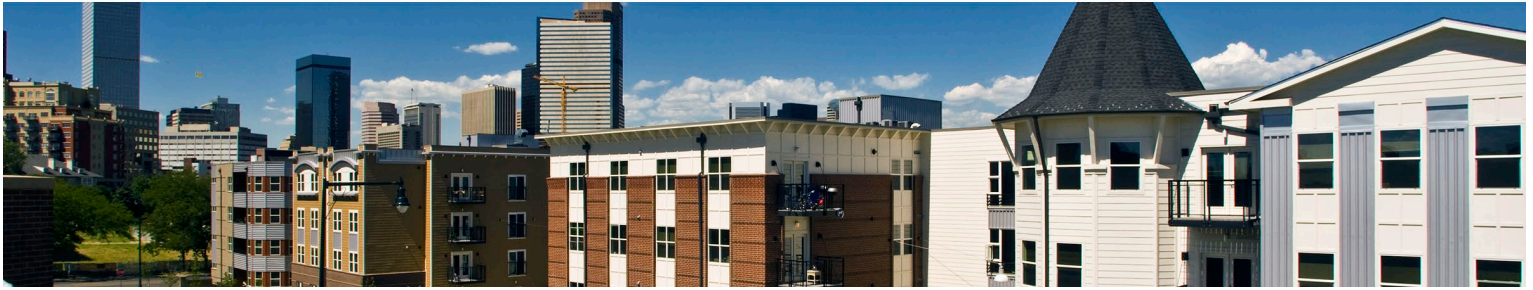


9% lihtc application narrative



Project Name: 2814
Project Address: 2814 Patterson Road, Grand Junction, Colorado 81506

2814 – an inclusive 3-story apartment community serving 60 smaller families in one-bedroom or two-bedroom homes. **2814** will welcome a wide range of households whose incomes range from 30% to 60% of AMI. 54 one-bedroom apartments respond to a sizeable un-met need. Six two-bedroom, two-bathroom units complete the offerings. Inclusivity is a consistent theme of **2814**, since the property will be available to income-eligible residents of every demographic. The anticipated allocation of 8 Project Based Vouchers will ensure affordability to even very low-income households. Three apartments will be ADA accessible.

	30%	40%	50%	60%
One Bedroom	6	16	16	16
Two Bedroom	2	2		2
Total	8	18	16	18
% of Total:	13.3%	30.0%	26.7%	30.0%

2814's exterior will be an attractive mix of stacked stone and stucco, with a signature corner element. Its front door opens into a lobby lounge that will welcome community gatherings, while the beautifully landscaped back courtyard will beckon residents to join in outdoor activities, both active and restful. Located on Patterson Road, adjacent to the 72-unit Village Park community, **2814** offers easy access to jobs, shopping and services in walking distance and/or via GVT Bus services. The large Matchett regional park site is ½ block away. **2814** will be developed and managed by Grand Junction Housing Authority, which has over 25 years' experience in successful management of apartments financed via LIHTC.

THE DEVELOPMENT: **2814**

This 2.2-acre infill site makes efficient use of existing infrastructure, at a density of 27.27 units per acre. The building's design is highly efficient, leaving ample space for the community courtyard. Its central location makes it a great launch pad for wherever residents want to go. The Grand Valley Transit (GVT) bus stop at the property's southern border only enhances residents' options.

The apartments will be bright and welcoming, with 8 ½-foot ceilings, Energy Star appliances and lighting, walk-in or walk-through closets and large windows that provide abundant natural light. Interior finishes will be beautiful and durable, including walk-in showers and LVT flooring. The open kitchen features a dual functional island for dining, and a pantry for added storage.

Guiding Principles / Qualified Allocation Plan Priorities:

2814 responds to CHFA's Guiding Principles and Housing Priorities by

- ✓ Serving households at the lowest levels for the longest period. 2814 will serve households between 30% and 60% of AMI with a 50-year commitment. 70% of 2814's apartments will serve persons at or below 50% AMI.

- ✓ Assisting a diversity of populations in need of affordable housing, through an inclusive community.
- ✓ Locating 60 new units within a half-block walk of GVT Bus stop
- ✓ Building in Counties with Population less than 175,000: Mesa County population is 151,616 (2017 Census)

Market Conditions: The Colorado Division of Housing Rent and Vacancy study for 4th Quarter 2018 reports a Vacancy Rate in Grand Junction of 0.5%. The market is extremely tight, and rents continue to rise. The Gill Group Market study also reports that “Overall, the subject’s capture rate is 7.8 percent. The increase between the existing capture rate and the rates required to absorb planned units is an amount of 1.9 percent.” Gill Group rated the proposed development very highly, giving it “5=Very Strong / Good” in all 7 rating categories. No weaknesses were cited; no changes were recommended.

Readiness to proceed: GJHA is committed to bring **2814** to Grand Junction quickly and is highly invested in its success. Design Development and Construction Drawings have been completed. Bids solicited for construction. Site Plan Approval and a Planning Clearance have been received. On May 31, 2019 **2814** was issued a Building Permit by the Mesa County Building Department. Allocation of the LIHTC will launch the development.

Overall Financial Feasibility and Viability:

The combination of Tax Reform and inflation in building materials and labor have made the financial feasibility of 2814 challenging. Attention to cost-containment during design and the significant financial support of the City of Grand Junction have contributed to the viability of this development. GJHA has committed to defer \$250,000 of its developer fee and to make an additional Gap Loan of \$143,239.

Experience and track record of the Development & Management Team

Over the past 25 years, GJHA has successfully developed 2 Senior and 4 Family developments utilizing LIHTC funding with a clean record of compliance. GJHA owns and operates 12 affordable rental properties and administers over 1,250 Housing Choice Vouchers. GJHA’s senior management is experienced in the development and management of affordable housing. CEO Jody Kole has led GJHA since 1992. COO Scott Aker joined GJHA in 2017 and has a strong background in human services and housing. The attached resume for GJHA outlines its strong 40-plus year history of professionalism.

The GJHA Leasing Team fully leased the 64 unit The Highlands development in 27 days, and just completed lease-up of The Highlands 2’s 72 units in 15 days.

2814 is the result of a collaborative effort with the respected Design-Build Team of OZ Architecture and Shaw Construction, who also completed Village Park and both phases of The Highlands Campus.

Shaw Construction is the leading builder of affordable housing in Colorado and has extensive experience with the Enterprise Green Communities standards. With more than 10,000 units completed throughout Colorado, Shaw’s multi-family experience is unparalleled.

OZ Architecture has extensive experience in multi-family housing development, including affordable and market rate units in both Front Range and Western Slope communities. The attached Resumes of each of our partners demonstrate the strength of this team.

Cost Reasonableness: At a time when construction material and labor are experiencing monthly inflation, it is hard to view new construction costs as reasonable. We have worked hard to contain costs and shorten the construction period, which in turn holds down the construction-period interest. This was accomplished by selecting building materials that can be pre-fabricated off-site and delivered, reducing our reliance on a diminishing workforce in the local construction trades.

By advancing our pre-development work all the way to Building Permit, we expect to be able to start construction much more quickly and expect to pre-purchase construction materials. These and similar strategies help avoid further inflation and to make affordable units available to our community sooner.

Additionally, completion of the Village Park development necessitated planning, subdivision and construction of many of the public improvements for the entire multifamily neighborhood. These improvements include building the street, curb, gutter, sidewalk, and stormwater detention, that serve Lot 2, and all of which benefit 2814, with additional cost savings.

Proximity to Existing Tax Credit Developments: Two tax credit developments are within one mile. The first is Village Park, 72 family units, immediately adjacent. The second is Arbor Vista, 72 family units and located one mile to the south / southwest. Both properties are part of GJHA's portfolio and will suffer no adverse effects as a result of this new family development.

Site Suitability: 2814 is centrally located in the heart of Grand Junction, just north of the intersection of Patterson Road at 28 ¼ Road and is conveniently close to several amenities. Adjacent to the successful Village Park development, **2814** is tucked in among a commercial office center, a single-family neighborhood, 2 churches, 2 elder care facilities, and the site of a large regional park. The design complies with current zoning and HOA covenants.

Justification for waiver of any underwriting criteria: N/A

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

Issues raised by Market Analyst: None

Issues raised in the Environmental Report: None. A passive radon venting system will be installed.

Unusual Features driving costs upward / opportunities to realize cost containment: The Geotechnical and Geologic Hazards Investigation performed by Huddleston-Berry Engineering & Testing, LLC revealed native clay and silt soils in the shallow subsurface, and shale bedrock was encountered at depths of between 10 and 20 feet. The native clay and sand soils are anticipated to be slightly collapsible at their existing density. In addition, the clay soils may be slightly expansive when compacted and introduced to excess moisture. Therefore, Huddleston-Berry recommended a Foundation of either Driven Piles or Helical Piles, which is a factor in cost escalation.

Cost containment efforts include simplified building design, extra attention to selection of materials and construction methods, limited interior amenity spaces, focus on exterior amenity areas, energy efficiencies and upgraded insulation.

One cost containment opportunity that was not selected was removal of the two elevators, to make the building a 3-story walk-up. To do so would make the property less accessible to the full community and less inclusive of people of all levels of ability.

Outreach / Neighborhood opposition that may impact project's readiness to proceed: Neighborhood outreach was conducted during the planning and subdivision process for Village Park. All entitlements are in place, up to and including a Building Permit. Readiness to proceed is not in jeopardy. In addition, GJHA has received letters of support from 9 community leaders.

