom/1.5 Bath Units											
4 Bedroom/2 Bath Units											
Total	0	7	12	12	22	5	5	0	63		
% of Total	0%	11%	19%	19%	35%	8%	8%		100%		

Building amenities offered at EA will include an outdoor children’s play area, community media room, fitness room, on-site property management, camera and access controlled entries, and outdoor deck and patio space. Unit amenities will consist of a full kitchen appliance set (dishwasher, microwave oven, refrigerator/freezer, garbage disposal, self-cleaning oven with range top, and vent hood), individual heating and cooling control via an aquatherm HVAC system, and washer/dryer. Energy efficiency is being incorporated into the design through building insulation design, water conserving fixtures, all LED lighting package, low water usage landscaping, and Energy Star rated appliances.

Local amenities feature numerous retail shops within a mile of the proposed site while a Target, Sprouts, and Safeway are just over a mile away on E 120th Ave. Numerous elementary, middle, and high schools are located within a 1.5 mile radius while the SCL Health Community Hospital at Northglenn is

just 1.1 miles away. Also adjacent to the property is the Farmers Highline Canal Trail which is an extensive trail which runs through multiple cities on the Colorado Front Range and connects to multiple other trails.

The project is proposing to utilize 9% Low Income Housing Tax Credits for the Equity, Home funds, a conventional construction loan, and permanent loan. In addition, the capital stack also includes a deferred developer fee that is expected to be paid off prior to the end of year ten following the start of leasing.

Sources and Uses

Sources of Financing	
1st Mortgage	5,250,000
CDOH - HOME	795,000
Deferred Developer Fee	748,821
Federal Tax Credit Equity	12,572,336
Total Sources	19,366,157

Uses of Financing	
Land and Buildings	840,000
Site Work	840,040
Construction	11,934,840
Professional Fees	832,500
Construction Interim Costs	2,241,260
Permanent Financing	192,500
Soft Costs	249,000
Syndication Costs	10,000
Developer Fees	1,956,017
Project Reserves	270,000
Total Uses	19,366,157

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**
 - N/A
- **Projects serving persons with special needs as defined in Section 5.B 5**
 - N/A
- **Projects in Counties with populations of less than 175,000**
 - N/A

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

a. Market conditions:

The Market Study completed by JRES supports strong demand across all AMI levels and unit types, as evidenced by low vacancies at every peer group property. The overall Northglenn/Thornton apartment submarket vacancy levels have strengthened considerably in the last few years. This submarket’s apartment vacancy rate is only 4.4%, down from 7.1% in 2016.

All of the LIHTC units in the subject property’s PMA are targeted at the 60% AMI level with no other AMI levels being addressed. Eastlake Apartments will be the first LIHTC project in the PMA to provide any 30%, 40%, 50%, 70% and 80% AMI units. The overall capture rate for all units in the PMA is a low 9.0% indicating very strong demand for affordable housing.

The high capture rate for 60% AMI units is completely driven by the only other affordable projects in the PMA which are only offering 60% AMI units and are expected to begin leasing in

2020. The majority of these units are being constructed at Larkridge Apartments which is located 4.2 miles north of EA, not adjacent to a commuter rail line, and per the market study “*likely won’t have much direct impact on unit demand at the proposed subject property*”. The other project developing 60% AMI units is the Reserve at Northglenn which is expected to come online in March of 2020. While this project is expected to be a more direct competitor to EA, this project is only delivering 40 units and expected to come online in March 2020. Based on this number of units and delivery two years in advance of the completion of EA, these units should be fully absorbed by the market prior to leasing beginning at EA. Outside of these reasons, Eastlake Apartments excellent location adjacent to the N line, targeted unit mix, and contemporary design should ensure its long term success. As a result, the development team is confident that the proposed twenty-two 60% AMI units will lease up within the expected leasing time frame.

b. Proximity to existing tax credit developments:

Per the Market Study, despite the size of the primary market area, the inventory of affordable LIHTC apartment complexes in the PMA is rather limited. Several of the complexes with affordable units in the PMA are either targeted at seniors or are project-based Section 8 properties. As a result there is limited competition for EA as there is only one current operating LIHTC project in the Primary Market Area. Vacancies are low among the comparable properties, with no vacant units at the only operating LIHTC project in the peer group, and the two market-rent projects in the peer group have vacancy rates just under 5% which are nearly in line with the overall submarket vacancy rate of 4.4%.

As noted above, the Reserve at Northglenn and Larkridge Apartments are adding additional 60% units to the market in 2020. However, the incredibly strong market demand combined with EA’s amenity package and adjacency to public transit will help ensure its successful lease up.

c. Project readiness:

Assuming the project is awarded credits for this round in May 2020, we expect EA to commence construction in February 2021. The site is zoned to allow development of this project with no changes or special approval needed as noted by the zoning verification letter. All site plan and building permit approvals will be administrative only. The project architect, Davis Partnership, has studied the site to confirm the optimal lay out for the building and parking through conceptual review and is immediately able to proceed with advancing the drawings. Crossland Construction has familiarized themselves with the concept plans through their pricing exercises and has planning on a construction start time a year from today. Additionally, investor and debt financing is expected to be obtained through US Bank and/or CHFA, two experienced lenders with the proven ability to close.

d. Overall financial feasibility and viability:

The project is financially feasible. In addition to the federal tax credits being requested, the development team is also targeting additional assistance via HOME funds and has focused on cost effective design with an established design and construction team to ensure low project costs. The proposed project has been presented to potential financial partners as noted in the attached debt & equity LOI’s. EA is financially strong and meets or exceeds all of CHFA’s underwriting requirements.

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

The developer of the project is DAE Development. Although this is the first application for affordable housing tax credits by DAE, DAE has been providing owner representation, construction management, and construction estimating for affordable housing developers for over ten years. During these ten years DAE has helped deliver 400 affordable units with an additional 208 affordable units currently under construction. Outside of affordable housing, DAE has over a twenty-year history in real estate development on multiple large scale projects.

The management team will consist of DAE Development, Davis Partnership Architects, Crossland Construction, and Silva Markham Partners. Additionally, this team is utilizing the expertise of Dan Morgan and Associates as a LIHTC consultant, Faegre Baker Daniels as the tax attorney, and Novogradac as the CPA. The entirety of this team has a tremendous amount of experience related to affordable projects which will help ensure the successful completion of this project.

f. Project Costs:

The development team focused on a simple cost-effective design to provide the max amount of affordable units while keeping unit costs as low as possible. The three-story single building helps achieve maximum density near a TOD site and matches the surrounding market rate development while minimizing costs as exterior building skin and circulation areas are amortized over the 63 units in a single structure. Additionally, containing all units in one building allows the development to be able to provide the most cost-effective parking solution (surface parking). DAE's vast experience in construction pricing has helped drive the decision making during the design process as well as verify the pricing submitted by Crossland Construction which is in line with similar type projects.

g. Site suitability:

The proposed subject property is located directly adjacent to the Eastlake-124th Stop on RTD's commuter rail N Line which is currently in testing and expected to start operation in 2020. The N line will provide future residents with rail access to downtown Denver in twenty-seven minutes as well as the connecting 120, 120L, and 128 bus routes. The site is vacant greenfield with little topographical change so excavation and site work requirements will be minimal. Additionally, the site is fully entitled and has access to all utilities. The density and style of development has been designed to complement and enhance the surrounding development being undertaken by Century Communities. The ability to surface park and the expected ease of construction further enforces not only site suitability but also assists with cost reasonableness. The planned improvements are within the allowable uses, scale, and height of the existing zoning as outlined by the City of Thornton.

4. Provide the following information as applicable:

a. Justification for waiver of any underwriting criteria

No waivers of underwriting criteria are being requested.

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

No basis boost is being requested.

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

The market analysis identified three weaknesses in the market study. The first item is a low walk and transit score which it states is typical for Thornton. However, as noted above the RTD N Line will open in 2020 which will not only significantly increase the transit score but also eventually increase the walk score as businesses and services tend to congregate around transit stops over time.

The second weakness identified is the size of the units which the market study has concluded is slightly smaller in terms of square footage than some floorplans at other peer group properties. While this may be true, it should be noted that Davis Partnership has extensive experience in designing multifamily projects and the unit plans in EA are very similar to unit plans utilized by Davis on other market rate and affordable projects. These proven unit plans maximize the square footage available while providing a great living experience to the residents and are one of the reasons Davis has been so successful. As a result, DAE believes this weakness raised by the market study may be overstated and that EA will not see any negative effects during lease up.

The third and final weakness stated by the market study is that some design details of the subject units and amenities remain to be finalized. DAE is not in agreement with this statement and has inquired with JRES regarding its inclusion in the report. As detailed on Davis's conceptual drawings, this project will include a full amenity package that is on par with other affordable projects. This includes on-site leasing office/management, community area with kitchen, fitness room, kids play area, and multiple outdoor gathering spots. In addition, a typical one, two, and three-bedroom unit design was provided and included in the market report showing that the units have been carefully laid out and designed.

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: Need Report*

DAE commissioned ERQ Resources Corporation to conduct a phase I of the entire overall development site. This would ensure that the phase I would encapsulate affordable parcel in its entirety. The final assessment revealed no evidence of REC's were identified and no additional investigations were required.

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:*

There are no unusual features in this development driving up costs. The subject property is a previously undeveloped lot with little grade differential and no anticipated environmental issues as noted by the completed phase I ESA. Due to the size of the building, a cost-effective slab on grade with shallow spread footings foundation will be utilized thus eliminating the potential issue of encountering any unexpected unseen geological issues. DAE has established an experienced and accomplished project team with years of experience in the multifamily/affordable sector consisting of DAE Development staff, Davis Partnership Architects, Crossland Construction Company. This team has extensively studied the site to design the most advantageous layout and cost-effective building while still focusing on attractive design and utilizing quality materials.

8. *In your own words describe outreach that you have conducted within the proposed community. Describe any potential neighborhood opposition that may impact the project's readiness to proceed.*

The overall site developer and land seller, Century Communities, has conducted significant community outreach and had numerous public hearings through the entitlement process for the overall site plan approval over the last two years. The affordable project land is a use by right approved with the overall approved PUD entitlements. Furthermore, the City required the affordable component as part of the overall planned development final approval and neighborhood opposition is not an issue. The affordable component of the planned development was an important consideration in the City approving the planned development as they strive for diversity of housing types, especially at this high-profile TOD site. The City of Thornton is very supportive of this site and this project will be easily approved.

9% lihtc application narrative



Project Name: Fitzsimons Veterans Independent Living

Address: 1919 Quentin Street, Aurora, CO (TBD SE corner of Montview Blvd. & Quentin St.)

Executive Summary

The Housing Authority of the City of Aurora (AHA) proudly submits this LIHTC application to construct 50 units of senior (55+), independent living apartments designated for Veterans, Veteran spouses and Gold Star Family members (immediate family of soldiers who died during conflict). This project represents 12 years of work by the Housing Authority and the City of Aurora to manifest commitments made when the Fitzsimons Army Base closed. Veterans will live in a beautiful, new community, pay affordable rents, have access to acclaimed medical care and be supported by staff in a vetted model established at other senior AHA properties.

The 2.3 acre site is located in a Qualified Census Tract (QCT) on the Fitzsimons campus. Nationally recognized, Fitzsimons includes educational, patient care and research facilities enhancing Aurora's neighborhoods through a regional mobility network and existing open spaces. AHA believes there is no better place and no better time to demonstrate respect for those who have served than at the center for health care innovation in the metro area. The Development's close proximity to the VA hospital will positively impact veterans by reducing commuting times and increasing access to medical and social resources. The residential campus includes skilled nursing at the Veterans Community Living Center (VCLC), and Colorado Coalition for the Homeless' (CCH) permanent supportive housing at the Renaissance Apartments at Fitzsimons.

The building is a four-story, wood-framed, slab on grade structure featuring 56,700 gross square feet of well-designed residential units, connected amenity areas and supportive programming space. The design includes 40 one-bedroom, one-bath, and 10 two-bedroom, one-bath apartments. The central entry visually connects the community space, offices and residential units, while the courtyard provides protected outdoor amenities including a community garden and BBQ area. Each floor has a balcony, laundry facilities and trash chutes.

Accessibility both within the building and around the community is paramount, and AHA is designing each unit to be ADA Type A (as defined in the International Building Code). This approach assures apartments will remain functional as residents age or experience mobility decline. This design feature, coupled with staff support, allows residents to age in place. This model has been a proven success at other AHA senior properties.

The building's two elevators and two vertical stair towers provide ample circulation between floors and enhance the space through natural light and warm materials. The exterior will feature brick complemented by metal and cementitious siding. Roofing will consist of a highly energy-efficient, TPO system with rigid insulation.

Sustainability will be achieved through solar farm electricity purchases, pre-wiring for photovoltaic panels, window glazing, insulation, access to public transportation, pre-wiring for electric vehicle charging stations, and multi-modal infrastructure including bike parking and pedestrian paths. The property is "somewhat walkable" posting a walk score of 64, which is 49 percent above Aurora's overall score of 43. The transit score is 57, also above those for comparable properties and the bike score is 67.

The site plan considers human-scale movement throughout the 15-acres, providing walking paths, bike storage and natural wayfinding to existing bus stops. The site is adjacent to RTD Bus Route 20 and within a half mile of light rail at Fitzsimons Station.

Exterior amenities include community gardens, walking paths, covered bike parking, a dog run and courtyard oriented to maximize the green space between this building and the VCLC. Knowing that seniors face risk factors stemming from social isolation, the project will be pet-friendly, and facilitate connections between people and resources spanning the three developments. The building's interior includes community space, a common kitchen, a computer lab and library. The community space will accommodate supportive programming partnerships under discussion with the VA. Each floor has a shared balcony, communal laundry and trash chutes.

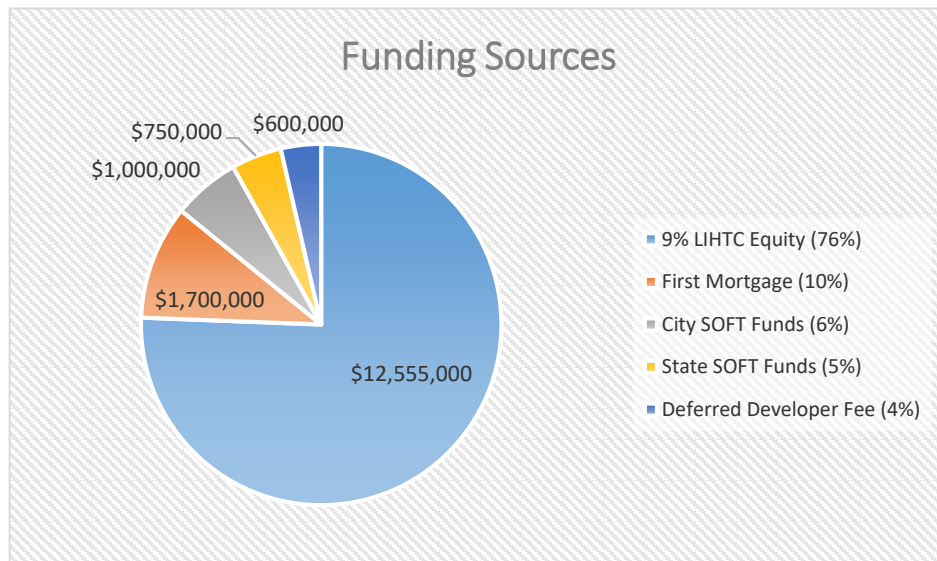
This project caps decades of political will, starting with the Fitzsimons Army Base Closure in 1999, and the McKinney-Vento Homeless Act giving 15-acres of surplus federal property to the Colorado Department of Human Services to house Veterans. After construction of the VCLC in 2002, the parcels flanking the nursing home sat vacant. AHA and the City met countless times with Colorado Department of Human Services (CDHS) representatives as well as members of the General Assembly to encourage development of the remaining parcels. Representative Su Ryden of Aurora took action and sponsored HB 16-1397, mandating the expeditious development of the parcels. This phase completes the vision for the site by offering a continuum of Veterans housing honoring and enhancing their lives.

Given the scarcity of Project Based Vouchers, and the additional qualification hurdles that accompany the creation of waiting lists, this project was designed to provide stand-alone deep subsidy units. The financial model includes *actual* 30 and 40 percent rents – fewer than 200 of these units exists within the PMA.

Many federal, state and local organizations have a stake in this development, and AHA worked closely with the VA, CDHS, the City of Aurora and CCH to design a project that connects and completes the campus while expanding services for residents. In addition to property

management, the building will have a full-time Service Coordinator position to help residents access medical care, transportation, food banks, and social opportunities. Specifically, the Service Coordinator will advocate for residents around mainstream benefits such as Old Age Pension, SNAP, Social Security, Medicare and supplemental insurance. The project development budget includes a tenant services reserve to support funding this position over 15 years.

Funding for the development will combine LIHTC equity, construction and permanent debt from FirstBank, a deferred developer fee, owner funds, soft funds from the City of Aurora, and the State Division of Housing.



Market conditions: The Market Study, prepared by Prior & Associates in December 2019, indicates a strong demand for age-restricted affordable housing units in the primary market area. Low vacancy rates (averaging 2.0 percent) combined with a growing population of senior renters, trend in a positive direction. The capture rate for senior, 55+ veterans in Aurora is 8.4%. Aurora in-migration coupled with the proximity to the VA hospital will be a compelling draw for tenants. Prior and Associates notes that, "...senior LIHTC projects were 98% occupied with waitlists and had historically occupancy rates of 100% and were predominately achieving the maximum allowable LIHTC rents, illustrating a significant pent-up demand for senior rental housing."

AHA recently lease up 82 units at Peoria Crossing in four months. Sixty-three percent of tenants came from outside the PMA. As was noted in the Market Study, "...the subject will attract tenants from Aurora and throughout the Denver MSA." AHA's recent experience at Peoria Crossing confirms this probability.

Readiness-to-proceed: The site is under the State (CDHS) jurisdictional control. AHA was awarded the proposal to develop the site on August 30, 2018. RFP 2018000233 provided a specific development timeline, and this LIHTC application allows AHA to meet these milestones.

- Timeline for development:
 - ✓ May 11, 2018 - RFP Submittal Date
 - ✓ June 2018 - Selection of successful Offeror
 - ✓ Summer 2018 - Development agreement negotiation and conceptual design
 - ✓ Fall 2018 - Stakeholder and neighborhood input
 - ✓ 2019 and 2020 - Design, financing and construction
 - ✓ 2nd quarter 2021 - Stabilized occupancy

The Site Feasibility Study provided specific development guidance that was incorporated into our design. The 1999 Memorandum of Agreement coupled with House Bill 16-1397 clearly indicate development intent. The site does not require zoning or development plan approval from the City of Aurora's Planning Department. However, building construction documents and site infrastructure plans will be reviewed and permitted through the City of Aurora. AHA will employ the same State/City of Aurora process navigated by CCH for the Veterans Renaissance Apartments at Fitzsimons.

Overall financial feasibility and viability: As demonstrated through our application, the project is feasible due to the donation of the land, tax credit equity, soft-funds from both the City of Aurora and the State Division of Housing, favorable financing, and deferred development fees. Our model includes lenders and equity partners with whom the Authority has had great success.

Experience and track record of the development and management team: The development team (AHA development staff, financial consultant, and owner's representative) is well experienced. AHA has sustained itself through varying market conditions since 1975. AHA owns and manages 810 units of affordable housing in 12 developments (11 of these utilized LIHTCs) in Aurora with a median occupancy of 99 percent. AHA has had a consistently positive track record with CHFA, lenders, equity investors, compliance, physical inspections, and City officials. Please see letter of support from Mayor Coffman.

Cost reasonableness: Given the current construction cost environment, AHA feels the per unit total development cost of \$332,722 is a conservative and reasonable budget for this development. Given the population served, donated land, and the legislative intent, AHA has designed a building with spaces to enrich and enhance the lives of the residents.

Proximity to existing tax credit developments: The PMA includes 2,084 units in 25 properties. Eighty-one percent of the existing inventory are family units, not age-restricted units. An additional 569 units are in the pipeline; 63 percent of which are family or permanent supportive housing. Senior housing units comprise 381 units of the existing tax credit inventory in the PMA and 205 senior units are in the pipeline.

Site suitability: This urban-infill site is well suited for the senior, veteran population. Proximity to acclaimed medical facilities, transportation and ancillary services consider the holistic needs of residents. As noted in the market study, the location provides “excellent visibility.” Roadways to the site and throughout the larger Fitzsimmons development provide access and multiple routes for circulation. Aurora Plaza shopping center is 1.3 miles south of the site, and includes a King Soopers grocery store. Aurora Center for Active Adults is within 1.5 miles of the site.

Storm sewer, water, and sanitary sewer infrastructure are in place. Grades fall three to four feet from south to north and a detention pond exists at the north end of the site. The proposed design maintains the detention pond serving the entire 15-acre campus. Given the campus-wide detention, parking, and ingress and egress requirements, AHA believes it has maximized the number of units to be developed on this site.

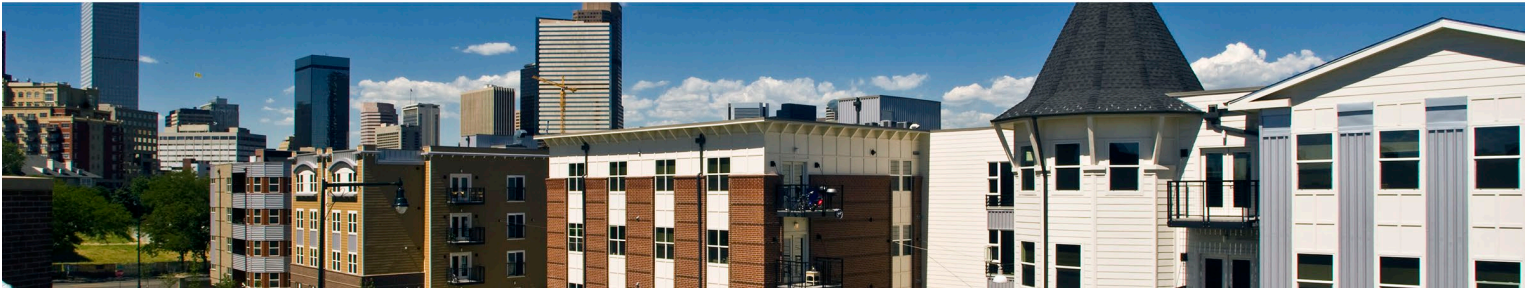
Market Study Issues: The updated Market Study did not list any weaknesses and, in fact, stated, “The subject’s senior (55+) veteran capture rate is 8.4% (13.6% for seniors 62+) and attainable, especially considering that the subject will attract elderly veterans from beyond Aurora that want to live close to the Rocky Mountain Regional VA Medical Center.”

Environmental Report Issues: The Phase 1, conducted by Strategic Environmental Management indicated a landfill was once located within 300 feet of the property. Subsequently, further methane testing was done on site. Results confirmed there is no methane detected on the site.

Cost Drivers/Containment: The current cost environment is extremely challenging. Our general contractor (GC) indicates that tariffs are causing significant cost unpredictability. Imported light fixtures have seen a 15 percent increase over last year’s pricing. Concrete is rising by two percent each quarter; in the past concrete prices increased only annually. Our owner’s representative said storefront windows, raw steel and rebar have seen significant increases. All this calls for a cautious approach to budgeting and a flexible approach to implementation. AHA will work very closely with our GC and architect to make material choices that work within our existing budget. Specific to this project, cost have risen 3.4 percent since AHA originally submitted this request for LIHTC in June 2019.

Community Outreach/Neighborhood Opposition: The land is owned by Colorado Department of Human Services, and an RFP was prepared to fulfill the statutory directive to build additional housing for veterans. Primary community outreach has been with staff of the VCLV, the VA, and CCH. It is our desire to develop and sustain a connected campus. Outreach is documented through letters of support. This is a unique development parcel, surrounded by biomedical commercial uses and typical neighborhood opposition is not anticipated.

9% lihtc application narrative



Project Name: **Golden Meadows Senior Housing – Phase I**
Project Address: **15th Street and Windshire Drive, Windsor, CO 80550**

1. Executive Summary:

- a. **Location** - Windshire Park master planned neighborhood in west Windsor.
- b. **Access to Public Transportation** – Urban level mass transit options are not available, but the Windsor Ride Program provides transportation assistance to residents age 55 and older, who reside in Windsor and are unable to drive themselves or do not have alternative transportation.
- c. **Type of Construction** - The building will be conventional wood-framed construction, with pre-engineered wood upper floor framing and roof trusses, concrete slab-on-grade over conventional foundation walls and spread footings. Exterior materials will be painted fiber-cement siding in a combination of horizontal lap and vertical board and batten patterns, limited expanses of rough-cut stone and architectural laminated fiberglass-reinforced asphalt shingles.
- d. **Population Served** - Moderate and low income senior households, 55 and older.
- e. **Bedroom Mix** - 44 1-BR/1-BA units and 8 2-BR/1-BA units.
- f. **Amenities** - Individual apartments will include full kitchens with self-cleaning oven/range, refrigerator, dishwasher, disposal and microwave oven, in-unit laundries with full size front-loading washers and dryers, accessible transfer showers, built-in coat and linen closets, large windows with window coverings, and individually-controlled heating and air conditioning. Exterior amenities include a covered porte-cochere for pick-up and drop-off of residents, a large outdoor gathering space with outdoor cooking/dining accessed off of the interior common gathering space, community gardens, and a variety of outdoor seating and gathering areas. The site and landscaping design include sidewalks and continuous walking paths to encourage a healthy senior lifestyle.
- g. **Services** - Management will arrange for local health and senior agencies to provide a range of education and health/wellness programming onsite within the building and will partner with several local service agencies to maximize available services for residents. Management will also help residents without cars arrange transportation for shopping, health care and other services.
- h. **Energy Efficiencies** – Design and construction will meet or exceed Enterprise Green Communities 2015 standards, with energy efficiencies that include Energy Star appliances and lighting, energy code-compliant thermal envelope construction and insulated Low-E glazing.
- i. **Financing** - CHFA Simple Perm Loan, CHFA HOF Loan, Windsor Housing Authority Land Note, fee waivers from the Town of Windsor and tax credit equity. The project will also have eight project-based Section 8 vouchers from the Greeley/Weld Housing Authority to assist the very low income residents.

The Windsor Housing Authority (WHA) requests an allocation of 9% LIHTC for the development and construction of Golden Meadows – Phase I, a 52-unit, 56,196 total sq. ft., 100% affordable, independent living housing development, designed to serve moderate and low income senior households. The project has been master planned for a second construction phase that will add an additional 38 units. A later Phase III development will add 33 one story senior bungalows. The Loveland Housing Authority (LHA) will have an ownership interest in Golden Meadows, will serve as the Developer for the project and will manage and maintain the facility upon completion.

Senior housing is a priority of the current Windsor Town Board, and the Mayor specifically requested that the WHA target senior housing (55 and older) for their next development. There are no existing senior tax credit projects in Windsor. The site selected is part of the Windshire Park master planned neighborhood in west Windsor, and the land is owned by the WHA. The site has convenient access to grocery stores, a drug store and other retail opportunities. It is also near numerous medical and dental offices, a variety of restaurants, and the Town's recreation facility that provides services to seniors. The site fronts 15th Street, a fully developed 4-lane arterial street that includes generous detached sidewalks to access all of the local businesses and services listed above. Additionally, the master planned neighborhood contains an internal walking path network that will be available to Golden Meadows residents.

Golden Meadows – Phase I will consist of 44 1-BR/1-BA units and 8 2-BR/1-BA units, ranging in size from 679 – 737 sq. ft. for the 1-BR units, and 935 – 938 sq. ft. for the 2-BR units. Income targets range from 30% - 60% AMI. The development is designed as a single 2-story, L-shaped building with generous common facilities centrally located for the ultimate 90-unit complex. The architectural design and materials have been developed to blend with the adjacent single-family residential development, and to complement the Windsor Meadows Apartments development immediately to the south, a two-phase, 80-unit family housing project that was constructed in 2013 and 2015.

The common area of the building includes approximately 2,480 sq. ft. of community space. The building will be served by two elevators, with one centrally located in the north Phase I residential wing and one at the south end of the building to allow shared use with the future Phase II residential wing. Amenities include a central lobby and waiting area with an open central stair, a large gathering space that can be configured for large group events or meals, a large kitchen with sit-up counter and full appliances, table and chair storage, multi-function spaces that can be used for small or large conference rooms, arts/crafts room and a library, fitness/wellness room, unisex public restrooms, and administrative office space. Some of these spaces can also be used for future programming, such as a drop-in wellness clinic.

The project will meet or exceed Enterprise Green Communities 2015 standards, which will facilitate the creation of quality affordable design and ensure long-term sustainability and energy efficiency. Energy efficiency features include Energy Star appliances and lighting, efficient combination heating/cooling systems with individual resident controls, IECC-compliant thermal envelope construction and insulated Low-E glazing. The building will also be engineered to be PV-ready, with south-facing roof planes designed for the future installation of photovoltaic panels.

Golden Meadows has strong local support and has been awarded fee waivers for Phase I of \$651,848. WHA intends to apply to the Colorado Division of Housing for gap financing, the WHA has received a commitment from the Greeley/Weld County Housing Authority for eight project-based Section 8 vouchers, and the WHA will provide approximately \$200,000 from other sources to support the development. Another strength of this project is the Loveland Housing Authority’s track record of development and management of LIHTC housing. In the past 15 years, the LHA has developed over 500 LIHTC units in Loveland, Windsor, Estes Park and Milliken, and has earned an excellent reputation for award-winning design, quality construction, and management of Section 42 funded properties.

Assuming a tax credit award, the project will break ground in early 2021. The proposed unit mix and targeted unit AMI levels for Golden Meadows – Phase I is:

Unit Type	AMI	Num. of Units	Unit Size (SF)	Rent*
1-BR/1 -BA	30%	3	679	PB Section 8
1-BR/1 -BA	40%	3	679	PB Section 8
1-BR/1 -BA	50%	18	679	\$743
1-BR/1 -BA	50%	1	680	\$743
1-BR/1-BA	50%	1	737	\$743
1-BR/1-BA	60%	16	679	\$891
1-BR/1-BA	60%	2	681	\$891
2-BR/1-BA	30%	1	937	PB Section 8
2-BR/1-BA	40%	1	938	PB Section 8
2-BR/1-BA	50%	2	935	\$891
2-BR/1-BA	60%	3	936	\$1,069
2-BR/1-BA Employee Unit	NA	1	936	\$891

* all rents are net maximum rents including applicable utility allowances

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

Golden Meadows – Phase I does not meet the priorities addressed in the QAP.

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

Market Conditions: As identified in our Market Study, there is strong market demand for this project, with a required capture rate of just 10.3% for existing, planned and potential units within the defined PMA.

Readiness to Proceed: The zoning of the property is RMU, Residential Mixed-Use, which allows the Golden Meadows – Phase I project to be developed as a use-by-right. The preliminary plat and site plan were submitted to the Town of Windsor for staff review in late 2019 and will be followed by submittal of the final plat and site plan. Final approvals are anticipated by the end of May 2020.

Design and construction drawings have been completed to a 100% Design Development (or 70% Construction Documents) level, and the design team is on board to complete 100% CDs upon award of tax credits. Construction documents are being prepared for both phases of the senior housing project, to minimize design costs and allow the design to reduce duplication of infrastructure expenses.

Overall Financial Feasibility and Viability: The project’s design and constructability have been thoroughly vetted through 100% Design Development, in an effort to maximize the cost-effectiveness of the overall development. This process included an extensive evaluation of prefabricated building construction methods before the design process even began. While those prefabricated options did not ultimately prove cost-effective, the modularity and repetition of the building layout developed for that study have assisted in helping reduce costs and construction waste. Further value analysis has led to reductions in construction costs for a variety of building systems and materials, including the reduction of unit sizes.

The operating budget is based on historical operations, so no significant fluctuations are expected. The LHA has a proven track record and relationship with equity and debt providers and will be able to successfully close this transaction in a timely fashion.

Experience and Track Record of the Development and Management Team: The Loveland Housing Authority will act as the developer of Golden Meadows – Phase I. LHA has an excellent track record of completing LIHTC projects on time and within budget. The key development principals have a combined 40+ years of developing and managing tax credit financed developments. Golden Meadows – Phase I will be the 17th successful LIHTC project developed by the LHA, with all previous LIHTC projects except one being new construction projects.

Cost Reasonableness: Due to the intense building activity that continues in Northern Colorado, construction costs have increased significantly over the past several years. The WHA and LHA have worked diligently with Pinkard Construction, our general contractor, and the Workshop8 design team to manage costs and expectations, and to identify and incorporate appropriate cost savings measures while maintaining the overall quality of design, construction and livability of the development.

Proximity to Existing Tax Credit Developments: As previously mentioned, the site of Golden Meadows – Phase I is immediately adjacent to the Windsor Meadows Apartments family housing development, a two-phase LIHTC project that was constructed in 2013 and 2015.

Site Suitability: The site of Golden Meadows – Phase I has been master planned for multi-family housing, and the zoning designation of RMU, Residential Mixed-Use, allows senior housing as a use-by-right, subject to the approved Windshire Park Master Plan. The site is fully developed, with street and utility infrastructure in place on three sides of the parcel.

4. **Provide the following information as applicable:**

- a. Justification for waiver of any underwriting criteria: N/A.

b. Justification of the financial need for CHFA's DDA credit up to 130% of qualified basis: N/A.

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

No issues reported.

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

No issues were raised in the Phase 1 Environmental Assessment and there are no recommended improvements needed.

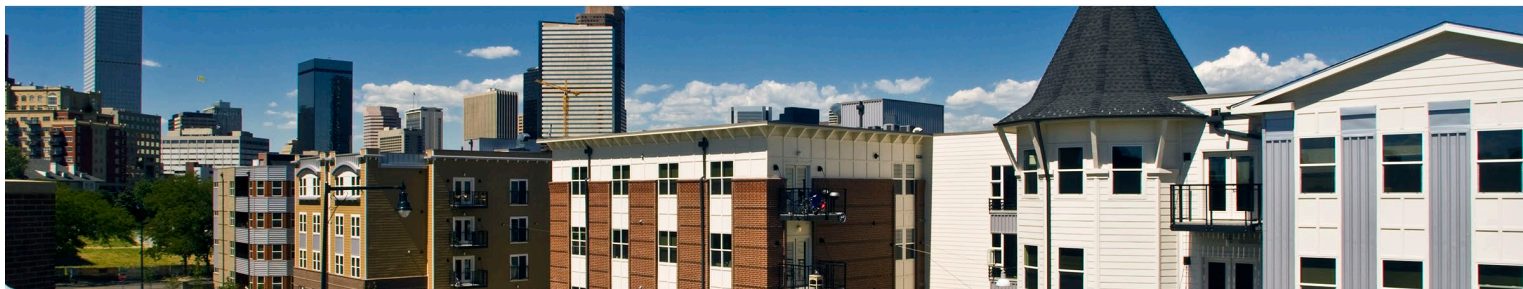
7. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:

- **Zoning Restrictions:** The zoning for the property, while allowing the proposed senior housing development as a use-by-right, also restricts the building height to two stories. If the building program could be accommodated in a three-story structure, economies in construction could be realized, such as a reduction in lineal footage of foundations, reduction of area of concrete slab-on-grade, reduction of area of roof, etc.
- **Density Limitations:** The total number of units allowed for development is limited by the sanitary sewer capacity available at the site.
- **Site Infrastructure:** Phase I site development includes a variety of construction items that will also be to the ultimate benefit of the proposed Phase II senior apartments addition and Phase III bungalows, including the entry road that extends through the site; the looped entry road at the covered porte-cochere drop-off; water, sewer and fire main piping; some storm water detention improvements; and exterior patios, sidewalks and other common amenities.
- **Common Area Size:** The central gathering space and other interior common amenities have been sized for the ultimate 90-unit senior housing complex, and therefore the construction costs are higher to accommodate the additional space included within the Phase I project.
- **Elevators:** The Phase I project includes two passenger elevators, one of which will have a guerney-sized cab, as required by the Colorado Division of Housing.

8. In your own words describe outreach that you have conducted within the proposed community. Describe any potential neighborhood opposition that may impact the project's readiness to proceed.

Prior to conducting two neighborhood meetings, the LHA/WHA design team incorporated feedback provided by the Windsor Planning department related to neighborhood concerns of a previous development proposed for the site. This feedback resulted in the Phase III one story bungalows being located adjacent to the single family detached neighborhood as a buffer to the two story Phase I and II senior building. The design team also incorporated feedback related to the size and scale of the two story building by adding gable end and shed dormers, porte-cochere and other architectural features, and will utilize building materials similar to the neighboring Windsor Meadows Apartments. These efforts resulted in very strong support for the project in the two neighborhood meetings, and no neighborhood opposition is expected.

9 % lihtc application narrative



Project Name: GreenHaus

Project Address: 2797 West 13th Avenue, Denver, CO 80204

- 1. Executive Summary: Sun Valley Homes (SVH) Redevelopment:** In 2016, Denver Housing Authority (DHA) was awarded a \$30 million Choice Neighborhood Initiative (CNI) Implementation Grant from HUD for DHA to implement the SV Neighborhood Transformation Plan. In November 2019, DHA responded to a HUD NOFA FY2019 Choice Neighborhood Supplemental Grant that was made available only for large previously awarded Grantees of the program. The successful Sun Valley CNI Supplemental Grant Application includes a revised housing/phasing plan that further minimizes resident displacement by advancing the next mixed-income replacement housing phases on vacant lots in the neighborhood—these offsite developments also accelerate important public street/right-of-way (ROW) improvements that will connect the isolated SVH to the surrounding communities. This Choice Grant opportunity also allows DHA to leverage the D3 Program investments to serve a wider range of income levels, offer larger-family unit types, and create a healthier distribution of replacement public housing units throughout the neighborhood (while adding another 400 units of housing per the D3 Program commitment). HUD’s award of the \$4 million supplemental Choice Grant also approves the revised Sun Valley Housing Plan, which includes 39% (333) public housing replacement units, 36% (307) LIHTC units, and 25% (210) unrestricted units available to households earning up to 110% Area Median Income (AMI). DHA will develop, own and operate all seven buildings included in the four SV Housing Phases and select outside partners to develop the remaining blocks to complete the Neighborhood Transformation Plan per the Sun Valley EcoDistrict adopted design guidelines. Gateway North and South made up the first phase and GreenHaus and Thrive make up the second phase. Please see the *HUD Choice Grant Documentation* narrative attachments and the *Sun Valley Phasing Plan* attachment for more information.

GreenHaus: GreenHaus is one part of phase two of the DHA’s Sun Valley Redevelopment, along with Thrive (a 4% LIHTC project). GreenHaus is a family project with 79 units, of which 63 are public housing replacement units supported by project-based vouchers. Located in a QCT along W. 13th Avenue directly west of I-25 in the heart of the Sun Valley neighborhood, the project will be Income Averaged and includes AMI restrictions from 30% to 80%, with an average of 43.8%. GreenHaus will have a range of bedroom types from one-bedroom units to five-bedroom units, including 11 townhome style units with a range of three-, four-, and five-bedroom units. In order to fulfill the CNI grant’s requirement to have unrestricted units in the Sun Valley redevelopment, the building will include 50 one-bedroom market rate units in a

separate condominium unit from the LIHTC portion of the project. The market rate units will be scattered throughout each floor of the building. DHA will utilize the Small Planned Communities condominium structure to establish two condominium units in one building. The market rate condominium unit will also include 1,671 SF of ground floor commercial space. The sources and uses for the market rate units and commercial space condominium unit are included in the commercial section of the application workbook.