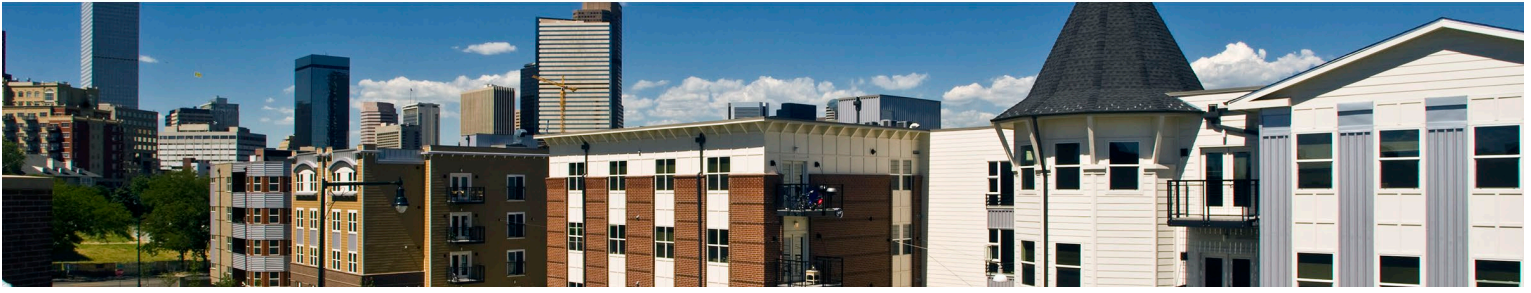
Construction Type: **2814** is a 61,320 SF, 60 Unit, 3-story Type VA building with R-2 & A-3 & B occupancies. The wood framed structure sits on a concrete grade beam foundation that is anchored to deep foundations consisting of helical piers. The exterior envelope consists of a sloped asphalt roof topped by a radiused membrane; stucco, stone and wood siding elements, with fiberglass composite and storefront window and door systems. Each floor is serviced by

two, 3 stop traction elevators. The building is protected by a 13R fire suppression system with vertical standpipes in both stairwells. The plumbing and light fixtures are designed to meet Enterprise Green Community Standards. The mechanical system provides fresh air and centrally controlled hydronic heating and cooling.

Energy Efficiency: **2814** will meet the Enterprise Green Community Standards, and include the following energy efficient features:

- Individually metered apartment units
- Energy Star advanced lighting package
- Energy Star rated appliance package
- Integrated Piping System (IPS) mechanical design utilizing high efficiency boilers and chiller
- Utilization of ceiling fans in bedroom and living room locations
- Low flow water fixtures
- Resident Recycling centers on each floor
- Structural Insulated Panels (SIPS) exterior wall system with an integral, R-29 foam insulation system
- Upgraded, low U-value glazing systems
- Solar-powered attic ventilation system
- Untreated, low embodied energy, irrigation ditch water for landscaping
- Passive Radon venting systems
- Regional material selection

9% lihtc application narrative



Project Name: Academy Place

Project Address: 7105 W. 120th Ave., Broomfield, CO 80020

1. Executive Summary:

Summit Housing Group, Inc. (SHG) is excited to re-present Academy Place (AP), the first affordable low-income family apartment development to be built in Broomfield in over 22 years. As the project was presented in the 2018 9% competitive round and unsuccessful, we feel the project is now even more warranted with the increasing costs of living and rising population in Denver, and especially Broomfield. Broomfield was featured in Money magazine as the “18th Best Place to Live” in 2018, and was recently named as one of the “Best Places to Live” by Niche. (*Exhibit 09 - Supporting Documents for Scoring - Money and Niche documentation*) The City and County of Broomfield commissioned a study of Housing Needs in 2017. Two key aspects of that report indicate that “Broomfield is currently home to about 66,500 residents and has experienced substantial growth in the last 15 years (a 19% increase over 2010 and a 74% increase since 2000)”, and “the city has a shortage of rental units priced affordably for renters earning less than \$20,000 per year of 1,286 units”. The number one recommendation from that report was “to streamline affordable development and encourage housing diversity”. (*Exhibit 09 - Supporting Documents for Scoring - Broomfield Housing Needs Study*) Academy Place presents CHFA a unique and rare opportunity to help address a desperate need and award credits for an exciting new construction development located in the heart Broomfield.

SHG is working with the Broomfield Housing Authority (BHA), whose mission is to “provide a variety of housing programs to meet the diverse and changing needs of Broomfield residents, especially those with low and moderate income, to enhance their quality of life”. BHA is partnering with SHG as a Special Limited Partner, enabling the project to qualify for property tax exemption which will help ensure long-term affordability of the project (*Exhibit 08 - Evidence of a Property Tax Exemption - Housing Authority Agreement*). BHA and SHG have an MOU for BHA to provide the project with potential eligible tenants on their waitlist (*Exhibit 09 - Supporting Documents for Scoring - Broomfield Housing Authority MOU*). SHG is also working with Broomfield FISH, a local non-profit helping families in need and a member of the Family Resource Center Association, to help provide services and tenant placement for the project. Broomfield FISH offers comprehensive case management with referrals to more than 30 organizations and service providers. Broomfield FISH will provide potential services to tenants of AP such as financial literacy, transportation services, and job-skills workshops. SHG and Broomfield FISH have an MOU for AP for tenant referrals and the aforementioned services (*Exhibit 09 - Supporting Documents for Scoring - Broomfield FISH resume/Broomfield FISH MOU*). AP has the support of the Broomfield Housing Opportunity Coalition (BHOC), which is dedicated to expanding and sustaining a broad spectrum of housing by all those who call Broomfield home (*Exhibit 09 - Supporting Documents for Scoring - BHOC resume/BHOC Letter of Support*). AP is truly a public/private partnership working on creating affordable housing in Broomfield.

AP is in an excellent location in the heart of Broomfield at 7105 W. 120th Ave. The site is already zoned for multifamily, and it is within a mile of almost all essential services, job opportunities, and schools, making it an ideal location for families. AP’s schools include Emerald Elementary (@ .4 miles), Broomfield Heights Middle School (@ 1.5 miles), and Broomfield High School (@ 1 mile). There are 6 grocery stores within approximately 1.5 miles, including King Sooper’s (2), Kroger, and Walmart Super Center. There is a doctor, post office, and banks less than .6 miles for AP. Urgent Care is only 1.5 miles away. The downtown Broomfield area also hosts many businesses within 2 miles of AP, offering many opportunities for employment (*13 - Location Maps*). AP is a Transit Oriented Development (TOD) site, and only 1100 feet (.2 miles) from bus stop #26040 at W 120th and Main (*Exhibit 09 - Supporting Documents for Scoring - TOD Bus Stop*). AP is in an Access-a-Ride Service area, as well as having access to FlexRide, for those residents wishing to utilize those services. This proximity and ease of access to services encourages residents to walk or bike to local conveniences or use public transit more often. AP is conveniently located near the Broomfield Community Park, about a 1/3 mile away, with many outdoor activities including an outdoor amphitheater, playgrounds, swimming pool, tennis courts, skate park, walking trails, cooking grills, and picnic tables. The park is adjacent to the Broomfield Library, Community Center, and Workforce Center (*Exhibit 13 - Location Maps*).

Given Academy Place’s location and widespread local support, as well as the strong need in Broomfield for affordable housing, it is a win-win for both CHFA and the community to award AP tax credits.

AP is zoned for high density residential multifamily, approved for 50 units, not in a floodplain, and shovel ready (*16 - Zoning Verification Letter, Flood zone verification*). It will consist of 50 units with 1, 2, and 3 bedrooms, community space, opens space for outdoor activities, and ample parking. The proposed development will consist of a 2-story building of Type VB construction. The building will have open stairwells for circulation and is proposed to be constructed as a slab-on-grade foundation. The exterior will be wood framed with a

variety of exterior cladding materials articulated carefully to ensure durability and longevity to the building as well as provide a nice aesthetic for the residents and surrounding neighbors. The building will be fully sprinklered and designed for a modern residential feel. Unit mix and sizes are in the table below:

Unit Rent and Mix:				
Unit Description	Net Rents	Unit HSF	Unit Number	% of Units
1-BR @ 30%	\$447	625	1	2%
2-BR @ 30%	\$534	850	3	6%
3-BR @ 30%	\$616	1030	1	2%
1-BR @ 40%	\$616	625	2	4%
2-BR @ 40%	\$737	850	6	12%
3-BR @ 40%	\$850	1,030	3	6%
1-BR @ 50%	\$784	625	1	2%
2-BR @ 50%	\$939	850	3	6%
3-BR @ 50%	\$1,083	1,030	2	4%
1-BR @ 60%	\$953	625	4	8%
2-BR @ 60%	\$1,142	850	14	28%
3-BR @ 60%	\$1,317	1,030	9	18%
3-BR Managers Unit			1	2%
		43,580	50	100%

Some of the project amenities will include a community room, an on-site manager, an outdoor community garden, a business center, a fitness room, and a children’s play area. Each unit will have many amenities that are not typically seen in affordable rental housing units in Broomfield. These major amenities will include a patio/balcony for each unit, efficient heating and cooling systems, dishwashers, microwave ovens, refrigerators with freezers, garbage disposals, self-cleaning ovens, and in-unit washer and dryers. All appliances are Energy Star rated. Academy Place will also enforce an on-site no-smoking policy.

Within the building, high efficiency systems will be incorporated to promote less consumption of our natural resources and provide lower utility bills to our residents. This will include the heating and cooling systems, building insulation design, window efficiencies, Energy Star rated appliances, water conserving fixtures, and Energy Star lighting or LED fixtures. Residents will also enjoy a healthy living environment because of AP’s use of green and healthy materials whenever possible, including low or no VOC products, formaldehyde free lumber goods, and sustainably designed materials throughout the development. The construction itself will also utilize techniques to preserve natural resources by implementing a waste management plan to keep waste minimized through diversion to recycle centers and salvage locations. Overall, green building materials will be incorporated whenever possible to achieve a sustainable design and healthy environment for the residents. Please see the entire Enterprise Green Communities workbook in Exhibit 21.

The development will be funded with 9% Federal LIHTC, Construction Debt, Permanent Debt, Deferred Developer Fee, a DOH Loan in the amount of \$500,000, and up to \$337,084 of waived fees from the City. Total development cost is \$15,935,557. The capital stack for AP includes deferred developer fee, a competitive 6.25% interest rate on the permanent loan, and competitive tax credit equity pricing (\$.92) based on the strength of the sponsorship. There is also a construction loan that will bridge the tax credit equity and permanent loan conversion through the construction period. The City of Broomfield has agreed to a waiver of fees and a tax abatement because of the partnership with the BHA. Please see table below and Exhibits 4,5, & 6.

Financial Sources:				
Senior Debt				\$3,217,000
Federal Tax Credit Equity				\$11,543,691
DOH Funds				\$500,000
Owner's Equity/DDF				\$337,782
Development Fee Waiver				\$337,084
	Total Sources:			\$15,935,557

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**
AP is not serving Homeless Persons
- **Projects serving persons with special needs as defined in Section 5.B 5**
AP will not serve persons with special needs.

- **Projects in Counties with populations of less than 175,000**

AP is in Broomfield County, which has a population of 69,254. This is less than half of the required threshold.

In addition to the above priorities, AP meets the majority of the listed Guiding Principles in Section 2 of the QAP below.

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

a. Market conditions:

According to our market study by Prior and Associates “The surveyed LIHTC vacancy rate at three projects in and outside the PMA was 2.1%, with two maintaining waitlists with 100 and 187 applicants, illustrating pent-up demand for affordable housing units”. the market study goes on to say “The near or at 100% occupancy rates and waitlist at the LIHTC properties in and outside the market area indicates demand is the greatest for income-restricted housing and that there is a void in the affordable housing market”. The study also demonstrates a strong demand in Broomfield for AP with a capture rate of 7.7%.

There is only one other family LIHTC development in Broomfield County, built in 1996. According to a Denver Post Article in 2015, “Broomfield grew by 5.2 percent, ending with an estimated population of 65,065. It was the fifth-fastest-growing county in the nation.” While population growth has slowed slightly, estimated now at 3-4% annually, with only one new family LIHTC housing award over two decades ago, it is simply not enough to keep up with the increasing population growth. Currently, anyone who makes slightly below \$60,000 in Broomfield looking for housing has very few, if any, options. With vacancy rates in affordable units at 0.0%, a waitlist of over 200 names, and no new affordable housing built in the last 20 years, Broomfield is in the midst of a major affordable housing shortage. Academy Place will offer something that Broomfield hasn’t seen in some time: new quality family affordable housing.

Additionally, the capture rate for this development is an extremely low 7.7%. Per the market study (*Exhibit 18 – Market Study*):

- “Even though the subject’s capture rates are already below CHFA’s preferred threshold, they are likely overstated due to in-migration that would take place from outside the PMA. Most communities along the Front Range in Colorado have the ability to attract renters from areas beyond their market area boundaries due to high demand for affordable rental housing.”
- “CHFA’s capture rate methodology does not account for renter household growth, while Claritas projects the PMA to gain 145 renters per year and CoStar reports that the PMA has absorbed 503 rental units annually since the start of 2016.”
- The surveyed Class C LIHTC property, which is the only existing family LIHTC project in the PMA, maintained occupancy rates between 96% and 100% over the past year, and did not have a waitlist. The two surveyed Class B LIHTC projects outside the PMA had occupancy levels at or near 100% over the last year and had waitlists with 100 and 187 applicants. There are no other LIHTC units in the pipeline, and the subject will be the only the second family LIHTC property in the PMA.

The City of Broomfield commissioned its own housing need assessment. One of the glaring needs was more affordable rentals, especially rentals priced between \$500 and \$700 a month. Academy Place will target seven households with these rent ranges. (*09 - Supporting Documents for Scoring - Broomfield Housing Needs Study*)

b. Readiness-to-proceed:

If awarded credits, we anticipate construction on AP to commence April 2020 which would put us well within the carryover requirements of 13 months after reservation. The site is zoned R-5 which allows the project’s height, density, and construction type with no changes or special approvals. No site development plan approval process is required for the site and the City would like to fast track the development. (*16 - Zoning Verification Letter*). Assuming tax credits are awarded in September, we will have a review set of plans submitted to the City of Broomfield in December. We anticipate 60-90 days for the City of Broomfield to review and approve the plans. We have been working with our architect, encompass design, on site and building design. We have selected Summit Construction Group as a contractor and have included them in the design and planning process. Additionally, Boston Capital and Boston Capital Finance, our investor and permanent/construction lender, are both long-term finance partners of SHG which will help expedite closing.

c. Overall financial feasibility and viability:

The project is financially feasible. SHG is requesting \$500,000 from the Department of Housing (DOH) and has an agreement with the City of Broomfield for waivers of development fees in the amount of \$337,084.34. The Broomfield Housing Authority is a Special Limited Partner and the tax exemption allows the project to generate additional permanent debt proceeds while still maintain the proper debt coverage to keep this project financially feasible for the life of the development. Academy Place is financially strong and exceeds all of CHFA’s underwriting requirements. Please see the attached equity letters from Boston Capital (*Exhibit 5*), Boston Capital Finance (*Exhibit 4*), the City Council Resolution from the City of Broomfield (*Exhibit 4*), and the letter of support from the Department of Housing (*Exhibit 6*).

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

Summit Housing Group, Inc. is a subsidiary of Summit Management Group, Inc. (SMG), a Montana corporation engaged in the development and management of LIHTC housing. A second subsidiary is Highland Property Management, Inc. (HPM), tasked with

the management of all of SMG's properties. Together the companies have developed housing in Colorado, (140 units leased and 63 finishing construction), Montana (214 completed LIHTC units), Wyoming (836 LIHTC units built, and 72 under construction. South Dakota (32 LIHTC units built, 35 units under construction), and Utah (230 completed LIHTC units. SHG is experienced and equipped to develop a project from acquisition through funding award, design, construction and closing. HPM is experienced with LIHTC lease-up, compliance, and reporting, currently managing 1428 LIHTC units in Utah, Wyoming, Montana, Colorado, and South Dakota, with no unresolved 8823s. As an additional safety net HPM utilizes Preferred Compliance, Inc. to review all applications for all new and existing LIHTC units, as well as to provide ongoing training and support.

By the end of this year, SMG and SHG will have completed or have under construction over \$301 million of affordable multi-family housing. Please see Exhibit 10 – Development Team Resumes for more detailed information.

e. Cost reasonableness:

AP meets the cost reasonableness test. The price we paid for land was at or below market value. The project is leveraging below market land costs, tax exemption, City fee waivers, and DOH softs funds to minimize the amount of tax credits needed to complete the project. AP will produce approximately \$1,267,150 in annual credits but we are only requesting \$1,255,000 limiting cost per unit and credits per unit. The recent construction market conditions in Colorado show a steady increase in building activity and housing demand over the last 12 months. SHG witnessed this increase first hand as we have recently completed one development (Centennial Park Apartments in Longmont) and have one development under final construction (Littleton Crossing Apartments in Littleton, CO). We believe that our 3rd party estimators budget for the proposed development in the current market are in line with our experience in the area and our cost projections for the next 12 months. AP therefore meets all cost reasonableness tests as it relates to both construction cost and all other development costs required to complete the project. Additionally, Summit Construction Group, Inc. will build Academy Place. Using our in-house GC allows for significant cost savings not only in construction, but in insurance, design cost, etc.

f. Proximity to existing tax credit developments:

There are only 4 other projects in the Broomfield PMA that have been financed under the LIHTC program, consisting of 296 total units. Three were new construction projects: Broomfield Greens (Senior), Town Center Senior Apartments (Senior), and Village Square Apartments (Family), all built over 17 years ago. Maryel Manor was awarded non-competitive acquisition rehab credits in 2016, but is a senior community and has not brought any new affordable family housing to the market. There has not been any new family tax credit development in Broomfield, and there has not been an opportunity like this to build new units for some time. Also, tax credits have never been awarded in Census Tract 300.00, which is the heart of Broomfield.

g. Site suitability:

SHG chose this site for LIHTC family development because of its desirable Broomfield Heights location, nearby amenities, public transportation, and the need for affordable family housing in the Broomfield area. Additionally, the site is fully entitled and has access to all utilities. The density and style of development is appropriate for the location. The site will be relatively easy to build on as the property has little topographical change. The style of development, one 2-story building with 105 surface parking spots for families, is well suited for new housing. The ability to surface park and the expected ease of construction (due to minimal grading needed on the site) further enforces not only site suitability but also helps with cost reasonableness. The planned improvements are within the allowable uses, scale, and height of the existing zoning. It is located on 120th Avenue which recently saw \$90.1 million extension connecting it to Colorado Highway 128. This extension will provide our residents much easier access to the Denver Boulder Turnpike as well as the RTD Park-n-Ride which is located less than a mile from the site. As previously mentioned, almost all essential services, jobs, opportunities, and schools are located within a mile of AP.

In addition, the site has a **Walk Score of 69**, making it very walkable. The market study states "The subject's walk score is 69, which is 123% better than Broomfield's overall score of 31 and 47% better than the overall average score of 47 for the PMA." (*Exhibit 19 – CHFA Walk Score*) Please see Exhibit 13 for a Community Services Map within the Location Maps for services located close to Academy Place.

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):*
SHG is not requesting any of the above waivers.
- b. *Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:*
SHG is not requesting the basis boost.

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

The only issue raised in the market study is road noise. This will be mitigated by landscape buffering, extra insulation, and double paned windows.

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:

SHG commissioned Terracon to conduct a new Phase I for the project site as the property has been replatted. This was to ensure that the Phase I evaluated the property in its entirety. The new Phase I found an offsite REC that warranted a Limited Site Investigation

(LSI). The LSI has been completed and the results recommend installation of a geo-seal (vapor barrier) and vapor mitigation system be placed to address the possible vapor intrusion. No other remediation should be necessary for this type of building. (Exhibits 15)

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 features in this development that should drive up cost. SHG's integrated design process is the foundation of enhancing the building's design, performance, and cost containment. SHG has assembled a great team to work on this project, made up of SHG development staff, encompass design (architect), Summit Construction Group (general contractor), and CDK Construction (third party contractor), all having experience in Colorado. The team's relationships ensure that the project goals for livability, long term maintenance, building, and site efficiencies are achieved. The team has gathered information from the site and project area, and has collaborated on the most advantageous site layout, best construction methods, quality materials used, efficient waste management, and Energy Star rated appliances installed.