GreenHaus will consist of type IIA over IA construction. The project will meet the 2015 Enterprise Green Community Standards and will include 10 EV ready parking spaces. GreenHaus will include on-site management, limited access entries, surveillance cameras, a community room, exercise room, picnic area, two tot lot/playgrounds, a community garden, terrace/plaza and roof deck with planters and a terrace. In-unit amenities will include central air conditioning, blinds, carpet, luxury vinyl plank flooring, a coat closet, refrigerator, stove/oven, dishwasher, garbage disposal and in-unit washer/dryer. GreenHaus includes ground floor commercial space, structured garage and surface parking, and a roof top deck with spectacular views of downtown and the Rocky Mountains. GreenHaus has two connected towers, the project will receive two certificates of occupancy. The two-tower concept of this building will allow air and sunlight to permeate the project with a central courtyard and rooftop deck. By incorporating glass in the corridors this typically stagnant part of the building will have natural direct and indirect sunlight.

This site is in close proximity to light rail, Lakewood Gulch open space, and the Rude Community Center. GreenHaus is on the site previously used for Denver Bronco stadium visitor parking. It is located within one block of a bus stop serving the 15L and 16 bus lines. The Decatur-Federal Light Rail station, serving the W line, is a six-minute walk (0.3 miles) along the north side of Rude Park. GreenHaus will also benefit from infrastructure improvements on 13th that will provide bike and pedestrian path connections to the Platte River and a regional trail system.

Financing of the Project will be achieved with a 9% Federal LIHTC equity investment in the approximate amount of \$13.2 million (\$1.35 million in annual credit). A combined public bond offering for the construction and permanent financing of the LIHTC and market components of Greenhaus and Thrive is anticipated. Soft funding will be provided from the Colorado Division of Housing, DHA's CNI grant and DHA's D3 Bond funds and deferred developer fee. In addition to the number of sources in the financing, the project is further supported by the City with the majority of ROW work being paid outside of the project budget. Please see the *Intergovernmental Agreement* attached for more details.

- 2. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):**
The Project does not directly meet any of the priorities in Section 2 of the QAP. However, GreenHaus will provide 63 deeply affordable units public housing replacement units with project-based vouchers, 37 of which are for households at or below 30% AMI.

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

- a. Market conditions:** The overall capture rate for the 70% and 80% AMI units for GreenHaus is 2.2%, indicating very high demand for these units. The market analyst noted that even with a 40% in-migration rate, the overall capture rate would still only be 3.0%. All surveyed LIHTC projects in the market study had high and stable occupancy rates over the past year, or since January or May 2019, showing a 1.7% vacant in November 2019 and waitlists with 25 to 165 applicants. The surveyed LIHTC projects not used as comparable properties in the market study were 0.2% vacant and all had waitlists with ten to 800 applicants, providing strong evidence of pent-up demand for affordable rental housing units.
- b. Proximity to existing tax credit developments:** The PMA has 39 LIHTC projects containing 2,501 income-restricted units. The market analyst noted that the project's LIHTC units without PBVs will compete directly with the 1,102 non-deeply subsidized existing family tax credit units that are comparable in terms of income restrictions and target market, while its deeply subsidized dwellings will compete directly with the 511 family deeply subsidized dwellings. The market study found that GreenHaus's common and in-unit amenities are comparable or superior to the majority of the LIHTC competitors and the majority of the unit sizes are slightly larger than the LIHTC competitors.
- c. Project readiness:** DHA has been working with development team partners and the City over the past 2 ½ years to prepare the project for an anticipated closing and construction commencement in October 2020. The land is under contract and the site is properly zoned. Site development plan approval is underway with the City and a March 2020 approval is anticipated. DHA will submit for building permits at the beginning of February 2020 and expects permit issuance in June/July 2020. Initial discussions with potential financing partners have taken place and DHA will proceed with the financial solicitation in February.
- d. Overall financial feasibility and viability:** DHA is evaluating a combined public bond offering for the LIHTC and market components of GreenHaus and Thrive backed by DHA's AA- rating. This execution provides very low interest rates, increased equity pricing due to an elongated pay-in schedule, and synergies considering the project's complexity with the market rate condo. Please refer to the Letter of Intent from the Lender submitted with the application for more information. DHA is providing a significant financial commitment to GreenHaus to close the financing gap and help ensure the long-term financial sustainability of the project. The Colorado Division of Housing (CDOH) has provided a letter of support and DHA anticipates approximately \$945,000 in soft funding from CDOH. In addition to the number of sources in the financing, the project is further supported by the City with of the majority of offsite work being paid outside of the project budget, as previously noted.
- e. Experience and track record of the development and management team:** DHA has significant experience and a long-track record of developing high quality affordable housing developments in Denver. DHA is also currently constructing Phase 1 of the Sun Valley neighborhood redevelopment, which includes Gateway North & South (187-unit family developments). DHA

recently completed construction of Platte Valley Homes, which included the redevelopment of 50 existing public housing units and new construction of an 18 unit fully accessible senior property. DHA was also the master developer for all nine phases of the 17-acre Mariposa redevelopment, which included the construction of 517 units and approximately 30,000 sf of commercial and community space. The rental housing program replaced all 229 public housing units and added 176 workforce units serving 50-60% AMI and 112 market rate units. In addition to recent LIHTC developments, DHA specializes in creating thriving communities by working closely with each neighborhood's stakeholders. DHA has successfully navigated neighborhood outreach in Curtis Park, Benedict Park, Mariposa, and Sun Valley. DHA considers neighbors to be partners in the revitalization process resulting in award winning projects. DHA also recently received an AA- rating from Standard & Poor's as part of the D3 Bond funds issuance. Please *see D3 Rating Assessment* attached for more details.

- f. Project costs:** The project's construction and soft costs budgets have been developed using current, local data generated by the General Contractor and corroborated by other local construction information and informed by DHA's recent development budgets.
 - g. Site suitability:** GreenHaus is part of the second phase in the redevelopment of the Sun Valley neighborhood which will replace concentrated poverty and lack of neighborhood population with vibrant, mixed-income, mixed-use developments that offer replacement housing for all existing residents and attract many varied households to the community. The site is within 0.2 miles from an elementary school, 200 feet from the Rude Park Child Center, which provides daycare, 0.6 miles from the Congregational Head Start and 0.7 miles from a library. Rude Park and Recreation Center is a neighborhood park at 2855 West Holden Place, 200 feet west of the site, with ball fields, children's play equipment, trails, picnic areas and a creek. The recreation center has a gymnasium, exercise room, indoor swimming pool, meeting rooms for community activities and other amenities. The nearest bus stop is at Decatur Street and West Holden Place, 130 feet to the south of the site. Residents can ride Route 15L and 16 buses from this location. The Decatur/Federal Light Rail Station (W Line), with a stop at Decatur Street and West Howard Place, is 0.1 mile northwest of the site.
- 4. Provide the following information as applicable:**

 - a. Justification for waiver of any underwriting criteria: N/A
 - b. Justification of the financial need for CHFA's DDA credit up to 130% of qualified basis: N/A
 - 5. Address any issues raised by the market analyst in the market study.** The market study did not raise any issues. The study had no recommended changes.
 - 6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated.** The Phase I concluded that light industrial businesses were located on the subject property between 1930 and 1976. Although no contamination was reported in the Phase I, this is considered a Recognized Environmental Condition. In addition, due to the age of the buildings formerly on the site and since demolition occurred in the late-1970s to early 1980s, the report noted the potential for asbestos-

containing material (ACM) to be present in soils exists. For these reasons the Phase I recommended a Phase II. The Phase II found levels of lead and benzo(a)pyrene in the fill material layer of the soils on the southeast corner of the site and recommended removal. Asbestos was not detected in the soils sampling. DHA has budgeted \$25,000 for removal of the contaminated soil on the southeast corner of the site. DHA will work with the General Contractor and environmental consultants to prepare and abide by a Materials Management Plan as recommended in the Phase II.

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.

Costs for the project are increased due to the many 3-,4-, and 5-bedroom units that are included in order to be responsive to the CNI Grant and to the community needs for larger family units. Costs for the units are in line with other recent DHA projects; see the *Cost Analysis attachment* for more information. Connecting the two towers and providing residents a rooftop deck also increases costs but creates a modern site design with effective community gathering space. The underground structured parking, which is necessary to accommodate the density DHA sought to achieve on the site and meet the open space stipulations required by the existing zoning, increases normal parking costs. To execute the necessary phasing for the Sun Valley redevelopment and relocation plan DHA had to purchase the parcel adding cost. Finally, the IIA/IA construction and the Davis Bacon wage rates increase costs but are essential to the project (Davis Bacon adds an approximate 7-10%).

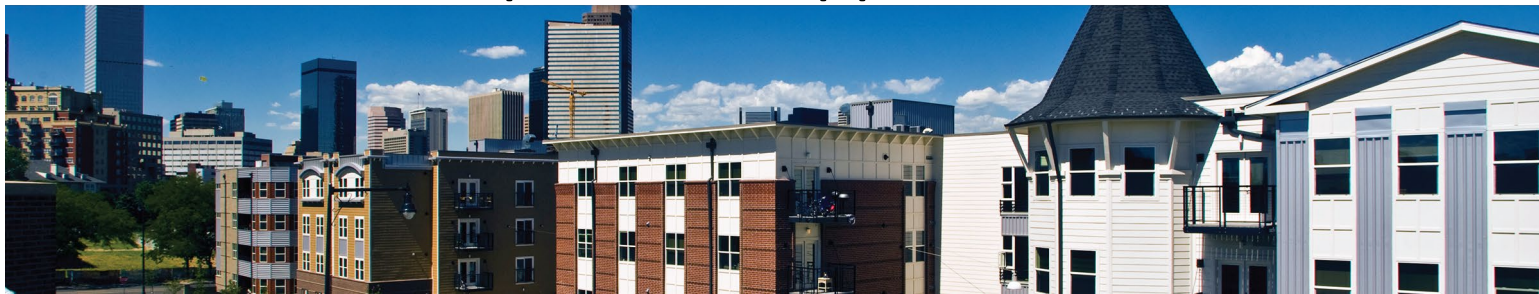
8. In your own words describe the outreach to the community that you have done and describe local opposition and/or support for the project (including financial support).

Following the extensive community process through master planning and Gateway's design, DHA and the A&E Team have participated in multiple community open houses, CAC workshops, and Local Resident Council meetings to arrive at the community-driven design and final program of GreenHaus (please see the GreenHaus Design Package for more details).

Provide further detail on the following items if applicable:

- a. Asbestos Containing Materials management: Due to the historical light industrial use on the property and surrounding area, a Materials Management Plan will be prepared to address any impacts to soil, groundwater, and or building debris encountered during sitework.
- b. Lead-Based Paint management: N/A
- c. Radon mitigation: The project satisfies the radon mitigation requirement by the inclusion of a mechanically ventilated garage that is in constant negative pressure per the mandatory requirements specified by credit 7.8 in the 2015 EGC guidelines.
- d. Green Systems (Solar, Geothermal, Other, etc.): The project will meet Enterprise Green Communities and provide EV ready parking spaces and a solar ready roof. PV will be added to the roof through unused contingency.

4% pab lihtc application narrative



Project Name: Thrive

Project Address: 2660 West Holden Place, Denver, CO 80204

- 1. Executive Summary: Sun Valley Homes (SVH) Redevelopment:** In 2016, Denver Housing Authority (DHA) was awarded a \$30 million Choice Neighborhood Initiative (CNI) Implementation Grant from HUD for DHA to implement the SV Neighborhood Transformation Plan. In November 2019, DHA responded to a HUD NOFA FY2019 Choice Neighborhood Supplemental Grant that was made available only for large previously awarded Grantees of the program. The successful Sun Valley CNI Supplemental Grant Application, includes a revised housing/phasing plan that further minimizes resident displacement by advancing the next mixed-income replacement housing phases on vacant lots in the neighborhood—these offsite developments also accelerate important public street/right-of-way (ROW) improvements that will connect the isolated SVH to the surrounding communities. This Choice Grant opportunity also allows DHA to leverage the D3 Program investments to serve a wider range of income levels, offer larger-family unit types, and create a healthier distribution of replacement public housing units throughout the neighborhood (while adding another 400 units of housing per the D3 Program commitment). HUD’s award of the \$4 million supplemental Choice Grant also approves the revised Sun Valley Housing Plan, which includes 39% (333) public housing replacement units, 36% (307) LIHTC units, and 25% (210) unrestricted units available to households earning up to 110% Area Median Income (AMI). DHA will develop, own and operate all seven buildings included in the four SV Housing Phases and select outside partners to develop the remaining blocks to complete the Neighborhood Transformation Plan per the Sun Valley EcoDistrict adopted design guidelines. Gateway North and South made up the first phase and GreenHaus and Thrive make up the second phase. Please see the *HUD Choice Grant Documentation* narrative attachments and the *Sun Valley Phasing Plan* attachment for more information.

Thrive: Thrive is one part (4% LIHTC project) of Phase II of the DHA Sun Valley Development Plan, along with GreenHaus (9% LIHTC project). Thrive is a family mixed-affordable project with 105 income-restricted units, of which 62 are public housing replacement units supported by project-based vouchers (via Tenant Protection Vouchers committed through the Sun Valley Choice Neighborhood Implementation Grant). Thrive, located in a QCT between I-25 and Federal Blvd on W. Holden Place in the heart of the Sun Valley neighborhood, will serve families earning between 20% and 80% of the Area Median Income (AMI). The project includes many larger units for families, including 34 three-bedroom units (12 of which are townhome-style along Holden Street), 4 four-bedroom, and 4 five-bedroom stacked family flats. In order to fulfill the CNI grant requirements and DHA’s commitment of creating mixed-income communities, each housing

phase in the Sun Valley redevelopment must incorporate at least 20% unrestricted (or “market-rate”) units. The overall building will include 30 one-bedroom market rate units in a separate condominium unit from the LIHTC portion of the project. The market rate units will be scattered throughout each floor of the building (please see the Design Package for further detail on the location of the market rate units within the building). DHA will utilize the Small Planned Communities condominium structure to establish two condominium units in one building. The sources and uses for the market rate units are included in the commercial section of the application workbook.

The project will meet the 2015 Enterprise Green Community Standards and will include 11 EV ready parking spaces. The project will consist of one seven-story building that will be comprised of three interconnected pods that are connected by a light filled corridor spine thoughtfully designed to fill corridors with excellent views while building a small community feel in each respective pod. The exterior facade varies the selected materials between elevations, featuring durable metal siding panels with brick, concrete, and fiber cement siding accents. Please refer to the *Cost Estimate Narrative* for more details. Ground floor townhomes will provide a pedestrian scale to the Holden street-frontage, reinforcing the historically residential area of the neighborhood while incorporating New Urbanism and [HLI](#) design principals. Wide sidewalks will provide safe and connected outdoor spaces to promote strolling and lingering while also providing a balanced multi-modal area for bicycles and motorists. Thrive will help complete the infill along the newly aligned 13th Street and Bryant Street.

Thrive is located within a block of a Decatur St. and W Holden bus stop serving the 15L and 16 bus lines. The Decatur-Federal Light Rail station, serving the W line, is a ten-minute walk (0.4 miles) along the south and west side of Rude park. It is also within a short walk of Lakewood Gulch and Platte River trail system, Rude Community Center and the new Grow Market will offer culturally relevant affordable fresh foods & produce a few blocks away at Gateway South. Interior project amenities will include on-site management, bike storage/maintenance space, a community room, a media room, and a common kitchen. The building will feature a large shared outdoor amenity deck for residents located on the third floor of the building. The deck will include space for a variety of activities and age groups: a contemplative zone adjacent to the property’s community garden, an active play area inclusive of a basketball hoop, a climbing area for younger children, and an outdoor community kitchen with a lounge and BBQ grills. Security amenities on the property will include limited access entries and surveillance cameras. Thrive will also benefit from infrastructure improvements on 13th that will provide bike and pedestrian path connections to the Platte River and regional trail system. Services will be provided by DHA’s Community Connections team located at the People’s Hub on W Holden. Resident Services include employment assistance and job training, health and services navigation, resources and referrals, community engagement and cohesion, youth services, transportation assistance and educational enrichment opportunities.

Financing of the Project will be achieved with a 4% Federal LIHTC equity investment in the approximate amount of \$18 million (\$1.8 million in annual credit). Soft funding will be provided from the Colorado Division of Housing, DHA’s CNI grant and DHA’s D3 Bond funds and deferred

developer fee. In addition to the number of sources in the financing, the project is further supported by the City of Denver with \$16.7 million of offsite work being paid outside of the project budget. Please see the *Infrastructure Intergovernmental Agreement* attached for more details.

- 2. Description of Bond Financing:** A combined public bond offering for the construction and permanent financing of the LIHTC and market components of GreenHaus and Thrive is anticipated. Please see the attached Letter of Interest from the Lender submitted with this application for more detail. For Thrive's LIHTC project, DHA estimates \$34,870,000 in construction period bonds (\$25,200,000 tax exempt) and \$20,975,000 in permanent period bonds. DHA will be the conduit bond issuer on behalf of the LIHTC partnership.
- 3. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):** The Project does not directly meet any of the priorities in Section 2 of the QAP. However, Thrive will provide 62 deeply affordable units public housing replacement units with project-based vouchers, 37 of which are for households at or below 20% AMI and or 30% AMI.
- 4. Describe how the project meets the criteria for approval in Section 2 of the QAP:**
 - a. Market conditions:** The overall capture rate for Thrive is 13.4%. The 70% and 80% AMI units have respective rates of 1.5% and 2%. The 60% capture rate is listed at 32.2% is above the CHFA threshold, but the market analyst notes the capture rate is overstated because the analysis does not consider demand from renter growth and the subject only has one-bedroom 60% AMI units, while the inventory includes larger unit types. All LIHTC projects surveyed in the market study had high occupancy rates over the past year, were 1.7% vacant in November 2019 and had waitlists with 25 to 165 applicants. The surveyed LIHTC projects not used as comparable properties were 0.2% vacant and all had waitlists with ten to 800 applicants, providing strong evidence of pent-up demand for affordable rental housing units.
 - b. Proximity to existing tax credit developments:** The PMA has 39 LIHTC projects containing 2,501 income-restricted units. The market analyst noted that the project's LIHTC units without PBVs will compete directly with the 1,102 non-deeply subsidized existing family tax credit units that are comparable in terms of income restrictions and target market, while its deeply subsidized dwellings will compete directly with the 511 family deeply subsidized dwellings. The market study found that Thrive's unit and project features superior to the LIHTC properties it is most competitive with.
 - c. Project readiness:** DHA has been working with development team partners and the City over the past years, as part of a shared commitment to the D3 Intergovernmental Agreement, to prepare the project for an anticipated closing and construction commencement in October 2020. DHA owns the land and the site is properly zoned. DHA has been released from Concept Design and anticipates completing construction documents and submitting for Building Permits in March 2020. Initial discussions with potential financing partners have taken place and DHA will proceed with the financial solicitation in February.

- d. Overall financial feasibility and viability:** DHA is evaluating a combined public bond offering for the LIHTC and market components of GreenHaus and Thrive backed by DHA's AA- rating. This execution provides very low interest rates, increased equity pricing due to an elongated pay-in schedule, and synergies considering the project's complexity with the market rate condo. Please refer to the Letter of Intent from the Lender submitted with the application for more information. DHA is providing a significant financial commitment to Thrive to close the financing gap and help ensure the long-term financial sustainability of the Project. The Colorado Division of Housing (CDOH) has provided a letter of support and DHA anticipates approximately \$1,000,000 in soft funding from CDOH. In addition to the number of sources in the financing, the project's offsite work (including all public wet utility line) beyond property lines adjacent to the site are eligible for the G.O. Elevate Bond 13th Ave. project costs (to be covered in a separate off-site infrastructure contract with DHA paid outside of the Thrive project budget).
- e. Experience and track record of the development and management team:** DHA has significant experience and a long-track record of developing high quality affordable housing developments in Denver. DHA is also currently constructing Phase 1 of the Sun Valley neighborhood redevelopment, which includes Gateway North & South (187-unit family developments). DHA recently completed construction of Platte Valley Homes, which included the redevelopment of 50 existing public housing units and new construction of an 18 unit fully accessible senior property. DHA was also the master developer for all nine phases of the 17-acre Mariposa redevelopment, which included the construction of 517 units and approximately 30,000 sf of commercial and community space. The rental housing program replaced all 229 public housing units and added 176 workforce units serving 50-60% AMI and 112 market rate units. In addition to recent LIHTC developments, DHA specializes in creating thriving communities by working closely with each neighborhood's stakeholders. DHA has successfully navigated neighborhood outreach in Curtis Park, Benedict Park, Mariposa and, Sun Valley. DHA considers neighbors to be partners in the revitalization process resulting in award winning projects. DHA also recently received an AA-rating from Standard & Poor's as part of the D3 Bond funds issuance. Please *see D3 Bond Rating* attached for more details.
- f. Project costs:** The project's construction and soft costs budgets have been developed using current, local data generated by the General Contractor and corroborated by other local construction information and informed by DHA's recent development budgets.
- g. Site suitability:** Thrive is part of the second phase in the redevelopment of the Sun Valley neighborhood which will replace concentrated poverty and lack of neighborhood population with vibrant, mixed-income, mixed-use developments that offer replacement housing for all existing residents and attract many more varied households to the community. The site is within 400 feet from an elementary school, 0.1 miles from the Rude Park Child Center, which provides daycare, 0.9 miles from the Congregational Head Start and 0.6 miles from a library. Rude Park and Recreation Center is a neighborhood park 0.2 miles from the site with ball fields, children's play equipment, trails, picnic areas and a creek. The recreation center has a gymnasium, exercise room, indoor swimming pool, meeting rooms for community activities and other amenities. The nearest bus stop is at Decatur Street and West Holden Place, 0.1 mile to the west of the site.

Residents can ride Route 15L and 16 buses from this location. The Decatur/Federal Light Rail Station (W Line), with a stop at Decatur Street and West Howard Place, is 0.3 miles northwest of the site.

4. Provide the following information as applicable:

- a. Justification for waiver of any underwriting criteria: Please see the *Cost Basis Waiver Request*
- b. Justification of the financial need for CHFA's DDA credit up to 130% of qualified basis: N/A

5. Address any issues raised by the market analyst in the market study. The market study did not raise any issues. No changes were recommended.

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 ESA Phase I recommendations are minimal and steps have already been made to remove debris from site and acknowledged in the Geotechnical Report and included in the General Contractor's estimate.

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.

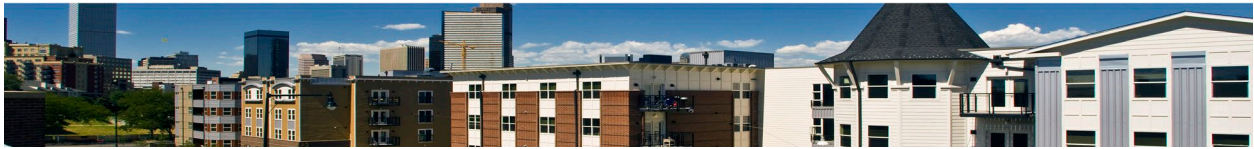
Costs for the project are increased due to the many 3-,4-, and 5-bedroom units that are included in order to be responsive to the CNI Grant and to the community needs for larger family units. Costs for the units are in line with other recent DHA projects; see the *Cost Analysis attachment* for more information. Building property-to-property line adds additional cost for shoring and added time/cost for working on a constrained site. The podium structured parking, which is necessary to accommodate the density DHA sought to achieve on the site and meet the open space stipulations required by the existing zoning, increases normal parking costs. To execute the necessary phasing for the Sun Valley redevelopment and relocation plan DHA had to purchase the parcel adding cost. Finally, the IIA/IA construction and the Davis Bacon wage rates increase costs but are essential to the project (Davis Bacon adds an approximate 7-10%).

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).

Following the extensive community process through master planning and Gateway's design, DHA and the A&E Team have participated in multiple community open houses, Community Advisory Committee workshops, and Local Resident Council meetings to arrive at the community-driven design and final program of Thrive.

Provide further detail on the following items if applicable:

- a. Asbestos Containing Materials management: N/A
- b. Lead-Based Paint management: N/A
- c. Radon mitigation: A passive radon mitigation system is design and included in the cost of construction per the mandatory requirements specified by credit 7.8 in the 2015 EGC guidelines.
- d. Green Systems (Solar, Geothermal, Other, etc.): The project will meet Enterprise Green Communities and provide EV ready parking spaces.



Greyhound Park Empowerment Apartments

EXECUTIVE SUMMARY

The *Greyhound Park Empowerment Apartments* will be a free-standing, 50-unit permanent supportive housing (PSH) apartment building on the grounds of the former Mile High Greyhound Park in Commerce City, CO. Denver-based organizations Delwest Development Corp. and The Empowerment Program have partnered to construct, program and staff the building to provide a sustainable and holistic approach to the challenges faced by people experiencing homelessness in the northeast metro area. In support of the project, Commerce City will donate the land necessary to achieve the full potential of the *Empowerment Apartments*. The site is under contract and appropriately zoned for construction.

Colorado Division of Housing (DoH) will provide *Empowerment Apartments* with 50 project-based vouchers specific to adults experiencing homelessness with a disabling condition or other special needs. The *Empowerment Apartments* will serve individuals and families who are very low-income (at or below 30% of AMI), are experiencing homelessness and/or have a disabling condition or other special needs. Preference will be given to people who could benefit from services due to previous incarceration and/or behavioral health needs. The Empowerment Program will serve as the lead provider of trauma-informed, harm-reduction services to ensure tenants achieve long-term housing stability.

The building will be located in a Qualified Census Tract (QCT). The site is adjacent to the Rt. 62 RTD line and is within two blocks of the depot for four additional RTD lines that serve downtown Denver, Stapleton, south on Colorado Blvd. and northwest to the new N Line east of I-25. The building will be located on a portion of the 65-acre, mixed-income community development that Delwest will begin construction on in 2020.

The *Empowerment Apartments* has been designed as a 4-story, elevator-equipped, Net Zero Energy Building (NZEB). It will be wood-framed with stucco, brick and metal-paneled exteriors, a flat membrane roof, a post-tension concrete foundation, and a PTAC HVAC system. Access will be highly secured, with a 24-hr. staffed front desk adjacent to the 4,500-sq.-ft. first floor service provider space. The specific unit mix is as follows:

	Unit Type	Number	Sq. Footage	AMI	Rents
	1 BR	10	578	30%	\$1182
	1 BR	27	578	60%	\$1182
	2 BR	3	738	30%	\$1466
	2 BR	10	738	60%	\$1466
TOTAL		50	31,140	AVG: 52.2%	\$62,792

While current schematics show that the project can provided the required 63 parking spaces, the intent is to secure a parking reduction and provide 23 spaces. If the project does receive approval for less spaces, the excess parking areas will be converted into additional green space and amenities for the residents (e.g., a meditation garden, labyrinth, playground and/or eating area, etc.).

This project will seek funding from the DoH for construction, services and project-based vouchers, as well as construction funding from the Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP). The only loan on the property will be a construction loan that will be repaid from tax credit proceeds.

QAP PRIORITIES ADDRESSED

This *Empowerment Apartments* will meet two of the three priorities specified in the 2020 QAP:

- It will serve homeless persons.
- It will serve persons with special needs.

QAP CRITERIA MET

To serve the lowest-income tenants. – Tenants will be low-income individuals struggling with housing security and/or homelessness who are in desperate need of the subsidies being sought from DoH.

Located in a QCT and contributing to a Concerted Community Revitalization Plan. – The site is located in a QCT. As part of the larger Greyhound Park development, this project will represent a significant contribution to Commerce City’s concerted and ongoing revitalization efforts. By transforming a large, desolate site into an active and diverse community with hundreds of market rate and affordable apartments and single-family homes, Delwest will be able to provide options and opportunities across the entire income and housing spectrum.

To provide for distribution of housing tax credits across the state, including larger urban areas, smaller cities and towns, and rural and urban areas. – The majority of the projects identified in the market study as serving homeless people in the metro area are located in the City of Denver. The *Empowerment Apartments* will be located in the small municipality of Commerce City, which will serve to diversify the distribution of housing tax credits as well as the locations of LIHTC-funded developments.

To provide opportunities to a variety of qualified applicants of affordable housing, both for-profit and nonprofit. – As a joint venture between Delwest (a for-profit development firm) and The Empowerment Program (a non-profit support and housing organization), this hybrid project meets the criterion of this principle.

To distribute housing Tax Credits to assist a diversity of populations in need of affordable housing, including individuals with children, senior citizens Homeless Persons and persons in need of supportive housing. – This project will serve both homeless persons as well as those in need of supportive housing in an environment that will foster progress towards independent and sustainable lifestyles.

To provide opportunities for affordable housing within a half-mile walking distance of public transportation. – There are a number of RTD bus lines with service to points north, south, east and west available to residents. Tenants will have direct access to the Rt. 62 bus stop directly adjacent to the site as well as three additional routes (40, 44 & 48) that stop at East 60th & Dahlia (0.4 mile away). These lines run southeast, south, to Downtown Denver and to the future station of the N train line northwest of the site. As indicated in the market study, the current walk score of 61 will improve when the N line is completed (prior to the completion of the *Empowerment Apartments*).

To support maximum density when feasible based on demonstrated market demand and available funding. – The density of this site and the entire Greyhound Park development is considerably higher than the surrounding neighborhood of primarily single-family homes. This site will be more than 40 units per acre while the surrounding neighborhood is measured at eight to 15 units per acre.

Housing that meets Advanced Energy performance standards. – The building is designed to achieve Net Zero energy status with solar panels on the roof, highly efficient heating and cooling, and Energy Star-rated appliances and building materials and systems.

Market Conditions

As indicated in the market study, this project addresses a significant and growing housing need in the northeast Denver metro area and has no perceived or identified weaknesses. Lead service provider The Empowerment Program has decades of relevant experience not only through its provision of trauma-informed services but also its ownership and management of five affordable housing/PSH developments in the Denver metro area. It is already a trusted partner to the referral sources for the target population of extremely low-income individuals experiencing homelessness with a disabling condition or other special needs.

Proximity

Nearby LIHTC-funded properties include Mercy Holly Park West (Holly and 60th St.), Village Crest Apartments (Kearney and 62nd St.), Conter Estates Senior Apartments (Monaco and 60th St.), and Kearney Plaza Apartments (Kearney and 63rd St.). The 4% LIHTC Greyhound Park Apartments will be built directly across the street from the *Empowerment Apartments* and will serve a workforce population that can be assumed will have a higher average income than the *Empowerment Apartment* tenants. None of these projects provide for Permanent Supportive Housing or target servicing the homeless population.

Project Readiness

The Commerce City Housing Authority is extremely supportive of the *Empowerment Apartments* project, and has helped secure the appropriate zoning. The same development and construction team that brought Baker School Apartments affordable housing to market on time and under budget are already lined up to begin. When construction of the surrounding Greyhound Park infrastructure begins spring, 2020, Delwest will acquire Greyhound Park Empowerment LLC site as part of a larger parcel. Construction will be tasked with providing water, sewer and other necessary infrastructure to the edge of the site to provide further efficiencies when the project is ready to begin.

Financial Feasibility and Viability

Greyhound Park Empowerment LLC is a financially feasible project that has been carefully planned by individuals with significant amounts of experience in funding, building and servicing affordable housing developments as well as coordinating and providing the services that will be needed by residents.

Pertinent financial details are as follows:

- Commerce City will donate the land for the *Empowerment Apartments* and surrounding amenities (including parking, green areas, etc.)
- Redstone Bank has indicated interest in providing an equity investment in the project.
- DoH has participated in positive discussions about the possibility of capital fund financing, and anticipate an application after tax credits are approved. It is also simultaneously evaluating the project's request for 50 vouchers and service funding to support future *Empowerment Apartment* tenants.
- The project will apply to the Federal Home Loan Bank of Topeka for AHP funding in June 2020 when these applications are due. It is anticipated that the project's score for AHP will be at or above the score necessary for funding based on awards given over the past two years.

Team Experience & Track Record

In the last five years, Delwest has created 329 new affordable housing units in the Denver metro area, including 298 LIHTC apartments all at 60% AMI and below, 23 workforce housing units at 80% AMI, and 8 residences in its portfolio of formerly distressed properties. It is currently managing more than 150 project-based, tenant-based and veteran-based vouchers in its affordable housing portfolio.

The 156-unit Park Hill Station (4055 N. Albion Street) was opened in 2016 to provide high-quality new construction for Denver residents in need of affordable housing, including the homeless and formerly homeless. There are currently 80 voucher-funded apartments at Park Hill Station, with 11 PSH vouchers. PSH voucher recipients at Park Hill Station have case workers from a variety of local service providers, including South Metro Housing, MHCD, Atlantis, United Way and Urban Peak. Amenities at this particular property include pet-friendly apartments, washers and driers standard in each unit, free parking, a large clubhouse with games and computers, and easy access to the Light Rail and other public transit options.

As part of a growing focus on providing wraparound supportive services at Park Hill Station and other Delwest properties, the firm also created a Program Services Coordinator position to pursue and oversee partnerships with nonprofits and strategic alliances to best deliver on-site support focused on keeping families together, happy and healthy within their homes. One such alliance is with the nonprofit Growing Home, which provides homeless prevention support, life skills classes and access to food, healthcare and financial assistance at the Delwest Baker School Apartments affordable housing development in Adams County.

The Empowerment Program is a Denver-based nonprofit with an outstanding record of providing PSH and support services to individuals who are in disadvantaged positions due to incarceration, homelessness, poverty, living with HIV/AIDS, and/or involvement in the criminal justice system. Empowerment participates in the HUD-funded Shelter Plus Care Program funded by Denver DHS as well as the Metro Denver Housing Initiative that refers chronically homeless individuals with disabilities to Empowerment housing. All properties are monitored by HUD, Denver DHS and Denver Office of Economic Development.

One of Empowerment's primary goals is to help people obtain and maintain stable, safe housing by providing individualized care management, long-term supportive services, and resource coordination. Empowerment consistently surpasses the required success rate of 82%, with 100% of the residents

successfully maintaining their housing or moving to other permanent housing. Indeed, Empowerment's success in achieving resident outcomes at the five transitional and permanent housing apartment buildings it currently owns and operates is outstanding, and has been credited with decreasing the number of Colorado residents living in poverty.

All Empowerment services utilize trauma-informed, harm reduction, non-judgmental, and strengths-based approaches that are gender-responsive and culturally inclusive. The on-site programming that would be provided at the *Empowerment Apartments* includes but is not limited to:

- **Behavioral Health Treatment Services** including individual and group mental health, trauma and substance use disorder treatment, HIV/AIDS outreach, testing and care, acupuncture as a holistic approach to withdrawal treatment and pain management, as well as peer social activities.
- **Employment Services** including individualized job placement and support maintaining employment, post-secondary career counseling, assistance registering for community colleges and technical education programs, resume support and assistance with work-related tools and clothing.
- **Education & Support Groups** regarding trauma and substance use disorders, including relapse prevention, trauma recovery, trauma narratives and anger management programming.

Empowerment also has deep experience with diverse financing of tax credit properties, Housing Choice vouchers, VASH vouchers, HOME and others.

Together, the experience of Delwest and Empowerment in developing, financing, opening and managing PSH and other affordable housing developments in the Denver metro area is unmatched. The team understands the market and the specific requirements of vulnerable populations, and are well-versed in harnessing local and national resources to ensure all stakeholders are engaged, aligned and supported. Further, the team has engaged the services of BeauxSimone Consulting, a national leader in the development and management of PSH with deep expertise in the Colorado market.

To learn more, please take a moment to watch the short video linked to below about Delwest, Empowerment. and the services and housing we're excited to bring to individuals and families in great need in Commerce City.

delwest.com/GPEApts

Project Costs

Both hard and soft costs to construct this project are at or below the median for similar projects. Even with the extensive common areas and outdoor spaces planned to support resident health and recovery, as well as the numerous energy-efficient components necessary to achieve Net Zero energy status, the costs are not excessive. Further, the donation of the land from Commerce City and the potential for the adjacent 4% LIHTC Greyhound Park Apartments to share security technology and resources as appropriate will represent significant savings over time.

Site Suitability

This site has the following nearby services and amenities within easy walking distance:

- Grocery stores – 1 block
- Numerous other retail outlets (clothing, restaurants, cleaners, etc.) – 1-3 blocks
- Public Recreation Center – 2 blocks
- Elementary school – 2 blocks
- Middle School – 4 blocks
- Neighborhood park – 2 blocks
- Regional park – 2 blocks

In addition, the site is large enough to accommodate substantial and secure outdoor amenities and facilities to support resident health and recovery (e.g., meditation garden, reading corner, both teen & children play areas, dog run & wash, cooking and eating spaces, etc.).

Environmental

The Phase I environmental report prepared for the *Empowerment Apartments* site did not recommend further investigation.

Community Outreach

There has been considerable formal and informal community outreach to Commerce City residents in the process of obtaining approval for the entire Greyhound Park development. The team participated in public hearings during the PUD approval process and several public meetings to gauge public sentiment toward the overall Greyhound Park plan, provide information and create alignment.

9% lihtc application narrative



Project Name: **The Iron Horse**

Project Address: **TBD Maroon Drive Alamosa, CO 81101**

- 1. Executive Summary:** The Iron Horse is a proposed 41-unit workforce housing community located in Alamosa, Colorado serving families in Alamosa as well as the greater San Luis Valley. This new construction, multifamily development will provide fourteen (14) 1-bedroom, twenty (20) 2-bedroom, and six (6) 3-bedroom units. There will also be a two bedroom manager's unit located on site. The forty (40) LIHTC units will serve families with income levels between 30% AMI to 60% AMI. The demand for an affordable housing property in this region is significant as demonstrated by the overall capture rate of 3.7% for The Iron Horse. **Moreover, Alamosa has not had a new construction LIHTC award in 19 years.**

The design of The Iron Horse was completed in harmony with similarly sized developments in the San Luis Valley area. The buildings are two-story walkups, with a variety of materials including brick veneer, cement fiberboard and stucco finishes. The roof will be gabled with asphalt shingles, providing a "residential look" for the building, while also providing an opportunity for solar panels to be added at a later date. Units will have an open floor plan combining the living room and full-sized kitchens that feature an island. Unit sizes are slightly larger than is typical for this market, providing more livable space for families to utilize. Additionally, each unit will have its own private balcony or deck. Units will feature Energy Star-certified refrigerator, stove/oven, dishwasher, garbage disposal, and microwave. We also are very excited to incorporate the following green build features and the project will be certified under Enterprise Green Communities by a third party engineering firm:

- Install ENERGY STAR rated appliances.
- High-efficiency lighting controls to include motion sensors in common areas.
- Install water-conserving fixtures in all units and common areas.
- Design and engineer the project to accommodate future photovoltaic solar systems.
- Provide EV-ready spaces for 10% of the project parking spaces.
- Enhanced storm water management, reducing impervious surfaces.
- Xeriscaping and native plantings incorporated into the landscaping plan.
- Efficient landscape irrigation systems to include weather sensors.