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):

SHG and its partners have had extensive engagement with the City of Broomfield and the Broomfield community. We originally began working with the Broomfield Housing Authority, in October 2017. We met with city officials including the City Manager, Kevin Standbridge, and the City Planner, Josh Olholva, in November of 2017 and their interest in the development was extremely high. We had a public hearing in December and received substantial feedback from the public. Everything from the public was positive and productive, with most comments centered around traffic, emergency access easement onto Emerald Street, and the look and feel of the building. The city manager, city planner, and two members of City Council were in attendance at this meeting. The Broomfield Housing Authority is a Limited Partner in the project. We have also involved a local non-profit, Broomfield FISH, to provide services for residents, especially our very low and extremely low-income residents. SHG has also been in contact with Broomfield Housing Opportunity Coalition (BHOC). This coalition is made up of over 10 non-profits looking to expand housing options for those who live, work, worship, and play in Broomfield. In January and March of 2018, SHG attended two BHOC board meetings and discussed the potential of soft funding for Academy Place. Through this relationship with BHOC, SHG was able to engage quite a few community organizations that can help and aid our residents. In April, SHG went before the Broomfield City Council to request development fee waivers from the City and the participation of the Broomfield Housing Authority as a Special Limited Partner to receive a tax exemption. We were successful with a resounding 10-0 vote in favor. Please see the attached the Resolution in Exhibit 08, a Letter of Support in Exhibit 09, as well as the recent letter from the city and county reaffirming their commitment to the project. SHG has stayed in contact with these organizations, and continues to receive their support as indicated in the accompanying letters of support and MOUs. Furthermore, Broomfield recently conducted its housing needs assessment, which states that there is a strong need for affordable housing, and recommended some ideas for the community to add more affordable housing options. It is included in Exhibit 9. The engagement with the community has been substantial and the support for Academy Place has been overwhelming.

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.**
- **5640 E. Atlantic Place, Denver. Not in a QCT**
- **Public transportation is .3 miles away (RTD bus)**
- **Wood frame construction, 3 stories on PT slab**
- **Roof: TPO, 60 mil**
- **Building exterior: brick, stucco, Cementous siding**
- **2 hydraulic elevations**
- **Wood interior stairwells and stairs**
- **Circulation: double loaded halls accessed by elevators & stairs**
- **Surface parking (38 spaces)**
- **Affordability AMI mix: 30%, 40%, 50%, 60**
- **48 one bedroom units; 14 two bedroom units**
- **Enterprise Green Community**
- **Energy Star appliances**
- **Amenities: Fitness Center, Craft Room, Billiards hall, Great room, Game Room**

Supportive Housing Community:

Atlantic Senior has engaged the Eaton Senior Communities Wellness Team to provide supportive services. These services are key to enabling residents to successfully age in place. These supportive services will be available to every resident and will be a valuable part of daily life at Atlantic Senior. For information on the Eaton Wellness Team see the biography in the Development Team section.

Financing: Atlantic Senior will be financed with a taxable construction loan from a conventional bank lender. Permanent financing will be provided by an approved Freddie Mac lender. Equity will be obtained from the sale of tax credits. Additionally the General Partner will provide a loan by deferring a portion of the Development Fee. There will also be a subordinate loan from Denver Affordable Housing Fund.

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 will be reserved within the building and services will be available on a regular schedule for qualified residents.

This is a big step toward meeting the CHFA priority.

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.
 - #1 University Station: 100% occupied; Waitlist: 100
 - #2 University Hills Senior: 100% occupied; waitlist: 3 years
 - #3 Yale Station: 100% occupied: Waitlist: 200
 - #4 Terraces on Pennsylvania: Unable to make contact
 - #5 Village Hampden Town Center: 100% occupied; waitlist 1 bed: 430 2 bed: 130
 - #6 Traditions at Englewood: 100% occupied; waitlist: 80.

B. Readiness-to-proceed:

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

C. Overall financial feasibility and viability:

- Project meets goal of providing 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 1.17
- Sponsor financial strength enhances guarantees
- Deferred development fee paid in 5 years.

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

Development Experience

McDermott Properties (now Lexton McDermott) has developed 3,000 multifamily units. The majority of these units are new construction and acquisition/rehab affordable communities. 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 Atlantic Senior.

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.
- Excels at lease up of new properties and meeting compliance requirements.

E. Cost reasonableness:

- Total project cost is \$ 14,032,962 or \$226,338 per unit.
- Hard construction costs total \$9,232,219
- Hard construction costs per square foot is \$175.75.
- Hard construction cost per unit is \$148,906.
- Given the smaller project size, 62 units, the costs are reasonable in today's market.

F. Proximity to existing tax credit developments:

The Market Study identified 6 affordable senior communities within the PMA. Everyone of the communities is 100% occupied with extensive waiting lists.

Primary Market Area Senior LIHTC Unit Inventory

Project	Location	YOC/Reha b.	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	50	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

G. Site Suitability:

- Site has proper zoning for multifamily.
- Denver Planning Department reviewed conceptual plan.
- Well located in Southeast Denver.
- RTD bus 0.3 miles from 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.
- 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.

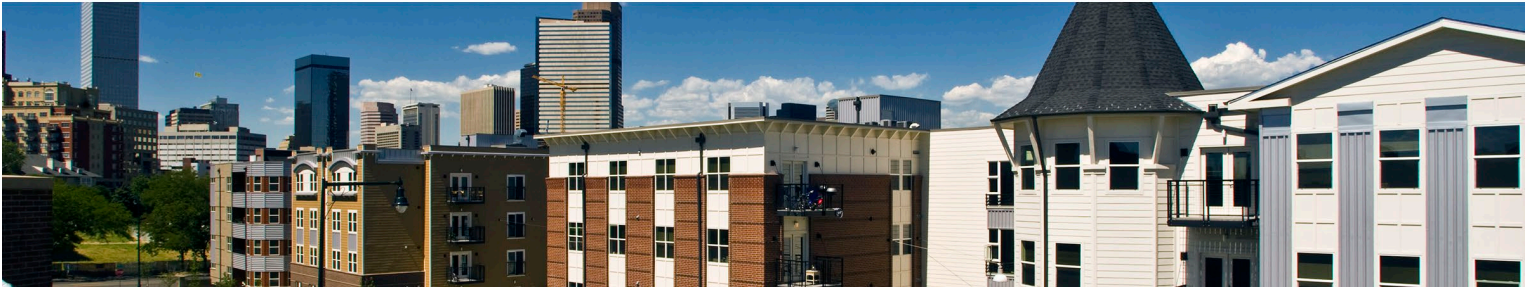
These meetings were held:

Jan. 18, 2018 Jan. 28, 2018 March 20, 2018 April 3, 2018
May 1, 2018 May 8, 2018 May 13, 2018

Additionally, positive support has come from the following:

- Paul Kashmann, Denver City Council Member for District 6 where Atlantic Senior is located.
- Robin Kniech, Denver City Council Member at Large
- Debbie Ortega, Denver City Council Member at Large
- Colorado Senior Lobby
- Leading Age

9% lihtc application narrative



Project Name: Bear Springs Manor

Project Address: 1211 W. Costilla Street, Colorado Springs, CO 80905

Executive Summary: JES Dev Co, Inc. is pleased to present Bear Springs Manor, a 60-unit senior affordable housing community in central Colorado Springs.

Unit Mix: Bear Springs Manor will use Income Averaging and consist of 45 one-bedroom units and 15 two-bedroom units with 12 units at 30% AMI, 12 units at 50% AMI, 16 units at 60% AMI, and 20 units at 80% AMI. JES Dev Co, Inc. (JES) is the development arm of the fully integrated development company JES Holdings, LLC, a national expert in senior affordable housing development and management.

Location: The Project is located 1.3 miles southwest of downtown Colorado Springs in a QCT. The site has excellent access to public transportation, downtown Colorado Springs, and Interstate 25. The community design accommodates the lifestyle needs of independent senior residents including the ability to age in place with convenient access to local amenities.

Amenities and Construction: Each apartment includes full kitchens including dishwashers and microwaves in addition to walk-in closets, window coverings, ceiling fans, individually controlled PTAC heating and air conditioning systems, in-unit washer/dryers and hard surface flooring throughout, with carpet in the bedrooms. The building exterior will be constructed using maintenance-free products of brick, stone and pre-finished, Hardie-plank cement siding. Construction will include concrete slab on grade for the foundation, wood framing, standing metal seam roofing, and upgraded architectural 50-year asphalt shingles. The elevator will be centrally located with stairs at the end of each corridor. Residents will be able to enjoy the ample landscaping and walking paths, with all civil engineering features incorporated into the landscape design. Community amenities include a fitness room, walking trails, a fully furnished community room with full kitchen for social events, and a business center in addition to the on-site property management office. Parking will be located on site and will feature lighting and native landscaping, as will the walking trails.

The location of Bear Springs Manor not only allows for easy access to downtown Colorado Springs and I-25, but the Project is also conveniently located near a number of services and amenities for seniors. The proposed site is located within a half-mile of two Colorado Springs bus routes and a Wal-Mart (with a grocery center) and located within a mile of Aspen Pointe-Moreno (health services/social services/employment services) and the Penrose Event Center. See attached information regarding the site's transit-oriented location. The "America the Beautiful" Park and Bear Creek Regional Park are less than one mile from the proposed development location, while Antler Park and Acacia Park are both under 1.5 miles away. The proposed development will include open green space with a walking trail and covered sitting areas. There is a sidewalk across Costilla that runs to South 8th Street and all the amenities located there (shopping, restaurants, health/social services).

Financing: In addition to LIHTC equity, the financing includes a construction and permanent loan, soft funds from the Colorado Division of Housing, El Paso County, and the City of Colorado Springs, and a deferred developer fee. Soft funding will allow JES to keep rents as low as possible and serve a large number of residents at the “very-low” income level of 30% AMI (20% of units). Providing financial support to Bear Springs Manor fits with the goals of the City’s 2019 Comprehensive Plan to improve housing affordability and meet the housing needs of a range of demographic sectors. The Project also aligns with specific local housing needs identified in the plan for more one- and two-bedroom units and for housing that is affordable to income-constrained seniors. The 60 affordable one- and two-bedroom units for seniors at Bear Springs Manor will help the City meet these goals.

2. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP): Although the Project does not specifically meet any Section 2 priorities, Bear Springs Manor will serve low-income seniors, many of whom may have mobility impairments and/or disabilities.

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

Market conditions: The market study reflects the significant need for affordable senior housing in Colorado Springs. The population over 65 years of age is growing and is projected to more than double by 2030. Apartment rents in the Colorado Springs MSA have increased 44% from 2013 to 2018, placing additional pressure on low income renter households.

Bear Springs Manor provides a strong mix of AMIs in order to serve seniors at various income levels. The overall capture rate is 18.4%, which the market analyst notes is reasonable and achievable. The capture rate assumes a conservative in-migration rate of 20%, which is supported by the historical and projected growth rates and the experience of comparable properties. In addition, the market analyst notes that the census data is most likely missing those elderly residents who may be living with younger family members who are the head of the households. Therefore, the number of qualifying households may be greater than the census data shows. The capture rate for the Project’s 30% AMI units is only 1%, and there are no existing 30% LIHTC units for seniors in the market area.

The capture rate for the 80% AMI units in the Project is only 1.4%. Market-rate senior properties in the market area have rents of \$1,035-1,365 for a studio; \$1,261-\$1,600 for a one-bedroom; and \$1,375-\$2,010 for a two-bedroom. The market analyst concludes that “the data indicates that maximum rents at the 80% of AMI level should be attainable”. JES has set the proposed rents for the 80% AMI units at Bear Springs Manor at 75-78% of the maximum LIHTC rents and 67-71% of the low end of the PMA’s market rate rent range.

There is a very strong need for affordable senior housing in El Paso County and Colorado Springs in particular. According to the city Community Development Manager, Colorado Springs needs 1,000 units of affordable housing each year for the next 5 years in order to meet demand. According to the Pikes Peak Area Council of Governments Area Agency on Aging Region #4: “The availability of affordable quality housing declined significantly between 2010-2018; both the availability and variety of housing received ratings lower than the national average”. Bear Springs Manor will offer quality affordable housing to seniors with a wide variety of incomes, with rents that will be affordable to residents at the 30% AMI level to those with incomes at 80% of the AMI. Support letters are attached to this narrative and help demonstrate the community’s need and how Bear Springs Manor helps to address this need.

Readiness-to-proceed: The site is properly zoned, and the design meets all of the requirements of the City's zoning and parking requirements. JES has begun the development review process with the City of Colorado Springs and is scheduled to meet with the City's Land Development Technical Committee (LDTC) on June 19, 2019. Please reference the attached review/development schedule determined by the Project's civil engineer with input from the City of Colorado Springs. Additionally, the assigned planner has provided a letter of support further outlining the administrative review process, anticipated timing and aforementioned LDTC meeting in June. All of the proposed financing is supported by a preliminary commitment or letter of support. Upon award of tax credits, JES will be ready to proceed into full design development and finalize financing for a closing in summer 2020.

Overall financial feasibility and viability: Bear Springs Manor has letters of intent from the construction and permanent lender, the Colorado Division of Housing, El Paso County, and the City of Colorado Springs demonstrating overall financial viability for all project costs. The project is requesting \$19,989 per unit in LIHTC equity, 12% below the maximum annual credit request. The project is maximizing its permanent loan and available soft funds and deferring a portion of its developer fee.

Experience and track record of the development and management team: JES Holdings, LLC is a fully integrated development company with over 30 years of experience developing, building, investing and managing affordable senior housing, in addition to affordable multi-family, skilled nursing care centers, independent living senior housing, and market rate apartments. JES Holdings, LLC members include JES Dev Co, Inc., Fairway Construction, Fairway Management, and Affordable Equity Partners. JES Dev Co, Inc.'s architect partner, Rosemann & Associates, is located in Denver and has significant experience in Colorado. JES Dev Co, Inc. has contracted with Pinkard Construction to be the general contractor for Bear Springs Manor in order to benefit from their local expertise. Please see résumés from JES Holdings, LLC members and the development team for more information.

Cost reasonableness: As a fully integrated development company, JES Dev Co, Inc. has highly sophisticated design and construction processes. This expertise contributes to a development design that is as durable, high quality and cost effective as possible. Pinkard Construction will use their local market expertise to ensure a cost-effective construction contract. Affordable Equity Partners, the investment arm of JES Holdings, LLC will manage the LIHTC syndication and underwriting process, which will reduce the project's syndication-related costs. JES Dev Co, Inc.'s development and syndication teams have a proven track record of delivering high quality LIHTC developments in the southern and midwestern United States.

Proximity to existing tax credit developments: There are five existing senior tax credit developments in the market area (excluding Section 8 properties and Assisted Living properties) for a total 497 existing affordable senior units. The most recent LIHTC development is Traditions at Colorado Springs, a 4% LIHTC and state Affordable Housing Tax Credit (AHTC) project awarded in 2017. Located twelve miles from Bear Springs Manor, Traditions at Colorado Springs was completed in 2018 and expects to reach full lease-up this month. Hatler May Village, a 77-unit senior project located nine miles from Bear Springs Manor, was awarded 9% LIHTCs in 2014. The other three properties are located 2-3 miles from Bear Springs Manor and received awards between 2004 and 2011. The majority of the existing senior LIHTC units in the market area serve households earning 50% and 60% AMI (403 of 497 units), and none serve seniors at 30% AMI. When Traditions at Colorado Springs is excluded, the vacancy rate for the four stabilized senior LIHTC properties in the market area is less than 1% (2 vacant units). Two of the senior LIHTC properties in the market area maintain a waitlist. There are no senior LIHTC properties under construction in the market area.

A new 54-unit senior LIHTC project in the market area was recently awarded 4% LIHTC and state AHTCs, Atrium at Austin Bluffs. Atrium at Austin Bluffs will be located in Northeast Colorado Springs, more than 12 miles from Bear Springs Manor. The projects' affordability mixes also differ greatly. All of the units at Atrium at Austin Bluffs will serve seniors with incomes below 60% AMI including 6 units at 30% AMI and 5-6 units at 40% AMI while Bear Springs Manor will offer 20 units for seniors earning up to 80% AMI. With the Atrium at Austin Bluffs units included in the capture rate calculation, the capture rate increases from 1% to 1.5% for the 30% AMI units, from 18.6% to 20.4% for the 50% AMI units, and from 17.3% to 19% for the 60% AMI units, all still well below CHFA's preferred capture rate threshold of 25%.

Site suitability: The Bear Springs Manor site is undeveloped land located in a suburban area with good access to major arterial roads. Surrounding land uses include retail, office, and residential uses. All utilities are available to the site. Bear Springs Manor residents will have access to several services and amenities within a mile, including a Walmart Supercenter with grocery, pharmacy, vision, and auto care services (0.5 mile), the Mt. Carmel Veterans Service Center (0.6 mile), the Norris Penrose Event Center (0.7 mile), Bear Creek Regional Park (0.9 mile), and several restaurants. Bear Springs Manor is located 1.7 miles from The Independence Center and within a 15-minute drive to the Colorado Springs Senior Center and Silver Key Senior Assistance. The nearest bus stop is located 0.2 mile from the Project with the number 4 bus providing service to the Broadmoor and to downtown Colorado Springs seven days a week (see TOD map attached).

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:

The market analyst notes that the Project is located in a somewhat secluded area off of South 8th Street but also notes that the Project is centrally located. Bear Springs Manor is located only 1.3 miles from downtown Colorado Springs. The Project is five blocks from South 8th Street, a major commercial arterial with numerous businesses including a Walmart, Hobby Lobby, Office Depot, car wash, gas station, and multiple cell phone retailers, auto repair shops and restaurants. An Interstate 25 entrance is only three-quarters of a mile from the Project with easy access to I-25 via South 8th Street and West Cimarron Street. For those residents who do not drive, bus service is 0.2 mile away, and JES will partner with Envida, a local transportation and home healthcare services provider to offer specialized transit to residents who are eligible for Medicaid and/or have a disability.

Also, JES' vertical integration includes Fairway Management (FWM) which will be conducting the lease up and is adept at marketing which does not rely on the Project's visibility from a high-volume road. FWM will market Bear Springs Manor per the Affirmative Fair Housing Marketing Plan (AFHMP). Management will advertise in local newspapers and distribute brochures/flyers throughout the community and surrounding areas to attract all groups to apply. This process is monitored closely to ensure that all groups are reached and adjust the marketing plan/specific outreach based upon the applicant trends while continuing to target those least likely to apply. Bear Springs Manor will also receive resident referrals from the Colorado Springs Housing Authority, Envida and The Independence Center. Furthermore, FWM has a proven staff onboarding process where candidates undergo testing to gauge compatibility for the position and property managers go through an initial four week training program, as well as an annual course, to ensure procedures and compliance monitoring consistency. On average, FWM facilitates ten to fifteen property lease ups per year, boasting an ongoing 97% occupancy for the senior portfolio.

- 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:** Although the site has been vacant/unimproved, the Phase I ESA performed by Terracon on April 24, 2019 identified two Recognized Environmental Conditions (REC). Soil and debris stockpiles of unknown origin were placed on and graded into the site at various times including construction/demolition debris with possible asbestos-containing materials. The Phase I recommended additional investigation to evaluate impacts to the site.

The Phase II Limited Site Investigation concluded on May 31, 2019. The report confirmed materials of unknown origin which included construction/demolition debris. The soil and groundwater samples identified the presence of polynuclear aromatic hydrocarbons (PAHs) which exceeded the unrestricted use criteria. Steps will be taken to coordinate with Colorado Department of Public Health and Environment (CDPHE) associated with remediation and redevelopment. Utilizing both the recommendations from environmental engineering services by Terracon Consultants and the civil engineer Kimley-Horn, the site work opinion of probable cost was amended to accommodate the mitigation of unsuitable soils/conditions in relation to the geotechnical and environmental conditions (please refer to section 7).