THE IRON HORSE

- Passive radon-mitigation system.
- On-going annual assessments for energy performance

As a community for families, The Iron Horse will include several project amenities that will be well suited for its residents. The community clubhouse is situated in the middle of the development, with outdoor amenities including a playground and community garden beds. By locating the clubhouse as the central feature for amenities, The Iron Horse encourages a sense of community among its residents and can be a focal point for formal and informal gatherings throughout the year. Inside the clubhouse, there will be a community room with small kitchenette, computer lab, fitness room, and laundry facilities.

In addition to the physical amenities, The Iron Horse will also have a Resident Services Plan developed by NWRECC Stepping Stones. Believing that affordable housing can serve as a platform for accessing opportunities, NWRECC Stepping Stones has developed Resident Services Plans for 28 properties. These Resident Services Plans are tailored to each property's diverse resident population and their unique needs. Upon an award of LIHTC for The Iron Horse, NWRECC Stepping Stones would develop a Resident Services Plan, using one of five potential services models, and partner with community-based organizations to help facilitate these services. Northwest Real Estate Capital Corp. covers the costs associated with NWRECC Stepping Stones as a corporate/non-project expense. As a result, The Iron Horse will not pay any expenses related to the development and implementation of the Resident Services Plan, nor will any resident at Iron Horse be charged for utilizing the Resident Services Plan.

The site for The Iron Horse is ideally situated within Alamosa. It is located directly across the street from Alamosa High School and within a mile of Ortega Middle School. Carroll Park is less than ½ mile directly east of the proposed location of The Iron Horse and features play equipment, baseball/softball fields, tennis courts, basketball courts and picnic areas. The park also has an ice rink in the winter months. Just beyond a mile's walk, you will find Alamosa Elementary School (1.4 miles), Trinidad State Junior College – Alamosa (1.7 miles) and Adams State University (1.2 miles). The Nielsen Library is also just outside a mile walk from The Iron Horse. There are also a variety of retail options within close proximity of The Iron Horse. Walmart Supercenter is less than a mile from the proposed development, as are City Market, Dollar Tree, Tractor Supply Company, Bealls and Ace Hardware. There is also an Anytime Fitness located within a mile of The Iron Horse.

The site is located on the northwest corner of Maroon Drive and the proposed Carroll Street extension. All major utilities are already in place and easily accessible to the site. Upon completion, the Carroll Street extension will provide residents of The Iron Horse with direct access to the Walmart Supercenter and Dollar Tree.

- 2. Section 2 Priorities:** Counties with populations of less than 175,000 – According to the 2010 Census, Alamosa County had a population of 15,445. Based on the American Community Survey estimates for July 1, 2018 (the most current available), the population of Alamosa County is estimated to be 16,683.

3. Section 2 Criteria for Approval:

- a. Market conditions:** Given that there has not been a new LIHTC development in Alamosa since 2000, there is a significant amount of demand for LIHTC housing in the Primary Market Area. According to the Market Study conducted for The Iron Horse, there is strong demand for the units at each of the proposed income levels with a blended capture rate of 3.7%. A more localized measure of the demand for affordable housing can be provided from the Alamosa Housing Authority (“AHA”), who has an occupancy rate of nearly 99% across its portfolio of 15 properties. In addition, there are 95 households on AHA’s waiting list.
- b. Readiness-to-proceed:** The Iron Horse is ready to proceed upon an allocation of 9% LIHTC and we can meet carryover in 2020 depending on the timing of an award. The zoning for the property is Mixed Use (MU) which allows multifamily by right. A Site Plan Review will need to be completed, which is an administrative process that can last about 30 days. Upon site plan approval, a lot split would be requested to divide the 3-acre property from the larger parcel. This is another administrative process that takes 2-3 weeks. Because a property boundary has been created by a surveyor based on the Site Plan proposed in the LIHTC application, there will not be a delay to produce the required documentation for the lot split after the City of Alamosa approves the Site Plan. Should we receive an award, we anticipate being able to pull permits before the end of 2020. Furthermore, the due diligence we currently have does not indicate any impediment to closing. Our discussions with potential funding partners agree with our proposed timing should there be an award.
- c. Overall financial feasibility and viability:** The Iron Horse is financially feasible if it receives an award of 9% LIHTC. The project’s lower unit count combined with a slower absorption rate if all unit rents were established at levels of 50% AMI or more make the 4% LIHTC option untenable. Furthermore, despite the strong demand for this housing, there are limited local funding resources. In addition to the equity generated through the sale of 9% credits, The Iron Horse assumes proceeds from permanent debt as well as funding from the Colorado Division of Housing and deferred developer fee. Our consultant, RCH Jones has also run the financial projections through their model in several iterations and we have discussed the financials with our potential funding partners.
- d. Experience and track record of the development and management team:** Northwest Real Estate Capital Corp. (“NWRECC”) was founded in 1999 to own and manage a portfolio of properties to further the goal of providing affordable housing for everyone. Since then, NWRECC has become the owner and/or manager of 66 properties in seven (7) states. NWRECC has also developed 34 properties and been a co-developer with another eight (8) properties. Currently, NWRECC is developing two (2) additional projects that will be placed in service in 2020. NWRECC has also hired RCH Jones Consulting to assist with its application. RCH Jones Consulting specializes in financial and project management consulting services ranging from on-call financial analysis to complete project management. Clients include both developers and investors in

affordable housing. Ryan Jones, the principal, has been in the affordable housing industry since 2004 and has closed financing on over 2,160 units of LIHTC housing. The development team also includes CSHQA, Inc. as the architect and CSDI Construction, Inc. as the general contractor. NWRECC has completed a total of 35 projects with these two organizations as partners, all of which have been completed on-time and on-budget. Both CSHQA and CSDI have performed local due diligence related to the sub-contractor and consultant markets and plan to continue this process in detail.

- e. **Cost reasonableness:** Because the development team has extensive experience working on previous LIHTC properties, the design and construction cost and schedule have been considered in tandem. The addition of RCH Jones Consulting has also provided added insight for the Colorado market, including discussions of costs that are more customary in the San Luis Valley as compared to other markets within NWRECC's established footprint. Project costs in rural areas can be higher due to labor shortages, material delivery costs and per diem costs for some specialty subcontractors. However, CSDI Construction has extensive experience in similarly sized projects in other rural areas throughout the Pacific Northwest and Rocky Mountain regions and has talked with several local subs and consultants in order to obtain the best information given the information on hand. With the development team's proven track record of similarly situated properties combined with the assistance from both the private and public entities in Alamosa, we expect The Iron Horse will be built on time and within the current budget.
 - f. **Proximity to existing tax credit developments:** Alamosa, Colorado has three (3) other new construction LIHTC projects, the last of which was Casita de la Luna, a 28-unit project completed in 2000. There was also a recent portfolio of acquisition/rehab properties that received funding, but this did not increase the number of affordable housing units. Based on the market study, the LIHTC properties in Alamosa have 0 vacancies, with a vacancy rate of 1.2% in the overall market.
 - g. **Site suitability:** The site selected for The Iron Horse is well suited for a multifamily development. It is located within close proximity of several amenities that will be beneficial for the residents at The Iron Horse. Within a mile of the location, residents have access to convenience stores, retail shops, community shopping, Walmart, pharmacies, grocery stores, medical clinics and a public park. Alamosa High School and Ortega Middle School are also within a mile of the planned location for The Iron Horse. The list of amenities will increase as development continues in the area.
4. **Waiver Justifications:** The Iron Horse will not require a waiver for any underwriting assumptions at this time.
 5. **Market Study:** The market study did not list any issues or weaknesses for the project.
 6. **Environmental Review:** The Phase I Environmental Site Assessment revealed no Recognized Environmental Conditions for the site.
 7. **Exceptional Features and Costs:** There are three factors that have contributed to increased costs of The Iron Horse:

THE IRON HORSE

- i. **Two-story Structures:** In keeping with the typical apartment style in Alamosa, The Iron Horse will be a two-story development as opposed to a three-story development. While a two-story building is easier for material delivery, it does increase the amount of foundation that is required. This style also increases the amount of land that is required, as development is more horizontal and less vertical.
- ii. **Parking Requirements:** As a small town with a 4-year university, Alamosa requires more parking spaces than would be found in other municipalities. As an example, a 3-bedroom apartment unit in Alamosa requires three parking spaces, to combat the potential of three college-aged individuals who each own a vehicle. Again, such a measure results in increased costs for paving materials and the amount of land required to accommodate the parking.
- iii. **Rural Location:** The remote location of Alamosa and the San Luis Valley creates some cost inefficiencies in the procurement of materials and labor costs. NWRECC and CSDI Construction have extensive experience in completing LIHTC properties in such locations and have worked to try and minimize these increases through careful scheduling and logistics. In addition, CSDI Construction worked with local subcontractors to understand the local market and added this input into the cost estimate that was provided for The Iron Horse.

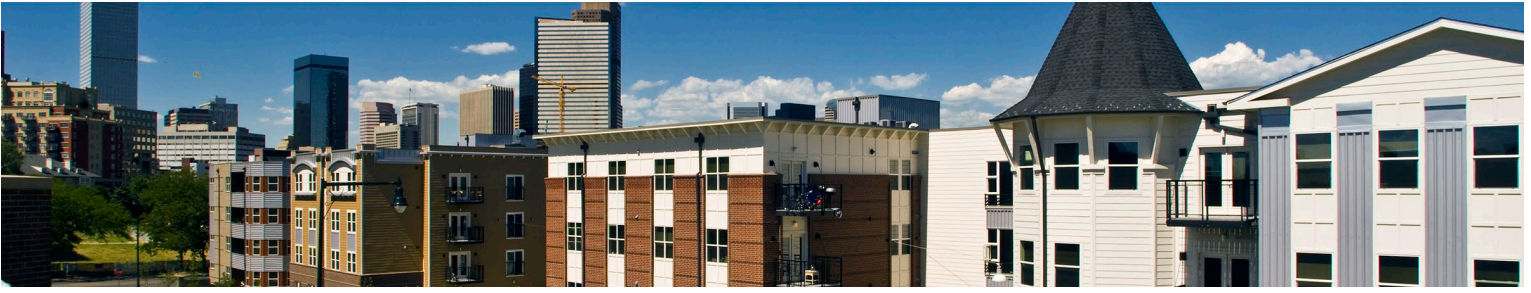
- 8. Community Outreach:** NWRECC and RCH Jones Consulting have reached out to a number of civic and community leaders and groups in the San Luis Valley. Thus far, all conversations with City officials have been positive as evidenced by the Letters of Support from the Mayor, the City Manager, and the Economic Development Director. To date, the project's proposed design and site plan have been met with positive feedback from the City's Planning and Public Works Departments.

In addition to the City and its staff, NWRECC and RCH Jones Consulting have contacted the Alamosa Housing Authority, San Luis Valley Housing Coalition and Community Resources & Housing Development Corporation. These organizations have been involved in Alamosa's affordable housing field for a number of years, and to date, all groups have responded positively to the introduction of another affordable housing property in the area. A Letter of Support from the Alamosa Housing Authority is included with this application.

We have also received positive feedback from the Alamosa Chamber of Commerce, which will provide support for our efforts to obtain competitive bids from local subcontractors. Finally, The Iron Horse has also obtained a Letter of Support from San Luis Valley Health, one of the area's largest employers.

- 9. Narrative for Rehabilitation Projects:** Not Applicable.

9% lihtc application narrative



Project Name: Lamar Station Crossing Phase II

Project Address: 6190 West 13th Avenue, Lakewood, CO 80214

Metro West Housing Solutions' (MWHS) Lamar Station Crossing, Phase II (LSC II) will complete the extremely successful transit-oriented campus at Lamar Station Crossing (LSC), the first phase of which opened in January 2014.

Lamar Station Crossing phase II is in critical danger of not getting built at all or not being built for many years. The city of Lakewood, where this project sits, passed a citizen-led "Strategic Growth Initiative" which limits residential growth of all kinds to 1% per year. There is no exemption for affordable housing. Also, any projects with more than 40 units must go in front of city council for additional permission, giving NIMBYism undue power in the process of developing affordable housing. This is all above and beyond the existing zoning on the site. With only about 600 units per year available to be built in the whole of Colorado's fifth largest city and with the complications of the law that require permit allocations to be used within six months of receipt, building LIHTC projects is all but impossible. In anticipation of the vote, MWHS paid for the effort to develop full building plans, obtain site plan approval, obtain fire and engineering approval, and receive building permits prior to this law taking full effect. We therefore have the right and ability to build this project now. Unfortunately, the building permits we received will expire and this will be our last LIHTC round before we are subject to the new law. We have spent over \$600,000—not including land cost—in order to protect our mission to build high quality TOD affordable housing.

MWHS is committed to innovative avenues toward sustainability; because of this commitment, we are building this project using the stretch energy goal of Zero Energy Ready Homes (ZERH) Certification. Though LSC II is not LEED certified, it will complete the LEED ND Silver certified campus of Lamar Station Crossing.

LSC II, a 65-unit family project, is the capstone piece to building out MWHS' efforts to bring affordable housing to the west corridor light rail line. We will be using income averaging on this project, allowing us to build units with deeper affordability. This development will have 20% of its units set aside for renters who make 20% and 30% of Area Median Income (AMI). This will allow us to truly serve the neediest people, including those experiencing homelessness. We will also have units at 70% and 80% of AMI, serving working families suffering from the housing crisis who previously did not qualify for affordable housing. Because the first phase is a mixed income project with some rents at about 80% AMI, we are confident about the success of this strategy. LSC II is a family project but, based on our resident population at LSC I, we also anticipate about 15% of LSC II's residents will be seniors. The project will have 65 units consisting of 3 studios, 27 one-bedrooms, 28 two-bedrooms, and 7 three bedroom units.

LSC II will leverage the tax credits with funds from the State and County. MWHS is also contributing the land to the project estimated at \$1MM, though probably worth more. MWHS will also pursue an EDA grant from Xcel to provide additional energy efficiencies. This project, in conjunction with LSC I, maximizes the density on this highly valuable TOD site.

Detailed type of construction:

LSC II will be a 3-story, wood-framed, elevator-served structure above a slab on grade foundation. The exterior building skin will consist of masonry and colorfast metal siding with a flat with heat-reflective white TPO roof. It will also include:

- Unit HVAC provided by High efficiency Packaged Terminal Air Conditioner (PTAC)
- Hot water will be provided by central, high-efficiency hot water tanks.
- The building will be fully fire sprinkled and will meet NFPA 13R standards.
- All units will be internal corridor accessible and served by one elevator and 2 stairs.
- The windows will be argon filled double-paned vinyl and storefront
- All unit flooring is wood grain luxury vinyl tile (LVT). Common areas will be carpeted.
- Kitchen appliances will be stainless steel and consist of range, refrigerator, dishwasher, disposal, and range hood microwave unit.

Location: 6190 West 13th Avenue, between Harlan and Lamar Streets in Lakewood. This is in the Two Creeks Neighborhood, one of the lowest income neighborhoods in Jefferson County and a QCT.

Amenities:

Amenities for LSC II Include a lounge/seating area, barbecue/ picnic area, laundry rooms on each floor, indoor bicycle storage, off street parking, free Wi-Fi , community gardens, an award-winning outdoor classroom, and bike path accessibility. In addition to this, residents have full access to LSC I which has more lounge areas, a community room/classroom, fitness room, fireplace, and playground.

Services:

LSC II residents will have access to the first phase on-site resource center staffed with a Resident Services Coordinator, who works with residents on multiple levels (see attached Resident Services brochure). Additionally, MWHS partners with CHAC to assist residents interested in becoming first time homebuyers and runs a community gardens program, hosts cooking and nutrition classes, and provides recreation center passes.

Description of energy efficiencies:

MWHS' intensive integrated design approach to sustainability has always focused on the site, building, and individual apartment scales to maximize overall sustainability and efficient use of resources. After performing a feasibility study of the Zero Energy Ready Homes certification, we have deemed that ZERH will be an excellent fit for the LSC II project and company philosophy. With our repeat team of sustainability consultant (Energetics Consulting Engineers, LLC), architect (RATIO), and general contractor (Calcon), we have outlined a plan that includes iterative energy analysis to optimize the design using the Xcel EDA program, extra attention to air sealing and indoor air quality through architectural detailing, trade training, sample unit mockups, and additional site inspections to meet the HERS Score and EPA Indoor airPlus requirements. A photovoltaic system will also be installed, which supersedes the PV Ready portion of ZERH. The result will be a resilient building that is optimized for energy efficiency as well as resident health and comfort.

Type of financing; local, state, and federal subsidies; etc.

Financing for this project will include HOME funds from Jefferson County, HOME or other funds from Colorado Division of Housing, an EDA grant from Xcel Energy toward energy modeling, equity from MWHS including land and cash, both LIHTC and solar tax credit equity, and a mortgage.

Among the myriad reasons for selecting this development, these are particularly relevant:

- LSC I stands out as a model for TOD. It has received multiple local, state, and national awards and has served to inform other developers—both affordable and market—on how to develop an outstanding community. Approving a second phase will allow MWHS to maximize the density of affordable housing on this valuable TOD site.
- The development costs for LSC II are very efficient since much of the work that was required to build the first phase will now also serve the second phase (e.g., water/fire line loop, water detention pond).
- MWHS has a strong track record of high quality developments that are built with lower-than-average total development cost.
- MWHS' management of tax credit properties is well respected by the neighborhood, the police department, regulatory agencies, lenders, and investors. In particular, MWHS has proven its ability to lease up and maintain high occupancy in this primary market area.

Project's strengths and potential weaknesses.

The strengths of this project include:

- The existence and success of Lamar Station Crossing provides significant marketing benefits, including market awareness, name and brand recognition, and a proven track record. There is a waiting list of over 300 for the first phase building.
- TOD – Site is located 1 block from the West Line's Lamar Station, which offers bus and light rail service.
- Access to employment centers - downtown Denver and the Federal Center are within 15 minutes by car or train of the site. Additionally, the site is only 2 blocks from Colfax Avenue's numerous employment opportunities.
- Proximity to all levels of education including 3 blocks from a grade school
- Documented strong need for rental housing in the area as shown in market studies.
- Highly sustainable – the building should be near net-zero energy usage.
- Strong partnership with 40West Arts District, which has provided programs—including an artist in residence—to many residents in the first phase building.

Potential weaknesses of this project:

While the market study is generally quite favorable, it did point to some potential weaknesses.

- *Low visibility from 13th Avenue and from the light rail.* The market study also points out that since the two phases will be operated together the low visibility should not be a factor.
- *Less convenient vehicular access.* This has not affected interest in the first phase of development.
- *Light industrial and yard storage uses currently near the property.* The property is in a mixed use area and there is strong interest in redevelopment. There was light industrial on both sides of the property but one of the sites is under construction for a 200+ unit market rate development. These uses have had no negative effect on the first phase.
- *Low parking ratio and lack of covered parking.* Neither of these conditions have affected demand for phase I and are mitigated by access to public transportation.

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

a. Market conditions:

- i. The quick lease-up and ongoing demand for the first phase of LSC has consistently proven the market for this type of development. LSC has remained fully leased and has over 300 people on the waitlist.
- ii. The PMA overall vacancy rate is 5.3% and rents are increasing, up 2.7% over the past year. The overall capture rate for the project is 10.9% with existing properties and rises to only 13.7% when including under construction and planned units.
- iii. The market study used LIHTC comparables that are both within and beyond the primary market area. The vacancy rate for all of these is 2.7% and all have lengthy waiting lists.

b. Readiness-to-proceed:

- i. The land is owned, free of debt, by MWHS.
- ii. This project already has full site plan of approval and building permits from the city of Lakewood and the site is already zoned for at least the 65 units of residential multifamily that are proposed.
- iii. The contractor has received full subcontractor pricing based on 100% CD drawings, not estimates.
- iv. The same contractor and architect that worked on the first phase are on the team for this second phase and have capacity to fully engage in this development.

c. Overall financial feasibility and viability:

- i. MWHS owns the land and will place that into the partnership through a land loan. The state and county have both reviewed the plans and are open to requests for the amounts listed in the pro forma.
- ii. The development meets all CHFA requirements (debt service, operating reserves, etc.).

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

- i. MWHS has a 17-year track record in Tax Credit Development. MWHS currently owns and manages 15 tax credit communities in Lakewood and west Denver. All are performing well.
- ii. The project team has extensive experience.
- iii. MWHS has a mix of projects serving both families and seniors, along with a mix of tax credit and non-tax credit developments.
- iv. MWHS' 2018 audit shows over \$128,000,000 in Assets and over \$69,000,000 in Net Position.

e. Cost reasonableness:

- i. MWHS is confident that the submitted estimate will compete well on a cost per sq. ft. and a cost per unit basis with other developments in the Denver Metro area. Total development cost is just under \$278,000/unit, an increase of less than 5% per year from our application in 2016. This is below industry average.
- ii. This is the fourth new construction tax credit development MWHS has done with Calcon Constructors, Inc. They are consistent in cost-estimating practices and have a record of low change orders.

f. Proximity to existing tax credit developments:

- i. This development is adjacent to the first phase of Lamar Station Crossing and is designed to complete the campus.

- ii. There are 9 other Tax Credit developments in the PMA. 4 of them are for seniors. One of the family developments is Section 8 subsidized. Two of the family developments were built in 1972 and had moderate rehab, both using 4% tax credits so are not comparable to this development.

g. Site suitability:

- i. This development will continue to provide new multi-family housing along the West Line light rail corridor. It is 1 block from the Lamar Street Station on 13th Avenue.
- ii. This location will be 15 minutes via light rail from downtown Denver, the Auraria campus, St. Anthony's Hospital, Red Rocks Community College, and the Federal Center. There is an elementary school 3 blocks away and a Head Start adjacent to the site.
- iii. The site is located in the heart of the 40West Arts District. Much of the work to prepare the site was completed during the first phase of construction. Environmental remediation was completed at the first phase property and certified complete by the State of Colorado.

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

The only issues brought up in the market analysis were the weaknesses addressed in the first section. This includes low visibility, less convenient vehicle access, adjacent light industrial yard, and low parking ratio. The first two of these factors are the result of being part of the very successful campus, and the second two have not affected the lease up or operations of the first phase, which remains 100% full with a waiting list. There were no marketing recommendations and the study expects lease up in 2.5 months.

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

Asbestos and petroleum-based hydrocarbons in soil were discovered during LSC's first phase of construction in 2012 and 2013 and properly removed. Based on some exploratory trenching in 2012, it is possible additional petroleum-based hydrocarbons, likely in the form of asphalt fragments, will be encountered during second phase construction. MWHS has already engaged CDPHE about enrolling in the Voluntary Cleanup Program upon receipt of LIHTCs and developing a CDPHE-approved Materials Management Plan to pursue a No Action Determination. An allowance of \$40,000 has been added to the budget in the event contaminated soil is discovered during excavation and removed from the property.

Describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

MWHS has reached out to and received support from the Two Creeks Neighborhood Organization for this second phase. The development has received support from the City of Lakewood and the Lakewood Police Department. Several local organizations, including 40West Creative District and HeadStart, have also expressed their support. Please see letters of support attached to this application.

Jefferson County has committed to accepting an application for HOME funds for \$500,000. Colorado Division of Housing anticipates an application for \$840,000 of funding. The City of Lakewood has waived planning and permit fees. Xcel Energy has accepted the development into the Energy Design Assistance program. MWHS has been one of the highest performers in this program over the past several years.

The following attachments are included as part of our narrative:

Letters of support, Resident Services brochure, full construction document plans (CD set), building permit and city-approved plans

9 % lihtc application narrative



Project Name: McCain Affordable Housing

Project Address: Tract 3 of 13250 State Highway 9, Breckenridge, Colorado

1. Executive Summary

Gorman & Company, LLC, in partnership with the Town of Breckenridge, is proud to submit a 9% LIHTC application for the 80-unit McCain Affordable Housing project in Breckenridge, Colorado. We know that the demand for tax credits will significantly outpace the supply of Tax Credits in the round. This project meets many of the Guiding Principles, is ready to proceed, will be sustainable given the market conditions and will be implemented by a development team that consistently delivers projects on time and on budget.

The Town of Breckenridge is contributing significantly to facilitate its bold vision: a mixed income project that will meet Zero Energy Ready Home certification along with the Summit County Climate Action Plan. The project is striving for a full Net Zero Energy certification. To help offset the higher costs of construction typical in a mountain resort community, the Town will help leverage CHFA's tax credits in significant ways: providing a ground lease on town-owned land, a significant financial subsidy in the form of a soft loan and large investments in utility and site improvements outside of the Tax Credit development budget. **In all, the Town will leverage every \$1.00 of annual tax credit with \$5.48 of Town subsidies.**

The site is excellent for the project concept, as it is located within the defined Summit County DDA and located along the Summit Stage county-wide bus route (which offer all riders free bus trips to points throughout Summit County including Breckenridge, Keystone and Frisco). The bus runs seven days a week, and connects to job centers, supportive services, government offices, recreational spaces, schools, and shopping, all within 3.5 miles of the subject site. The Blue River Bikeway runs adjacent to the site and offers year-round pedestrian and bike accessibility between Frisco and Breckenridge.

McCain Affordable Housing Unit Mix

Bedrooms	AMI	# of units
1 Bed/1 Bath	30%	3
1 Bed/1 Bath	50%	10
1 Bed/1 Bath	60%	16
1 Bed/1 Bath	non LIHTC	7
2 Bed/1 Bath	30%	1
2 Bed/1 Bath	50%	8
2 Bed/1 Bath	60%	20
2 Bed/1 Bath	non LIHTC	7
3 Bed/2 Bath	50%	2
3 Bed/2 Bath	60%	4
3 Bed/2 Bath	non LIHTC	2
<i>Total</i>		80

This project will have a **perpetually affordable** deed restriction on all 80 units. The project includes 36 one-bedrooms, 36 two-bedrooms and 8 three-bedrooms. The project includes 64 LIHTC units, with income and rents capped between 30% and 60% AMI and 16 non-LIHTC units with incomes capped at 100% AMI. This structure helps balance the ‘cliff effect’ that occurs for renters just over 60% AMI that have almost very few housing alternatives in the Town or County and creates a mixed-income project within Town limits.

The project will offer three buildings that are two-story, stick-frame and walk-up construction, and will utilize a 6’ deep foundation wall with a slab foundation system to help stabilize the noted soils conditions.

The project will be certified by the Zero Energy Ready Home (ZERH) program and is striving to attain a Net Zero Energy designation. To reach Net Zero, the project will install **500 kilowatts of photovoltaic solar panels**. These costs and designs are included in our budget and plans. In-unit amenities will include full-sized kitchens, ample storage spaces, reduced tenant utility costs due to ZERH construction methods and passive solar strategies. Ample on-site amenities will include on site management, central laundry facilities, year-round bike/pedestrian trail access, picnic area, community room with a kitchen, pet area, tot lot, community garden, electric charging stations and close proximity to the free County-wide bus.

Financing: To construct the 80-unit project, we are seeking the full 9% credit request of \$1,350,000. This will leverage into tax credit equity, first mortgage, construction loan, a nominal-cost Ground Lease by the Town of Breckenridge, Division of Housing funds, loans from the Town and Deferred Developer Fees. Additionally, the Town is striving for a Net Zero Energy designation and as such, has applied for grant funding from the Division of Local Affairs (for solar PV costs) and will match the grant award with Town funds. These DOLA funds are time limited and allocated to projects that are ready to proceed. **Not being awarded funds in this tax credit round will sacrifice a total of \$1,300,000 (DOLA funding and the Town match funding) and significantly diminish the likelihood that the project will ever be built.** In all, every \$1.00 of annual tax credit will be leveraged by \$5.48 of Town subsidies. This \$3,800,000 in funding commitments (not included in our project costs) is being funded by the Town to bring the site out of the floodplain, waive water tap fees and construct offsite utilities to the site.

Sources of Financing		
First Mortgage		\$ 8,020,000
Town of Breckenridge Subsidies		\$ 3,550,000
Town of Breckenridge loan	\$ 2,550,000	
Town of Breckenridge Energy Efficiency Loan	\$ 350,000	
Town of Breckenridge matching DOLA Grant	\$ 650,000	
DOLA Energy Grant		\$ 650,000
DOH Loan		\$ 960,000
Deferred Developer Fee		\$ 1,057,388
LIHTC Equity		\$ 13,095,000
Total		\$ 27,332,388

****Does not include Town contributions for offsite improvements, waived fees, and land value***

The project meets CHFA’s Guiding Principles and Ideals in the following ways:

- The project services 30%, 50% and 60% AMI households **in perpetuity**. Over one-third of our LIHTC units will serve households between 30% and 50% AMI.
- The development of this site contributes to a Community Revitalization Plan.
- The site can offer to distribute tax credits to a rural area and provides opportunity to a for-profit applicant.
- The subject site is TOD with multi modal transportation options adjacent to the property.
- The new construction project is requesting the full tax credit amount from CHFA, which is the lowest amount needed for financial feasibility.
- The site maximizes the density of the site, and includes LIHTC and non-LIHTC units.

- The project will certify to DOE's Zero Energy Ready Homes (and is striving for a Net Zero designation) and will provide cutting edge technologies such as four fully-operational Electric Charging Stations for vehicles along with 10 additional EV Ready power stations. As such, 10% of the 136 total parking spaces will be EV or EV ready.
- The project has 500 kilowatts of Photovoltaic power and is projected to yield a Net Zero Energy designation. Please see our Attachment 22 for more information.

2. **The project meets a Priority in Section 2 of the QAP** by being in County with a population of less than 175,000.

3. **The project meets the criteria for approval in Section 2 of the QAP in the following ways:**

- Market Conditions:** As evidenced by the Market Study, the project is in exceptionally high demand in the PMA. The Subject's rents are between 36% to 76% below PMA market rate rentals. Properties in the PMA are 99.8% occupied with wait lists up to 219 households. The reality of short term rentals has decimated the long-term for-rent market. There is one existing market-rate property in the PMA that was built in 1971, has a wait list of 25 people and is 100% occupied.
- Proximity to existing tax credit developments:** There are five existing LIHTC developments (with 299 units) in the PMA and one (with 40 units) that is currently in lease-up. The leasing project is the Sponsor's own development, the Village at Wintergreen in Keystone, which achieved 98% preleasing within weeks of opening the waiting list. The property will open in February 2020 and neither the Sponsor nor the Market Analyst see any potential interference with demand at any of the PMA LIHTC properties.
- Project readiness:** The project is ready to proceed and will meet all Carryover requirements of the QAP. The project meets zoning requirements in all aspects. It has proven local support from the Town Housing staff and Town Council. We have site control, zoning in place and have reviewed our plans with Town planning staff. If awarded this application, we will break ground on underground utilities in August 2020, pause construction for the winter months, and begin vertical construction after our financial closing in spring 2021.
- Overall financial feasibility and viability:** The project is viable and offers letters of support from lenders and investors, the Town of Breckenridge Council for financial subsidy, Division of Housing for DOH funds, DOLA for the energy grant and Gorman for Deferred Developer Fee. We are confident that these sources are realistic. To note: the Town resolution that specifies the Town subsidy includes a description of the offsite and utility contributions being made to the project. **Not being awarded funds in this tax credit round will sacrifice a total of \$1,300,000 (DOLA funding and the Town match funding) and significantly diminish the likelihood of this project ever being built.**
 - Unfortunately, the project is not feasible as a 4% project due a financing gap of \$4,840,000 that would be created.
 - The project also has a \$2,810,000 funding gap as a State LIHTC + 4% project. While Income Averaging is an alternative for many projects (and has been utilized by the Applicant), the Town (and our Market Study) has identified the 'below 60% AMI' rents and incomes as most critically needed. The Town Council has directed this land to be utilized for those at 60% AMI and with rents capped at 60% AMI in order to unlock the significant Town funding, nominal-cost ground lease and water tap fee waivers.
- Experience and track record of the development and management team:** We are very proud of our track record and team. We have successfully completed CHFA-funded LIHTC projects including Terraza del Sol (2014), Alto at Westminster (2015), Laradon Homes (2017), and Wintergreen (2017). We are pre-leasing our Wintergreen LIHTC project that will receive it's occupancy certificate in February 2020. We have two projects under construction that are both on time and on budget (the Colburn and Laradon Homes Phase II) and one tracking to an August 2020 closing (Morrison Road). Although we are based in Wisconsin, our Colorado team has been led by Kimball Crangle since 2014 and we have used our Colorado-based vertically integrated Architect and General Contracting team since 2018. We have included our Applicant Track Record in Attachment 11. Ross Management will be our Property Manager and has been a critical member of our development and operations team since 2014.
- Project costs:** Our hard costs are higher than what we experience in our projects along the Front Range. This is due to higher labor and transportation costs that are typical of rural areas. However, our land acquisition costs are nominal and the Town is paying for significant site costs, water tap fees and waiving building

permit fees. These contributions keep our overall costs competitive and achievable. We are utilizing our team's experience designing and building projects in the same County (at our project in Keystone) and feel confident in our ability to deliver this project within our scheduled budget and timeline.

- g. Site suitability: Breckenridge is land locked by US Forest Service land, which means that all land in Town is determined suitable for development, even if there are site work costs to amend the site. The Town has few remaining options of where they can develop.
- Although the site is in the flood plain now, the Town's Engineering department, and our development team's Civil Engineer and geotechnical consultant, have identified a path to achieve a Letter of Map Revised based on Fill (LOMR-F) designation from FEMA, which is a fairly standardized process. We are confident we can achieve this designation during our site work. While currently in a flood plain, the site's proximity to the Blue River will be a site amenity following construction.
 - The flat nature of the site is a desired attribute for suitability. The multi-modal transportation opportunities and proximity to various job centers, services and amenities (all within 3.5 miles) make the site an exceptional location for a new affordable housing community.

4. Provide the following information as applicable:

- a. Justification for waiver of any underwriting criteria: N/A
- b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis: N/A as the site is in a DDA.

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

- a. The subject's capture rate is above the 25% preferred threshold. However, the market analyst indicates that the PMA has a current capture rate of 33.8% (with an occupancy rate of nearly 100% and wait lists between 20 and 219 applicants). Therefore, the current capture rate, over 25%, is likely not capturing the essence of the demand that exists in the property given long waiting list and high occupancy.
- b. The subject will only have to capture 6.5%, 7.5% and 8.2% of the size- and income-qualified renters in the PMA (see page 60 of the market study).
- c. The analyst further describes that the capture rate is likely overstated and the subject will not have an adverse impact on the occupancy levels in the PMA. In the Sponsor's experience in the PMA, demand for any affordable units is exceptionally high and outpaces new supply.
- d. The Walk Score is below average, however the site has excellent connectivity to the county bus system (which is free for riders), and an all-season bike and pedestrian path. Parking is also sufficient for residents.

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

A Recognized Environmental Concern (REC) was noted in our Phase I ESA.

Historical gold dredging operations deposited dredge tailings on the Property and subsequent surface mining operations included (1) placing fill from various, unknown origins on the property to fill in a surface water body and increase surface elevation; (2) asphalt recycling; (3) material washing; (4) settling ponds on the western side of the Property; and (5) vehicle fueling. These conditions collectively represent a Recognized Environmental Condition (REC) for the Property.

We will mitigate this as suggested by our geotechnical report: removing fill soils beneath foundations and replacing them with structural fill. We will build a 6' deep foundation wall with a slab foundation system to stabilize the noted soil conditions. We will also create a Materials Management Plan to ensure than any unforeseen conditions of subsurface soils conditions are appropriately handled during construction activities.

7. Cost Containment

Summit County is a high construction cost environment. Transportation of material and the scarcity of labor resources lead to higher construction costs from the Front Range. The winter brings higher costs for winter conditions (ground heating, temporary building heat, labor costs for shoveling and plowing); reduced labor productivity and more incurred Weather Days. These realities add to the project cost. Gorman is able to deliver value and add **cost containment measures** through continued relationships with subcontractors that worked on our

other mountain construction projects. The total hard cost is \$233,000 per unit. We are asking for the least credit amount to make the project feasible (\$21,094/Tax Credit) and leveraging substantial funding from the Town of Breckenridge to help the project be feasible.

Additionally, the Town of Breckenridge is providing significant cost containment measures by offsetting \$3,800,000 in costs that a typical project would incur by paying for (i) water tap fees, (ii) bringing the site out of the flood plain, (iii) running utilities to the site, (iv) waiving building permit fees, and (v) providing a ground lease with a nominal payment in lieu of a land acquisition. Together – these resources will deliver a project that would otherwise be financially infeasible.

8. Community Outreach

There is support for the McCain Affordable Housing project. Multiple plans (**Joint Upper Blue Master Plan, Comprehensive Plan, and McCain Master Plan**) have provided community guidance for the site. The Town engaged community feedback on the McCain Master Plan, including the addition of an affordable housing site, in 2016. A summary of this engagement is attached. Our design reflects the community feedback that was provided.

In August 2019, Gorman was selected as the developer of the McCain site after a public RFP process (that embedded community and Town inputs). Working closely with Town Staff, the Housing Committee of Council, and Town Council, Gorman has helped create a project vision that will meet the Town’s affordability requirements and the Climate Action Plan (including a Net Zero Energy project).

9. This is not an Acquisition or Rehabilitation project

10. Provide further detail on the Green Systems (Solar, etc.)

The project will include 500 kilowatts of solar photovoltaics on the property. This, in addition to our efficient building design and employing best practices from Zero Energy Ready Homes, passive house strategies and Enterprise Green Communities, is expected to yield a Net Zero Energy designation. We will certify the Project as ZERH. Along with our energy consultant, Group 14, we have accounted for fluctuations in tenant behavior, the electric vehicle charging stations (both fully powered and EV ready) and solar panel degradation over time in our energy models to attain Net Zero.



9 % lihtc application narrative



Project Name: Northwest Apartments

Project Address: 13741 Vispo Way, Broomfield, CO 80020

1. Executive Summary

Highridge Costa Development Company, LLC (“HCDC”) is pleased to submit a 9% LIHTC application for Northwest Apartments (“NW”), a 4-story affordable multifamily apartment community offering one, two, and three-bedroom units targeting families earning 30% to 60% AMI. Located on a vacant 2.51-acre parcel, Northwest Apartments will be located within the Broomfield Business Center, just east of Northwest Parkway at 13741 Vispo Way, Broomfield CO. This affordable community’s architectural character will accentuate the surrounding market-rate apartment homes in the area. The exterior of the building draws from timeless craftsman style by featuring stone veneer, earth tone vinyl siding, and varied roof height. The community will consist of a four-story double loaded corridor, flat-roofed building serviced by one elevator with on-grade parking. Construction will be Type 5 with slab on-grade foundation. As designed, the project will be certified with Enterprise Green Communities. Community amenities include a tot lot, dog park, picnic area, onsite manager and leasing office, laundry room, clubhouse with kitchen, fitness center, and indoor bike storage.

The proposed unit mix is as follows:

Unit Type	Targeted AMI	Net Rent	Square Footage	Number of Units
1 BD/1BA	30%	\$470	645	1
1 BD/1BA	40%	\$644	645	3
1 BD/1BA	50%	\$818	645	5
1 BD/1BA	60%	\$992	645	7
2 BD/2BA	30%	\$562	888	1
2 BD/2BA	40%	\$771	888	5
2 BD/2BA	50%	\$980	888	8
2 BD/2BA	60%	\$1,189	888	10
3 BD/2BA	30%	\$648	1,080	1
3 BD/2BA	40%	\$889	1,080	2
3 BD/2BA	50%	\$1,130	1,080	2
3 BD/2BA	60%	\$1,372	1,080	3
MGMT -2bd/2ba	EXEMPT		888	1
Total				50

NW is only making a small dent in the projected affordable low-income housing needed in the City. In February 2018, the City of Broomfield commissioned a Housing Needs Study identify the city and county’s most critical housing gaps. The study stated the following “altogether, the city has a shortage of rental units priced affordably for renters earning less than \$20,000 per year of 1,286. More than four out of every 10 Broomfield renters

(42%), 3,691 households, are cost burdened, spending 30 percent or more of their income on housing costs.”. It also noted that in 2018, Broomfield’s current rental stock failed to serve individuals and families earning between 30% to 60% AMI. The Housing Needs study recommends a few items to mitigate future increases in the rental gap such as; formalize incentives for affordable housing development in the zoning code, streamline development approval, encourage LIHTC, consider selling city owned land for LIHTC projects.

NW simultaneously addresses the need identified in Broomfield’s Housing Needs study while satisfying the City’s primary goal identified in its Comprehensive Plan, “encourage an adequate supply of affordable/attainable housing for lower-income households”.

Surrounded by high-end market rate multifamily communities, NW will be part of a master planned community providing 263 new attainable for-sale townhomes currently being developed by MLC Holdings. This provides a unique opportunity to construct new affordable housing at the center of brand-new facilities, new infrastructure, new residential developments, new commercial developments, and new job opportunities all within an area of Broomfield that is receiving significant financial investment. Not only will future residents of Northwest Apartments be centralized in this newly developed area of Broomfield, they will have greater access to new economic opportunities that will eventually create a pathway to homeownership. Vive on Via Varra will also provide a 3-acre public park, Venue at Via Varra, within 200 feet away from NW, that will include a playground, concrete pump track, open play lawn, shade structures, art walk, climb feature, food truck plaza, and on street parking. The master planned community is designed with the pedestrian in mind, offering interconnecting walking paths that connect to existing transit and to the Northwest Parkway Regional Trail. Additionally, Northwest Apartments is 0.5 miles away from Del Corso Park and is less than ½ mile from the RTD bus stop which connects to the East Flatiron Circle Park-n-Ride.

Northwest Apartments has received a letter of support from the Colorado Department of Local Affairs/Division of Housing (DOH) and a commitment from the City of Broomfield for \$25,120 per unit in fee waivers and contributions from the City’s Housing Development Fund. The Broomfield Housing Authority will enter into the ownership structure of the single-purpose limited partnership, Northwest Family Housing, LP, as a Special Limited Partner, which will provide property tax abatement for the development. In addition, the townhome developer will provide in-kind public infrastructure improvements for Northwest Apartments development, which will greatly reduce the cost of bringing utilities to the site. These improvements will be in place prior to the NW’s start of construction valued at approximately \$889,000.

Financial Summary	
Permanent Financing	\$3,701,474
Federal Tax Credit Equity	\$12,285,002
Broomfield Housing Development Fund	\$1,010,000
DOH Funds	\$500,000
Deferred Developer Fee	\$391,425
	Total Sources
	\$17,887,901

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

- **Projects in Counties with populations of less than 175,000**
Northwest Apartments is within Broomfield County with a population of 70,793 as referenced in the Market Study.

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

A. Market conditions

The development team commissioned a 3rd party market study from Prior & Associates, which identified one existing Family LIHTC, Village Square built in 1997, and a project with a 2019 LIHTC allocation Academy Place, within the PMA. Additionally, Academy Place recently received a LIHTC award in 2019. When considering the other LIHTC Family development in the pipeline, the Market Study highlights a low capture rate of 13.1%, well below the CHFA 25% threshold. This low capture rate is due to the significant lack of new income restricted family rental housing in the PMA. As identified in the Market Study and Broomfield's Housing Needs Study, there is a strong need for additional affordable units for renters that qualify at 30% to 60% AMIs. Village Square and Academy place are only making a dent in that need with providing a combined 157 LIHTC family units. The additional 49 affordable housing units NW will be providing to the area will still leave a total of 1,357-units in the Broomfield affordable housing gap, according to the Broomfield Housing Needs Study. The market study highlights the strong demand for additional affordable units and a quick 2.5 month lease-up period.

B. Proximity to existing tax credit developments

Located within 2.4 miles from the NW development site, the PMA's single existing LIHTC family development, Village Square, offers 108-units at a limited affordability range of 40-50% AMI. Academy Place is a 50-unit family LIHTC project in pre-construction, approximately 4.7 miles away from Northwest Apartments. There are also three age-restricted LIHTC developments within the Broomfield PMA, all of which are built over 17 years ago: Broomfield Greens (50-units), Town Center Senior Apartments (88-units), and Maryel Manor (50-units).

C. Project readiness

The project has received all required land use approvals from the City of Broomfield. As part of the master planned community within Broomfield Business Center Urban Renewal Area, Vive on Via Varra, NW's site will be delivered with all necessary public infrastructure in place prior to the start of construction as stated in City's Resolutions of approval. The City has committed to provide expedited processing through the permitting phase. Once a preliminary reservation is awarded, HCDC will proceed with developing full sets of plans to target a December 2020 closing on all financing.

D. Overall financial feasibility and viability

The project is leveraging the 9% federal credits with deferred developer fee (\$391,425), DOH funds (\$500,000), City funds (\$1,010,000), and in-kind contributions from the townhome development (\$899,000). Northwest Apartments has received commitments for the construction and permanent loans from Citibank and a tax credit equity commitment from Victoria Capital.

E. Experience and track record of the development and management team

Highridge Costa has over 25-years of experience in developing, financing, owning and operating affordable multifamily and senior apartments communities. Highridge Costa has been involved in over 28,000 affordable housing units in some 283 ground-up development communities throughout the U.S. utilizing Low Income Housing Tax Credits. Parikh Stevens Architects ("PSA"), the project architect, has over 27 years of experience in designing over 8,000 units and specializes in multifamily apartment communities. PSA has an extensive list of development clients, with a strong focus on affordable housing developments. The developer and management team have worked together over 15 years in as many as 60 LIHTC properties. ConAm has extensive experience in the management of affordable housing and has been involved in the management of over 34,000 affordable/tax credit units throughout the United States. ConAm works closely with the development team to ensure lease-up goals are met with close monitoring on compliance, placed-in-service dates, entry systems, and active preleasing.

F. Project costs

The general contractor and 3rd party estimator, Dohn Construction, have been involved in the predevelopment process to value engineer any cost drivers early in the development's design. Upon their review, Dohn Construction has confirmed that the proposed design is highly efficient and with no prominent features increasing the cost. Through the entitlement/SDP approval phase with the City, changes to the initial building were made to incorporate all City departmental comments and requirements as well as the community feedback, ultimately resulting in a four-story elevator served building deviating from the initial 3-story garden style walk up design.

G. Site suitability

The project has all discretionary approvals in place and received strong support from City Council for affordable family multifamily housing at this location. HCDC has worked diligently with the City and surrounding community since the initial community meeting and the public Concept Review Meeting held on Jun 19, 2018 in front of City Council. The project required a Planned Use Development (PUD) zone amendment to allow for the additional residential units and a Site Development Plan (SDP) approval. After receiving full support from the City, the development team submitted for NW's Site Development Plan (SDP) approval in February 2019. Throughout the SDP approval process, various departments within the city such as Planning, Engineering, Trials and Open Space, Traffic, and Fire provided comments and required specific design changes to meet city codes and design standards. The project went through two SDP submittal rounds prior to receiving strong City Council support on October 22, 2019. With these approvals the existing PUD was amended to allow for 50 units of affordable housing and the 263 townhomes.

This site is unique in that the current landowner has committed to the City that an affordable housing project will be developed on the 2.51-acre parcel with a recorded Affordable Housing Land Use Restriction. NW is in a developing area with many great amenities just south of the site location and additional future amenities currently in the planning stages. Two commercial centers, Flatiron Crossing and Flatiron Marketplace, are both under one mile from the project site and easily accessed via the development's connection to the Northwest Parkway Regional Trail. There is a Walmart Super Center a mile and a half from the NW site.

4. Provide the following information as applicable:

HCDC is not requesting any waivers on underwriting criteria or requesting a 130% basis boost.

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

The market study identified minimal issues on the proposed development. Although, the walk score for Northwest Apartments is below the comparable average for Broomfield, the new development of the 263 attainable townhomes and the 49 units of affordable family housing will provide the necessary rooftops to support the viability of commercial development in the Broomfield Business Center. Currently in the planning phase, the project will be just 400-ft away from Redtail Ridge. This 391-acre development will include a hotel, residential developments, and retail/office space. Redtail Ridge will significantly enhance the shopping and employment opportunities of NW. Trails will be incorporated into the overall design of Vive at Via Varra, connecting residents to the Northwest Parkway regional trail and existing sidewalks along Via Varra. The Northwest trail systems connects to the Flat Iron Market Place to the south and to the East Flatiron Circle park-n-ride to the southeast approximately a 20-minute walk. The site location provides a rare opportunity to bring affordable housing to an area of new development that is primarily high-end market rate housing.

Additionally, the study pointed out that the development's units are 7% to 11% smaller than the average LIHTC property outside the PMA. Cost efficiency was a key driver in the buildings design and unit stacking, resulting in the reduced unit square footages. HCDC is confident that Northwest Apartments' new contemporary units will give it a competitive advantage over existing LIHTC properties outside the PMA despite having marginally larger units.

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

There were no issues or RECs raised in the environment report.

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 for additional information).

The proposed structure has gone through several iterations throughout the SDP process with the City. The current design addresses all city comments, codes, and requirements which changed the design from a 3-story walkup to a 4-story elevator served building with a reduced footprint. This design meets required parking and necessary clearance requirements for Fire's Aerial Apparatus. The City's required 75 ft landscape setback from Northwest Parkway significantly shrunk the developable area of the NW site. This requirement is much larger than typical setback requirements of 20-30 feet from a public right of way, further driving the development's design to a single building with a smaller footprint. With the exception of items required by the city, the development team has gone through extensive efforts to ensure that the project is as cost efficient as is possible while simultaneously providing quality and attractive affordable housing to its residents.

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).

The development team has held multiple meetings with community stakeholders and has incorporated any and all feedback into the current building design. Key concerns from the surrounding community were complementary exterior colors to the existing market rate developments, incorporating a dog park, and pedestrian connectivity. Changes have been made to the design to accommodate these concerns. Increasing the building's setback from Northwest Parkway addressed both the City and community's concern of having multifamily units against the busy highway. Additionally, there will be a 75 ft landscape buffer from the highway to the Northwest Apartments parking lot. The community and City as a whole are highly in support of the affordable housing development. Northwest Apartments received strong support from the Broomfield City Council, the City's Housing Advisory Committee, Housing Authority, as well as other city staff members. This City support can be quantified as a \$246,000 in fee waivers and \$1,010,000 from the City's newly established Housing Development Fund.

9% lihtc application narrative



Project Name: **The Point Affordable Apartments**

Project Address: **Corner of South Peoria Street and South Parker Road**



Executive Summary

Mile High Development (MHD) is pleased to present this application for The Point Affordable Apartments (PAA), a new affordable workforce housing project located adjacent to the Regional Transportation District's (RTD) Nine Mile Station at Parker Road and I-225. The proposed project will be constructed within the 22-acre redevelopment known as The Point at Nine Mile Station (formally known as Regatta Plaza). Mile High Development and Koelbel and Company (MHK) were selected as the Master Developer for the 22-acre mixed use redevelopment site in 2015. The subject site is very attractive as it is currently being reinvented as a premier transit-oriented mixed-use destination with a new pedestrian and bicycle bridge connecting the site directly to RTD's Nine Mile Station.

This is the second 9% application submitted for the PAA following a 2016 submittal. Since the original submittal, the development team has completed critical infrastructure and demolition, facilitated the opening of a 79,000 sf King Soopers store, and constructed an additional 21,000 sf of retail which will include several restaurants, a financial institution, and a dentist. These improvements, combined with a planned entertainment district that will include a new dine-in movie theater, public park, and other retail options, creates a vibrant walkable neighborhood.

The redevelopment's location in the southeast Denver Metro area provides great access to highway and transit facilities, employment opportunities, living options, and recreational activities which will make it very appealing to businesses and residents. The site has strong support from the City of Aurora and the Aurora Urban Renewal Authority (AURA).

The Point Affordable Apartments will consist of sixty-three (63) affordable workforce housing units in a wood-framed four-story building. The building skin will consist of brick, fiber cement siding, vinyl windows, and storefront at the common areas with an energy-star certified white EPDM roof. Vertical

circulation in the building will be provided via two elevators and two stair cores. The residential units will be housed on all four floors with a roof top deck on the fourth floor offering sweeping western and southern views of the Rocky Mountains and the surrounding project. Project amenities include an onsite leasing office, secured building access, fitness center, and community lounge, and tuck under parking for twenty-three of forty-eight provided parking spaces, which will include electronic vehicle readyspaces.

The subject property is not located in a QCT, DDA or SADDA but is directly across the street from RTD's busy Nine Mile Station which is served by the H and R light rail lines as well as numerous bus lines. This transit station will provide residents with easy access to downtown Denver, the Denver Tech Center, Anschutz Medical Campus, and Denver International Airport.

The project is targeting the workforce community and utilizing the income averaging approach of AMI levels between 30%-80% with the average AMI below the 60% AMI threshold (avg of 56.5%). The mix will be thirty-seven 1BR/1BA units, twenty-two 2BR/2BA units and four 3BR/2BA units.

Each unit will have individually controlled heating and cooling via an Aquatherm HVAC system. Additional amenities include a full kitchen (dishwasher, garbage disposal, oven/range, microwave, and refrigerator/freezer), coat closet, in-unit washers and dryers, and cable and internet wiring.

In addition to LIHTC equity, financing assumes the use of a construction and permanent loans, HOME Funds and deferred developer fee.

Sustainability

The building will be constructed to comply with Enterprise Green Communities 2015 criteria with numerous sustainable features incorporated into the project. The location is in and of itself a sustainable feature. It is adjacent to RTD's Nine Mile Light Rail and Bus Station which will be connected by a pedestrian bridge over Parker Road. This bridge was recently awarded a DRCOG Transportation Improvement Program federal grant totaling \$4.36 million and a \$2.3 million matching grant from the City of Aurora in 2019 and will begin design this year. This public transportation connectivity will reduce or eliminate resident's need of an automobile for transportation needs thereby reducing the emissions associated with those vehicles. Other sustainable features include:

- Low-E Energy star qualified windows and doors
- High "R-Value" insulation
- Energy Star rated appliances
- All LED light fixtures
- Low flow water fixtures
- White EPDM flat roof to reduce heat island effect
- Native and low water landscaping
- High walkability score
- Immediate availability of healthy food options due to the adjacent King Soopers

Guiding Principles

The Point Affordable Apartments will be able to provide affordable units 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 the weighted average AMI mix at 56.5%.

The project targets two of an individual's highest expenses (housing and transportation) and meets CHFA's guiding principle of providing affordable housing near transit as the location of the project is directly across the street from Nine Mile Station. Additionally, the 22 two-bedroom and 4 three-bedroom units will provide a suitable option for families.

The project is also only asking for a credit amount 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 and provide a significant number of units in a PMA with little to no vacancy.

Market Conditions

The Market Study data supports strong demand across all unit types and AMI levels for workforce housing product in the Primary Market Area. As evidenced by both low vacancies at nearly every peer group property and extensive waiting lists that still maintain them. Based on the findings of the Study, the recommended unit mix at the PAA is well-positioned for this market. The units are in line with the other affordable developments in the market and positioned to be competitive in the local area. This is supported by the fact that more than 85% of the households in the PMA consist of 3 people or less. Therefore, the subject property's unit mix which incorporates mostly one- and two-bedroom units should match up well with market demand. There is limited LIHTC competition near the PAA and the very low post-construction capture rates demonstrate that the Primary Market Area is significantly underserved.

The subject units will rent in the 30%, 40%, 50%, 60%, 70% and 80% AMI bands. Most of the PMA's existing LIHTC units are targeted at the 50% and 60% AMI levels. However, the remaining demand for units at 50% and 60% is still very strong, and after the subject's units are factored in, no capture rate in any of the AMI bands is even in double digits. In fact, capture rates in five of the six income bands is 6.5% or lower, and most are 2.4% or less. For the entire PMA, the capture rate with the new units at the subject is only 3.2%. The strong demand for affordable units in the primary market area should benefit its marketing and shorten the lease-up period as capture rates support a high level of demand for the subject across AMI levels.

Readiness to Proceed

The Point at Nine Mile development is within Aurora's TOD zone district and the Nine Mile Station Area Plan which provides zoning regulations and design guidelines for its development. Additionally, The Point's fully approved Master Plan specifically identifies and allows for multi-story multifamily housing in this location. PAA's site location is zoned for Mixed Use which allows affordable rental housing as a use by right (please see attached zoning letter).

A Phase 1 Environmental Site Assessment by Kumar & Associates (included in application package) 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 environmental investigation is warranted at this time.

KTGY Architecture has completed concept and light schematic design, as indicated by the site plan, elevations, floor plans, and unit plans included in the application. Upon award of credits, this group will also complete the design development and construction drawings for the project. The development team has been working with CSI Construction to price the drawings as they have been developed. Based upon this input as well as other recently completed affordable projects (Eaton Street Apartments and Ash Street 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 Option agreement with the landowner. The project team has been working closely with the city for the past 5 years to design the site and finance the infrastructure necessary to see the vision become a reality. In addition to the infrastructure work already completed, an additional \$5m is available and will be drawn from the metropolitan district in Q3 2020 to complete remaining infrastructure work. That work will be completed before the end of the year, in advance of the start of construction of PAA.

Financial Feasibility and Viability

Based upon the developer's recent experience on the Capitol Square, Sheridan Station and Eaton Street projects, 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. Based on these discussions and a detailed review of our financial projections as presented in the application, we believe the combined sources outlined in the table below are sufficient to meet the project's expected costs.

Sources of Financing		Uses of Financing	
1st Mortgage USBank	5,900,000	Land and Buildings	1,163,295
CDOH - HOME	615,000	Site Work	530,287
Use Tax Rebate	182,121	Construction	11,665,263
Deferred Developer Fee	665,420	Professional Fees	807,500
Federal Tax Credit Equity	11,409,908	Construction Interim Costs	2,141,331
		Permanent Financing	85,000
		Soft Costs	238,514
		Syndication Costs	10,000
		Developer Fees	1,857,347
		Project Reserves	273,912
Total Sources	18,772,449	Total Uses	18,772,449

Developer and Property Manager Experience and Track Record

Mile High Development has developed over 50 projects in Colorado and California since its founding in 1979, including some well-known Denver landmarks such as the Wellington E. Webb Municipal Office Building, home to Denver City Government, the ART Hotel and Museum Residences as part of the Denver Art Museum expansion project, and the Colorado Center mixed use TOD project at I-25 and Colorado Blvd., as well as 5 affordable housing projects located in Denver (Yale Station Senior Apartments, Garden Court Apartments at Yale Station, University Station Apartments, and Ash Street Apartments) and Westminster (Eaton Street Apartments) Sheridan Station Apartments also located in Denver is currently under construction.

The project team plans to use Silva-Markham Partners to manage the lease-up phase of the project as well as ongoing property management duties. Working together, the development and management team of Mile High Development and Silva-Markham Partners have a strong history of compliance with CHFA’s affordable housing programs.

Cost Reasonableness

CSI Construction has been involved in the early stages of the design process and has provided recent pricing for the current design. Based on this pricing, The Point Affordable Apartments (\$187k/unit) is projected to be comparable to the cost of MHD’s recently completed and similarly constructed projects (Garden Court at Yale Station, Ash Street Apartments, and the recently completed Eaton Street apartments) on a per unit cost basis. In addition, the substantial multifamily and affordable housing experience/expertise of both MHD, and CSI Construction will also help in mitigating any cost concerns.

Proximity to Existing Tax Credit Developments

Despite the consistent drive for affordable housing development in the metro area, the inventory of affordable LIHTC family/workforce apartment complexes within this PMA is rather limited. Of the 32 LIHTC complexes in the market area only 8 tax-credit projects were found to be in the PMA and 6 of those were defined as being the most comparable, with the closest project being 2.3 miles from PAA. Vacancies among these comparable properties are nearly non-existent. The 8 other projects in the PMA consist of 722 units with 342 and 290 being devoted to 50% and 60% AMI renters, respectively. This leaves the other AMI levels underserved and an opportunity for PAA, as the project is targeting residents with incomes between the 30% - 80% AMI levels.

Site Suitability

The Point Affordable Apartments are located next to the intersection of I-225 and Parker Road which is one of the most significant transportation arteries in the metropolitan area. The site is also a part

of The Nine Mile Station Area Plan; a development initiative of more than 160 acres of existing commercial

development along Parker road. PAA is also located in the Nine Mile Station Urban Renewal Plan which will bring compact, higher-density mixed-use area across the 21.5-acre site. The Point will become an “urban village”, characterized by compact residential development containing a range of housing types and supporting uses. The Point is a pedestrian-friendly environment where residents can easily walk to their destination, exemplified by its Walk Score of 78 which is considered “Very Walkable”. As additional services are added the walkability of the site will improve. Residents are within a 5-minute walk of public transit and can live, shop and be entertained in their own neighborhood. The Market Study also describes the projects location as “extremely strong and difficult to duplicate”. Further, the existence of a full-service grocer on site means that residents can meet their most important weekly shopping needs without ever having to get in a car.

The design and material selection of The Point Affordable Apartments was done in conjunction with The Point Master Plan as a guide to ensure it will fit in well with the rest of the planned community resulting in a greater relationship and connection to the neighborhood. Consideration of nearby traffic noise has been accounted for as a planned buffer zone of trees and landscaping will be constructed between the project and Parker Road. Finally, MHD is proposing the highest and best use of the site by maximizing density.

With a recently constructed King Soopers and numerous other retail options open and operating on site of The Point, the residents at PAA will have plenty of options steps from their front door. The nearest health facility, The Medical Center of Aurora, is located two and half miles from the site while a major employment center in the DTC is located 3 miles to the south, both easily accessible by public transit. There are two elementary schools under a mile away, while the closest middle school and high school are 1.6 miles away. Additionally, the 4,200-acre Cherry Creek State Park and regional trail system, a unique recreational and open space amenity, is located on the other side of I-225 and easily accessible by bike via the soon to be constructed pedestrian bridge.

Community Outreach

In conjunction with the overall redevelopment of The Point, Mile High Development has been in constant communication with the City of Aurora and AURA regarding all aspects of the project and has received support for affordable housing as indicated by a recent unanimous vote (12-0) in favor the project by the AURA Board as well as the support letter from Mike Coffman, Mayor and Chairman of the Aurora Urban Renewal Authority. Additionally, Mile High Development has conducted multiple neighborhood meetings, with some attended by over 200 people, in which the plan for affordable housing was included in the presentation and was positively received as needed in the vicinity.

9% lihtc application narrative



Project Name: Point of the Pines Villas (assisted living facility serving elderly and special needs tenants)

Project Address: 360 Elkton Drive, Colorado Springs, Colorado 80919

The following Narrative describes the Point of the Pines Villas development (the “Project”) and why it should be selected above others for an award of Tax Credits. Note that the Application being filed with CHFA is a re-submission of a prior Application filed in 2019, modified to incorporate various suggestions of CHFA staff including those offered during the post-round follow-up meeting with Allocation Committee members. Please see the attached Exhibit A that sets forth these modifications.

1. Executive Summary:

General Information and Populations Served. The Point of the Pines Villas will be an affordable housing project serving elderly and other disabled individuals who are in need of assisting living services, and is located adjacent to the existing Point of the Pines Gardens (“PPG”) assisted living facility (also owned and operated by the Developer) just west of I-25 near the Garden of the Gods exit.

The Project will be comprised of 48 total units, all of which will be held aside to serve Medicaid-eligible tenants earning no more than 30% to 60% of the Average Median Income (“AMI”) level for Colorado Springs. One-third of the units will serve “very, very low-income residents” earning less than 30% AMI. The Project will serve disabled elderly and other special needs individuals, including homeless persons, consistent with the populations served by the Developer’s existing assisted living facilities in the area.

Construction, Design and Amenities. The Project’s studio units will each have private bathrooms (and be sized at 325 square feet), with the overall building size at 31,204 square feet. This is unique since all other comparable affordable assisted living facilities in Colorado Springs (other than the Developer’s existing PPG facility) do not offer separate, single rooms with their own private bathroom for each tenant like this new facility will offer.

The three-story Project has been designed incorporating the site’s topography so each of its floors has a “walk-out” entrance/exit. Various “sitting, gathering and meeting areas” are scattered throughout the building in order to give the feel of a smaller “home-like” setting consistent with the current preferences of assisted living advocates and the state for assisted living facilities. The Project includes a large dining room to accommodate all tenants in one sitting for meals, a commercial kitchen and various administrative and common areas.

The finish level will be of excellent quality for an affordable project (mirroring the quality of the PPG facility) and will include, for example, wainscoting throughout the common areas, six-panel doors on all doorways, and handrails throughout the building. All common areas will be furnished appropriately for frail elderly and disabled residents. The grounds will include landscaping, various patio

areas, walkways, fencing and gardens. Few residents will have cars, as transportation is arranged by the facility. The Project site is within a quarter mile of public transportation.

Appropriate zoning (OC) is already in place. Building construction is slab-on grade with wood framing and tile roofing. Water, sewer, gas and electric utilities will be paid by the owner. Also included will be cable TV hook-ups and local phone service. The heating system will be gas forced air and hot water heat. Central air-conditioning is also included. As is the case with the Developer's existing facilities, the use of green and energy-efficient equipment and systems will be maximized. In particular, the Project has been designed using sustainable practices throughout all phases of the proposed development. Various members of the design and construction team are LEED certified, and are well versed in all trades applicable to the design of high-performance buildings.

Services Provided and Management. The Project is being developed by MEJansen Development (PPG) LLC, owned by Michael Jansen who also developed the following Section 42 Tax Credit projects in the Pueblo and Colorado Springs areas: Trinity Life Gardens in 2000, North Pointe Gardens in 2003, Oakshire Gardens in 2008, Pueblo West Gardens in 2010/2014 (two phases), Point of the Pines Gardens in 2013 and Oakshire Commons in 2018, all assisted living facilities very similar to the Project.

The Project will be using the same experienced operational management team as the existing facilities, and will serve the same low-income, elderly and other special needs populations. All of our existing facilities continue to run at or near full occupancy.

Because the Project will be a licensed assisted living residence, an extensive package of services is included and is offered to all residents, including:

- 3 meals per day and snacks
- 24-hours oversight
- Medication administration
- Personal laundry and linens
- Housecleaning
- Transportation to doctor appointments
- Weekly bathing assistance
- Activities program seven days per week, with at least 2 activities daily.

Staffing includes a minimum of one caregiver for each 10 residents during the day and one for each 16 residents during the night. Residents needing additional levels of service by the facility are discharged to another setting.

As a Medicaid qualified facility, the monthly rent and fee structure for the Project is as follows: As of January 1, 2020, the operator receives a co-pay of \$700 per month from the resident. Of this amount, \$360 is allocated to food service and \$340 to rent. The operator also receives \$1,947 per month in services fees that are partially paid by the resident and partially by Medicaid, depending on the income level of the resident to cover the assisted living services offered.

Type of Financing and Market Need. Bank of the San Juans will be providing the construction and permanent loan financing, and Mountain Plains Equity Group will be purchasing the Tax Credits, both of which entities are very familiar with our management team as they have provided financing for our previous projects.

The Project will also be entering into an affiliation agreement with the Colorado Springs Housing Authority (in order for the Housing Authority to become a Special Administrative Member like it is for the adjacent PPG facility), which affiliation will afford the Project with a property tax exemption in return for the payment of annual affiliation fees to the Housing Authority.

Finally, the Market Study confirms the great unmet need in Colorado Springs for the additional affordable assisted living units the Project will provide, with an extremely low market penetration rate to achieve full occupancy of the Project.

2. Identify which housing priorities in Section 2 of the QAP the Project qualifies for: The Project qualifies for the following Housing Priorities identified in Section 2 of the QAP:

- Projects Serving Persons with Special Needs. As an assisted living facility, the broad range of services and meals provided to tenants permits them to maintain and increase their independence so they do not otherwise have to live in a nursing home or other institutional setting. In effect, the supporting services provided permit tenants with special needs and disabilities to continue to live in a residential setting.
- Projects Serving Homeless Persons. Given the Medicaid and other funding sources available to the special needs populations it serves, the Project is able house homeless individuals needing assistance. In fact, a significant number of tenants at our existing facilities were previously homeless.

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

a. Market conditions: The Market Study (confirming a very low penetration rate of only 12.6% for all 48 units), our waiting lists of tenants at our existing facilities (which are all at or near 100% occupancy) and the letters of support included with the Application, all confirm the enormous need in the Colorado Springs area for the Project. As noted by the Market Study analyst, the Project's low penetration rate as calculated by the Market Study is also overstated because the assisted living facility demographic data used (as is customary for such studies) only assumes individuals over age 75 in determining demand, whereas at our existing facilities less than 10% of our residents are over age 75 and over half are aged 50 to 75 (the balance are even younger). This means that the actual demand is significantly higher than the already high demand as calculated by the Market Study.

b. Proximity to existing tax credit developments: Although the Project is an addition to an existing Tax Credit project (Point of the Pines Gardens), there are no other competing Tax Credit projects in the general vicinity.

c. Readiness-to-proceed: The site is owned by the Developer and is already appropriately zoned for an assisted living facility. The equity syndicator and bank involved are very familiar with the Developer and the management team as they have provided funding for their prior projects. Construction will commence shortly after allocation of the Tax Credits by CHFA and is anticipated to be completed within a year (as was the case with our Oakshire Gardens and initial Pueblo West Gardens facilities), which confirms an absolute readiness to imminently proceed.

d. Overall financial feasibility and viability: The strong operating performance of our existing facilities confirms the overall financial feasibility and viability of the Project, which is based upon

the same expense and revenue structures. The pro-forma contained in the Application supports this, and the reasonable costs of construction (on both an overall and per unit basis) enhance this feasibility.

d. Experience and track record of the development and management team: The Developer and management team have successfully placed into service and operated seven existing projects and expansions in Pueblo, Pueblo West and Colorado Springs over the past twenty years. Their regulatory compliance and Tax Credit record is impeccable, and the Project will represent an addition to an existing (and already successful) Tax Credit project.

f. Cost reasonableness: Total Project development costs (including all soft costs but excluding reserves) are only \$12,421,919, which is over \$1.6 million lower than the HUD Section 221 limit of \$14,099,280 for a 48 one-bedroom unit development in the area (as discussed with CHFA staff for prior projects, even though our projects contain studio units, given the large common kitchen, dining and activities areas (representing more than the entire square footage area of the units), for HUD Section 221 cost purposes the one-bedroom costs are the appropriate comparison). This large cost differential is a very compelling indication of the Project's enormously economical cost which makes it a very efficient use of the Tax Credits being requested.

g. Site suitability: As evidenced by the successful development and operation of the existing Point of the Pines facility that is adjacent to the Project site, the site is appropriate and suitable for the Project. Also see Exhibit A that describes the Soils Test, foundation and stormwater drainage system details that are now included within the Application as suggested by CHFA staff.

4. Provide the following information as applicable:

- a. Justification for waiver of any underwriting criteria. No waivers are being requested.
- b. Justification of the financial need for CHFA's DDA credit up to 130% of qualified basis:
- The Application materials evidence the maximum construction and permanent debt financing for the Project (which will be provided by Bank of the San Juans), constituting a debt load of \$54,000 per unit, which matches the highest debt load of our existing facilities (Oakshire Commons) with our other projects having a per-unit debt load of much less.
 - As for the equity financing, Mountain Plains Equity Group will be purchasing the Tax Credits to be generated by the Project at the rate noted in the Application, which is the highest rate ever received by one of our assisted living projects. Given the large service component inherent in the operation of assisted living facilities, an assisted living development is more akin to a services business than a real estate investment. Tax Credit syndicators realize this, and do not pay as much for Tax Credits generated by assisted living facilities as they do for other Section 42 Tax Credit properties, which was also experienced by us in the development of our other assisted living facilities.
 - As a result, the proposed equity factor is reasonable and appropriate (and as noted above represents the highest rate we have ever received for one of our assisted living facility developments). We therefore respectfully request this small basis boost (of under 15%) which we believe is justified for all of the foregoing reasons.

5. Address any issues raised in the Market Study submitted with your Application:
 - No issues were raised in the Market Study (which shows a strong need for the Project) other than the relatively low “Walk Score” (and included “Transit Score”) for the Project. Notably, the Project’s score is significantly lower than the Walk Score for the existing PPG project right next door! The Market Study analyst believes that because the site address is an undeveloped lot this may be causing issues with the scoring system.
 - However, as mentioned in the Market Study, the Project is an assisted living campus so many of the residents have mobility impairment and the poor Walk Score is unlikely to affect their daily life (the Project will also provide transportation for its residents as part of the assisted living services). The biggest impact of the poor Walk Score would be to workers, but this has not impacted the adjacent PPG facility from attracting and retaining staff. As a result, we do not believe that the low Walk Score is relevant to our tenants or employees.

6. Address any issues raised in the environmental report submitted with your Application: No issues were raised in the Phase I Environmental Report.

7. Identify any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment: No unusual features are driving costs upward, and the Application now incorporates the details and costs of the foundation and drainage detention systems recommended by the engineering reports received and discussed with the City Planning Department.

8. Describe the outreach you have conducted within the proposed community. Describe any potential neighborhood opposition that may impact the Project’s readiness to proceed:
 - As for the outreach we have conducted, we are in constant contact with local government agencies and charitable organizations as to our facilities and the elderly and special needs tenants served, and consistently receive referrals from the local Housing Authority, El Paso County caseworkers, local medical centers and providers, the Department of Housing and Human Services, the Senior Resource Center and others. All of such individuals and entities strongly support our facilities. Included with the Application materials are various letters of support confirming this.
 - We will also be partnering with the Colorado Springs Housing Authority for them to become a “Special Administrative Member” in order for the Project to receive a real estate tax exemption as noted in the Application materials. The Housing Authority is currently affiliated in such capacity with our existing Point of the Pines Gardens facility adjacent to the Project site.
 - Finally, our existing Point of the Pines facility has a wonderful relationship with the local neighborhood community, with various local residents serving as program volunteers.

* * * * *

The foregoing Narrative provides all of the requested information, and we trust it will support an award of the Tax Credits requested. Please see the Application Cover Letter, the Market Study and other materials included with the Application for additional documentation supporting our Tax Credit request.

EXHIBIT A

Description of Modifications to Prior Application

As noted above, the Application is a re-submission of the prior Application submitted for the 9% Tax Credit Allocation Round in 2019 for the same Project. The Project includes the same number and type of units, is at the same location, and uses all of the same Application supporting materials as the original Application, but has been updated to reflect the following items including those suggested by CHFA staff:

- Construction Costs. The Construction Cost Estimate has been updated by the General Contractor (Ayars & Ayars) to include more specific line item information and to reflect a similar level of detail as the Construction Cost Estimates of other projects that were selected by CHFA to receive an allocation of tax credits last year (which forms were obtained from CHFA through a Colorado Open Records Act request).
- Foundation Detail. In particular, and in response to CHFA's suggestion, a full Soils Report was obtained for the specific site of the Project including a foundation design based on such report from Entech Engineering. The cost of this foundation is included within the Construction Cost Estimate and is described in more detail in the materials from the General Contractor included with the Application (a copy of the full Soils Report is also included with the Application materials).
- Storm Water Detention Detail. Also in response to CHFA's suggestion, Olssen Engineering provided an analysis of the drainage and storm water detention requirements of the site and discussed the same with appropriate Colorado Springs Planning Department personnel to determine the drainage requirements for the site. As described in more detail in the materials submitted with the Application, it was determined that a 165,000 underground drainage detention system would be required, the location and size of which is included within the updated Site Plans. The Construction Cost Estimate includes the costs of this underground detention system and is described in detail in the materials included with the Application (technical information on the system to be installed is also included). In general, the system will utilize a multitude of 5' deep inter-connected chambers, which are designed to provide the proper support under the parking lot areas noted on the Site Plans as described in the supporting materials included with the Application.
- Overall Site Plans and Building Design. Finally, the overall Site Plans were updated to include the above drainage detention location and to minimize the area of the parcel being developed while slightly rearranging the building/parking areas to minimize the steepness of the paved areas. Additional common areas/offices were also added throughout the building, and the placement of the building on the site was slightly adjusted in in order for each of the three levels to have "walk out" entrances/exists. Such building changes added about 400 square feet to the plans included in the prior Application (the unit sizes (325 square feet) and number of units (48) remain the same as the prior Application).

No other significant changes were made to the Application from the prior Application filed for the Project other than providing the new 2020 QAP items required and updating various items as noted in the Application materials.

9 % lihtc application narrative



Project Name: RENAISSANCE LEGACY LOFTS LIHTC
Project Address: 2175 California Street, Denver, CO 80205

EXECUTIVE SUMMARY:

The Colorado Coalition for the Homeless, and its development subsidiary Renaissance Housing Development Corporation, are proposing a new development at 2175 California Street in Downtown Denver, CO. This development will include three components which will be organized as separate condominium units with separate LLLP ownership and separate financing. However, the building will be constructed under a single construction contract with separate Schedule of Values which break out the construction costs by each component. These are:

1. Stout Street Recuperative Care Facility, a 75 bed Assisted Living Facility financed with NMTCS on the first three floors (46,340 GSF);
2. Renaissance Legacy Lofts LIHTC , a 64 unit Permanent Supportive Housing project financed with 9% competitive LIHTCs – the subject of this application – on the fourth through seventh floors (48,296 GSF); &
3. Renaissance Legacy Lofts LIHTC, a 34 unit Permanent Supportive Housing Project financed with Private Activity Bonds and 4% tax credits, on the eighth and ninth floors (24,342 GSF).



Rendering of Renaissance Legacy Lofts LIHTC and PAB with Stout Street Recuperative Care Facility

The LIHTC development will consist of 64 units permanent supportive housing in downtown Denver's vibrant Arapahoe Square neighborhood to meet the needs of homeless and at-risk individuals, particularly the elderly, persons who are high utilizers of health care, and persons with disabilities. The location is adjacent to the Stout Street Health Center and the Downtown Denver location provides significant amenities and employment opportunities. This new construction development will include 53 one-bedroom units and 11 studio apartment units. The project is also requesting funding and 32 project based vouchers through the Colorado Division of Housing's Permanent Supportive Housing Pilot Program. The project is also requesting acquisition funding from the Denver Housing Authority D3 bond program and 32 project based Section 8 vouchers. Additional funding is being requested from the FHLB AHP program.

The project is a TOD located in a QCT within ¼ mile of the Welton St. Light Rail station and multiple bus lines. The structure will be concrete podium construction for the 1st through 4th floors, with an Infinity load bearing, metal stud framing and concrete floors on the 5th through 7th floors (and 8th and 9th with PAB). Exterior will be combination of brick and metal paneling. Project will use Enterprise Green Communities design standards. Amenities will include community room, 4th floor terrace, on-site laundry, service offices and business center.

The Stout Street Recuperative Care Facility has received preliminary commitment of \$10 million of New Market Tax Credits from the Corporation for Supportive housing and \$7 million from the Colorado Housing and Finance Authority. The Northern Trust Company has provided a LOI for NMTC equity in the gross amount of \$6,265,900.

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

The Project meets the CHFA priorities of serving Homeless and Special Needs tenants. This supportive housing project will target chronically homeless individuals, with a special focus on homeless senior citizens, persons who are high utilizers of emergency health services, and persons with mental illness, persons recovering from addictions, and those with co-occurring conditions.