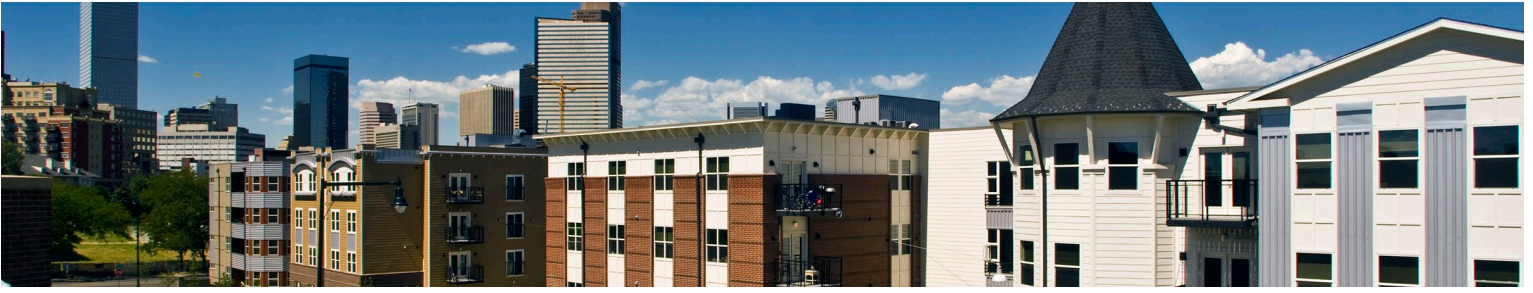
- 7. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:** The project benefits from having a design replicated from other senior affordable projects JES has developed nationally, furthering the ability to deliver a high quality, on time and on budget project.

The Phase II Limited Site Investigation recommendations resulted in an upward adjustment to the site work opinion of probable cost. This updated opinion of probable cost (see Cost Estimate detail) includes a 16.2% increase in earthwork costs in order to address the aforementioned unsuitable soils in relation to both geotechnical and environmental conditions. The construction budget includes these additional costs. JES has prior experience coordinating the remediation through a materials management plan following additional soil samples and analysis can be provided.

- 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.** JES has worked closely with the City of Colorado Springs over the past several months and the Project has been well received. The preliminary site plan and schematics have been shared with City staff, and JES has worked to incorporate feedback into the design and programming of the site as part of the preliminary review which took place on May 16, 2019.

The City of Colorado Springs is very supportive of Bear Springs Manor as it furthers the City's goal of developing 1,000 affordable units each year (see attached letters from Mayor Suthers and from the Department of Planning & Development). Both the City and The Independence Center, a local nonprofit organization that provides home health care and housing referrals, have identified an unmet need for rental units that serve households earning up to 80% AMI and have expressed support for the twenty 80% AMI units in the Project. In addition, JES has reached out to local community groups about Bear Springs Manor and its role in supporting low income seniors in Colorado Springs. Support letters from these groups, The Independence Center and Envida, are attached. JES will continue to work closely with community groups and expand its outreach to help ensure community needs and desires are incorporated into Bear Springs Manor.

9% lihtc application narrative



Project Name: **Calkins Commons**

Project Address: 121 East First Street, Cortez, Colorado 81321

Executive Summary:

Calkins Commons is a proposed historic preservation/adaptive re-use and new construction project by the Housing Authority of Montezuma County (HAMC). The project will serve the family population of the City of Cortez and Montezuma County.

It is located in Non-Metro QCT No. 9694.00, and is in the central downtown urban area of Cortez with access to public transit at the property through Moco Public Transportation. It is also within one half to one mile of numerous parks, grocery stores, pharmacies, restaurants and other essential needs.

The Historic Building is built on a stone and concrete foundation, of wood framing, with sandstone masonry exterior walls and EPDM rubber membrane roofing. The building skin is sandstone masonry. The interior hallways have two common stairways with access to all floors, plus a single elevator will service all floors. There has been steel beam reinforcement of all existing floors.

Energy efficiencies, Historic: reconstruction of all windows including storm sashes, central water distribution and low-flow plumbing fixtures, high-efficiency heating system (electric), all LED light fixtures, energy star appliances throughout, utilization of materials with high recycled content wherever applicable, exterior sandstone walls have innate heat storage and thermal lag.

Energy efficiencies, New Construction: high performance insulated low-E windows, energy star appliances and LED lighting throughout, high reflective roof, drought-resistant landscaping, high R-value wall system, low-flow plumbing fixtures, electrical heat pumps, and utilization of materials with high recycled content wherever applicable.

The two-story new construction buildings have concrete footer and stem wall foundations, slab on grade. Wall framing is wood stud, second floor is engineered wood joists, and roof framing is pre-

engineered wood trusses with EPDM rubber membrane. The building skin will be rigid insulation with elastomeric stucco integrated with horizontal cementitious lap siding and will compliment the exterior renovation to the historic building. The new buildings each have an interior central hallway with two stairways per building.

Amenities – the property will feature a community room, a fitness room, a computer room, a playground and a picnic / BBQ area, and ample storage space in the basement of the Historic building.

Financing –

Perm debt – The project will seek a \$1,448,578 permanent mortgage from CHFA with an interest rate of 5% and a term/amortization period of 35 years.

Construction debt – Bank of Colorado will provide a construction loan of \$3,000,000 at a rate of 4.91%, though we have underwritten the project at 5% as a conservative measure against potential rate increases.

Historic Credits – A portion of the project is an adaptive re-use of a turn-of-the-century historic schoolhouse (further described below). The historic nature of the building allows it to leverage LIHTC with State and Federal Historic Tax Credits totaling \$1,765,000.

Deferred Developer Fee – The project will utilize deferred developer fee as an additional contingency should the project experience a shortfall of other development sources.

Acquisition – HAMC is the owner of the site containing the Historic School and generally vacant adjacent land. The property is designated into three parcels. Calkins Commons involves parcels 1 and 2 only, containing 3.14 acres total including the School Building and adjacent parcel. Ownership is currently held through Schoolhouse Properties, LLC, a wholly owned affiliate of HAMC. Evidence of ownership has been submitted as part of the site control section of this agreement. Schoolhouse Properties, LLC will transfer lots 1 and 2 to the tax credit partnership through a purchase in the amount of \$600,000.

The property is being sold to the tax credit partnership for \$600,000. There is a currently a note on the property for \$282K from HAMC. This will be increased to \$400K at closing. Please note, per the appraisal the property for Calkins Commons is worth \$875,000, yet HAMC is selling the property at a discounted rate and carrying a significant portion of the purchase price in order to support the project. The seller note bears 3% simple interest for 40 years, paid from residual cash flow.

Calkins Commons represents an incredibly important historic preservation effort for Cortez and Montezuma County. The project involves the rehabilitation of the Historic Calkins School Building into 12 units of affordable housing (6 one bedrooms and 6 two bedrooms of varying square footage – 500 to 745 SF) plus ample common area and amenities, as well as office space for HAMC (basis deducted). In addition, two new buildings on the adjacent parcel will be constructed consisting 15 units each totaling 30 units (14 one bedrooms of 648 SF, plus 16 two bedrooms of 996 SF). ADA accessible units will be located in each building, in accordance with applicable law.

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

- Calkins Commons meets the Priority of serving Counties with populations of less than 175,000. Montezuma County has a population of 26,140 as of 2019.

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

- a. Market conditions: The market study outlines a strong demand for new affordable units with no other new units identified on the horizon. While Cortez is a relatively small town, the project will only need to capture 12.2% of the existing market with no need for in-migration in order to achieve stabilized occupancy. The low capture rate is enhanced by the low vacancy factor throughout the market area – in both subsidized and market-rate units. The vacancy factor in the market study is 5.2%, which is skewed higher by a higher vacancy factor of studio apartments. Without considering studio and 3-bedroom apartments, the factor for the market area is 4.2%. All of the vacancies are in the market rate housing. The market study notes that none of the surveyed projects were offering concessions in 2019. The same analyst also surveyed the area in 2016 and 2018 and found no properties offering concessions. The project will serve households at 20% and 80% AMI – two underserved segments of the renter market. The owner is the local housing authority and they have turned away households with incomes above 60% and lower than 80% AMI and therefore have experienced first-hand the need for this unit type in Cortez.
- b. Proximity to existing tax credit developments: The City of Cortez has not indicated that any other affordable or market rate units are currently being processed within the city. The other subsidized housing units within the market area have a 0% vacancy factor.
- c. Readiness-to-proceed: The applicant has been working on the project for four years and has secured all necessary discretionary permits from the City of Cortez and zoning is in place. All other sources of funding are non-competitive in nature allowing the project to be in a position to close on all financing and commence construction soon after an award of 9% credits.
- d. Overall financial feasibility and viability: The project is not feasible using 4% LIHTC and tax-exempt bonds. The application has requested the lowest amount of 9%

credits possible and has also leveraged 9% credits with a seller note and State and Federal Historic Tax Credits. The project has both reduced the amount of paid developer fee and has included a deferred developer fee in order to request the lowest amount of competitive credit as possible for feasibility and viability.

- e. Experience and track record of the development and management team: Calkins Commons is being developed by the Housing Authority of Montezuma County (HAMC). The HA is the leading advocate for affordable housing and social services in the MSA. HAMC has brought in The Treadstone Companies to assist in a development consultant role. Treadstone is specialist in acq rehabs and historic preservation.
- f. Cost reasonableness: Total project costs are \$14,598,656 or \$347,587 per unit. Each of the professional fee line items have been crafted based on total financing, scope of work, feasibility, and for those needed on-site, a minor degree of added cost for travel to the project given its relatively remote location. It is also important to note that development of affordable housing in the City of Cortez, a rural community, comes with a level of increased construction cost. Due to the limited supply of local construction workers, a modest increase for the cost to bring workers to the area has been anticipated.
- g. Site suitability: The project is located in the Cortez Central Business District which includes many nearby shopping, service, and employment opportunities. The project site's close proximity to a wide variety of services causes it to have a very high walk score of 83. The site is not adjacent to any environmental hazards or otherwise negative neighborhood conditions.

4. Provide the following information as applicable:

- a. Justification for waiver of any underwriting criteria: The application requests no waivers and 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 the DDA discretionary boost because the property is already located within a QCT. It is therefore eligible for the 130% qualified basis boost.