The Colorado Coalition for the Homeless will provide a range of health and supportive services to homeless and special needs individuals residing in the development. The services are designed to assist homeless individuals to obtain and maintain their permanent housing. A housing first approach ensures a direct link to housing. Housing and services will be seamlessly coordinated across multiple services systems through the multi-disciplinary team. Additional integrated health, mental health, dental, vision, pharmacy, and social services will be provided by CCH through its Stout Street Health Center, which is located adjacent to the development site. The case managers and counselors will help residents to maximize their self-sufficiency by addressing the underlying illness and causes of their homelessness and increasing life-skills.

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

a. Market conditions

The Market Study completed by Prior and Associates documents that there are 3,102 qualifying homeless households in the Primary Market Area of Denver. Existing permanent supportive housing has average occupancy rates of 98%, and those currently residing in PSH are not counted among the homeless population. There are 73 PSH units planned or under construction in addition to the units proposed through this application. Consequently, the capture rate required for this project is only 4.4%.

The most recent Point-in-Time count of homelessness by the Metro Denver Homeless Initiative found a total of 1,158 **chronically homeless** individuals in Metro Denver on a single day in January 2019, which is the target population for this project. This included 946 unsheltered individuals. The OneHome Coordinated Entry System program identifies individuals eligible for supportive housing. There are more than 1,500 individuals prioritized for supportive housing on these lists.

This project will utilize 100% project based vouchers, providing affordability for every homeless individual in the community, regardless of their income. The market demand for housing for homeless and persons with special needs is far greater than the existing supply. This is evidenced by our consistently high occupancy rates of 99% within the Coalition's housing portfolio and by the very short lease-up period of 1 to 2 months to reach full occupancy on new projects. It is important to note that our actual market demand exceeds conventional market underwriting.

The Market Study documents the strong market and projected lease-up success of the project. There are multiple strengths identified, and no weaknesses. The projected lease up period is only two months.

b. Proximity to Existing LIHTC Projects. The project is proximate to three LIHTC developments managed by CCH which average 99% occupancy. The Renaissance Downtown Lofts leased up 100 units within 45 days in June 2018. In the past three years, nearly 1,000 market rate apartments have been constructed within 3 blocks of the site, making it extremely attractive for LIHTC and PSH housing. There are no new LIHTC projects proposed in Downtown Denver or the surrounding neighborhoods in this LIHTC round.

c. Project Readiness. CCH owns the development site, having purchased it in 2017. CCH has accelerated the development process for this ambitious and desperately needed project in order to meet the timing requirements associated with LIHTC, PAB and NMTC financing. Consequently, the project has completed full Schematic Design architectural and engineering, and an initial site plan review is underway by the Denver Building Department. We intend to continue with design development and Construction Document production during the review of the LIHTC application in order to be able to begin construction in 2020 to bring these units on line ASAP. The current D-AS-12+ zoning allows this development as a use by right. No zoning waivers are required. Soft financing commitments are being requested simultaneously with this application from Denver Housing Authority, Colorado Division of Housing, Denver HOST, and FHLB. Preliminary NMTC allocations and equity commitments have been received, contingent upon receipt of the LIHTC allocation. The project will be able to meet all carryover requirements within 6 months of a LIHTC reservation. This project meets the Project Readiness criteria.

d. Overall financial feasibility and viability. The project is requesting the minimum amount of credit needed for the financial feasibility of the project, and has excess basis that would support a total of \$2 million of annual LIHTC credit. This project financing for the 9% LIHTC residential condominium is based upon our proven Renaissance Development Model that we have successfully utilized in the development of fourteen new construction multi-family projects, plus one new project currently under construction. In order to serve the largest possible number of special needs and formally homeless individuals and families, together with the lowest income segment of the community, our financing is structured to cover the costs of developing the project with limited long-term debt. In order to accomplish this, we utilize multiple sources of financing including Federal Low Income Housing Tax Credits, and CCH equity as needed to meet all expenses.

Financing for the 4% PAB Tax Credit Condominium will include CHFA issued and privately placed Private Activity Bond, Tax Credit Equity and State and City grants to fully fund the development costs.

We are requesting the Denver Housing Authority to commit 34 Section 8 Project-Based Vouchers for the project, conditioned on the successful award of tax credits from CHFA from the 2020 9% allocation round. In addition, we are requesting 34 additional project based vouchers from the Colorado Division of Housing. We are also requesting an additional 17 project based vouchers each from DHA and CDOH to support the PAB project. These vouchers will provide contract rents for the property while the tenant pays only 30% of their adjusted income for rent, supporting our operational costs and ensuring that chronically homeless individuals with no income or

extremely low income can be housed. Excess cash flow, will be dedicated to providing supportive services for the formerly homeless residents of the project.

CCH is requesting land acquisition funding from the Denver Housing Authority's D3 bond program. This will provide funding to pay off the acquisition loan from CCH, and provide additional funds through a cash flow loan to fund the construction of both the LIHTC and PAB projects.

We are also requesting funding from City and County of Denver and the Colorado Division of Housing to support the PAB project, leveraging the land and infrastructure to create 34 additional PSH units and maximize density of the project. The City, DHA and CDOH have provided funding and support for each of CCH's six LIHTC developments over the past 20 years.

We are also applying for \$750,000 from the FHLB Affordable Housing Program of San Francisco in its April 2020 round. CCH has been successful in obtaining FHLB funding for each of its previous 13 tax credit developments.

Several local financial institutions have expressed a strong interest to partner with CCH in providing tax credit equity and construction financing, and we have received favorable letters of interest for both.

Our experience in our supportive housing programs for chronically homeless individuals demonstrates that moving individuals from the streets to supportive housing not only ends their homelessness (95% retain their housing for more than 2 years), but it also reduces taxpayer funded emergency services from detox, hospitals, emergency rooms, police, and shelter services by 81%.

The commitment of these sources of financing and equity ensures the lowest possible debt to ensure our ability to set rents as low as possible to meet the needs of extremely low income households, while ensuring sufficient revenue to cover the costs of operations, management and maintenance. Excess cash flow helps cover supportive services costs. The PUPA is higher than basic affordable LIHTC developments, due to higher maintenance costs, enhanced security, 24 hour front desk coverage, and utilities being included in the rent. The higher DSCR allows for excess cash flow to fund a portion of the supportive services. The 15 year pro-forma demonstrates a high degree of financial feasibility for this project.

e. Experience and track record of the development and management team: CCH is a leading developer of supportive housing and service facilities in both Colorado and nationally. CCH maintains a skilled, in-house, 5 FTE, real estate development team, which oversees all CCH construction projects including community facilities, LIHTC and NMTC developments, and mixed income, affordable housing developments. In over 34 years of service, the Colorado Coalition for the Homeless has developed more than 2,000 units of supportive and affordable housing through 17 developments. Our integrated housing approach integrates high-quality housing for homeless individuals and families with affordable housing for lower income families and individuals. Services such as counseling, life skills training, financial literacy and employment assistance contribute to housing stability for those who once were homeless. Our quality architectural designs and environmental standards add significant value to existing neighborhoods and cultivate pride and well-being among residents and the larger community. The following listings showcase our experience in developing properties:

- Renaissance Downtown Lofts (100 units) 2075 N. Broadway: Opened 2018
- Renaissance North Colorado Station (103 units) 3999 Colorado Blvd: Opened 2016
- Stout Street Health Center and Renaissance Stout Street Lofts (55,000 SF health clinic & 78 housing units) 2160 & 2180 Stout Street: Opened 2014
- Renaissance West End Flats (101 units) 1490 Zenobia: Opened 2012
- Renaissance Uptown Lofts (98 units) 571 East Colfax: Opened 2010
- Renaissance Riverfront Lofts (100 units) 3400 Park Ave. West: Opened 2009
- Renaissance at Xenia Village (77 units) 1420, Xenia St: Renovated in 2006
- Renaissance at Civic Center Apartments (216 units) 25 East 16th Ave: Opened in 2004

- Renaissance Blue Spruce Townhomes (92 units) 7300 East Severn Place: 2003
- Renaissance at Lowry Boulevard (120 units) 550 Alton Way: Opened in 2003
- Renaissance Off Broadway Lofts (81 units) 2135 Stout St: Opened in 2001
- Renaissance at Concord Plaza (78 units) 1793 Kendall St: Opened in 1998
- Renaissance at Loretto Heights (76 units) 3151 West Girard Ave: Opened in 1997
- Forum Apartments (100 units) 250 West 14th Ave: Opened in 1996

All of these developments were completed on time and within budget. Only one project required supplemental credits.

CCH has made significant investments in its management subsidiary Renaissance Housing Development Corporation which has significantly improved its management and maintenance teams. With enhanced compliance focus, all of CCH's portfolio is in full compliance with all LIHTC, CHFA loan, and other affordable housing program requirements.

CCH has selected Christopher Carvell Architects to design the project. Carvell has successfully provided architectural services for four prior CCH LIHTC developments. CCH is working with GH Phipps for preconstruction services. GH Phipps has been working in the Denver market for 67 years and has completed 58 projects totaling \$463 million in the past five years. The project tax counsel, Bill Callison, has extensive LIHTC and PAB experience as does our accounting team BKD.

f. Project costs: CCH is utilizing its experience gained from developing 17 successful LIHTC projects in the past to control costs upfront in the design stage as well as through construction to the maximum extent possible. CCH has realized efficiencies in design by utilizing similar floor plan layouts of units and specifying similar materials, finishes and fixtures that have been successfully used in the past. However, smaller foot prints lead to higher per square foot construction costs as higher cost items, such as kitchens, bathrooms, and HVAC are amortized over smaller square footage.

An economy of scale is also anticipated for this project as CCH's development team has extensive experience monitoring the construction closely by constantly tracking the schedule and keeping on top of contractor's / architect's responsibilities throughout the construction process. With the ability to retrospectively review past development projects, CCH can proactively recommend alternative solutions to any problems that occur, and make sure that the contractor maintains a level of quality at a reasonable cost.

Furthermore, the innovative addition of the 34 units in the 4% PAB Condo will lower the per unit construction and development costs, as the cost of land, site-work and infrastructure are amortized over additional units, and the eighth and ninth floor framing will be at a lower per square foot construction cost.

However, recent escalation of land and construction costs in the Denver market due to new market rate multi-family development, particularly in Downtown Denver, has created pressure to meet previously established cost per unit and per square foot targets for affordable housing developments. Consequently, we have worked closely with our architect and general contractor to value engineer the building, and use cost effective construction methods to contain costs, including the Infinity light gauge structure steel construction method to save time minimize the need for more expensive concrete structure to achieve the nine story building height. While the per unit costs are higher than we would like, we are confident that they are as low as possible, and nonetheless provide great value by creating critically needed housing within the Downtown Denver market, close to light rail transit, and adjacent to the Stout Street Health Center.

g. Site suitability. The project site is within the boundaries of the Arapahoe Square neighborhood at the edge of Downtown Denver, a highly desirable residential location currently undergoing significant market rate housing growth and revitalization. The project is proximate to numerous RTD bus routes and two light rail stations. Commercial retail, restaurants, shopping, offices and other commercial uses are all within easy walking distance.

There are significant employment opportunities downtown within blocks of the site. The adjacent Stout Street Health Center provides easy access to integrated health services and other supports to assist the formerly homeless and special needs tenants. The site has a high walkability score. The combination of the Stout Street Recuperative Care facility and the PAB housing will maximize density on this site.

4. Provide the following information as applicable:

The project meets all of the minimum CHFA underwriting criteria.

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

There are no issues raised by the market study. The study documents a low 4.4% capture rate, a significant number of project strengths and no weakness.

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

There are no environmental issues on property.

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

The Downtown Denver location and the need to build up to 9 stories to accomplish the 75 Recuperative Care/Assisted Living beds, the 64 LIHTC units and the 34 PAB units requires higher-cost concrete podium construction, and places the building into a "high rise" classification, requiring additional mechanical, electrical and fire safety treatments that add construction costs to the project. CCH is working with general contractor GH Phipps, the architect and the development team to maximize efficiencies in design, development and building technologies, including the panelized Infinity load bearing stud panel system that will decrease the costs of conventional framing, and decrease construction time and cost through the off-site fabrication. The land costs have been reduced by amortizing costs across the three uses, and including current discounted land in pro-forma rather than the current fair market value.

8. In your own words describe the outreach to the community that you have done.

CCH has notified all 9 Registered Neighborhood Organizations surrounding the site and offered to attend neighborhood meetings to discuss the development. To date, only one RNO requested a meeting and we met with 50 members of the Curtis Park Neighborhood to present the development. The proposal was favorably received, and we committed to continue working with the neighborhood to address the issue of homelessness and development progress on the project.

We have met with City Councilwoman Candi CdeBaca, Mayor Hancock's Office, Denver Department of Housing Stability, Denver Housing Authority, and Colorado Division of Housing to obtain general support for the project as well as specific financing commitments. We have also met with Denver Health and Hospitals, St. Joseph's Hospital, and University Health Sciences Center to obtain support for the recuperative care and PSH program.

There is no neighborhood opposition to the project that we are aware of.

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

N/A

4% PAB lihtc application narrative



Project Name: RENAISSANCE LEGACY LOFTS PAB
Project Address: 2175 California Street, Denver, CO 80205

EXECUTIVE SUMMARY:

The Colorado Coalition for the Homeless, and its development subsidiary Renaissance Housing Development Corporation, are proposing a new development at 2175 California Street in Downtown Denver, CO. This development will include three components which will be organized as separate condominium units with separate LLLP ownership and separate financing. However, the building will be constructed under a single construction contract with separate Schedule of Values which break out the construction costs by each component. These are:

1. Stout Street Recuperative Care Facility, a 75 bed Assisted Living Facility financed with NMTCs on the first three floors (46,340 GSF);
2. Renaissance Legacy Lofts LIHTC , a 64 unit Permanent Supportive Housing project financed with 9% competitive LIHTCs – the subject of this application – on the fourth through seventh floors (48,296 GSF); &
3. Renaissance Legacy Lofts LIHTC, a 34 unit Permanent Supportive Housing Project financed with Private Activity Bonds and 4% tax credits, on the eighth and ninth floors (24,342 GSF).



Rendering Renaissance Legacy Lofts PAB and LIHTC with Stout Street Recuperative Care Facility

The 4% PAB development will consist of 34 units permanent supportive housing in downtown Denver's vibrant Arapahoe Square neighborhood to meet the needs of homeless and at-risk individuals, particularly the elderly, persons who are high utilizers of health care, and persons with disabilities. The location is adjacent to the Stout Street Health Center and the Downtown Denver location provides significant amenities and employment opportunities. This new construction development will include 28 one-bedroom units and 6 studio apartment units. The project is also requesting funding and 17 project based vouchers through the Colorado Division of Housing's Permanent Supportive Housing Pilot Program. The project is also requesting acquisition funding from the Denver Housing Authority D3 bond program and 17 project based Section 8 vouchers. Additional funding is being requested from the FHLB AHP program.

The project is a TOD located in a QCT within ¼ mile of the Welton St. Light Rail station and multiple bus lines. The structure will be concrete podium construction for the 1st through 4th floors, with an Infinity load bearing, metal stud framing and concrete floors on the 5th through 7th floors (and 8th and 9th with PAB). Exterior will be combination of brick and metal paneling. Project will use Enterprise Green Communities design standards. Amenities will include community room, 4th floor terrace, on-site laundry, service offices and business center.

The Stout Street Recuperative Care Facility has received preliminary commitment of \$10 million of New Market Tax Credits from the Corporation for Supportive housing and \$7 million from the Colorado Housing and Finance Authority. The Northern Trust Company has provided a LOI for NMTC equity in the gross amount of \$6,265,900.

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

The Project meets the CHFA priorities of serving Homeless and Special Needs tenants. This supportive housing project will target chronically homeless individuals, with a special focus on homeless senior citizens, persons who are high utilizers of emergency health services, and persons with mental illness, persons recovering from addictions, and those with co-occurring conditions.

The Colorado Coalition for the Homeless will provide a range of health and supportive services to homeless and special needs individuals residing in the development. The services are designed to assist homeless individuals to obtain and maintain their permanent housing. A housing first approach ensures a direct link to housing. Housing and services will be seamlessly coordinated across multiple services systems through the multi-disciplinary team. Additional integrated health, mental health, dental, vision, pharmacy, and social services will be provided by CCH through its Stout Street Health Center, which is located adjacent to the development site. The case managers and counselors will help residents to maximize their self-sufficiency by addressing the underlying illness and causes of their homelessness and increasing life-skills.

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

a. Market conditions

The Market Study completed by Prior and Associates documents that there are 3,102 qualifying homeless households in the Primary Market Area of Denver. Existing permanent supportive housing has average occupancy rates of 98%, and those currently residing in PSH are not counted among the homeless population. There are 73 PSH units planned or under construction in addition to the units proposed through this application. Consequently, the capture rate required for this project is only 4.4%.

The most recent Point-in-Time count of homelessness by the Metro Denver Homeless Initiative found a total of 1,158 **chronically homeless** individuals in Metro Denver on a single day in January 2019, which is the target

population for this project. This included 946 unsheltered individuals. The OneHome Coordinated Entry System program identifies individuals eligible for supportive housing. There are more than 1,500 individuals prioritized for supportive housing on these lists.

This project will utilize 100% project based vouchers, providing affordability for every homeless individual in the community, regardless of their income. The market demand for housing for homeless and persons with special needs is far greater than the existing supply. This is evidenced by our consistently high occupancy rates of 99% within the Coalition's housing portfolio and by the very short lease-up period of 1 to 2 months to reach full occupancy on new projects. It is important to note that our actual market demand exceeds conventional market underwriting.

The Market Study documents the strong market and projected lease-up success of the project. There are multiple strengths identified, and no weaknesses. The projected lease up period is only two months.

b. Proximity to Existing LIHTC Projects. The project is proximate to three LIHTC developments managed by CCH which average 99% occupancy. The Renaissance Downtown Lofts leased up 100 units within 45 days in June 2018. In the past three years, nearly 1,000 market rate apartments have been constructed within 3 blocks of the site, making it extremely attractive for LIHTC and PSH housing. There are no new LIHTC projects proposed in Downtown Denver or the surrounding neighborhoods in this LIHTC round.

c. Project Readiness. CCH owns the development site, having purchased it in 2017. CCH has accelerated the development process for this ambitious and desperately needed project in order to meet the timing requirements associated with LIHTC, PAB and NMTC financing. Consequently, the project has completed full Schematic Design architectural and engineering, and an initial site plan review is underway by the Denver Building Department. We intend to continue with design development and Construction Document production during the review of the LIHTC application in order to be able to begin construction in 2020 to bring these units on line ASAP. The current D-AS-12+ zoning allows this development as a use by right. No zoning waivers are required. Soft financing commitments are being requested simultaneously with this application from Denver Housing Authority, Colorado Division of Housing, Denver HOST, and FHLB. Preliminary NMTC allocations and equity commitments have been received, contingent upon receipt of the LIHTC allocation. The project will be able to meet all carryover requirements within 6 months of a LIHTC reservation. This project meets the Project Readiness criteria.

d. Overall financial feasibility and viability. The project is requesting the minimum amount of credit needed for the financial feasibility of the project, and has excess basis that would support a total of \$2 million of annual LIHTC credit. This project financing is based upon our proven Renaissance Development Model that we have successfully utilized in the development of fourteen new construction multi-family projects, plus one new project currently under construction. In order to serve the largest possible number of special needs and formally homeless individuals and families, together with the lowest income segment of the community, our financing is structured to cover the costs of developing the project with limited long-term debt. In order to accomplish this, we utilize multiple sources of financing including Tax Credits, and CCH equity as needed to meet all expenses.

Financing for the 4% PAB Tax Credit Condominium will include CHFA issued and privately placed Private Activity Bond, Tax Credit Equity and State and City grants to fully fund the development costs.

We are requesting the Denver Housing Authority to commit 17 Section 8 Project-Based Vouchers for the project, conditioned on the successful award of PAB tax credits from CHFA. In addition, we are requesting 17 additional project based vouchers from the Colorado Division of Housing. We are also requesting an additional 17 project based vouchers each from DHA and CDOH to support the PAB project. These vouchers will provide contract rents for the property while the tenant pays only 30% of their adjusted income for rent, supporting our operational costs and ensuring that chronically homeless individuals with no income or extremely low income can be housed.

Excess cash flow, will be dedicated to providing supportive services for the formerly homeless residents of the project.

CCH is requesting land acquisition funding from the Denver Housing Authority's D3 bond program. This will provide funding to pay off the acquisition loan from CCH, and provide additional funds through a cash flow loan to fund the construction of both the LIHTC and PAB projects. We are also requesting funding from City and County of Denver and the Colorado Division of Housing to support the PAB project, leveraging the land and infrastructure to create 34 PSH units and maximize density of the project. The City, DHA and CDOH have provided funding and support for each of CCH's six LIHTC developments over the past 20 years.

We are also applying for \$750,000 from the FHLB Affordable Housing Program of San Francisco in its April 2020 round. CCH has been successful in obtaining FHLB funding for each of its previous 13 tax credit developments.

Several local financial institutions have expressed a strong interest to partner with CCH in providing tax credit equity and construction financing, and we have received favorable letters of interest for both.

Our experience in our supportive housing programs for chronically homeless individuals demonstrates that moving individuals from the streets to supportive housing not only ends their homelessness (95% retain their housing for more than 2 years), but it also reduces taxpayer funded emergency services from detox, hospitals, emergency rooms, police, and shelter services by 81%.

The commitment of these sources of financing and equity ensures the lowest possible debt to ensure our ability to set rents as low as possible to meet the needs of extremely low income households, while ensuring sufficient revenue to cover the costs of operations, management and maintenance. Excess cash flow helps cover supportive services costs. The PUPA is higher than basic affordable LIHTC developments, due to higher maintenance costs, enhanced security, 24 hour front desk coverage, and utilities being included in the rent. The higher DSCR allows for excess cash flow to fund a portion of the supportive services. The 15 year pro-forma demonstrates a high degree of financial feasibility for this project.

e. Experience and track record of the development and management team: CCH is a leading developer of supportive housing and service facilities in both Colorado and nationally. CCH maintains a skilled, in-house, 5 FTE, real estate development team, which oversees all CCH construction projects including community facilities, LIHTC and NMTC developments, and mixed income, affordable housing developments. In over 34 years of service, the Colorado Coalition for the Homeless has developed more than 2,000 units of supportive and affordable housing through 17 developments. Our integrated housing approach integrates high-quality housing for homeless individuals and families with affordable housing for lower income families and individuals. Services such as counseling, life skills training, financial literacy and employment assistance contribute to housing stability for those who once were homeless. Our quality architectural designs and environmental standards add significant value to existing neighborhoods and cultivate pride and well-being among residents and the larger community. The following listings showcase our experience in developing properties:

- Renaissance Downtown Lofts (100 units) 2075 N. Broadway: Opened 2018
- Renaissance North Colorado Station (103 units) 3999 Colorado Blvd: Opened 2016
- Stout Street Health Center and Renaissance Stout Street Lofts (55,000 SF health clinic & 78 housing units) 2160 & 2180 Stout Street: Opened 2014
- Renaissance West End Flats (101 units) 1490 Zenobia: Opened 2012
- Renaissance Uptown Lofts (98 units) 571 East Colfax: Opened 2010
- Renaissance Riverfront Lofts (100 units) 3400 Park Ave. West: Opened 2009
- Renaissance at Xenia Village (77 units) 1420, Xenia St: Renovated in 2006
- Renaissance at Civic Center Apartments (216 units) 25 East 16th Ave: Opened in 2004
- Renaissance Blue Spruce Townhomes (92 units) 7300 East Severn Place: 2003
- Renaissance at Lowry Boulevard (120 units) 550 Alton Way: Opened in 2003

- Renaissance Off Broadway Lofts (81 units) 2135 Stout St: Opened in 2001
- Renaissance at Concord Plaza (78 units) 1793 Kendall St: Opened in 1998
- Renaissance at Loretto Heights (76 units) 3151 West Girard Ave: Opened in 1997
- Forum Apartments (100 units) 250 West 14th Ave: Opened in 1996

All of these developments were completed on time and within budget. Only one project required supplemental credits.

CCH has made significant investments in its management subsidiary Renaissance Housing Development Corporation which has significantly improved its management and maintenance teams. With enhanced compliance focus, all of CCH's portfolio is in full compliance with all LIHTC, CHFA loan, and other affordable housing program requirements.

CCH has selected Christopher Carvell Architects to design the project. Carvell has successfully provided architectural services for four prior CCH LIHTC developments. CCH is working with GH Phipps for preconstruction services. GH Phipps has been working in the Denver market for 67 years and has completed 58 projects totaling \$463 million in the past five years. The project tax counsel, Bill Callison, has extensive LIHTC and PAB experience as does our accounting team BKD.

f. Project costs: CCH is utilizing its experience gained from developing 17 successful LIHTC projects in the past to control costs upfront in the design stage as well as through construction to the maximum extent possible. CCH has realized efficiencies in design by utilizing similar floor plan layouts of units and specifying similar materials, finishes and fixtures that have been successfully used in the past. However, smaller foot prints lead to higher per square foot construction costs as higher cost items, such as kitchens, bathrooms, and HVAC are amortized over smaller square footage.

An economy of scale is also anticipated for this project as CCH's development team has extensive experience monitoring the construction closely by constantly tracking the schedule and keeping on top of contractor's / architect's responsibilities throughout the construction process. With the ability to retrospectively review past development projects, CCH can proactively recommend alternative solutions to any problems that occur, and make sure that the contractor maintains a level of quality at a reasonable cost.

Furthermore, the innovative addition of the 34 units in the 4% PAB Condo will lower the per unit construction and development costs, as the cost of land, site-work and infrastructure are amortized over additional units, and the eighth and ninth floor framing will be at a lower per square foot construction cost.

However, recent escalation of land and construction costs in the Denver market due to new market rate multi-family development, particularly in Downtown Denver, has created pressure to meet previously established cost per unit and per square foot targets for affordable housing developments. Consequently, we have worked closely with our architect and general contractor to value engineer the building, and use cost effective construction methods to contain costs, including the Infinity light gauge structure steel construction method to save time minimize the need for more expensive concrete structure to achieve the nine story building height. While the per unit costs are higher than we would like, we are confident that they are as low as possible, and nonetheless provide great value by creating critically needed housing within the Downtown Denver market, close to light rail transit, and adjacent to the Stout Street Health Center.

g. Site suitability. The project site is within the boundaries of the Arapahoe Square neighborhood at the edge of Downtown Denver, a highly desirable residential location currently undergoing significant market rate housing growth and revitalization. The project is proximate to numerous RTD bus routes and two light rail stations. Commercial retail, restaurants, shopping, offices and other commercial uses are all within easy walking distance. There are significant employment opportunities downtown within blocks of the site. The adjacent Stout Street Health Center provides easy access to integrated health services and other supports to assist the formerly

homeless and special needs tenants. The site has a high walkability score. The combination of the Stout Street Recuperative Care facility and the PAB housing will maximize density on this site.

4. Provide the following information as applicable:

The project meets all of the minimum CHFA underwriting criteria.

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

There are no issues raised by the market study. The study documents a low 4.4% capture rate, a significant number of project strengths and no weakness.

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

There are no environmental issues on property.

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

The Downtown Denver location and the need to build up to 9 stories to accomplish the 75 Recuperative Care/Assisted Living beds, the 64 LIHTC units and the 34 PAB units requires higher-cost concrete podium construction, and places the building into a "high rise" classification, requiring additional mechanical, electrical and fire safety treatments that add construction costs to the project. CCH is working with general contractor GH Phipps, the architect and the development team to maximize efficiencies in design, development and building technologies, including the panelized Infinity load bearing stud panel system that will decrease the costs of conventional framing, and decrease construction time and cost through the off-site fabrication. The land costs have been reduced by amortizing costs across the three uses, and including current discounted land in pro-forma rather than the current fair market value.

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).

CCH has notified all 9 Registered Neighborhood Organizations surrounding the site and offered to attend neighborhood meetings to discuss the development. To date, only one RNO requested a meeting and we met with 50 members of the Curtis Park Neighborhood to present the development. The proposal was favorably received, and we committed to continue working with the neighborhood to address the issue of homelessness and development progress on the project.

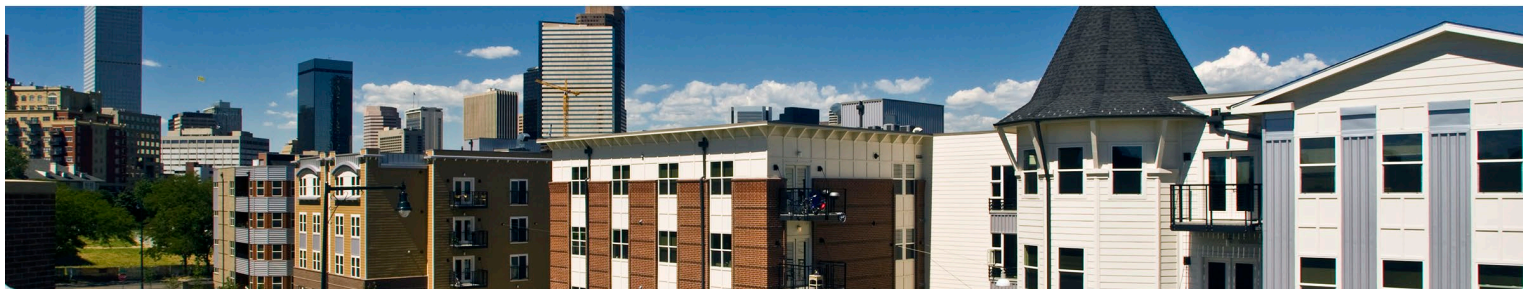
We have met with City Councilwoman Candi CdeBaca, Mayor Hancock's Office, Denver Department of Housing Stability, Denver Housing Authority, and Colorado Division of Housing to obtain general support for the project as well as specific financing commitments. We have also met with Denver Health and Hospitals, St. Joseph's Hospital, and University Health Sciences Center to obtain support for the recuperative care and PSH program.

There is no neighborhood opposition to the project that we are aware of.

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

N/A

9 % lihtc application narrative



Project Name: Rhonda's Place

Project Address: 211-225 South Federal Boulevard, Denver, CO

REDI Corporation (REDI) is based in Denver, CO and serves the front range of Colorado. The mission of REDI is "to provide special needs persons with affordable housing facilities and services specifically designed to meet their physical, social and psychological needs and to promote their health, security and happiness".

Over the past five years Denver's homeless population has grown significantly, point in time data shows an increase from 2,349 homeless individuals in 2015 to 3,943 counted in 2019. Of those households, 3,137 were single adults. There is an immediate need for affordable one-bedroom units to house those who are or who have been homeless, have incomes at or below 30% AMI and who would benefit from supportive services to remain stable in housing.

To address this growing need, REDI Corporation and BlueLine Development, Inc. have partnered together to propose Rhonda's Place, a 50-unit low income housing tax credit development with supportive services provided by the Mental Health Center of Denver (MHCD). Rhonda's Place will be located on South Federal Boulevard, and will include 49 one-bedroom supportive apartments for people who are homeless, those at risk of homelessness, individuals with a disability and /or behavioral health condition and those who would benefit from the supportive services being provided on site in addition to one manager's unit. Each apartment will have an Energy Star refrigerator, dishwasher, oven/range, disposal, and microwave. Conference space, service provider offices, a common area kitchen and lobby have been programmed in to the first floor in order to promote socialization and utilization of services among residents. The site, located in qualified census tract 9.03, is located within half a mile of 13 bus stops, providing easy access to all parts of, and amenities in, Denver.

Rhonda's Place will be a three story, slab on grade, wood frame building designed with double loaded corridors to maintain building efficiency. Stairs at the east and west ends will service the building. The building will have a flat, membrane roof and the exterior will be clad in different profiles of masonry and metal siding. The amenity space will be constructed with glulam beams and columns with large fiberglass windows and a brick masonry base course. All units will have high-efficiency windows, increased insulation rating and air conditioning. The entire project will certify through the Enterprise Green Community program. There will be approximately 4,228 square feet of administrative offices and service space on the first floor. This space will include a leasing office, offices for supportive services partners, a front desk reception area, a mail receiving area, bike storage, a community laundry room, a

community kitchen and a great room. The outdoor community space will include a patio, green space, and a vegetable garden.

Funding for Rhonda's Place will be provided by CHFA in the form of 9% LIHTC equity and Colorado Division of Housing HSP grant funds. Additionally, the Denver Housing Authority will provide D3 Bond funds for the purchase of the land. The project will be supported by 49 Homeless Support Vouchers (HSP) from the Colorado Division of Housing and Denver Housing Authority. Rhonda's Place will follow all required cross-cutting federal regulations.

REDI Corp, in partnership with the Mental Health Center of Denver will provide permanent supportive services to residents of Rhonda's Place. These services will include, but not be limited to, Independent Living Skills, Employment Services, benefits acquisition assistance, access to Mental Health Services, Substance Abuse Services, Health and Medical Services, and General Supportive Services. For more detail on intakes, assessment, defining service plans and case management please see the comprehensive service plan provided with this application.

Rhonda's Place will be a community of hope and healing for those who have experienced homelessness in the Denver Metro area who are in dire need of a stable, safe home. By combining housing and services under one roof, these residents will find themselves engaging with service providers in a community of acceptance, hope, and opportunity. By adding the housing units proposed for Rhonda's Place, the city of Denver will be taking a positive step towards addressing homelessness by creating 49 new affordable units to address the housing needs of the most vulnerable in their community.

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

Rhonda's Place meets the following priorities as defined in Section 2 of the QAP.

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

Rhonda's Place is the result of an experienced housing advocate's efforts to expand their services for homeless individuals coupled with a core team of local non-profit, government and community members desire to address the growing need of affordable housing within the city of Denver. REDI Corp currently provides multiple housing programs within the city of Denver. Rhonda's Place will be an expansion of that service by offering 100% affordable units serving extremely low-income homeless individuals in the City of Denver. Homeless adults are an under-served population in the city of Denver and there are very few 30% AMI units available for extremely-low income households experiencing or coming out of homelessness.

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

Occupancy of Rhonda's Place will target people with a history of homelessness and 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. Rhonda's Place 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 this housing community will have an array of supportive services available to them on-site daily. Please see the Permanent Supportive Service Plan submitted with this application for additional information.

Market Conditions - Analysis of the primary market area indicates a shortage of housing available to residents earning at or below 30% AMI, with low capture rates of 1.6% as indicated by the point in time study's estimated 3,137 single adult homeless individuals. Currently, these candidates have only 421 existing units targeted to 30% AMI. These figures are further corroborated by high

occupancy rates and wait lists at existing housing communities within the primary market area. Based on these calculations we anticipate a quick lease up and long-term stabilization for Rhonda's Place.

Readiness-to-proceed-The proposed project's site is currently zoned E-MX-3 which allows for multi-unit dwellings. REDI Corporation has executed a Real Estate Purchase Contract with the current owner of the land and will assign this contract to the Denver Housing Authority for the purpose of acquisition through the D3 program. The development team has been working with the City of Denver's Planning and Zoning Department on initial site plan approval by attending a site plan concept meeting on November 25, 2019.

The initial Phase I ESA showed two Recognized Environmental Concerns (REC) associated with former uses of the site. The development team underwent additional soils and ground water testing, which revealed no environmental contamination. The site is clean and ready for development.

The Rhonda's Place team has engaged Shopworks Architecture, an experienced LIHTC architect, to design the building. Additionally, we have procured Calcon Constructors, an experienced LIHTC contractor with an office in Denver, to act as General Contractor.

Overall financial feasibility and viability -

Rhonda's Place is financially feasible, if awarded 9% Low Income Housing Tax Credits as requested. The project is eligible to receive a 30% basis boost due to its location within a HUD designated Qualified Census Tract (QCT). This boost is necessary to ensure project viability through what has become a proven financing structure for permanent supportive housing projects.

Rhonda's Place will have secondary funding sources through the Colorado Division of Housing, Homeless Solutions Programs Funds, City of Denver General Funds, Denver Housing Authority D3 program and deferred developer fee. By utilizing the soft financing from the Colorado Division of Housing Homeless Solutions Programs Funds, City of Denver General Funds and DHA D3 as the only sources of secondary financing, Rhonda's Place is ensured of continued operations even in the event that the project's Housing Choice Voucher allocation is removed.

Experience and Track Record of the Team

REDI Corporation

REDI was created in 1974 to conduct fund raising events to assist mentally ill clients with vocational training opportunities. In 1978, Denver Health and Hospital asked REDI to focus on providing housing for this population. REDI with the aid of a \$500 startup grant, took the lead in securing Section 8 subsidies for housing and advocating services for the mentally ill. REDI has carried out its mission to provide special needs persons with affordable housing facilities and services specifically designed to meet their physical, social, and psychological needs, and to promote their health, security and happiness.

Today, REDI Corporation remains committed to its mission and boasts two founding Members who remain active and engaged on the Board of Directors. REDI is proud to have acquired and developed 10 properties. These properties consist of seven multifamily independent living sites and three assisted living homes which collectively provide fine homes to approximately 160 clients. As a further demonstration of REDI's commitment to serving the special needs of the chronically

mentally ill, REDI was awarded a grant from HUD for a Service Coordinator for the special needs population.

REDI has the resources and the commitment to develop and preserve affordable housing while providing for persons with special needs. It remains a strong advocate in providing quality affordable housing and partnering with service providers to serve this special needs population.

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 and has since secured funding and completed construction on 28 affordable developments throughout the West. In Colorado, they have an excellent track record of developing affordable and permanent supportive housing developments. BlueLine Development thrives on the unusual and difficult developments and finds satisfaction in assisting organizations who are helping the populations in Colorado who are most underserved and in need. Please see the BlueLine Development Resume and List of Properties submitted with this application for more information.

The Ross Management Group

The Ross Management Group, formed in 1986, specializes in the management of conventional, tax credit, affordable and service-enriched housing, as well as senior residential properties and retail/commercial real estate. They have successfully leased new developments resulting in maximum benefits for the investors and have expertise and experience in addressing the complex eligibility and reporting requirements often associated with diverse financing of tax credit properties. They have provided expert witness testimony regarding the entire spectrum of the property management profession. Additionally, they consult with owners to review building design feasibility, determine tenant eligibility, process housing assistance payments, perform budgeting and oversee overall management practices.

The Ross Management Group has received several awards including the Community of Quality Award for Exemplary Family Development from the National Affordable Housing Management Association and the Department of Housing and Urban Development has twice recognized them as the "HUD Management Agent of the Year" for the six-state region. They have also received awards of excellence for specific properties from various state and local regulatory agencies.

Ross Management currently operates 24 affordable housing developments totaling over 2,700 in Colorado, Oklahoma and North Dakota. These developments include financing through the Low Income Housing Tax Credit Program, HOME Investment Partnerships Program, Section 8, Section 202 and Section 236 programs. For more information please see the Ross Management Resume and List of Properties submitted with this application.

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 numerous funders and construction reviewers and in writing by a contractor who is active in the local market and is currently building several LIHTC projects in conjunction with Shopworks Architecture. 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 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 42 affordable developments within the Primary Market Area. However, only five of these developments were considered comparable. Further analysis of these comparables can be found in the market study submitted with this application.

Site suitability – The property located at 211-225 South Federal Boulevard provides the development team a unique opportunity to revitalize and redevelop the South Federal corridor. The site is extremely walkable, with a walk score of 86 and is located within a half mile of 13 bus stops, providing easy access to amenities 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 two RECs, however additional testing showed no environmental contamination on the site.

Justification for waivers – Rhonda’s Place is requesting a waiver of the maximum debt coverage ratio of 1.30. By structuring the project without any traditional permanent debt, the development is ensured of continued operations and financial stability in the event that project based voucher appropriations are cut or third-party funding for services are decreased. If HCV for Rhonda’s Place were removed, the project could still cover the projected operating costs with rents maintained at 30% levels instead of requesting a modification to CHFA’s LURA for higher rents. Additionally, the project is able to ensure long term viability of the services budget due to the owner’s commitment of cash flow to support services for the life of the project.

Justification of Financial Need - Rhonda’s Place is in a HUD designated QCT and is not requesting use of CHFA’s discretionary boost.

Market Study Issues - James Real Estate Services identified existing vacancies in peer group properties as a weakness of the project. However, Rhonda’s Place will be fully vouchered and will be required to utilize the coordinated One Home entry system, which will ensure quick lease-up of units upon turnover. Additional JRES identified the fact that the closest large scale grocery store is two miles away. However, the site is proximate to 13 bus stops and will have supportive services on-site to ensure tenants’ needs are met at all times.

Environmental Issues - The Phase I ESA, completed by Kumar and Associates, revealed two Recognized Environmental Concerns for historical uses. Additional testing was immediately undertaken and no contamination was indicated. Please see the environmental reports submitted with this application.

Unusual Costs/Opportunities for Cost Containment – Because of Enterprise Green Communities and City of Denver requirements, the project will be required to show a net 24% energy reduction over comparable properties. The most efficient way to meet this goal is through the use of a rooftop photovoltaic system, which will cost approximately \$75,000. The development team will syndicate solar tax credits equal to 22% of the cost of this system, or \$16,500. These credits will be sold to the investor limited partner at the same rate as the Low Income Housing Tax Credits, resulting in an offset of these costs of \$14,850.

Local Outreach – REDI Corporation is in the City of Denver and receives great support from local and county agencies. REDI staff have continually engaged City administration and staff for support of this project and feedback has been positive thus far.

9% lihtc application narrative



Project Name: Ridgeway Affordable Apartments

Project Address: South of Ridgeway Parkway and West of South Havana Street



Executive Summary

Koelbel and Company (KC) is pleased to resubmit an application for the Ridgeway Station Affordable Apartments (RSA), a new affordable workforce housing project located adjacent to the Regional Transportation District's (RTD) Ridgeway Parkway Station on the new extension of the Southeast Light Rail Line. This emerging area is a part of Lone Tree's City Center sub-area plan to develop a 440-acre site. The City Center will become Lone Tree's vibrant downtown supported by commercial, office, residential, and mixed-use districts surrounded by an extensive park and open space network that comprises a quarter of the total acreage.

RSA will consist of sixty-seven (67) affordable workforce housing units in a five-story building. The foundation will be constructed on drilled concrete piers with a one-story concrete podium supporting four levels of wood frame construction. The building exterior will consist of brick, fiber cement siding, vinyl windows, and storefront at the common areas while the roof will be an energy-star certified white EPDM roof. Vertical circulation in the building will be provided via an elevator and two stair cores. All residential units will be housed on the upper four floors with the eastern and southern units having views of the historic Schweiger Ranch open space. Utilizing the site's sloping grade, the ground floor podium will be completely exposed to the east and partially exposed on the north and south ends. This podium will be used to house 38 covered resident parking spaces while the other 29 spots will be located on the surface lot. The podium will also cover the leasing area, resident storage, bike storage, trash room, and the mail room. The level above the garage will have at-grade street access to the west and will provide the interior common areas for residents.

The subject property is in a SADDA and directly across the street from RidgeGate Station which is served by the E, F, and R light rail lines. This light rail station recently began operation and provides access to downtown Denver, the Tech Center, Park Meadows and Denver International Airport. It should also be noted that a new bus stop will be added to the RidgeGate Parkway Station when the City Center is

developed. Finally, the Lone Tree City Center sub-area plan calls for an urban trail that provides an off-street route for safe and pleasant pedestrian or bicycle travel that connects the entire community.

Other nearby amenities and employment centers include Sky Ridge Medical Center, the Charles Schwab Campus, Super Target, Cabela’s, Park Meadows Mall, the Lone Tree Recreation Center, Lone Tree Arts Center and Douglas County Libraries Lone Tree branch. In addition, there are several restaurants, shops, hotels, and other services under two miles away from the project site.

The project is targeting the workforce 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:

Unit Mix				
AMI	1 Bd - 1 Ba	2bd - 2ba	3bd - 2b	Total
30%	4	2	1	7
40%	8	3	2	13
50%	9	6	2	17
60%	2	1	1	4
70%	7	2	1	10
80%	9	4	3	16
Total	39	18	10	67

Each unit will have individually controlled heating and cooling with packaged terminal air conditioners. Additional amenities include a full kitchen (with dishwasher, garbage disposal, oven/range, and refrigerator/freezer), storage closet, coat closet, in-unit washers and dryers, and cable and internet wiring. Community amenities will consist of security cameras, controlled access entry, an on-site manager, community room, fitness room, computer station, BBQ area and a playground.

RSA will follow the sustainability criteria as set forth by the Enterprise Green Communities 2015 standards. Some of the energy efficiencies included in the project are Energy Star appliances, reduced heat-island effect roofing materials, advanced water conserving appliances, and proximity to public transit.

In addition to LIHTC equity, financing assumes the use of a construction loan, CHFA permanent loan, CHFA HOF, HOME Funds, a City of Lone Tree loan for building permits and fees, along with a deferred developer fee.

Sustainability

The building will be constructed to comply with Enterprise Green Communities 2015 criteria. Numerous green materials and features will be incorporated in the project and the units. The location adjacent to RTD’s 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 during the weekdays (till 10pm on Friday) or 10am-10pm on Saturday. Other 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
- Native and Xeriscape landscaping
- 7 parking spaces under the podium will be EV-ready

Guiding Principles

Designed to support the maximum allowable density, Ridgegate Affordable Apartments will be able to provide affordable units 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%.

The project meets CHFA's guiding principle of providing affordable housing near transit as the location of the project is directly across the street from the recently opened RidgeGate Station. Additionally, the 18 two-bedroom and 10 three-bedroom units will provide a suitable option for families.

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 strong demand for workforce housing product in the Primary Market Area. In particular, units targeting AMI levels outside of 60% (the majority of the units proposed at RSA) are significantly underserved. The capture rates at the 30%, 40%, 50%, 70% and 80% AMI levels are extremely low as they range from 1.0% to 3.4%.

While the capture rate at the 60% AMI level is high, RSA will only be adding four 60% AMI units which will have a minimal effect on the market. The high 60% capture rate is not indicative of the market as this rate is the result of three large projects that consist of entirely 60% AMI units and continue to do very well in the market as evidenced by low vacancies and extensive waiting lists. Additionally, this market area must be realizing an extremely high in-migration factor. The fact that these projects are thriving with a high 60% AMI capture rate further demonstrates that the demand for units at all AMI levels is even higher than the capture rates indicate.

In-migration rates will be further boosted by RSA's adjacency to public transportation and I-25 which provides easy access to various employment opportunities allowing the project to attract tenants from outside of the defined PMA. This transit option and jobs accessibility is particularly important for potential residents as they will have an efficient option for their daily commute to work. Based on experience with other transit-oriented affordable projects, the development team is confident there will not be an issue finding qualified tenants for this highly desirable location.

The issue 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 having the project adjacent to the Ridgegate Parkway RTD Station which provides residents with safe and reliable access to all areas of Metro Denver. 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.

Readiness to Proceed

The Ridgegate Planned Development District is a long-range plan that governs the zoning and development of the entire 3,500-acre RidgeGate community. The RSA site is zoned as Mixed Use specifically in the Mixed Use Commuter Station District, which allows affordable rental housing as a use by right. The proposed building is 5 stories, which falls within the height restriction of 3-5 stories. (Please see attached zoning letter from Kelly First, Community Development Director of the City of Lone Tree.)

A Phase 1 Environmental Site Assessment by Terracon Consults (attached) 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 investigation is warranted at this time.

Bryant Flink Architecture has completed concept and light schematic design, as indicated by the site plan, elevations and floor plans in the application. Upon award of credits, this group will also complete the design development and construction drawings for the project. The development team has been

working with Alliance Construction to price the drawings as they have been developed. Based on this input, along with recent pricing on other affordable projects (Eaton Street Apartments, Ash Street Apartments and Garden Court 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 the Ash Street, Sloans Affordable, and Eaton Street projects, 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. Based on these discussions and a detailed review of our financial projections as presented in the application, we believe the combined sources outlined in the table below are sufficient to meet the project’s expected costs.

Sources of Financing		Uses of Financing	
CHFA 1st Mortgage	6,050,000	Land and Buildings	780,000
CDOH - HOME	615,000	Site Work	1,009,212
Lone Tree - Permits/Fees Loan	187,680	Construction	13,392,493
Deferred Developer Fee	725,688	Professional Fees	807,500
Federal Tax Credit Equity	12,825,000	Construction Interim Costs	1,577,466
		Permanent Financing	216,500
		Soft Costs	258,500
		Syndication Costs	10,000
		Developer Fees	2,056,697
		Project Reserves	295,000
Total Sources	20,403,368	Total Uses	20,403,368

Developer and Property Manager Experience and Track Record

Koelbel and Company has been developing in the Denver metro area for over 60 years and has experience in almost every type of real estate development. In addition, the Company has a strong history of public-private partnership development that includes seven completed affordable housing projects totaling 585. These completed projects include the Apartments at Yale Station (2011 - 50 units), University Station (2013 – 60 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), and 8877 Eaton (2019 – 118 units). Koelbel will also deliver another 105 affordable units in Boulder in spring of this year.

The project team plans to use Silva-Markham Partners to manage the lease-up phase of the project, as well as the ongoing property management duties.

The development and management team of Koelbel and Company and Silva-Markham Partners, working together, have a strong history of compliance with CHFA’s affordable housing programs.

Cost Reasonableness

Accounting for construction cost inflation, the construction costs for Ridgeway Affordable Apartments (\$210k/unit) is projected to be comparable to the cost of Koelbel’s recently completed and similar projects Garden Court at Yale Station, Ash Street Apartments, and Eaton Street apartments on a per unit cost basis. The west-to-east sloping nature of the site does provide a challenge with regards to construction, but the developer has worked with the design team in positioning the building and entry to the under-podium parking so as to minimize costs as much as possible. 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

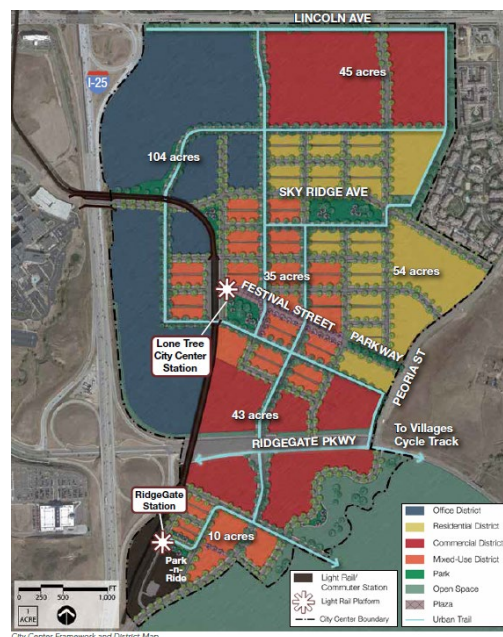
There are only five tax-credit projects in the PMA with the closest project being 1.4 miles from RSA. These other projects consist of 638 units with 630 of them being devoted to 60% AMI renters. This leaves the other AMI levels underserved and an opportunity for RSA, as the project is targeting residents with incomes at the 30%, 40%, 50%, 60%, 70% and 80% AMI levels. The market study also shows strong demand across all unit types, as evidenced by both low vacancies and extensive waiting lists at the other LIHTC peer group properties within the PMA.

Site Suitability

The project is located within the Lone Tree City Center sub-area plan. The City’s plan and commitment is to create a true pedestrian oriented downtown with a wide variety of uses. This will encourage people to live, work and play within the City Center, in turn activating the area with a variety of experiences to create vibrant urban center.

The physical location of the site adjacent the RidgeGate station allows for ease of transportation for any resident to every part of the Denver Metro area. Due to the expected future density of the City Center, the five-story structure should blend in seamlessly. Additionally, careful consideration was put into the design and material selection with an emphasis to ensure the timeless appearance of the structure that should fit in well with the rest of the planned community resulting in a greater relationship and connection to the neighborhood.

There are several grocery stores (Safeway, Sprouts, and Target) and numerous retail options located within two miles of the site. The nearest health facility, Sky Ridge Medical Center, is located less than a mile from the site while other community amenities (Douglass County Library, Lone Tree Arts Center, and Lone Tree Recreation Center) are located nearby as well. The Douglas County School District has also stated that as the area becomes developed new school bus stops will be added. 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. Given the myriad services and employment centers offered within Lone Tree; the Lone Tree Link will provide a transit option to the residents of RidgeGate making life without an automobile not only achievable but easy.



Development is actively occurring on the parcels adjacent to RSA. Regency Residential has received Schematic Design Approval from the Design Review Committee (DRC) on its 500-unit market-rate apartment project with construction expected to begin Q3 2020 and delivery in late 2021 or early 2022 for the first phase of 250 units. Additionally, Century Communities received DRC approval for its 175-unit for-sale condo project which will begin construction in Q4 2020 and deliver in early 2022. Finally, Shea Homes has also been tapped as the master home builder for 1,800 homes north of RSA. They will begin infrastructure work early this year with homes being delivered mid-2021.

Community Outreach

As noted above, the project will sit in the Lone Tree City Center 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 Lone Tree City Center. 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 letter from Kelly First, the City of Lone Tree Community Development Director.

9% lihtc application narrative



Project Name: Ridgway Space to Create

Project Address: NE corner of Clinton St. and N. Laura St., Ridgway CO 81432

1. Ridgway Space to Create will provide 30 units of low-income workforce housing and approximately 2,000 square feet of community space in the Town of Ridgway. Ridgway Space to Create is a collaboration between the Town of Ridgway, Artspace Projects Inc. (Artspace), Colorado Creative Industries, the Colorado Department of Local Affairs (DOLA), local partners, and private foundations to confront extreme housing pressures that have remained unaddressed for over a decade across rural Colorado. As of 2018, almost 30% of the population in Ouray County pay 50% or more of their income on housing (Attachment 12.2). This project would be the first ever low-income housing tax credit project in Ouray County, and would help to alleviate the housing crisis in Ridgway.

This project will accommodate both single residents and families between 30%-80% AMI. The site is located in Ridgway's downtown core, within 0.5 miles of regional transit options (Attachment 12.3). There are no other tax credit developments in the market area (Attachment 12.4), so the need is critical. Ridgway Space to Create will serve both the general workforce population and the creative sector in Ridgway and greater Ouray County. Please note that the creative sector is broadly defined to include artists of all kinds, design-oriented professionals, and all the support and service occupations connected to them. Additionally, first responders, public and civil service employees, and those working in the service industry are among those who will be served by this project. Many public and service industry employees in Ridgway are forced to seek housing outside of the town due to discrepancies in housing costs versus wages, which greatly impacts employers' ability to attract and retain employees. Low public wages are exemplified in Attachment 12.5. As such, there is overwhelming support from public officials (Attachment 12.6) and the community (Attachment 12.7) for this project.

The project is a new construction, three-story, 34,000 square foot, L-shaped building with public facades aligning with sidewalks along Clinton (south) and Laura (west) Streets. The foundation will be cast-in-place concrete and slab-on-grade. The building will be framed wood construction with an attractive mix of exterior materials including masonry, wood, steel, and glass to complement and comply with the historic and State-certified creative district

neighborhood design. The ground floor community space and apartment units are fully ADA accessible. There will be 31 off-street parking spaces, including three EV-ready parking spaces, located at the rear of the building at grade with access from Clinton and Laura Streets. Sewer, water, gas, and electrical utilities are available in adjacent streets. All apartments will be separately metered for tenant-paid utilities. Apartments will feature modern amenities in keeping with recent affordable projects in the region. These amenities will appeal to all residents, and will include: flexible unit floor plans, air conditioning, full-size range, oven and refrigerator, in-unit washer and dryer, large windows and doors, ceiling fans, track lighting, on-site management, and secure entry. Energy Star-rated appliances will be used throughout, as well as low-flow water fixtures, shower heads, and toilets. The apartments and community space will have low-VOC paint, energy-efficient heating & ventilation systems, and plumbing and lighting fixtures that meet the Enterprise Green Communities certification requirements.

The project also includes approximately 2,000 square feet of non-residential space centered in the building at street level, to be leased and operated by the Town of Ridgway as a community space. Currently, the Community Room, located at Ridgway Town Hall, is the only option in Ridgway for community gathering space and it is heavily utilized by Town government and various community groups. The expectation is that this new community space will serve youth groups, the local PTA, creative organizations, non-profit social service providers, civic groups, and departments within the Town of Ridgway with a large, finished, open concept meeting and event room. It is included in the LIHTC application as a separate project cost excluded from the basis calculation. This space will be used by the Town and will not generate income for the development. The sponsor loan and funds raised through our philanthropic and grant sources will finance the buildout cost of this space, which is approximately \$500,000. The community space and residential units are on the same construction timeline.

The Town of Ridgway and DOLA's Division of Local Government invested \$250,000 to acquire vacant land for the project. Additionally, the Boettcher Foundation, DOLA, and the Town of Ridgway have invested in the predevelopment phase of the project. Development funds from DOLA's Division of Housing are pending full approval. The project is modeled on that support. Additional philanthropic support will be channeled to the Project through the Sponsor Loan, which is fully committed from Artspace.

We were thankful to receive substantive feedback from CHFA in our 2019 LIHTC application and have adjusted our project accordingly. We have increased the unit count from 26 to 30 in an effort to serve more households in the available space. Added amenities include in-unit washer and dryer, and EV-ready parking spaces. Additionally, we have incorporated the income-averaging option to reach a larger diversity of households in the 30%-80% income range. While Ridgway Space to Create is designed with the creative sector in mind, the project will attract and serve all residents regardless of their chosen or directed form of employment. All members of the general workforce will be eligible for tenancy.

2. Ridgway Space to Create directly addresses CHFA’s priority to serve counties with populations of less than 175,000. As of 2017, the total population of Ouray County is approximately 4,800 and the Town of Ridgway’s population is approximately 1,000. There are no other low-income housing tax credit projects in Ouray County (Attachment 12.4).

3. a. Ridgway Space to Create will create 30 new units of housing affordable to households earning at or below 30%, 40%, 50%, 60%, and 80% of area median income. Unit types (1 BR and 2BR) will be spread across income ranges, ensuring individuals and families have access to dignified, modern, affordable homes. Unit distribution is as follows:

	# of Units
1 Bedroom 30% AMI	3
1 Bedroom 40% AMI	3
1 Bedroom 50% AMI	6
1 Bedroom 60% AMI	9
1 Bedroom 80% AMI	3
2 Bedroom 30% AMI	1
2 Bedroom 40% AMI	1
2 Bedroom 50% AMI	1
2 Bedroom 60% AMI	2
2 Bedroom 80% AMI	1
Total	30

All units will be income/rent restricted for a minimum of 40 years (including 15 years federal and 25 additional years extended use period), consistent with Artspace’s non-profit mission to create *and* preserve affordable housing.

The included market study, conducted by VSI, finds the project to be appropriate, capture rates to be within market expectations, and our proposed rent levels achievable. Further, the VSI study finds high demand for our project as proposed and recommends no changes. Additionally, the Town of Ridgway and Ouray County have compiled evidence of a growing affordable housing crisis dating back to 2008. Over the subsequent 10 years, despite best efforts, affordable housing needs have gone unaddressed. Today, the Town of Ridgway has worked diligently to build capacity and leverage support from DOLA’s Division of Local Government, a 2016 award from Space to Create Colorado (a state-led initiative to create affordable workforce housing and workspace in rural Colorado communities), and a collaboration with Artspace. The Town of Ridgway is now well positioned to address the needs thoroughly documented in their housing studies.

In 2008, the Town of Ridgway, Ouray County and the City of Ouray published a Housing Needs Assessment (Attachment 12.8) which concluded a need for approximately 150 additional

affordable housing units to address existing demand. A subsequent 2011 Housing Needs Assessment for Ouray and San Miguel Counties stated that as many as 193 units of workforce housing should be added by 2015, and that 40% of these should be in Ridgway (Attachment 12.9). However, no new units of affordable housing have been created, and Ouray County has since increased the goal to 170. The Ridgway Space to Create project will address critical Town, County, and regional goals for affordable housing production.

b. The project is “shovel-ready” once tax credits and financing are secure. A building permit can be pulled based on current design per the zoning letter (Exhibit 16). Since DOLA’s site acquisition grant requires the Town of Ridgway to retain ownership, the Ridgway Town Council approved an option for ground lease with Artspace on April 10, 2019. The option agreement was fully executed on April 22, 2019.

c. The project’s overall financial feasibility and viability are strong. CHFA has determined preliminary eligibility for permanent financing through their SiMPLe program. Citi Community Capital has provided a letter of intent for construction financing with an option for permanent financing as well. Raymond James and RBC have both provided a commitment letter as equity investor. DOLA has demonstrated financial support for the project by funding the Town of Ridgway’s acquisition of the project site and has issued a commitment letter to support a gap in financing. Artspace’s willingness to defer developer fee and commitment to secure philanthropic funds for a sponsor loan is outlined in the proforma. Based on past performance documented in our REO, we are committed and able to complete construction as proposed.

d. Artspace has more than 30 years of experience developing affordable housing across the country in more than 20 States, including Colorado. Artspace is a 501(c)3 nonprofit whose mission includes core principles of creating and preserving affordable housing. Artspace invests in the long-term viability, ownership and stewardship of affordability across its portfolio of more than 1,600 affordable units. Ongoing reinvestment, maintenance, and mission-driven management ensures that residents maintain stable and affordable housing. Performance Property Management Company (PPMC), a division of Artspace, maintains the financial stability of assets, oversees physical needs of buildings, and mediates and maintains positive relationships with the valued residents. PPMC manages eight Artspace properties across the country consistent with our mission to foster the vitality of long-term affordable housing.

e. Hard construction costs provided by Stryker Construction (Stryker) and included in the proposed budget, use locally-informed materials, labor, and third-party costs based on the proposed architectural drawings, existing conditions, and project location. We have taken measures to maximize density on the half-acre parcel while balancing parking requirements and the Town’s desire to maintain a historic district in downtown. Additionally, the amount of our tax credit request is in proportion with total project costs and does not unnecessarily burden funding capacity of other LIHTC projects.

f. No low-income housing tax credit developments exist in Ouray County. Montrose Family

Housing development is the nearest development with 20 units located 30 miles from Ridgway in Montrose County. San Miguel County's most recent LIHTC allocation was in 1999 for a 30-unit project in Norwood, which is 40 miles away.

g. The project is located in Ridgway's downtown historic and state-certified creative district. The vacant parcel is a flat, clean site with access to all public utilities. Other properties adjacent and across the street from the site include a mix of commercial, creative business and arts activities, restaurants, a performance venue, exhibition spaces and residential housing.

4. N/A **5.** N/A

6. The Phase I report produced no recognized environmental concerns (RECs) on site.

7. Ridgway Space to Create is challenged by high construction costs related to accessing materials, labor costs and qualified vendors in the area. Our project costs reflect these challenges. Stryker, our third-party estimator, is a Colorado company based near Ridgway experienced in multi-family and commercial construction. To ensure accurate cost projections, Stryker has provided subcontract bids, rather than estimates, for major trades which are reflected in our proforma sources and uses. Additionally, our development team has identified building materials that offer cost savings while meeting historic district and Town requirements.

8. The Town of Ridgway, local partners, and numerous residents have been engaged and active in this project. Artspace and the Town of Ridgway began working together in 2016 when the Town was announced as the first Space to Create Colorado community selected in the state's competitive application process. Artspace conducted a formal on-site feasibility study in September 2016 with two days of community meetings, focus groups and discussions that generated needs and ideas for a potential affordable mixed-use project, built local support and identified community priorities and potential partnerships. Over 100 local stakeholders and 150 community members attended interactive public meetings and workshops. In February 2017, Artspace began a 6-month market and community engagement study. The Ridgway Space to Create Outreach Committee, local partners, and Space to Create core members worked with Artspace to lead a local and regional outreach effort focused on educating diverse groups of people about the project, and netted over 440 survey responses from a sparsely populated region. The study included a survey designed to quantify space needs and preferences within the community and document support for the project. Data gathered from the survey supports the Ridgway Space to Create project concept, design and development path.

9. N/A.

9% lihtc application narrative



Project Name: **Sunset Heights**

Project Address: **2000 Sunset Way, Longmont, CO 80501**

(1) Executive Summary

Sunset Heights is a proposed 50-unit permanent supportive housing (PSH) community for people experiencing homelessness. The project is assumed to be supported by project-based vouchers with an underlying 30% AMI restriction on all 50 units. The site is located adjacent to the existing Suites Supportive Housing Community owned by Longmont Housing Authority (LHA) who is also a partner in the Sunset Heights project. The Suites was purchased in 2011 by LHA to provide supportive services to help meet basic needs of individuals at risk of homelessness and help them maintain independence. The Suites completed additional renovations in 2017, and Sunset Heights intends to build on its growing success. The adjacency of the two communities will offer efficiencies in the management, leasing, and provision of services to the benefit of each community including existing and future residents.

As is often the case in the development of PSH communities, Sunset Heights is a true community collaboration between Element Properties as the applicant/developer, the Boulder Shelter for the Homeless (Shelter), Longmont Housing Authority (LHA) and the City of Longmont. The Shelter will serve as the lead service provider and LHA will provide property management in addition to their participation as a Special Limited Partner in the ownership entity. The City of Longmont is currently the majority land owner of the property and their support of the project is shown through their willingness to contribute the land to the partnership and through a \$100,000 pre-development loan that the City has awarded to the applicant, Element Properties.

The Shelter plans to partner with Mental Health Partners, the OUR Center, Meals on Wheels and Community Food Share for food and meals, Salud Family Health for health care, Boulder County AIDS Project for HIV/AIDS services, Safe Shelter St. Vrain for DV services, Dental Aid for dental services and the Center for People with Disabilities for benefits assistance.

Located in a commercial area of Longmont in the Dominion Neighborhood area, the site is 0.2 miles from the nearest bus stop with bus service multiple times each hour from intracity routes and the BOLT which connects Longmont to nearby Boulder with multiple stops in each city. The new 4-story building will consist of 50 one-bedroom apartments averaging 519 sf. The building's common amenities, security features and tenant services will include on-site management, limited access entries with intercoms, surveillance cameras, laundry facilities, a part time security patrol, perimeter fence, community room, exercise room, picnic area, computer room/business center, resident storage lockers and a top floor library space with expansive mountain views. The on-site services will include a social worker and transportation

SUNSET HEIGHTS PSH

services, as well as case management and other supportive services led by the Shelter. Parking will include 50 off street parking spaces.

Sunset Heights will be constructed as a type V wood frame building on concrete spread footings and a concrete slab on grade foundation. The exterior skin will be a combination of metal paneling and cementitious siding accented with masonry planters at the building entrances. A central elevator and two stair cores will provide access to the upper floors. Each residential unit will include a full kitchen with a refrigerator, stove/oven, disposal, dishwasher and microwave. Heat and air conditioning will be provided by a high efficiency PTAC unit and abundant hot water will be available through electric a collection of air source heat pump domestic hot water plants. Each residential unit will come fully furnished at construction completion. Sunset Heights is electing to certify under the Zero Energy Ready Home (ZERH) program along with a self-certification for 2015 Enterprise Green Communities (EGC).

Element Properties anticipates the proposed development to be financed with equity generated from the sale of 9% LIHTC, conventional debt, funding from the Colorado Division of Housing, Boulder County Worthy Cause funds, a deferred developer fee and land contributed to the partnership by the City of Longmont and LHA. In addition, LHA's participation in the ownership structure as a Class B Special Limited Partner will facilitate a property tax exemption for the partnership. The project is not located in a QCT, DDA or SDDA.

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

As defined in Section 5.B.5, the project meets the "Projects serving homeless persons" priority in Section 2 of the QAP.

(3) Criteria for approval in Section 2 of the QAP

- a) **Market conditions:** The demand and need for more permanent supportive housing is overwhelming. With the data on hand, the indicated capture rate for this project is 12.9% and three surveyed PSH properties have extensive waitlists. This capture rate may be somewhat overstated, given that households at risk of becoming homeless were not counted during the point-in-time count, and that the Shelter served more individuals than counted during the survey. According to recent data, 1,725 adults experiencing homelessness sought services through the coordinated entry process in Boulder County. Of those, 335 qualified for a referral to the Shelter and a possible local housing solution. There are approximately 400 individuals in the Metro Denver Homeless Initiative OneHome system. Of these, over 60 are on the pre-match list and ready for PSH placements.
- b) **Proximity to existing tax credit developments:** The location of Sunset Heights is adjacent to LHA's Suites Supportive Housing which received a LIHTC award in 2016 to undergo extensive renovations. In addition to the economies of scale that will reduce both operating and services expense, there will also be leasing efficiencies from the adjacency of the properties. LHA currently has an extensive waitlist for The Suites. The most recent tax credit award in Longmont was for the Coffman Street Apartments which will include 73 apartments, 12 of which have been targeted to homeless households. The market study identifies no other PSH-specific developments planned or under construction in Boulder County.
- c) **Readiness-to-proceed:** Given an award of funding, Sunset Heights will be ready to immediately proceed and pull permits in the fourth quarter of 2020. No modifications to the land

use code have been requested and the process to approval is administrative. Nearly every department within the Longmont Planning and Development Services team participated in a December 2019 charrette for Sunset Heights. No obstacles to approval that would require a public process have been identified and staff has outlined a 4-6 month approval process from submission to permit. The City's review team has encouraged the applicant to pursue a concurrent review of site plan approval and permit drawings to further expedite the process.

- d) Overall financial feasibility and viability:** Sunset Heights is financially feasible if awarded an allocation of 9% LIHTC. Because this site is not in a QCT or a DDA and that bond cap is very limited, a 4% option is infeasible or would require a substantial increase in soft funding from unidentified sources. Further, and because this is a PSH project that requires project-based vouchers, the limited availability of those vouchers make a larger project infeasible. In addition to federal LIHTC equity, Element Properties is assuming permanent loan proceeds to help cover the financing gap, soft funding notes from the Colorado Division of Housing, County Worthy Cause funds which have been awarded to the Shelter, and deferred developer fee. Additional subsidy will be received through the contribution of the land by the City of Longmont and LHA. US Bank, the assumed equity syndicator and the financial consultant, RCH Jones, have run the project through their tax credit financial models, providing initial consensus on its financial viability under the current assumptions. With the help of project-based vouchers from DOH, we are assuming all residual cash flow after the deferred developer fee will be used to help fund services (subject to investor review and approval).
- e) Experience and track record of the development and management team:** The development partnership assembled for Sunset Heights includes Element Properties, the Longmont Housing Authority, and Boulder County Shelter for the Homeless who will coordinate a team of additional service providers. These three organizations bring extensive expertise in construction, capital markets and perhaps most important is this team's experience in developing LIHTC financed PSH projects. LHA owns and operates the vast majority of LIHTC financed projects in Longmont including supportive housing and has an exceptional track record in developing a variety of housing assets to serve the city's lower income households. Element Properties completed the scattered site Nest Communities project in 2017, Spark West in 2018, and will complete Ciclo Apartments in 2020. The Shelter brings their extensive experience in PSH products (Lee Hill in Boulder and the forthcoming homeless units at 30Pearl) and has been in operation since 1987. Shopworks Architecture has completed the design of 8 previous PSH projects and many more LIHTC financed affordable housing projects. Shopworks' experience and expertise around trauma informed design is integrated throughout Sunset Heights to meet the specific needs of the residents. We have also hired Group 14 to help support our efforts in designing an extremely sustainable and cost-efficient building. The combined sustainability expertise within our collective development team has allowed us to identify a strategy to provide a healthy and efficient building for the future residents which will be certified under the Enterprise Green Communities and the Zero Energy Ready Home programs. Element Properties has also partnered with RCH Jones Consulting to help provide LIHTC and PSH underwriting services. Jones has over 17 years of experience in the affordable housing industry having managed the development of various affordable housing communities across the US, particularly in Colorado. He has closed 24 LIHTC properties in Colorado and worked on many more. This will be his 4th PSH

deal to work on. Collectively, the Sunset Heights team has substantial PSH and LIHTC experience. Most notable may be the participation of team members in the two most recently constructed PSH projects in Boulder County, Lee Hill and Attention Homes.

- f) **Cost reasonableness:** The project costs for Sunset Place reflect current hard cost information and have been reviewed and verified by I-Kota Construction, the project's current general contractor. We have been appropriately conservative with our assumptions knowing we are advancing the energy performance goals of the QAP. The project has included a 2% cost escalation to account for any cost escalations between the initial application and the completion of a contractor agreement in the fourth quarter of 2020. This readiness will also help keep costs down.
- g) **Site suitability:** The site is well suited for PSH – centrally located in Longmont, convenient to transit, next door to a grocery store and other services, and close the existing Suites homeless housing community, which offers economies of scale from a management standpoint. There are no obvious current impediments to the site's use for PSH.

(4) If applicable, provide justification for (a) waiver of any underwriting criteria and/or (b) justification of the financial need for CHEA's DDA credit up to 130% of qualified basis

Under current financing assumptions, Element Properties is using permanent debt to help fill the financing gap. Ideally, and because the development is PSH, we do not want to leverage must-pay debt. Since a significant portion of the residual cash flow is intended to go toward services, the loan sizing is set to around a 1.85x DSCR which trends to a 2.19x over the compliance period. Therefore, the project is sizing above CHFA's standard DSCR underwriting standard and requests a waiver.

(5) Issues raised by the market analyst

No issues are raised by the market study.

(6) Issues raised in the environmental report(s) and related mitigation measures

There are no recognized environmental conditions (RECs), controlled recognized environmental conditions (CRECs), or historical recognized environmental conditions (HRECs) on the property according to the Phase I environmental assessment. No additional environmental investigations are recommended.

(7) Unusual features that are driving costs upward, opportunities to realize cost containment

Sunset Heights is planned as a cost-efficient building as appropriate for a LIHTC development that is challenged with requesting the lowest amount of credit necessary to achieve the project's goals. The project team has also responded to the changes to green building requirements in the 2020 QAP by pledging to certify under the Zero Energy Ready Home (ZERH) program and Enterprise Green Communities (EGC). We believe that more energy efficient design and construction is the responsible path forward and that Sunset Heights can achieve these certifications with a relatively minimal increase in costs. Group 14 has been engaged as the project's green building consultant and has participated in the early design strategy to stretch the building's efficiency to meet the ZERH certification requirements. Part of this strategy was an election to construct a building powered by electricity and a commitment not to bring natural gas into the building. The applicant has prior experience with electric only buildings at Spark West and team members Kevin Knapp and Ryan Jones both participated in the development of the Red Oak Park LIHTC project which is also powered solely by electricity. This will allow the project to become greener every year as our electricity is increasingly sourced from renewable sources such as wind and solar. In 2018, Longmont's City Council passed a resolution that calls for the use of 100% renewable

SUNSET HEIGHTS PSH

energy by the year 2030. If Longmont is successful in achieving that goal this project will be carbon neutral before the end of the Sunset Heights credit period.

The project has assumed that high efficiency windows, energy star lighting and appliances as well as other standard building components aren't considered additional costs. The team has identified the following items which have been included in the project budget specifically to meet the ZERH and EGC commitment:

- 1" Spray Foam (Additional cost of \$64,915)
- Interior Joint Sealant (Additional cost of \$67,980)
- EV Ready Parking Spaces (Additional cost of \$10,000)
- Heat Pump Hot Water System (Additional cost of \$100,00)
- Rooftop Solar PV (\$200,000 for 80 kW system paid back through reduced operating costs)
- Reporting of Operational Results (No add to capital budget)

In addition to the green building components there are two other items driving costs upward. The first is the team's decision to furnish all units and the common amenities at the time of construction completion. This budget anticipates a per unit furnishing expense of \$5,000. The second item is the additional 5% in development fee included in the application's budget for the formation of a services reserve.

(8) Outreach efforts and demonstrated local support for the project, including financial

Sunset Heights has received an outpouring of local support from Boulder County organizations who understand the homelessness crisis is a housing issue. Homeless Solutions for Boulder County (HSBC) was formed in 2017 to provide a regional strategy to execute the County's ten-year plan to end homelessness. The execution of HSBC's goals cannot be achieved without the availability of PSH assets for individuals with the greatest barriers to obtaining housing.

Local financial assistance has already been committed. The most substantial assistance that allows for the project to proceed is from the City of Longmont and LHA who are providing the jointly owned land for the project. The City has also provided a \$100,000 pre-development loan to the applicant to cover the initial pre-development and application expenses. In addition, Boulder County has awarded \$500,000 of Worthy Cause Funds to the Shelter which will be contributed to the project as a subordinate loan.

Although Sunset Heights is applying to DOH for all 50 necessary Project Based Vouchers, there's still work occurring by the local housing authorities to provide a partial voucher match. The two local housing authorities, LHA and Boulder County Housing Authority (BCHA) are both committed to supporting Sunset Heights with additional vouchers should they become available. BCHA will apply to HUD to convert a portion of their available housing choice voucher to PBV's which could support Sunset Heights. Included in our application materials is a support letter from Norrie Boyd, Deputy Director of BCHA, confirming this commitment and process.

Finally, the Sunset Heights project team firmly believes that the project's location is appropriate for the intended use. Project team members have completed the PSH Toolkit, and team members Ryan Jones, Kevin Knapp, Scott Holton and the Shelter staff all participated in the development of the Lee Hill and Attention Homes PSH projects. Both projects had challenges in the community regarding the chosen locations. Members of our project team have also participated in PSH projects located in commercial areas similar to the location of Sunset Heights. In our team's experience, PSH projects located in more commercial locations have not generated the same level of local opposition. Sunset Heights will be bordered by the back end of a Sam's Club to the west, vacant land on the north that is separated by a drainage, the Suites Supportive Housing to the west and a surplus of surface parking to the south. LHA

SUNSET HEIGHTS PSH

maintains a good relationship with the neighboring community and to date, no opposition to Sunset Heights has been identified.

9% lihtc application narrative



Project Name: Vance Street Flats

Project Address: 7355 Ralston Road Arvada CO

Executive Summary:

Last year the proposed project unsuccessfully competed for an award of tax credits. In the intervening months we have made several changes to the project that are worth noting. We have reconfigured the set-asides to serve a family demographic, something that will complement other housing opportunities in the area. We've also redesigned the building to include a rooftop solar array and other features designed to qualify for the Zero Ready Energy Home certification. Our partnership with the Veggie Van remains a significant element of the project and will result in access for our residents to low-cost fresh foods and community garden space. Finally, we're taking advantage of our close proximity to the Olde Town Arvada G Line light rail station by providing all residents with a free transit pass.