5. Address any issues raised by the market analyst in the market study submitted with your application: The market study noted that there was no precedent for 80% AMI rents in the market. However, the applicant (which is the local Housing Authority) has recent experience with households earning more than 60% AMI but less than 80% AMI who are in need of affordable rental housing. This population is a strong indicator of the area. Nevertheless, the market study recommended no changes to the project.

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 property was reported by the school district as having been abated for ACM and LBP. However, proper certification of that abatement has not been provided, so in an abundance of caution a full phase I ESA and testing for ACM and LBP was conducted. The final reports were not available by application date, but prelim results indicated relatively small ACM in specific areas, and LBP in areas that will be overlaid or mitigated. A budget of \$50,000 for abatement has been created based on prelim testing recommendations.
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 rural location of the subject property requires subcontractors from outside of the market area. The travel expenses associated with both labor and material being delivered from long distances may impact construction costs. The historic preservation requirements also create a high cost issue due to specialized materials and methods.

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 project has been through the public hearing process in order to obtain consent from the City to develop a multifamily housing project. Evidence of the public approvals have been included as an attachment to the application. No neighborhood opposition exists that may materially 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):

The proposed project is mostly new construction as the adaptive re-use of the historic school requires new building infrastructure (interior framing, drywall, plumbing, electricity, ingress/egress, fixtures, appliances, etc.) Nevertheless, a Capital Needs Assessment was performed on building to address any potential structural issues or issues of significance. There were no structural issues or issues of significance that are not being addressed by the construction scope of work.

You may also provide additional documentation that supports your application by uploading it to ProCorem and identifying the document that is being supported.

Example 1: For Rehab developments, documentation to support the scope of work may be labeled as follows: *Scope of Work* for the documents that provide additional details of the items included in the rehab. The Scope of Work should also be reflected in the Property Conditions Assessment (PCA), and the CSI Cost Estimate (CSI), which shall provide details of the materials/quantities/unit costs so that all supporting documentation defines the general scope of work. The development budget worksheet in the LIHTC application must match up to the CSI and PCA regarding square footage and cost.

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.)

Example 3: Additional documentation to support the Market Conditions Criteria may be labeled as follows: *Attachment Market Conditions* or *Market Conditions.pdf*, etc.

Example 4: Documentation of soft funds to support the amounts listed in the Application may be labeled as follows: *Attachment Overall Financial Feasibility and Viability* or *Overall Financial Feasibility and Viability.pdf*, etc.

9% lihtc application narrative



Project Name: The Commons

Project Address: 3770 E Uintah Street, Colorado Springs, CO 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 21 one-bedrooms, 15 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 project will also provide a playground, bike parking, and a fenced patio. The project will be serviced by one elevator and will have 50 surface parking spaces.

The building proposed for this development will incorporate quality residential materials found including brick and hardy panel. The building will be 4-story wood frame construction and the building foundation will be slab on grade. Homeward Pikes Peak plans to hire a 3rd party green consultant, Lightly Treading, 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, a radon ventilation system, and low-VOC interior paints, adhesives and sealants.

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, job skills training, job search support, 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 and supportive services operations 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 co-general partners on the project. This partnership will allow Homeward Pikes Peak to receive 100% of the developer fee and cash flows to cover the costs of the supportive services program that will go to help families experiencing homelessness in the Colorado Springs Community.

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 property's net cash flows, 100% of the deferred developer fee, and 100% of the permanent supportive housing developer fee boost will be allocated to the program.

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

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

As demonstrated by the market study, demand for permanent supportive housing is strong. The market analyst projects The Commons will lease up in 3 months. We believe it will be faster

b. Readiness-to-proceed:

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 looking for 50 units of project-based vouchers from DOH, \$1,500,000 from DOLA's Homeless Special Program Funding, and a \$880,000 grant from FHLB 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:

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 is required by our equity investor.

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

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.

e. **Cost reasonableness:**

The Commons largest cost driver is construction. The development team engaged two, credible, local contractors to provide budget figures for the proposed development and both reported a total development cost of approximately \$325,000/unit. Whereas this per unit figure is higher than other PSH projects in Colorado Springs, we believe the per unit figure is not the most effective figure to analyze the cost reasonableness of the project. The Commons is designed for families with 1,2, and 3-bedroom units, while other local PSH projects are 100% studios. On a per square foot (psf) basis, The Commons has a slightly lower psf construction cost than other local PSH projects which reflects the reasonable use of resources for the project. In addition, we have tried to minimize our request of limited 9% credits from CHFA by attracting other local resources. We have tried to minimize our request of limited 9% credits from CHFA by attracting other local resources (ie. HOME funds from the City and low-cost financing from ANB BANK), requesting outside resources from FHLB and requesting the maximum loan amount from DOLA (\$1,500,000 - \$30,000/unit). We believe we have done what we can to limit our request from CHFA.

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

Based on the market study analysis, there is an extremely strong demand for affordable housing in the immediate area and its proximity to other developments does not impact the rental rates and demand to The Commons. There is a limited amount of PSH projects in Colorado Springs, and currently two others in the pipeline. The Commons differentiates itself from the other PSH projects serving families, both Freedom Springs and Greenway Flats will be serving single individuals and by the quality of project partners that have assisted with this development and partnered with Homeward Pikes Peak to solve the homelessness problem in Colorado Springs. According to the provided market study, there are ten existing unsubsidized LIHTC developments within the primary market area (PMA) and seven existing subsidized Section 8 developments that target similar populations to The Commons.

g. Site suitability:

The subject's immediate area includes immediate access to schools, grocery stores, commercial options including Walgreens and discount stores all within walkable distance to 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 family focused residents. A special feature of this location is the adjoining property is a child care facility inside the Springs of Life Church that provides services to infants and toddlers. Notably, this child care center also accepts the CCAP-Colorado Child Care Assistance program and services approximately 100 low income families. In addition to the immediate amenities surrounding the development, the project is near other service providers that will have easy access to serve residents based on the central location. These service providers include Peak Vista Community Health Centers, Aspen Pointe Health Services, Colorado Springs Health Foundation, and Pikes Peak Continuum of Care all of which have provided additional letters of support for the project.

4. Provide the following information as applicable:

Not Applicable

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

Not Applicable

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, 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.

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

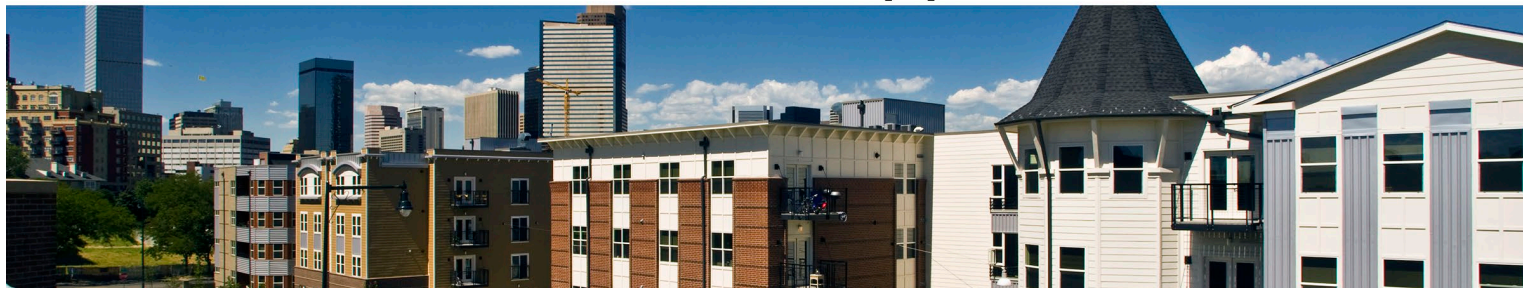
This is Phase I of a two-phase project. We are paying for 100% of the land costs in phase 1. Also, we are building the site preparation costs for both phases up front. Finally, all the common area amenities are being built into phase 1. The largest cost of the development is construction. We received 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 critical access to similar PSH projects construction pricing within the Colorado Springs market, Freedom Springs. The Commons has substantially more square footage than Freedom Springs because it has one, two, and three-bedroom units to accommodate families. In addition, The Commons will be built one

year later than Freedom Springs, and construction costs are increasing faster than inflation due to a variety of factors. Whereas The Commons costs more on a per unit basis, it is actually less expensive on a per square foot basis even with the delay in breaking ground on the project.

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 convening 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 2018 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 to review a draft Homeless Action Plan and to address concerns related to homelessness. 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. There has been zero formal or informal opposition shared with HPP or the City of Colorado Springs. HPP has received numerous letters of support for the project which will be submitted to the State Division of Housing and CHFA. HPP has received a letter of commitment from Colorado Springs Community Development Department that HOME Funds to the project. In the meantime, we have executed an MOU from the Archdiocese of Colorado Springs that will serve as the guarantor on this project. These funds will be secured by the time construction begins.

9% lihtc application narrative



Project Name: Cottages 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 have 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 Cottages at Granby, an age- and income-restricted LIHTC community.

Cottages at Granby will provide high-quality independent living accommodations for an underserved low- and moderate-income senior population in the heart of Grand County. The Cottages 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, and will provide its residents with access to both a 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. Both the Fraser to Granby Trail and the Lift Bus service can be accessed within steps of the property.

The community will consist of twelve single-story, four-plex apartment buildings and a central clubhouse building, providing its residents (aged 55+) and guests with secure access to a variety of amenities, including a fitness center, community room w/ kitchenette, computer lab, conference room and game area. Additionally, the property will provide outdoor seating and an entertainment area with a gazebo and grills. 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 buildings, wood-framed with pitched roofs and a combination of brick, stone, and multi-colored fiber cement siding with vinyl windows, are designed to be highly efficient and fit in perfectly with surrounding mountain-town architecture.

Cottages at Granby will provide 32 one-bedroom/one bath apartments and 16 two-bedroom/two-bath 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 \$885 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, separate linen and coat closets, and an outdoor patio/seating area.

The development will be financed through a combination of competitive 9% LIHTC equity, 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 Cottages at Granby as a special limited partner, which will provide the property with referral services for future residents and a property-tax exemption.