Over the 10 years that Veggie van has owned this site Arvada has seen tremendous growth, culminating with the recent opening of the new G line light rail extension. While positive, this redevelopment and growth has resulted increased the cost of living in this area. Our proposed development will create 50 units of family housing in a walkable amenity rich environment as well as a permanent home for Veggie Van. Currently operating on a seasonal basis, this new space will provide Veggie Van a year-round location for the local food bank to operate as a satellite- available to our residents and the surrounding Community. Veggie Van's mission, "to provide access to fresh foods and produce to low-income food deserts", will be greatly strengthened by both the financial benefits associated with the sale of this land and a new physical location for staff, volunteers and community gatherings.



The project will offer a mix of studio, one and two-bedroom unit types designed with open floorplans and ample storage. 12% of the units will be affordable below 40% AMI, 34% of the units will be set-aside at 50% AMI, the balance will be at 60% AMI.

The ground level will contain an on-site management office, lounge, business center, and library. A separate 1,800 SF office/retail space will be created for the use of the Veggie Van organization. This office/retail space will be leased by the Veggie Van and will become their headquarters for its operations and community offerings, including a satellite for the local food bank (Community Table). Residential units are located on the ground level as well as the second and third levels. The second and third floors each include common laundry rooms. Removing individual washer/dryers from the units allows us to lower development costs and allocate savings to other amenity areas. Similarly, the project contains no exterior balconies. Instead we have chosen to provide a variety of exterior spaces such as community gardens, large community room, patio and gathering places. We believe these areas will be better utilized and contribute to the building of community.

Section 2 Housing Priorities

- **Affordability:** This mixed income project will provide 50 units of high-quality housing affordable to individuals and families earning 30% - 60% of AMI for 38 years.
- **New Construction:** This project will create 50 units of new affordable housing in a rapidly gentrifying community.

- **Distribution of Credits:** the project will be located in a higher cost urban area adjacent to light rail. Our partnership with the landowner is critical in making the development of affordable housing in this area financially feasible.
- **Proximity to Public Transportation:** The project is located within ¼ mile of the new Olde Town light rail station on the recently opened G line. In addition to light rail service, bus routes run along Ralston Road and Wadsworth, providing bus service in every direction.
- **Sustainability:** The project will be pursuing the Zero Energy Ready Home, in addition we are installing a 50kw PV array on the roof, with the intent of being able to bring the project as close as we can to Net Zero Energy, resulting in reduce costs to our residence and reducing the impact on the environment. We are excited to establish a Colorado specific program to track and gather not only the utility data but also design and construction costs associated with pursuing ZERH, this information will be used to promote the goal of building energy efficient projects around the State. Providing direct cost impacts will not only to inform Medici's futures efforts but also provide data for an industry baseline for future housing in Colorado.

Market Conditions: The need for affordable housing in this area is great. The historic occupancy rates within the LIHTC projects surveyed in our PMA are effectively 100%, with these projects maintaining long waiting lists, illustrating significant pent up demand for quality affordable housing. The project's affordable rents represent a 32% - 72% savings over surveyed Class B market rate projects, providing a significant value to prospective residents. The required capture rate is 13.3%, a small increase from the existing rate of 11.9%, without the anticipated in-migration the capture rate is only 15.9%. The market analyst believes that the proposed rents are attainable due to the aforementioned pent-up demand, significant rent savings potential, and TOD location driven in-migration and overall rental household growth. Our market study recommended no changes to the project and suggested that it would lease up in two months with no need for concessions. In addition to our market study, the community itself has prioritized affordable housing. Arvada's City Council included affordable housing as a top priority in the City's 2019 Strategic plan, with a preference for housing located in urban centers with proximity to transit.

Readiness-to-proceed: The site is zoned for multi-family and it is a use by right. We expect to spend the next 6 months working with the architects and the City to develop construction

documents and then approximately 4 months in permitting and site review. Construction would commence in the summer of 2021. The time invested in the last two years working with the City and community has resulted in momentum to get this project started. The City is currently towards the end of rewriting their zoning maps and codes, which will allow us to construct the project with our current parking ratio. The City Council had their last opportunity for input in January 2020. The new code is scheduled for adoption in April 2020.

Overall financial feasibility and viability: The proposed affordable rent levels are achievable in the market. In fact, our rents are 32% - 72% savings below the average Class B rents in the PMA. In addition to the equity raised through the sale of tax credits, the project will utilize a mix of traditional and alternative financial products. A CHFA Simple 1st mortgage will be complemented by a grant from the State of Colorado. The Arvada Housing Authority will partner with the project to provide property tax exemption. The project also qualifies for local school and park fee waivers.

Experience and track record of the development and management team: Medici Development has been deeply involved in the development, finance and operations of affordable housing for over 18 years. We have been involved in all aspects of the development process, including complete development, construction management, and financing consulting for the LIHTC program in Colorado. Our team of professionals has been involved in every element of project development and management. We focus on and specialize in public/private partnership projects such as this. We have consulted with other non-profits and housing authorities. We have built and overseen the construction of multiple projects throughout the State. In terms of property management, we plan to contact with Echelon property Management Company to operate the project. Echelon currently operates all of the projects in our portfolio, and has an excellent track record of compliance and efficiency.

Cost reasonableness: Medici's strong background in construction will produce a very high quality project at a very competitive price. The proposed project will benefit from an efficient building design and parking configuration. In a climate of rapidly increasing construction costs, every effort must be made to design and execute on an efficient program.

Proximity to existing tax credit developments: There is one senior project that was recently awarded tax credits during the last 9% round in 2019. The closest operational project is 1 mile south on Allison Road. There have been no new family projects built in the area since 2005.

Site Suitability: The site is adjacent to a well-established commercial center, with multiple shops, services, restaurants, and a church. This central location puts it within walking distance of a public library, parks, trails and Olde Town Arvada. These pedestrian connections will be improved through a CDOT funded project to create a safer walkable environment along Ralston road. This project will expand sidewalks, cross-walks in order to creating safer more accessible path routes through the area (refer to attached Drawings from CDO). The Site is within ¼ of the newly opened RTD G-line. In addition to multiple bus routes, the G line will provide access to the entire front range with a very short comfortable and safe walking route. We will be providing NECO passes to our residents so they can fully utilize these transportation options (NECO is a full rail/bus pass). The project is within 1 mile of multiple parks with ADA compliant and safe bike trails. The project will be incorporating a large community garden that will benefit both the residents and the community as a whole, in addition to not only a covered deck but also an exterior gathering place adjacent to the community gardens. The site score is extremely high on the sustainability scale, we also believe that the project provides a unique environment through our Partner, Veggie Van to engage with their program serving the entire City of Arvada through a close collaboration with the activities and implantation of Veggie Van's mission - providing local fresh and healthy food to communities who lack access to fresh food in defined Food Deserts. It has been shown through multiple studies that having opportunities to positively be engaged in a community benefit increases both the mental and physical health of people. It is our intention through this project to develop these opportunities for our residents. This project will also provide Veggie Van a permanent home providing the opportunity to expand its services to cooking classes, additional meal preparation and packing space along with other options that have yet to be imagined.

Underwriting Criteria:

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

2. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis: N/A We are not in a QCT and we are able to make the project work without the 30% boost.

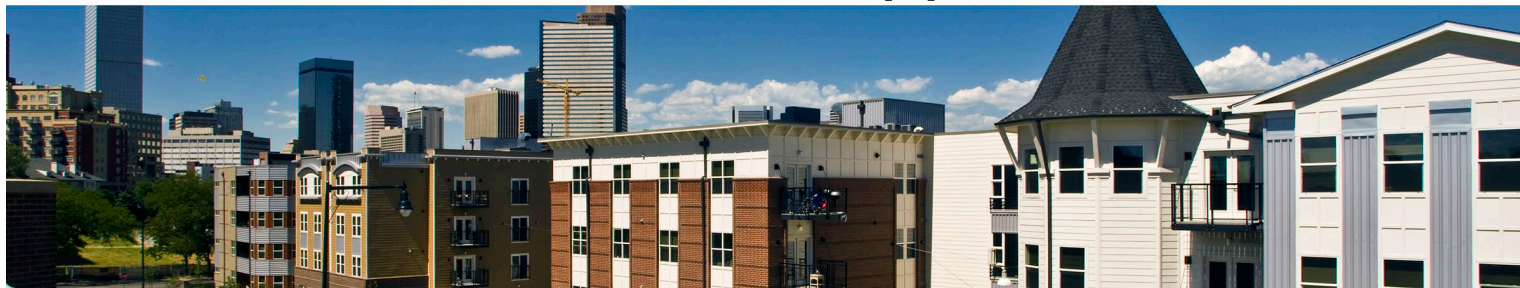
Market Conditions: The market conditions for this project are very strong. As the area continues to gentrify affordable housing options are decreasing as rents rise. Consequently, this project will offer a tremendous value proposition to its residents with rents as much as 62% less than comparable class B properties in the neighborhood. The market study recommended no changes to the proposed project. Modest capture rate increases will result from the addition of this project to the PMA, but as described earlier, these can be effectively mitigated and will not impact demand for these units.

Environmental Issues: There are no environmental concerns; the site is clean.

Community Outreach and Local Support: We have met several times with the adjacent neighboring residential community in addition to the business Owners, community leaders, city leaders and grassroots activist in early May. The support for the project was overwhelming. Our project Partner, Shelley Cook has been discussing the project with both the community and all levels of the City from City Council to Staff to the Major and City Manager. In addition to being the director of Veggie Van Shelley is the newly elected RTD Board representative for this region and past City Council representative. Shelley has received the same encouragement and support as we received during our multiple meetings, and even more so, she receives emails on a regular basis asking about the timeline of the project. There are several community entities requesting to start and assist with managing a waitlist. We have no opposition that we are aware of.

Included as a separate attachment to this narrative are multiple letters of support from various elected officials, non-profits, and neighborhood organizations.

9% lihtc application narrative



Project Name: Village at Granby

Project Address: (Approx.) 1100 Thompson Road, Granby, CO 80446

“The December 2018 Grand County Public Health Improvement Plan, developed by the GC Board of County Commissioners and local stakeholders, identifies affordable housing as one of its top priorities to address. The increasing need has created a high barrier for seniors and low-income residents. Herman & Kittle has proposed a realistic solution to support the removal of that barrier.”

– Ian Engle, Executive Director, Northwest Colorado Center for Independence

1. Executive Summary

The Town of Granby, located in the heart of Grand County, Colorado, offers its residents unparalleled access to a multitude of recreational activities including hiking, biking, skiing, fishing, and boating. Like many mountain towns, Granby is rapidly becoming unaffordable to an increasingly large portion of its long-time residents, and particularly to seniors. However, unlike many of its peer mountain communities, Granby does not have a Low-Income Housing Tax Credit (LIHTC) apartment community for its low- and moderate-income residents. Working with the Town of Granby and the Grand County Housing Authority (GCHA), Herman & Kittle Properties, Inc. (HKP) intends to change that with the development of Village at Granby, an age- and income-restricted LIHTC community.

The Village will be ideally located across the street from a shopping center anchored by a full service City Market grocery store and pharmacy, and less than one mile from a regional hospital. Residents will also have direct access to both regional multi-modal path as well as year-round free regional bus service with stops throughout Grand County, including downtown Granby, Fraser, Tabernash, and Winter Park.

The community will consist of one two-story apartment building and four garage/storage buildings, providing its residents (aged 55+) and guests with secure access to a variety of amenities, including onsite management offices, fitness center, library, community room w/ kitchenette, computer lab, conference room and game area, and 82 total parking spaces (of which 23 are garages). Additionally, the property will provide outdoor stretching/exercise stations connecting to the Fraser-Granby Regional Trail across the street. The site plan is designed to maximize accessibility and mobility for its senior residents and encourage them to take advantage of its beautiful surroundings and all that Grand County has to offer. Its building, wood-framed with pitched roofs and a combination of stone and multi-colored fiber cement siding with vinyl windows, is designed to be highly energy efficient and fit in perfectly with surrounding mountain-town architecture.

The Village at Granby will provide 28 one-bedroom apartments and 13 two-bedroom apartments to senior households with incomes ranging from below 30% up to 80% of Area Median Income, with projected underwritten rents ranging from \$331 to \$1,080 per month (deeply discounted from max levels at the higher AMI designations). In addition to standard unit amenities like Energy Star stove/ovens with vent hoods, refrigerator/freezers, dishwashers, and disposals, units will also include full-size washer/dryers, as well as linen and coat closets.

In addition to providing much needed high quality affordable homes for its residents, the Village at Granby is simultaneously addressing a number of policy goals for the State of Colorado. The Governor has stated a policy goal of utilizing state owned land to support affordable housing. The Village will be built on land leased from the Colorado State Land Board. The Governor also expects LIHTC communities to push the boundaries of renewable energy and energy efficiency. In addition to certifying under Enterprise Green Communities criteria, The Village will include an assumed 40 kW roof-top solar PV system and nine EV-ready parking spaces in a County where both are extremely rare, setting a new green standard for future development.

The Village will be financed through a combination of equity generated from the sale of 9% LIHTCs, conventional construction and permanent debt, deferred development fee, a cash flow note from the Colorado Division of Housing, and local incentives like property tax exemption and possible fee and tax waivers. The Grand County Housing Authority, which operates two age- and income-restricted properties in the county (each with substantial waitlists) is anticipated to join the ownership of the Village at Granby as a special limited partner, which will provide the property with referral services for future residents and a property-tax exemption.

As this is HKP's second submission to CHFA for this site, we have taken the opportunity to meaningfully incorporate feedback from CHFA staff and the Allocating Committee and have made the following changes, which we believe result in a much improved development:

In order to minimize rooftop and sidewalk maintenance and, more importantly, safety concerns for our residents, HKP is now proposing a single, elevator-served interior corridor building in lieu of the prior cottage design. We have also reduced the development from 48 units to 41, and modified the proposed unit and AMI mix to better match documented demand from the Market Study, HFA waitlist data, and other local sources. These two primary changes also allowed for a more compact site plan, and HKP was successful in negotiating down the size of the development parcel and the associated annual ground rent, which is now \$585/unit/year, down from \$750/unit/year in our prior submittal.

Most importantly, the Village at Granby will allow aging residents of Grand County and surrounding areas to remain in their beautiful mountain community and enjoy its well-documented quality of life for decades to come, without fear of being priced out of the market.

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

The 2018 Census estimated population of Grand County was 15,525 persons, thus the project meets the “Projects in Counties with populations of less than 175,000” priority in Section 2 of the QAP.

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

- a. **Market conditions:** The overall market conditions and anticipated success of the Village at Granby are nicely summarized on page 77 of the market study prepared by Prior & Associates: *“Demand will only increase considering recent development and infrastructure improvements in the region. Furthermore, with the lack of senior rental housing in the PMA, the subject’s above average characteristics and location offer a very desirable rental option for senior renters in search of affordable, high quality rental options in a desirable mountain community with great access to recreational opportunities. The PMA’s overall surveyed vacancy rate is 0.0%, with the LIHTC property maintaining a waitlist, while the surveyed workforce housing project had a waitlist with over 200 applicants in April 2019, and a Class C market-rate property had between 20 and 25 applicants on its waitlist. The subject’s above average proposed characteristics and the lack of any other affordable senior rental options in the PMA will allow the project to remain competitive over the long term.”*
- b. **Readiness-to-proceed:** The proposed development is a use-by-right within the parcel’s current zoning designation and will meet all parking, landscaping, and building standards for the Town of Granby. Additionally, all utilities are available and easily accessible from the property. The only additional step necessary for building permits is to request approval through the Town’s Minor Subdivision process at final plat. Per the Town’s published Code, the purpose of the Minor Subdivision process is “to minimize the procedural requirements and review time for subdivisions which have a relatively minimal impact on the planning area.” The process entails one hearing with the Town Planning Commission and one meeting by the Board of Trustees. Upon an award, we expect to be able to close within 6 months.
- c. **Overall financial feasibility and viability:** The Village at Granby is financially feasible if awarded an allocation of 9% LIHTC. In addition to federal LIHTC equity, HKP is assuming permanent loan proceeds, a Colorado Division of Housing contingent note, and deferred developer fee. We have also established a relationship with the Grand County Housing Authority and anticipate a partnership with them upon closing. US Bank, the equity syndicator 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. Furthermore, HKP is underwriting to discounts to max rents for the 60% and 80% AMI units, both well below achievable market rents.
- d. **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 affordable housing developers](#), HKP’s expansive portfolio includes over 15,500 apartment homes in 15 states, providing quality homes for over 35,000 individuals and families. HKP’s first

development in Colorado, River Bend Residences, is a 9% deal in Idaho Springs that is expected to be completed and turned over to Property Management by November 2020. HKP serves as not only the developer, but also the property manager and general contractor of its properties. As long-term owners, durability and sustainability are important to HKP – as is a solid commitment to the communities in which it does business. HKP has learned through experience that local partnerships are key to a project’s success. That is why HKP has partnered with RCH Jones Consulting as a local experienced consultant. Ryan Jones has over 17 years of experience in the affordable housing industry having managed the development of various affordable housing communities across the US, particularly in Colorado.

- e. **Cost reasonableness:** The project costs for Villages at Granby reflect current hard cost information and have been reviewed and verified by a third party, Cost Engineers, Inc. While construction costs in Colorado have continued to increase, the design product is one that HKP is very familiar with. In order to account for the volatile commodities and labor markets, HKP has included a 5.0% owner hard cost contingency along with additional soft cost contingency and allowances for cost progression. The construction costs for the Village at Granby may be slightly higher than comparably sized projects due to complexities associated with developing in the mountain communities, where proximity to labor and materials and adverse weather conditions are common. However, considering our on-time and on-budget performance in Idaho Springs, we are confident we have sound, conservative assumptions given the information on hand.
- f. **Proximity to existing tax credit developments:** There have only been two other LIHTC developments in all of Grand County, and only one still operates with ongoing rent and income restrictions. Another family LIHTC project in Fraser was awarded in 2019, but we do not believe this project will compete with the Village at Granby because of the different target populations. These other properties are all located in Fraser, approximately 13 miles southeast from the proposed development and were placed in service in 1995 and 2002, with the most recent still under development. **The Village at Granby will be the first Senior LIHTC development in Grand County.**
- g. **Site suitability:** The Village at Granby is highly suitable for its senior residents, conveniently located directly across the street from a City Market anchored shopping center, less than a mile from the Middle Park Hospital, and within a few hundred feet of both a regional walking trail and multiple Lift bus stops providing free, year round service between downtown Granby and Winter Park.

4. Provide justification for (a) waiver of any underwriting criteria and/or (b) financial need for CHFA’s DDA credit up to 130% of qualified basis:

HKP is not requesting any waivers of underwriting criteria from CHFA. And while the DDA credit boost would make the property eligible to request a full \$1,350,000 award, HKP’s credit request is based on the minimum amount we believe necessary to make the development feasible given its small size and mountain town location.

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

The only potential weakness raised in the market study is that the overall capture rate for the project is 39.4%, with capture rates for individual AMI designations ranging from 23.5% to 66.7%. However, the market study then elaborates in great detail about **why this metric does not accurately capture true demand**, including the lack of any senior LIHTC properties, waitlists at all restricted affordable and even some market-rate properties, and the above-average amenities and location of this development. Additionally, the market study highlights that the capture rates across the 40% - 80% AMI units all drop below 25% when considering households age 55+, and **the overall capture rate for the property at that age is 19.2%**. Despite the artificially high capture rates, the Village is expected to lease up at a rate of 20 units per month.

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:

Per a Phase I Environmental Site Assessment dated April 12, 2019 and completed by Progea: *This assessment has revealed no evidence of recognized environmental conditions (RECs), as defined by ASTM, in connection with the subject property.*

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:

Some unusual features that require additional costs relate to the prolonged winter season in mountain towns during construction, and site work required due to modest topography and expansive/loose soils identified in the land. HKP has addressed each of these issues adequately in our construction budget. With the exception of these factors, we expect to contain costs effectively in vertical construction thanks to vertical integration, our experience in Idaho Springs, and experience with similar product types in a variety of markets nationally.

8. In your own words describe outreach that you have conducted within the proposed community. Describe any potential neighborhood opposition that may impact the project's readiness to proceed.

HKP has met with and/or spoken with a variety of stakeholders in Granby and Grand County, seeking input for improvement, and requesting support for the overall goal of the project. We have met with Town leaders, including Mayor Paul Chavoustie; senior staff at the Grand County Housing Authority and Grand County Veterans Office; the Executive Director of the Grand Foundation; the Executive Director of Mountain Family Center; the Executive Director of the Granby Chamber of Commerce; the Executive Director at the Northwest Colorado Center for Independence, the Director of Grand County Public Health; the Human Services Director for Grand and Jackson Counties; The Executive Director of the Grand County Rural Health Network; and multiple low-income senior residents of Granby. All of them expressed vocal support for the project, and several wrote letters of support, which are included with this application.

HKP does not anticipate any neighborhood opposition, as nearly all of the land surrounding the subject property is owned by the State and/or Town of Granby, both of whom are supportive of the development.

9 % lihtc application narrative



Project Name: Village at Morse Park

Project Address: 2275 Wadsworth Blvd, Lakewood CO

The Pressing Need to Fund Village at Morse Park in this LIHTC Round

As CHFA is well aware, Lakewood did pass its growth ordinance and there has been considerable confusion since regarding how it will be implemented. Archway was just notified that they will be able to proceed forward in the process to pull their building permit, a process that they started before the vote occurred. However, without a LIHTC award in this round, the project will not be able to proceed toward permit and will be required to submit to the requirements of the growth cap, likely dooming the project in the current political environment. Lakewood has set up strict timelines for moving forward to pull the permit and in Archway's case a credit award in 2020 is required. Since applying last summer, we have revised the project to include significantly more supportive services and to serve additional homeless families.

Executive Summary

Archway Investment Corporation, a subsidiary of Archway Housing & Services, is a faith based non-profit housing developer with an extensive history of serving homeless and low-income individuals who reside at its housing developments. Archway Investment Corporation proposes developing 70 units of newly constructed affordable housing at 2275 Wadsworth Blvd., Lakewood Colorado, to be known as **The Village at Morse Park**. The development will be a permanent supportive housing project, housing 17 chronically homeless Veterans and 20 homeless families, just over 50% of the site set aside for the homeless. Archway Housing & Services will be the property manager and provide supportive services to all residents at The Village at Morse Park, in collaboration with other service providers.

Village at Morse Park was awarded VASH vouchers in 2019 to provide supportive housing for Veterans. Archway is applying to DOH for an additional 20 vouchers in 2020 to assist homeless families. Archway has a long history of working with families and this addition to the project plays to their strength in serving that population. As is the goal with the permanent supportive housing program, the property will focus on mainstreaming the Veterans and homeless families with households from a variety incomes and populations. The remaining 33 units at The Village at Morse Park will have units affordable to households with incomes from 40% to 60% AMI.

The Village at Morse Park consists of four stories of Type V wood framed construction on a post tensioned slab on grade foundation, which steps down to three stories at the rear of the site, to comply with easement and set-back requirements. The roofing is adhered white TPO membrane assembly. The roof deck is Tiletech Ipe wood pavers on pedestals with steel fencing at the perimeter. The building skin is locally sourced face brick and cementitious panel siding with both aluminum reveals, and

cementitious battens. Windows are vinyl framed, with storefront system and main points of entry. There are two elevators and two stairs serving as vertical circulation.

The ground floor will have a range of common spaces, including a community kitchen and a spacious multi-purpose community room for resident meetings, financial literacy, and life skills training. There will also be a property manager's office, a security office, one conference room, a homework lab/computer room, a TV lounge integral to the community room, and an exercise room. There will be two separate offices to provide case management, for the in-house case managers and the visiting case management from the Veterans Administration (VA) and Jefferson Center for Mental Health (JCMH).

Security will be provided by electronic proximity access cards and there will be closed circuit cameras recording tenant and visitor conduct on the property, as well as overnight "front desk" staff, to make sure the building is secure.

There will be 81 spaces of on-site parking with nine EV ready spots and an internal bicycle storage room for 35 bicycles, as well as 8 exterior bicycle racks. The property manager will be onsite throughout the week and may live on site or in the alternative there will be a live-in maintenance person who addresses repairs as they occur 24/7. Each floor will have a central laundry room with washers and dryers at 1 pair per 6 units and a central trash with recycling chutes. Outdoor spaces will include a shaded fourth floor rooftop patio with garden planters, on grade playground, community garden, dog-park, patio and grill with seating, and a small field for lawn games.

Archway will have two on-site case managers to assist all residents. They will focus on housing stability, coordinating care, and connecting residents to necessary social services. Archway will partner with the VA, JCMH, Colorado Coalition for the Homeless, Rocky Mountain Human Services and Stride Community Health Center to provide comprehensive services to the Veterans and families. The on-site case management is being paid from a Division of Housing Tenant Supportive Services grant and developer fee.

The Village at Morse Park, with its proximity to public transportation and urban density, is well sited to meet green requirements. The project design is tracking green building measures far exceeding Enterprise Green Community requirements. The building will be equipped with low-flow fixtures and toilets, LED lighting throughout the building, and EnergyStar appliances. All paints, primers, and adhesives will be low-/no-VOC. The general contractor expects to be able to use locally sourced materials and materials with recycled content whenever possible. The light-colored TPO roof membrane will reduce heat island effect. The building will be "solar ready". Solar panels will be added if construction savings are available, near the end of the project.

The site is adjacent to a bus stop, within a half-mile of a neighborhood shopping center, convenience store, park, grocery store, Walmart, pharmacy and senior center, and within a mile of an elementary school, medical clinic, community shopping center, child care center, recreation center, light rail station, and library.

Village at Morse Park meets the QAP guiding principles by serving extremely low-income Veterans and families, a portion of whom are homeless, in a supportive housing setting for the longest period of time. The chosen site maximizes the density while keeping cost, available financing and neighborhood concerns in mind. The site provides immediate access to transportation, bus and light rail, providing connection to multiple employment centers across Metro Denver.

2. The project will meet Section 2 of the Qualified Allocation Plan (QAP) **Projects serving homeless persons as defined in Section 5.B 5** by having over 50% units for homeless, a combination of veterans and families.

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

Market conditions: The market study noted that Village at Morse Park will benefit from its location near a light rail station, which will draw tenants from beyond the PMA seeking an affordable housing option with very good access to public transportation and employment centers. **The surveyed LIHTC vacancy rate in the PMA was 0.0%, with waitlists of 25 to 300 applicants**, illustrating strong demand for income-restricted rental housing. Five of the six surveyed projects with LIHTC units in the PMA were achieving the maximum allowable LIHTC rents which still provides significant rent advantage over market. The in unit and project amenities are slightly superior to comparable to surveyed LIHTC and mixed-income properties. Village at Morse Park's location provides excellent visibility and very good access to shopping, services, employment centers and public transportation, which will help with any market demand issues.

Proximity to existing tax credit developments: VMP's family LIHTC units will compete most directly with the 970 non-subsidized family tax credit units that are comparable in terms of target market and income restrictions. The PMA had a surveyed LIHTC vacancy rate of 0.0% in December 2019 and has 488 non-subsidized family LIHTC units and 49 non-subsidized senior LIHTC dwellings in the pipeline, in addition to the subject's proposed units. The Lakewood growth cap will result in a significant reduction in the amount of multifamily housing both market and affordable being developed for the near future meaning the pipeline for new units will likely slow to a trickle.

Project readiness: The Xcel Energy Design Assistance program has been utilized and completed. The Formal submittal has been made for Major Site Plan (MSP) review with City of Lakewood, which includes complete civil and construction plans. Architectural, Structural and MEP Construction Documents have been submitted for building permit review. First round comments have been received from the City of Lakewood for both MSP and Construction Documents. Received City comments are being addressed in preparation for a "permit ready" determination from the City of Lakewood. Archway has committed the funds required to move the drawings forward to pull the permit while waiting to hear from CHFA, because they realize the critical importance of pulling a permit in Lakewood's current political environment.

Overall financial feasibility and viability: The Village at Morse Park has local financial support from Metro West Housing Solutions in the form of a commitment to act as the Special Limited Partner to provide property tax and sales tax exemption. Jefferson County is also supportive of the project and will commit funds. Home Depot Foundation has funded Archway's last two Veteran's housing developments and has expressed strong interest in supporting this project. Additionally, DOH is prioritizing permanent supportive housing projects and is committed to subsidizing those units at a higher level. The leverage on this deal is significant at almost 13% in soft funds. Finally, Archway is deferring almost 50% of their developer fee to make the deal feasible and committing to pay for a portion of the comprehensive services.

VMP will not be feasible as a state credit and 4% financing as its not in a QCT and the AMI set aside of VMP is not a good match for that program.

Experience and track record of the development and management team: The team working on VMP is one that has been working together consistently for over 5 years and this would be the third building the team has worked on serving a similar population. See attached for details.

Project costs: The building has been designed to keep costs reasonable. The design team maximized efficiency, utilizing stacking and double loaded corridor, in a single building structure of Type V wood framed construction. Surface parking of appropriate quantity for intended occupancy has been provided. Building exterior finishes have been selected to be lasting and durable, making best use of color and plane change to generate architectural interest. **Construction Practices & New Building Technologies:** The contractor is utilizing the following construction practices and new building technology: Lean Construction practices; Prefabricated electrical panels and distribution; prefabricated plumbing connections; pursuing precast concrete stair and elevator shafts. They are pursuing panelized wood wall systems or prefabricated framed wall openings; BIM / 3D modeling; BIM 360 project management software; Compliance Wise stormwater management software; StructionSite visual project documentation.

Site suitability: Village at Morse Park's location provides excellent visibility and very good access to shopping, services, employment centers and public transportation. Additionally, the elementary school is .6 miles away and the middle school and high school are both 2 miles away. The schools in this district are ranked as above average for the metro area, important for a family development, as it provides access to quality education for the residents. The bus stops in front of the site and runs every 30 minutes, almost continuously 7 days a week. The RTD Wadsworth station is a mile away and trains run every 15 minutes, 7 days a week. Morse Park is .4 miles away and offers a pool, playground and sport courts. The recreation center is .9 miles away and has a gym, exercise room and indoor pool.

Maximizing housing density on the site is a balancing act between required and appropriate parking, building height, construction cost, and on-site amenities. This property has been maximized, with regard to building footprint, building height, storm drainage detention, and on grade parking, with appropriate outdoor amenity space for a family-oriented site. The parking is on grade rather than structured and provides 1 space per unit and 11 visitor and service-oriented spaces. These decisions result in a site design that has maximized the LIHTC funded density for this site.

4. VMP is not looking for a waiver of underwriting criteria or a DDA boost.
5. Address any issues raised by the market analyst in the market study: The market study recommended no changes to the project and felt it was well conceived. However, they noted the existing 60% AMI capture rate for the PMA is already above the CHFA threshold, while the overall rate is nearly at the threshold, but the surveyed LIHTC projects in the PMA were **0.0% vacant and had waitlists with 25 to 300 applicants**. This indicates that the capture rate analysis does not accurately reflect demand for LIHTC units in the PMA. With the large gap between market-rate and 60% AMI rents in the PMA and throughout much of the MSA, tenants are willing to travel greater distances for affordable housing because it is in such high demand. Finally, VMP is adding only three units at 60% AMI to the PMA and will only need to capture 0.2% of the size- and income-qualified renter households to fill its 60% AMI units.

The market study also noted that the units were slightly smaller than average. The units are designed to live larger than their square footage. The kitchens are amply appointed with cabinet storage. Smaller units utilize a counter height eating area. Accessibility compliant bathrooms are creatively conceived

and arranged. HVAC units are located in ceiling soffits – not taking up floor space. Transitional hallway space is kept to a minimum. The units make exceptional use of available square footage with minimal wasted space.

6. There are no issues raised in the environmental report.
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 for additional information).

The purchased land had existing utility infrastructure in place including sewer, water, storm, fire hydrants and electrical. While this increased land cost, it reduces cost of development because much of the utility infrastructure can be reused, and most connections can be made without working in the C-DOT ROW of Wadsworth Blvd. with all of the added cost that would entail. The suburban nature of this 2.41-acre site affords the opportunity to locate additional on grade activity zones like a play structure, dog park, outdoor patio, and community garden that are additional cost over more compact site developments. However, it also allows for surface parking rather than structured parking which is a reasonable cost containment design direction.

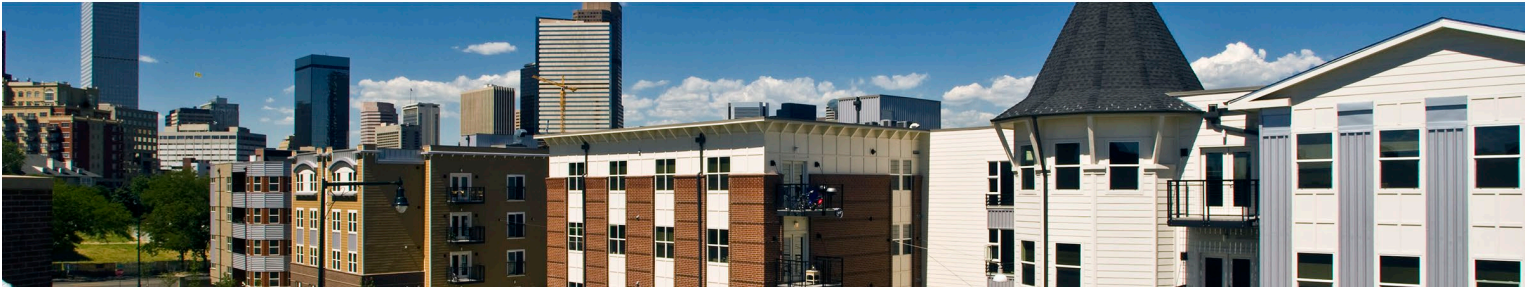
The survey revealed that there is 9' of existing fill on site that needs to be over-excavated and reconditioned. Along with the site grading that falls +/- 10' over the length of the building, the existing fill on site adds to building foundation and earthwork cost. Building design was adjusted to this survey information to maximize the import/export balance of the site. Design development and project submittal were expedited to stay within existing zoning regulations, and to submit for building permit prior to the growth initiative vote. This expedited work pre-empted cost increases for both soft costs and hard costs that would be incurred under the coming zoning amendments and growth initiative.

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).

The City of Lakewood staff continues to be extremely supportive of the project and Archway. Archway has done tireless work with neighborhood groups where they have developed over the years and have forged strong local relationships.

- Additional information from Archway's Board on the CEO transition.
- Additional information about Archway's process with the neighborhood groups and City Council. (2 items)
- Community Support letters

9% lihtc application narrative



Project Name: Vincent Village Apartments

Project Address: NE Corner of State Highway 52 and Rollie Avenue Fort Lupton, CO 80621

The Vincent Village Apartments is a proposed 72-unit new construction affordable housing community located in the heart of downtown Fort Lupton, Colorado. This community, will provide newly constructed affordable housing in Fort Lupton for the first time in 15 years. The community will be located on Highway 52, which is the major east / west thoroughfare of Fort Lupton. The project site is located nearby numerous amenities including the major grocery-anchored shopping center in Fort Lupton across Highway 52, retail, food and shopping located along Denver avenue, Fort Lupton's 4,000 square foot full service recreation center and the Community Center Park, the High Plains Public Library, the southern campus of Aims Community College, and the public Coyote Creek golf course. Residents at this community will also benefit from their close proximity to the Salud Family Health Center, a Federally Qualified Health Center, which provides a full range of medical and dental services primarily to low-income families. Families living at the Fort Lupton community will reside within only a half mile of all public Weld RE-8 district schools, including Butler Elementary School, Fort Lupton Middle School, and Fort Lupton High School. Furthermore, the Vincent Village community will be a part of a larger 12-acre master planned development, which is currently being developed in phases. The City has already approved the construction of a Pharmacy and Café, with several additional phases currently under review including a convenience store, and additional retail.

The community will be comprised of two 36-unit buildings with a total of 24 one-bedroom/one-bath units, 36 two-bedroom/two-bath units, and 12 three-bedroom/ two-bath units and a 2,300 square foot club house/leasing center. The community will utilize income averaging, allowing us to serve families earning between 30% and 80% of the area median income.

Unit Type	30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	80% AMI	TOTAL
One Bedroom - One Bathroom	5	2	2	5	5	5	24
Two Bedroom - Two Bathroom	7	5	5	9	5	5	36
Three Bedroom - Two Bathroom	8	1	1	2	-	-	12
TOTAL	20	8	8	16	10	10	72

Based on initial feedback from City Staff and City Council, there is a strong desire to ensure that City employees including firefighters, police and teachers will qualify for the low-income units at this property. Through the project's utilization of income averaging, the vast majority of City employees will qualify for the 60, 70, and 80% units at the community. Additionally, Vincent Village will partner with the Greeley/Weld Housing Authority to bring 20 much needed project-based vouchers to support the 30% AMI restricted units. These project-based vouchers will allow very-low income residents to access newly constructed, high quality multifamily housing that would otherwise not be available to them. In order to continually build strong local support and consensus with the local community, The Housing Authority of Fort Lupton will be part of the project ownership structure, a first in the local market. This partnership will help the Housing Authority of Fort Lupton to further their mission, which is to provide decent, safe, and sanitary housing for the community.

The community's clubhouse and leasing center will include a smartly-designed gathering space for residents featuring a fully-equipped kitchen, clubroom/activity room, business center, and fitness center. A leasing center and office space will be incorporated within the community clubhouse, as well as a

separately accessible maintenance facility. Directly behind the clubhouse will be a green open space, complimented by benches, picnic tables, and a centrally tot lot playground. All units will feature spacious living areas, and will include amenities such as in-unit washer/dryers, outdoor patios, secondary bathrooms in the two-bedroom units, and high-quality light fixtures, plumbing fixtures, and finishes throughout.

Construction will be wood-frame on a post-tensioned foundation system. Exterior materials will include hardboard siding and stone veneer. Landscaping will be extensive and utilize native species, in accordance with City of Fort Lupton specifications and desires. Exterior breezeway stairs will be steel construction with cast in place concrete treads. Roofs will be pitched with asphalt shingles. In addition, the project will be designed to meet, or exceed, all required local, state and federal guidelines for accessibility.

After performing a feasibility study of the Zero Energy Ready Homes (“ZERH”) certification, we have deemed that ZERH will be an excellent fit for our project. Working closely with our sustainability consultant (Energetics Consulting Engineers, LLC), architect (Kephart), and general contractor (BC Builders), we have outlined a plan that includes extra attention to air sealing and indoor air quality through architectural detailing, energy analysis to optimize the design, 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 to be solar-ready to fulfill the PV-Ready requirement. The result will be a building that is tremendously energy efficient, comfortable, healthy, and resilient.

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

The proposed community does not meet a strict interpretation of CHFA’s priorities identified in the QAP. However, the Vincent Village project will meet several of CHFA’s Guiding Principles identified in QAP Section 2.A. of the QAP; specifically, this proposal calls for the construction of 72 brand-new LIHTC workforce multifamily housing units that will serve the community. Fort Lupton is currently an underserved area; the City has only 112 active affordable units, which serve a total of 2,461 qualifying renter households. The construction of new affordable housing in Fort Lupton will assist in providing the distribution of housing Tax Credit units across the state to cities and towns where low-income units are in high demand, consistent with CHFA’s guiding principles #3 and #8.

Not only does the project assist with the distribution of low-income housing across the state, but the proposal provides for the construction of several very low-income units; specifically, 20 units at the property will be restricted at 30% of AMI, 8 units will be restricted at 40% of AMI, and 8 units will be restricted at 50% of AMI. Not only this, but due to the voluntary extended affordability waiver that will be signed for this LIHTC project, units will be restricted at these very-low income levels for an initial 15-year compliance period, plus an extended affordability period of 25 years. These two project characteristics align with CHFA’s guiding principal #1, which calls for preference to be given to projects serving the lowest-income tenants for the longest period of time.

Most importantly, this proposal meets the specific needs of the Fort Lupton community. This project proposal will bring 20 Project Based Vouchers to the local community, which are currently in high demand in this area. Currently, the City of Fort Lupton Housing Authority provides only 50 vouchers in the community. The Greeley-Weld Housing Authority does provide an additional 373 Section 8 vouchers, but these are spread across Weld County and the City of Greeley, with very few actually placed in Fort Lupton. This project will place 20 of these vouchers specifically in Fort Lupton, for the benefit of the community.

We believe that all of the project characteristics described above confirm that this proposal closely aligns with CHFA’s mission to provide high-quality affordable housing across the state of Colorado, and that this proposal will address the housing needs of the local community.

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

Market conditions: The third-party market study indicates significant demand for multifamily housing in Fort Lupton. The multifamily housing inventory in Fort Lupton is very small, both in terms of affordable housing units and market rate units. In addition, all of the existing multifamily housing in Fort Lupton was built at least 15 years ago, with the majority of the housing being built before 1990. This lack of availability of high-quality multifamily housing has led to significant pent-up demand in the market.

There are only three active LIHTC properties in Fort Lupton, which are summarized on the market conditions attachment. Despite the age and quality of these existing properties, these properties have very low rates of vacancy and long waiting lists. Per the market study, "Market data supports strong demand across all unit types, as evidenced by both high occupancies at nearly every peer group property and an extensive waiting list at the only truly comparable LIHTC property in town

The Fort Lupton market area has not seen a new affordable housing community in nearly 15 years. However, the population of Fort Lupton has continued to grow over this time, increasing from approximately 7,351 residents in 2005 to a current estimated population of 8,200, for a total increase of nearly 12%. As population has continued to climb in Fort Lupton, the number of qualifying renter households has grown as well. As reported by the project market study, there are now a total of 2,355 renter households in the project's market area, who would qualify under the proposed income restrictions at the Vincent Village Community. These population and housing trends have resulted in very low capture rates across all AMI restrictions at the proposed project. Even after the construction of the proposed units, significant demand for affordable housing remains at all AMI levels, indicated by an overall capture rate of 5.4%, inclusive of individual capture rates for the 60%, 70% and 80% households of 3.6%, 1.9% and 1.8%, respectively.

It is also important to mention that demand for the 30% AMI restricted units included in the Vincent Village proposal see an increased level of demand, due to the benefit received from the project-based section 8 vouchers. These 30% AMI units make up over one fourth of the total units at the project, which will lead to low levels of vacancy once the property begins operations. Additionally, the 60% AMI set-aside is the least-served sector by existing properties in the market area; is the 60% AMI set-aside is the second largest of the project set asides in terms of unit count, which will again help the property to achieve a high level of occupancy over the long term. The only major weaknesses noted by the market study were the lower walk score and limited public transportation options, both of which are a function of the surrounding town and not specific to the property.

Project Readiness: The development process for Vincent Village encompasses the typical site plan and building plan approvals. The biggest impediment to moving forward is the approval of the Planned Use Development ("PUD"), which has been under informal review and discussion by the city for nearly twelve months. In December, a formal application was filed with the City of Fort Lupton for preliminary site plan approval and rezoning and staff review and approval is currently underway, we expect this process to take no longer than 90 days. Up to this stage, the team has held three pre-application meetings with City staff and has presented the development concept and design at two public hearings with City Council, and we feel we have the support needed to expedite the approval process. This is evidenced by a letter from the City Planning Director and the Mayor of Fort Lupton accompanying the application. Once approved, the project will be ready to proceed as all utilities are available at the site and we will apply for building permits, the final PUD, site plan and building plan approval simultaneously.

Overall financial feasibility and viability: The Michaels' team has worked extensively with its financial partners to ensure the most efficient use of all available sources. Anticipated sources of funding include tax credit equity provided by Berkadia, a conventional permanent loan provided by CHFA, (utilizing HUD's risk share program to ensure the maximization of the loan proceeds), a subordinate loan through CHFA's Healthy Housing Loan Program, a Colorado Division of Housing soft loan, and deferred developer fees.

In addition, The Housing Authority of Fort Lupton will participate in the project as a special limited partner in order to provide a property tax exemption to the project, and effectively reduce long term operating expenses.

The financing structure for Vincent Village will bring together a variety of financing sources to provide for the construction of a high-quality affordable housing community which will address the housing needs of the Fort Lupton community. Our team has vetted all costs associated with the project and are comfortable with our rental income assumptions, which are bolstered by the committed project-based vouchers.

Experience and track record of the development and management team: The Michaels Development Company is the largest owner and operator of affordable housing in the county. During our 46-year history, Michaels has developed a total of over 40,000 affordable apartment units across 35 states, across over 200 different affordable housing communities. In Colorado specifically, Michaels has performed three acquisition and rehabilitation projects, totaling 238 apartment units. Michaels has supplemented this national experience with a team of local partners including Kephart Architects who have extensive multifamily and affordable experience in the Denver Metro area and BC Builders who have a long and established track record for building extremely high quality, affordable multifamily construction. Michaels Management Affordable, the property management affiliate of the developer, currently manages 400 different multifamily apartment communities, spread across 35 different states. Michaels Management has extensive experience in the long-term management of affordable housing and currently manages 387 communities comprised of more than 30,000 units across the country, including 238 units in Colorado.

Cost reasonableness: The Vincent Village construction costs are estimated at \$167,086 per unit and the overall development costs are estimated at \$256,787 per unit. Throughout the preliminary design phase, The Michaels Development team has taken the proper measures while designing this development proposal to ensure reasonable costs and assumptions across the board, including multiple design iterations in order to ensure the development scheme is as efficient as possible while providing a high-quality living experience for our future residents. The remainder of the project development costs are in line with the current market and within CHFA guidelines, including our land cost and operating expenses. Every effort was made throughout the planning process to ensure our proposal was properly priced on every line item. We understand the importance of controlling costs on projects of this scale and with these specific financing sources and feel that the current costs assumptions are reasonable for the current construction climate.

Proximity to existing tax credit developments: The Vincent Village project site shares the same market area with three different affordable housing communities comprising of only 112 units. All of the affordable apartment communities in the PMA report high levels of occupancy as well as significant waiting lists for prospective applicants. These existing affordable housing communities consist of a total of only 61 tax credit units and 51 Section 8 units, serving a total of 2,461 qualified renter households in the market. Due to the low supply and low quality of affordable housing units that currently exist in Fort Lupton, we are confident that the additional units of affordable housing to be provided by the Vincent Village community will achieve high levels of occupancy over the long term. Within the Primary Market Area of the project, there are zero affordable housing units targeting 60%, 70% and 80% area median income households. This is a market segment that is in seriously high demand and contains approximately 50% of the qualified households in the primary market area. Vincent Village seeks to address this need with a new, high quality affordable community in the heart of central Fort Lupton.

Site suitability: This parcel was specifically identified because of its superior location near downtown Fort Lupton with excellent access to shopping and neighborhood amenities. Vincent Village will be part of a new mixed-use commercial development that upon completion will bring additional amenities to the doorstep of the residents of the property. There are currently multiple retail establishments, including a locally owned pharmacy and café that are under development in the surrounding parcels with other retail and food service establishments committed. Finally, the site is relatively flat and presents no topographic challenges, which has helped us to control our costs of construction. The primary disadvantage to the development location is the lack of public transportation access to public transportation and a lower walk score, both are functions of the surrounding area and a lack of public transportation in the area. From a development perspective, the site is also very suitable for multifamily development because of its proximity to existing utility infrastructure, which has helped us to minimize utility impact fees and site work

costs. Site suitability is further enhanced by the abundant availability of water to supply the project. In contrast to other Front Range cities, Ft. Lupton has excess capacity to meet its future growth needs due to past investment in water shares at prices that result in tap fees markedly lower than those in other cities.

Justification of waivers / DDA Boost: Vincent Village is seeking no exceptions or waivers to CHFA's underwriting criteria nor is the project requesting the discretionary basis boost.

Address any issues raised by the market analyst in the market study submitted with your application: There were no substantive issues noted by the market analyst and the project meets CHFA's requirements for capture rates and there is limited existing supply.

Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated: The Phase 1 Environmental Site Assessment concluded there are no Recognized Environmental Conditions for the site.

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 development team has worked extensively to minimize significant cost impacts. Specifically, we have been successful in minimizing our project construction costs, by working with our architectural team to achieve an efficient, cost effective project design. In addition, we have been able to reach an agreement with the master developer currently planning the 12-acre development which will encompass the project site, regarding the project utility connections. This agreement specifies that the majority of the site infrastructure will be developed by the master developer of the commercial pad sites, which contains a significant amount of the impact of site work and site utility costs.

In your own words describe outreach that you have conducted within the proposed community. Describe any potential neighborhood opposition that may impact the project's readiness to proceed. Over the course of the last twelve months, our development team has met extensively with key community stakeholders to ensure that the Vincent Village community sensibly addresses any concerns of the surrounding community. Our team has met several times with the City Administrator, City Planning team, and Engineer/Public Works team and have held an iterative process with all involved, including City Council, in order to create a conceptual design that meets the needs and requirements of the local community. We feel confident that we have strong support from a variety of critical stakeholders for this development, as evidenced by a letter of endorsement from Mayor Zo Stieber. We have also worked closely with the Housing Authority of Fort Lupton who will be a part of the long-term ownership of the community which adds significant benefit to the local community by ensuring the local needs are addressed through the long term, as well as building the development experience and capability of the local housing authority.



9 % lihtc application narrative



Project Name: **VOA Senior Residences**

Project Address: **TBD; the northwest intersection of East Drake Road and Joseph Allen Drive; Fort Collins, Colorado 80525**

Executive Summary: Volunteers of America (VOA) intends to expand its housing presence in Fort Collins with the development of the VOA Senior Residences. This application represents VOA's second attempt to secure credits for the project and has retained and enhanced where possible all favorable project features with project costs reflecting the current market. VOA's unique position in Fort Collins as a significant senior service and housing provider enables VOA to address Fort Collins' senior housing need in a way unlike other housing providers in the city. Located near the corner of Drake and Timberline Roads in northeast Fort Collins, the project will serve senior residents age 55+. It is expected that this project will attract seniors that are both younger and more active to more frail seniors whom will benefit from greater attention and more services. VOA's initiative to develop senior housing with this project is well aligned with VOA Colorado's extensive existing presence and service to seniors in the Fort Collins community. Project residents will have a direct connection to volunteering opportunities, in-home and group meals, grocery delivery, unit modifications, and caregiver respite services already coordinated and offered by VOA Colorado's Fort Collins office, as well as financial literacy training provided by FirstBank.

This new project will include 55 new apartments, both one- and two-bedroom, which will be available between 20% and 80% AMI under an income-averaged election. The AMI mix includes 33% of units at 20-30% AMI, 9% at 40% AMI, 7% at 50% AMI, 18% at 60% AMI, and 11% at 80% AMI. The average AMI for the entire project is 51%, which overall is a very affordable unit mix. Additionally, Housing Catalyst has indicated an interest in offering eight Project Based Vouchers to the project. Residents participating in the Project Based Voucher program must have incomes at or below 30% AMI and 40% AMI, and in reality, these residents' incomes will likely be significantly below these AMI levels.

The building will be wood-frame construction over a slab-on-grade foundation. The project will consist of one three-story structure, surface parking, and outdoor recreation, gardening, and landscaped areas. The building will consist of one- and two-bedroom units, resident community spaces, and offices. Unit amenities are market-comparable and similar to other successful new LIHTC developments and include significant storage areas, in-unit washers and dryers, built-in microwaves, and all non-electric utilities (including cable) included in rent. The project market study indicates the common amenity areas are "well-designed" and include a living/community room and kitchen, small resident conference room, business center and a third-floor library. VOA Colorado, the property manager and community service provider, will locate a new lunch site in the community room at least once a week. Meals will be prepared offsite and delivered for free to residents. The third level resident library will have oversized windows and western mountain views. VOA is attentive to the design details that will enhance the livability for older adults, for example: a parking lot with a full roundabout to make it easy to get into and out of the parking lot; front, side, and rear door access convenient to the parking lot, sidewalk to nearby shopping, the adjacent transit stop, and outdoor recreation areas; large in-unit

storage options; in-unit washers and dryers; additional storage areas off of the corridors, inclusion of two elevators; and inclusion of a hand rail on one side of all of the corridors. The site is well-connected to Fort Collins' transit system, and the first residents will all receive a free annual transit pass. Please see narrative attachments for more detail about livability, amenities, and services.

Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP): The project meets none of the specified Section 2 priorities.

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

Market conditions: Evidence from the Affordable Housing Strategic Plan, the attached market study, and the support offered by the City, community members, Housing Catalyst, and other members of the affordable housing community indicate that this senior project is in alignment with some of the most pressing housing needs in the Fort Collins community – deeply affordable senior housing as well as housing for more moderate income seniors, housing designed for the needs of an older adult population, senior housing with services that best meet the needs for residents aging in place and maintaining independence. According to the market study, the Fort Collins market area currently has zero units at 20% AMI and only 53 units at 30% AMI. The market study also indicates that all existing senior properties in the market area have “full occupancies and waitlist at [comparable] AMI levels, so there appears to be considerable additional demand.” Based on recent affordable senior property lease-up, the analysis suggests that the presence of two-bedroom units at this property will improve its marketability. Additionally, VOA has an on-going and long wait list for senior affordable housing at the Sanctuary Apartments. The market study also references the Community Assessment Survey for Older Adults, where “only 13% of older residents felt they had good access to affordable quality housing, while 62% had good access to affordable quality food; about 23% felt positively about the cost of living in the community...At least 1 in 10 older adults experienced problems related to basic necessities of daily living including having safe and affordable transportation, having housing to suit their needs or having enough food to eat.” This project will begin to address this expressed need for Fort Collins' older adults. As in many communities, the number of older adult households is expected to significantly increase; potentially as many as 13,000 new senior households may exist in the Fort Collins community in the next four years. It is important that the construction of affordable options for this growing community remains a funding and development priority. Housing Catalyst, as the housing authority for the city of Fort Collins, focuses less on senior housing. VOA is well positioned to fill the demand gap in development and operation of high-quality senior housing in the community.

Proximity to existing tax credit developments: The market study compares this project to six senior LIHTC properties in Fort Collins. In the analysis, two are considered either non-competitive or of less concern: Oakbrook I's units are 100% supported by project-based vouchers and the owners of DMA Plaza will grandfather in all existing residents after renovation and will not be competing for future residents with VOA Senior Residences during lease-up. The market study concludes that the remaining four properties all experience 100% occupancy with 35 to 1,044 person waitlists, or waitlists of 1.5 to 3 years. It is worth noting that VOA increased its lease-up timeline for the higher AMI units in response to suggestion from The Highland Group and their absorption analysis of higher income units at Oakridge Crossing.

Project readiness: The City of Fort Collins Planning and Zoning Board provided its full unconditional approval on May 16, 2019 for VOA's plan via a Modification of Standards (MOS) process to the current LMN zoning. Rather than rezone this property to achieve the appropriate density, footprint, and parking profile this project, City staff recommended the Modifications of Standards approach under the current zoning. Through the MOS process, VOA was required to complete a Preliminary Development Plan (PDP). As part of the PDP process, detailed design drawings and engineering plans were submitted to the City. Through this process, VOA received and incorporated multiple rounds of feedback from City departments. The land purchase option has been secured and appropriately extended by VOA and is included within this application.

Overall financial feasibility and viability: Although higher land, construction, and impact fee costs contribute to overall higher development cost on the second application, the sponsor believes that the

investment of LIHTC is reasonable given the project's significant number of apartments for very and extremely low-income senior households. The project's income average is 51%, which readily demonstrates the project's overall affordability. As discussed elsewhere in this narrative, this application budget reflects cost escalation in land, GMP, architectural/engineering, and City of Fort Collins fees. VOA has endeavored to utilize multiple financing strategies to pay for project cost increases, including increasing the permanent loan and applying for additional City funds. The project financial structure's goal is to match the need in the community as best as possible while allowing flexibility to ensure the plan of finance remains viable until closing. Factors influencing the financing, like the rental income and operating expenses, have been reviewed and approved by VOA Colorado, based on portfolio-wide operating data in Colorado and Fort Collins. This ensures that the project financing will be stable from the final underwriting, closing, and into long-term operational success. In the run up to the project's financial closing, VOA will evaluate the operational underwriting and increase the resident services staffing from one half-time position to one full-time position if possible. VOA believes the expanded services commitment will significantly contribute to a high quality of life for its future residents.

Experience and track record of the development and management team: VOANS is a 123-year old non-profit agency providing housing and services to seniors, people with disabilities, people leaving homelessness, and families. Its portfolio includes 20,000+ units in 500+ communities. The property will be managed by VOA Colorado. VOA Colorado manages a significant portfolio of over 1,800 affordable housing units in Colorado. VOA has retained consultants, designers, and construction professionals who have recent experience working with VOA on prior projects and based on their ability to deliver high quality LIHTC, multifamily, and PSH housing. See attached résumés for more information. In addition to the experience demonstrated in the résumés included in this application, VOA has hired Ripley Design Inc., based in Fort Collins, to provide landscape design and land planning that will meet the City's standards. Ripley was instrumental in obtaining the MOS entitlement and will be helpful in securing the final approvals to break ground on the project. Since developing and opening the Sanctuary Place Apartments in 2004, VOA has been providing housing enriched with supportive services for Ft. Collins' more economically vulnerable older adults. VOA, in alignment with its mission, always provides a level of on-site staffing that is more supportive than a typical apartment property manager. The project will include office space for an on-site Service Coordinator, a Community Administrator, and a Leasing Assistant as appropriate to assist residents. VOA's staff are oriented and trained to be focused on resident well-being and will connect individual residents to in-home or community-provided services, as well as creating a schedule of community activities. Staff will partner with community organizations to connect residents with activities, services, social networks and other benefits provided by these other organizations – including PACE programming provided by InnovAge in Loveland and financial health services offered by FirstBank, as well as other community service providers who offered letters of support included in this application. The project will also be able to leverage off of relationships built at the Sanctuary. In addition, VOA has applied to utilize the Healthy Housing Loan and Services Grant program at the project. Through this program, VOA will provide a high level of health and wellness services for residents.

Project costs: The updated estimate for total project cost and per-unit project cost is provided by BC Builders, Inc. a well-established multi-family general contractor, and is based on their recent experience with similar LIHTC projects designed and built in Colorado. Overall, project costs have increased approximately 4% since the 2019 application, which represents reasonable escalation. New and additional funding sources will be brought to the project to cover this cost increase, while the LIHTC requested amount is similar to the 2019 request. It is reasonable when compared to other LIHTC-financed multifamily projects recently built across the state. The non-construction costs are reasonably estimated based on expectations from lenders and investors and anticipate all reasonable soft costs for a project of this size and complexity.

Site suitability: This project is located slightly to the northwest of the intersection of south Timberline and east Drake Roads, between Joseph Allen Drive and where the Power Trail intersects Drake Road, in a beautiful and active part of Fort Collins. The site is well-located for older adults based on connections to shopping, community amenities, and transit options. The project's zoning and density maximizes the feasible density on a site that is very well connected to the transit system. The Shops at Rigden Farm is ½ mile from the site and includes a King Soopers grocery store and pharmacy, banking, restaurants, veterinary services, health

and dental services, yoga, tavern, coffee shops, and auto care. The Scotch Pine Village, 1 mile from the site, includes a Sprouts Farmer's Market, restaurants, pet care, and postal services. A police station is within ¼ mile of the site. The Power Line trail is immediately adjacent to the site, a pocket park is located 2 blocks to the north, and Edora Park is 1 ½ miles north of the site. Transit, via the TransFort Route 7 and connections to the Max Rapid Transit, directly connect VOA Senior Residences to the rest of what Fort Collins has to offer via multiple convenient stops. Annual transit passes are available to seniors for \$25. It is a direct 12-minute ride to the beautiful Fort Collins Senior Center. Please see attached information about the broad spectrum of classes, fitness opportunities, events and activities the Senior Center offers to older adults. The Larimer County Area Agency on Aging (connecting seniors to services, transportation, meals, in-home care, advocacy and legal services), Colorado State University (offering seniors the opportunity to audit classes for free), downtown Fort Collins (a concentrated district of services, recreation, and shopping), Civic Center Park (the location of gardens, green spaces, and community-wide events like Taste of Fort Collins and Brew Fest), and the Lincoln Center for the Performing Arts (with art, plays, concerts, and event) are all connected to VOA Senior Residences via transit. There are at least four major healthcare centers located within 2.5 to 4 miles, or a 7 to 10-minute drive from the site. The design is well-matched to the surrounding three-story multifamily residential that fronts the north side of Drake Street in this area. The project benefits from the existing adjacent infrastructure including the detention pond immediately to the north of the site.

Provide the following information as applicable:

- **Justification for waiver of any underwriting criteria:** None
- **Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:** None

Address any issues raised by the market analyst in the market study: In its overall conclusion, the market study rates this project with a "5" rating in six of its seven categories. The study does not indicate concern over higher capture rates in the 40-50% AMI categories. In this market, the capture rates in this AMI band are influenced by DMA Plaza rehabilitation (which will retain existing residents and is not accepting new residents); the capture rates at these AMI levels did not significantly change when VOA Senior Residences was added to the calculation. Demand is more readily demonstrated by comparables with 100% occupancy and a combined 1,000-person waitlist as reported by all properties in the PMA. PMA comparables are also able to maintain 100% occupancy, even for 60% AMI units, without discounting rents. In addition, please see the market study's pages 5, 25, and 61 for a description of factors and mitigation measures diminishing the impact of the adjacent train track on the future residents; the market study does not consider the train track to be a serious concern to this project. The market study also indicates a higher degree of transit access than is shown in the Transit Score, taking into consideration both the TransFort and Max bus routes adjacent to the site. Additionally, the market study indicates positive regard for the planned amenities, including "well-planned" outdoor spaces, "well-designed" common areas, in-unit storage, gas fireplace, and access/entry points. VOA consulted with the market analyst on design and amenity features early on in the project. A privacy fence was suggested by the market analyst to help buffer the adjacent train track from the resident outdoor amenities; this fence has been included to create a more marketable and livable property. Consultation with the market analyst continued all the way through the PDP process and influenced the final plans that are included with the application.

Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated: None

Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment: Project costs are influenced upward by the relatively high land costs associated with building in Fort Collins and the building permit/impact fees required by the City of Fort Collins. In addition, extending the land option agreement for an additional year will cost the project in additional land costs. The development budget included in the application reflects an updated estimate in building permit, tap,

impact, plan review, and electric utility estimates from the City and includes an escalatory factor to account until the closing and construction start in early 2021. Fortunately, the City offered significant project funding, which helps to partially offset these higher costs. The City agreed to reserve its 2019 award of \$1.4 million to the project until a LIHTC award could be secured in 2020. Additionally, with feedback from the City, VOA intends to apply for additional City funds to help offset this year's cost increases. In addition, the project's eighteen (18) 20% and 30% AMI units qualify for approximately \$406,000 in impact and other City fee waivers. The design concept goals included: a) maximize the number of units that the site could accommodate, b) a three-story stick frame building to match the height of the adjacent market rate apartments and c) a surface parking format. This design was also informed by the MOS City of Fort Collins process. Cost containment is built into the current cost estimate, which is based on the drawings submitted to the City for its MOS application and approval. The City requires a more detailed and finished level of drawings for this submission, which translates to a more refined cost estimate. Please note that the selected contractor is very experienced with estimating and delivering cost-efficient multifamily buildings along the Front Range; please see their attached résumé for more information.

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).

VOA held a publicly announced community meeting on January 31, 2019. At this meeting, participants were invited to engage in one-on-one and small-group dialogue about aspects of the project development. Surveys completed by meeting participants are included as an attachment to this narrative. Since January, VOA has continued community dialogue with the HOA president for the housing community immediately north of the site, who indicated: "[t]he HOA board and a few members in attendance, briefly discussed the updated materials you provided. There was only a brief discussion and my sense is that people appreciate the changes made and are generally unconcerned with the development as proposed." Many Fort Collins residents testified in favor of VOA Senior Residences during the Planning & Zoning Board hearing for the project's Modification of Standards, which was approved on May 16, 2019. A recording of the testimony can be found at:

<https://fortcollinstv.viebit.com/player.php?hash=Vyk3Sq0t7ViZ>. Community outreach for this project also includes connecting to area non-profits serving seniors, local elected officials, and City staff involved with the project, many of whom expressed support in letters attached to this narrative as an attachment. Further, VOA is partnering with Housing Catalyst regarding the project, including receiving Project Based Vouchers and property tax exemption to support operations and affordability. As discussed earlier in this narrative, the City is providing significant financial support both in the form of fee waivers as well as direct affordable housing funding, including both reserving the existing \$1.4 million funding award until 2020 as well as encouragement to apply for a second funding tranche in 2020.

Provide further detail on the following items if applicable: Asbestos Containing Materials management, Lead-Based Paint management, Radon mitigation, Green Systems (Solar, Geothermal, Other, etc.): The project will meet the Department of Energy's Zero Energy Ready Homes (ZERH) standards for HVAC and building systems efficiency, insulation, infiltration, Energy Star features, and indoor air quality. The project design now incorporates EV-ready parking spaces, which will be located for ease of connecting future charging stations into the building's electrical system. VOA is experienced with installing EV charging stations; working with the State, VOA is in the process of pursuing public funding and installing EV charging stations at its Senior Residences at Three Springs development in Durango, Colorado. The project is also seeking a CHFA Healthy Housing Fund loan, which requires that projects include certain features that promote healthy activity and lifestyle for residents. Organizationally, VOA is committed to the health of its older adult residents, including design and technology features to improve indoor air quality and other factors. The project's foundation design includes a vapor barrier and passive radon ventilation system. The design of this system will allow simple conversion to an active radon ventilation system if post-construction radon testing warrants this upgrade. Please see narrative attachments for more details. The construction budget includes costs for this expense.

9 % lihtc application narrative



Project Name: Wesley Avenue Senior Apartments
Project Address: 4101 E. Wesley Avenue – Denver, CO 80222

Executive Summary – Wesley Avenue Senior Apartments		
Project Description	Proposed 43 unit new construction project 100% rent restricted to seniors aged 55+ with incomes between 40% and 80% of AMI	
Location and Area Qualities	Qualified Census Tract; Less than ½ mile from Light Rail stop; Less than one block from high frequency bus stop; Located proximate to job centers; Neighborhood designated as “Vulnerable to Gentrification” by City of Denver - high risk of existing resident involuntary displacement; “Very Walkable” (Walk Score of 82) with “Good Transit” (Transit Score of 58); Proximate to numerous shopping, services, recreation and religious venues; Meets 3 out of 4 Core Goals of City of Denver’s Housing Plan.	
Construction Type	Type “V-A” classified building; 4 story wood-frame; post-tensioned slab on grade foundation; flat roof, single-ply PVC membrane system; brick veneer and cementitious panel skin; two elevators, interior halls, surface parked with carports;	
Pop. Served	Seniors aged 55 and up at the 40%, 50%, 60% and 80% AMI levels	
Bedroom Mix	29 - 1 BR/1 Ba units averaging 734 SF and 14 – 2 BR/ 1 Ba units at 1,008 SF	
Amenities	Community room, library/business center, fitness room, social/movie room, outdoor gardens, some surface carports. 10’ and 9’ ceilings, full size energy star kitchen appliances, in-unit washers/dryers, central A/C, walk in closets, step in showers with grab bars, universal design, private balconies/private patios; close proximity to shopping, restaurants and services, less than ½ mile from the YMCA;	
Energy Efficiency	Zero Energy Ready Home (ZERH) certified; Rooftop solar system; 2 installed EV charging stations; 10% EV parking pre-wired; energy efficient windows; Enterprise Green Communities EGC 2015 standards;	
Type of Financing & Subsidies	Land financing with Enterprise Community / Denver Regional TOD Fund; 9% Low Income Housing Tax Credits for the Equity; Conventional Construction Loan; CHFA Risk Share Permanent Loan; maximum City of Denver OED affordable housing fund secondary loan (\$430k); Deferred Developer Fee Loan;	
Changes Since Previous Application (June 2019)	Previous Application (June 2019)	Current Application
	\$1,141,906 total credit ask \$26,556 credit ask/unit 2015 Enterprise Green Comm Cert No EV charging stations Standard window package 130 points (no waitlist agreement)	\$1,151,616 total credit ask \$26,781 credit ask/unit DOE Zero Energy Ready Home (ZERH) Certified Added 2 EV charging stations w/ 10% pre-wired Energy efficient window package 132 points (signed waitlist agreement w/ DHA)

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

- None applicable.

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

a. Market conditions:

- Full occupancies and a more than 570-person waitlist for income-restricted units at the three existing tax credit senior apartment properties in the PMA. Please see attached updated property profiles from January 2020 in the market study section.
- The addition of 43 more units will not negatively impact the occupancy of the existing properties. In particular, one of the properties in the PMA has a waitlist of over 300 persons for 50% units. The market study notes that the highest overall capture rate by AMI for the project is 30.7% for the 50% AMI units. While the project does propose 12 units at 50% AMI, the 300-person waitlist for 50% AMI units demonstrates ample demand for qualified renters at the 50% AMI designation.

b. Proximity to existing tax credit developments:

There are three competitive existing senior tax credit properties in the primary market area, with a total of 187 income restricted units and 24 market-rate units. However, all these properties are 100% full with extensive waiting lists. While there are tax credit financed properties at the other two light rail stations inside the PMA, no new LIHTC properties have been built at the Colorado and Evans Station since the light rail system was completed.

c. Project Readiness:

- Proper zoning in place
- All site plan and building permit approvals are administrative only
- Concept plan approved by the City of Denver on 10/26/17
- Site Plan submitted to the City of Denver on 5/7/18

d. Overall financial feasibility and viability:

- Project meets or exceeds all of CHFA's minimum underwriting requirements
- Financially feasible without the need for any waivers
- Operating expenses in line with other similar properties operated by the Sponsors
- Strong interest from the proposed Construction Lender and Tax Credit Investor
- CHFA Risk Share permanent financing - provides more mortgage than conventional financing
- Assumes the maximum City of Denver OED loan to reduce the tax credit request as much as possible

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

Developer Experience. Wazee Partners, the project's developer, is an experienced developer, owner and operator of affordable multifamily properties. The Principals have extensive knowledge and experience in the acquisition and development of competitive 9% tax credit development transactions and 4% / tax exempt bond financed transactions. Resumes and track records of the developer and principal sponsors are provided as part of the overall CHFA application.

Property Manager Experience. Walnut Street Management, LLC, ("WSM") is a residential property management company serving moderate and low-income affordable housing projects. The company currently manages two age restricted, LIHTC properties. WSM and its principles have HUD 2530 clearance, and WSM has been designated by the HUD Rocky Mountain Region as a HUD approved management agent

eligible to participate in the management of HUD-Insured or HUD subsidized multi-family and elderly housing properties.

f. Project costs:

The total project cost is \$16,040,677 or \$373,039 per unit. Based upon LIHTC applications for projects of similar size and unit count, the project's cost per unit is in line with general market conditions. Properly zoned, transit oriented, infill land is at a premium in the current market. Additionally, a four story, wood frame, slab on grade, surface parked project is the most cost-efficient construction type for elevator served buildings targeting the senior population, allowing the project to deliver the highest number of units the site can support at both the lowest possible price and tax credit allocation. A concrete podium or structured parked project of 43 units (or more) would not have been achievable given the \$1.35 million maximum 9% credit allocation, nor would the project have been competitive on a tax credit allocation per unit basis. In addition to rooftop solar tax credits, the Sponsor has also applied for the maximum City of Denver OED fund loan funding to reduce the overall tax credit request as much as possible.

The project benefits from a highly experienced development, design and construction team who have all executed very similarly designed projects together in the past. This prior experience results in a very cost-efficient design and construction execution. Some specific design and construction cost minimization examples include: pre-fabricated floor and roof trusses, pre-cut stud lengths to minimize waste, engineered lumber headers to reduce wood, advanced air sealing specifications and pre-fabricated shower enclosures.

g. Site suitability:

- In place, proper zoning and concept plan approved by the City of Denver
- Maximizes the allowable density at the site:
 - The City of Denver “elderly” parking ratio reduction allowed 43 units because the site only needs to be parked at .75 per unit.
 - The Denver Fire Department required on site fire truck staging and turnaround, limiting the buildable area on the site. We have maximized the density under the most cost efficient surface parked construction scenario, while also still being Fire Department compliant.
- Qualified Census Tract
- Easy access to employment at Colorado Center (I-25 & Colorado Blvd.) and ideally located midway between the Denver Tech Center and Downtown Denver
- T.O.D. – within ½ mile of existing light rail station & within 700 feet of high frequency bus
- Very Walkable” (Walk Score of 82) with “Good Transit” (Transit Score of 58)
- Neighborhood is “Vulnerable to Gentrification” – high risk of existing resident involuntary displacement per City of Denver Gentrification Study (See Exhibit Documents)
- New City of Denver Park will be located 1.5 blocks from the property at 4301 E. Iliff Ave.
- Meets three of the four “Core Goals” of the City of Denver’s Housing Policy Strategy: Housing an Inclusive Denver (see Exhibit Documents):
 - Goal 1: “Create affordable housing in vulnerable areas AND areas of opportunity”
 - Site is located in a neighborhood designed as “vulnerable to gentrification”
 - Site is located along a major transit and employment corridor
 - Goal 2: “Promote equitable and accessible housing”
 - Project serves 40%, 50%, 60% and 80% AMI – a large cross-section of income
 - Goal 3: “Stabilize residents at risk of involuntary displacement”
 - Site is located in a neighborhood designed as “vulnerable to gentrification”
- Blue Print Denver encourages high to medium high density affordable housing at the Project’s location (See Exhibit Documents)
- No environmental or wetlands issues; flat topography – minimal site work

- Plentiful shopping and services within 1 mile of the property, including: Colorado Station Light Rail, Natural Grocers, Kings Soopers, Sprouts, Schlessman YMCA, many restaurants, US Post Office, IMAX Theater, numerous churches & places of worship, Ross-University Hills Branch Library, Denver Fire Department Station No. 24

h. Energy Efficiency and Sustainability:

We have performed a full evaluation of the Zero Energy Ready Homes certification, and have deemed that our project will be an excellent fit for the ZERH Certification. Our design team consisting of sustainability consultant (Energetics Consulting Engineers, LLC), architect (Kephart), and general contractor (BC Builders) have developed a path to ZERH compliance that includes upgraded energy efficient windows, extra attention to air sealing and indoor air quality through architectural detailing, energy analysis to optimize building components, trade training, sample unit mockups, and additional site inspections to meet the HERS Score and EPA Indoor Air Plus requirements. A photovoltaic system will also be installed as a part of the project, which supersedes the PV Ready requirement. Additionally, the project will provide two full EV ready parking stalls and will meet the 10% EV threshold by pre-wiring for electric car charging stations. The ZERH certification will help us deliver homes that are more comfortable, healthy, energy efficient, and resilient. The project will also utilize the Energy Star Portfolio Manager tool for utility reporting once the project is placed in service. This benchmarking tool will help management address any unusual energy use patterns to ensure the building operates as energy efficient as possible. Though not required under any energy management program, based on our management experience we have found that installing outdoor curtains on the south and west facing resident balconies results in meaningfully less air conditioning/energy consumption and intend to install the outdoor curtains in this project accordingly.

4. Provide the following information as applicable:

- a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA's minimum):
 - No waivers of underwriting criteria are being requested.
- b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:
 - The project is located inside a Qualified Census Tract. The basis boost is automatic and no discretionary basis boost is requested.

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

Market Study Recommendation #1: We recommended to the developer that they modify the interior common space to create a large outdoor deck with grill and seating or create an indoor-outdoor glass/screened space with balcony that can be used for this purpose. **Response:** *In addition to the outdoor resident gardens, we have also re-configured the 4th floor Social/Flex Room to be a partially enclosed and screened indoor/outdoor patio space with seating and a gas BBQ grill.*

Market Study Recommendation #2: We recommend the developer enclose 3 sides of the site with attractive fencing, perhaps trellised with vines and other perennials. **Response:** *We have detailed the fence along three sides of the property along with attractive landscaping in our Site Development Plan Application to the City of Denver.*

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

The Phase I ESA for the property only listed two “Other Environmental Conditions” relating to the existing building on the site: i) Asbestos Containing Materials (“ACM”) and ii) Lead Based Paint (“LBP”). Both of these building materials were common at the time of the building’s original construction in the 1960’s. We subsequently engaged our environmental consultant to complete an Asbestos Containing Materials Survey, a copy of which has been provided to CHFA. Our demolition budget for this building includes the cost to properly dispose of the ACM and LBP by a properly licensed contractor. As elevated radon levels are typical in Colorado, the building will include a passive radon mitigation system and will have infrastructure in place to switch to an active fan system if there are any elevated radon levels.

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 for additional information):

There are no unusual features driving costs upward that are unique to this particular project. The two budget line items that have grown exponentially over the past few years are i) land costs and ii) construction hard costs. This site was highly sought after as it has in-place zoning for multifamily apartments and is proximate to light rail, jobs, shopping and services. The land costs are on the higher-end but they reflect a fair price for a premium site, as our independent, 3rd party appraisal has confirmed. Construction hard costs are equally difficult to manage in this cost environment. Labor availability is a real problem, as are commodity pressures resulting from existing and threatened tariffs. These cost pressures aren’t unique to this project. Please refer to Section 3f regarding our cost containment strategies.

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

We have conducted the outreach to the following members of the community:

- a. Clermont Park Retirement – Clermont Park Retirement is a neighboring retirement community providing independent living, assisted living, memory care and skilled nursing options on their campus since 1972. The Sponsors are in ongoing discussions with Clermont Park regarding partnership programs for the proposed project’s residents – including health, wellness, transportation and access to meals. Their Letter of Support is included as an Exhibit.
- b. Enterprise Community Partners – Enterprise Community Partners, through the Denver Regional TOD Fund, has provided locally based financial support for this project. The City of Denver’s Office of Economic Development is an investor in the Enterprise/Denver TOD Fund, which provided a low cost loan to acquire the property and hold it for the development of affordable housing.
- c. Denver Housing Authority – Discussion with Debra Gray (Housing Programs Manager prior to her retirement) about the project. Conducted outreach with Anthony Perez, Loretta Owens and Haley Jordahl with DHA. Also have entered into a subsidized housing waitlist agreement with DHA.
- d. City of Denver OED – Have discussed the project with and received letter of consistency from City of Denver OED Division of Housing for additional project financing.
- e. Most Precious Blood Outreach – Meeting with Christine Matchca (Pastoral Care Associate) and Ann Zimmer (Social Outreach Coordinator) for the MPB congregation regarding the potential project and the need for housing options for the older members of the parish.
- f. Prince of Peace Outreach – Spoke with Grace Speugler, Secretary of the Congregation who indicated their congregation is mostly seniors, some of whom may be interested in potential residency.
- g. Hope Fellowship of Christian Reformed - Outreach with Michelle VandenBerg, the pastor of Congregational Life regarding senior church members potential housing interest.
- h. City Council District 4 Representative Kendra Black – Met with Ms. Black and received her support for the project.