Above all else, the Cottages at Granby community will allow older residents to be able 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 due to rising rents.

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 market conditions for Cottages at Granby are exceptional due to a lack of any senior LIHTC properties anywhere in Grand County, only one general occupancy LIHTC property in the County, zero vacancy and multi-year waitlists among all LIHTC and other affordable housing options for families and seniors, and a limited supply of rental housing in general. The overall market conditions and anticipated success of Cottages at Granby are nicely summarized on page 73 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 and Class C market-rate property had waitlists with over 200 applicants and 25 applicants. 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 step necessary for Town of Granby approval is to request approval through the Town's minor subdivision process at final plat. Per the Town's published Code (17.40.010), 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.
- c. Overall financial feasibility and viability:** Cottages at Granby is financially feasible if awarded an allocation of 9% LIHTC. Because of its location in a small mountain community, a 4% LIHTC option is infeasible. In addition to federal LIHTC equity, HKP is assuming permanent loan proceeds, a Colorado Division of Housing contingent note, and deferred developer fee. 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, despite the confidence HKP and the market analyst have in the 60% and 80% AMI demand and rent levels, we are underwriting to a 28% discount on max rents for the 80% units and a 5% discount to the 60% 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 13,000 apartment homes in 15 states. 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 16 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 Cottages at Granby reflect current hard cost information and have been reviewed and verified by a third party, Deneuve Construction. While construction costs in Colorado have continued to increase at a rate of ~0.25 percent monthly, the "Cottage" product is one that HKP is very familiar with, having developed nearly identical product in several other states in recent years. In

order to account for the volatile commodities and labor markets, HKP has included a 5.0% hard cost contingency. The construction costs for Cottages 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.

- 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. Both properties are located in Fraser, approximately 13 miles southeast from the proposed development and were placed in service in 1995 and 2002. **Cottages at Granby will be the first LIHTC development in nearly 20 years in Grand County, and the first to serve the senior population.**
- g. **Site suitability:** Cottages 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 site is eligible for a 30% DDA basis boost, HKP is requesting what amounts to a boost of less than 10%. This modest boost is justified given the added complexities and costs associated with development in rural mountain communities.

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 47.3% (of Seniors age 62+ per CHFA's requirements) with capture rates for individual AMI designations of 111.1% for 30% AMI, 44.4% for 50% AMI, 30.6% for 60% AMI, and 36.1% for 80% AMI. However, the market study then elaborates in detail about **why this metric does not accurately capture true demand**, including the lack of any senior LIHTC properties, the waitlists at all restricted affordable and even some market-rate properties, and the above average amenities and location of the development. Additionally, the market study points out that the capture rates for the 50%, 60%, and 80% AMI units all drop below 25% when considering households age 55+, and **the overall capture rate for the property at that age is 25.3%**. Finally, in spite of the artificially high capture rates, Prior & Associates concluded that Cottages at Granby should lease up at a rate of 20 units per month once complete.

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:

The only 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 those factors, over which we have little control, we expect to be able to contain costs very effectively in vertical construction due to our vertical integration and size and the fact that we have built nearly identical senior cottage products, including clubhouse and garage/storage buildings, in a variety of markets across multiple other states.

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, and we continue to do so, sharing our proposed development plans, seeking input for improvement, and requesting support for the overall goal of the project. We have met with Town leaders, including Mayor Paul Chavoustie and Town Manager Aaron Blair; senior staff at the Grand County Housing Authority; the Executive Director of the Grand Foundation; the Executive Director of Mountain Family Center, the an integral service provider with a variety of programs for Grand County seniors; the Executive Director of the Granby Chamber of Commerce; the Executive Director and Independent Living Coordinator at the Northwest Colorado Center for Independence, the Director of Grand County Public Health, Home Care, & Senior Nutrition Services; the Human Services Director for Grand and Jackson Counties; The Executive Director of the Grand County Rural Health Network; and a couple low-income senior residents of Granby. All of them expressed initial vocal support for the project, and several wrote letters of support, which are included with this application.

We do 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. 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 – Cottages at Granby is a New Construction project.

9% lihtc application narrative



Project Name: Espero Apartments

Project Address: 1051 Avenida del Sol, Durango, CO

Executive Summary

Housing Solutions for the Southwest (HSSW) is based in Durango, CO and serves Archuleta, Dolores, La Plata, Montezuma and San Juan Counties. The mission of HSSW is “to lead the way in providing help, hope, and a seamless system of affordable housing services to our communities in the Southwest”. Our core values are: equity, respect and dignity for those we serve, for staff and our partners.

Over the past two years Durango’s homeless population has grown significantly, point in time data shows an increase from 91 homeless individuals in 2017 to 294 counted in 2019 (official report due in July). Of the 294, 145 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, Housing Solutions for the Southwest and BlueLine Development, Inc. have partnered together to propose Espero Apartments with permanent supportive services provided by AXIS Health Services (AHS), Southwest Center for Independence (SWCI) and Manna Soup Kitchen (Manna). Espero Apartments will be located on Avenida del Sol, just down the street from Manna and will include 40 one-bedroom permanent 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. Each apartment will have an Energy Star refrigerator, dishwasher, oven/range, disposal, and microwave. A rest and recuperation space has been programmed in to the first floor for those residents who may need to be out of their apartment for a short period of time to recover from a medical procedure, be closer to supportive staff, or time to adjust to a new home. The site, just outside the QCT for Durango, is located less than ½ mile away from Durango’s transit center, providing easy access to all parts of, and amenities in, Durango.

The city of Durango has recognized the need and benefits of permanent supportive housing and has both leased the land to HSSW and added a change to the current PB (Public Benefit) zoning use to allow permanent supportive housing as a use on city owned parcels.

Espero Apartments 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 complex pitched roof form with asphalt architectural shingles. The exterior will be clad in different profiles of painted fiber cement siding with brick accents. 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 self-certify to Enterprise Green Community Standards. There will be approximately 4,500 square feet of administrative offices

and service space on the first floor. This space will include a leasing office, offices for supportive services partners, front desk reception, mail receiving area, community laundry room, a community kitchen and great room. The outdoor community space will include a patio, barbecue area, and vegetable garden.

Funding for Espero Apartments will be provided by CHFA in the form of 9% LIHTC equity and Colorado Division of Housing HSP grant funds. Additionally, the city of Durango has leased the land to the project for \$1 per year and waived permit submittal fees as local match for the project. The project will be supported by 40 Housing Choice Vouchers (HCV) from the Colorado Division of Housing. Espero Apartments will follow all required cross-cutting federal regulations.

Housing Solutions for the Southwest, in partnership with AXIS Health Services, Southwest Center for Independence and Manna Soup Kitchen will provide permanent supportive services to residents of Espero Apartments. 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.

Espero Apartments will be a community of hope and healing for those who have experienced homelessness in Southwest Colorado 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 Espero Apartments, the city of Durango will be taking a positive step towards addressing homelessness by creating 40 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)

Espero Apartments meets the following three priorities as defined in Section 2 of the QAP.

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

Espero Apartments 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 Durango. Housing Solutions for the Southwest currently provides multiple housing programs within the city of Durango and over a five-county region in SW Colorado.. Espero Apartments will be an expansion of that service by offering 100% affordable units serving extremely low-income homeless individuals in the City of Durango. Homeless adults are an under-served population in the city of Durango 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 Espero Apartments 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 Southwest Colorado are living with a physical health need, behavioral health need or substance use disorder. The population that Espero Apartments is focused on are living with a disabling condition that may impact their ability to remain stable in housing; 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.

- Projects in Counties with populations of less than 175,000
- The most current Census data available shows a population of 56,310 for LaPlata County, CO.

Market Conditions - Analysis of the primary market area indicates a shortage of housing available to residents earning at or below 30% AMI, current vacancy rate is 0% with low capture rates of 1.3% as indicated by the market study's estimated 546 good candidates. Currently these candidates have only five existing units targeted to 30% AMI and they are family/workforce units. 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 Espero Apartments.

Readiness-to-proceed-The proposed project's site is currently zoned PB which allows for permanent supportive housing under the Public Benefit zoning on city owned land. The site is currently owned by the City of Durango, who has executed an Option to Lease agreement with Housing Solutions for the Southwest. The development team has been working with the City of Durango's Planning and Zoning Department on initial site plan approval and all indications are that this administrative process will take approximately three weeks upon LIHTC award. The development team attended a concept meeting with the City on March 20, 2019 and all comments received have been incorporated into the current site and floor plans.

The Espero Apartments team has engaged Shopworks Architecture, an experienced LIHTC architect, to design the building. Additionally, we have received a third-party construction estimate from FCI Constructors, an experienced LIHTC contractor with an office in Durango.

Overall financial feasibility and viability -

Espero Apartments 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 Difficult Development Area (DDA). This boost is necessary to ensure project viability through what has become a proven financing structure for permanent supportive housing projects.

Espero Apartments will have secondary funding sources through the Colorado Division of Housing, Homeless Solutions Programs Funds and deferred developer fee. By utilizing the soft financing from the Colorado Division of Housing Homeless Solutions Programs Funds as the only source of secondary financing, Espero Apartments 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

Housing Solutions for the Southwest

Housing Solutions for the Southwest opened in 1981 as a Community Action Agency and evolved to focus on affordable housing. Today, HSSW operates multiple programs, all housing related, to help people in Southwest Colorado who are struggling to meet their basic housing needs. This work spans Archuleta, Dolores, La Plata, Montezuma, and San Juan Counties and includes a rental assistance voucher program, transitional living programs, emergency homeless prevention, and housing counseling for qualifying individuals or families. HSSW is the only HUD certified counseling agency that assists people with rental counseling. HSSW also offers multiple programs for people of different income levels including homebuyer and credit counseling, weatherization services and housing rehabilitation. Dependent upon income, these services may be at no cost or through a low-interest loan. HSSW acts as the Southwest Colorado Continuum of Care coordinating agency for the 5-county region, acts as the local Division of Housing voucher contractor and owns and/or operates over 80 units affordable housing.

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 25 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.

BlueLine Property Management Company

BlueLine Property Management (BLPMC) was started in November 2018 by the principals of BlueLine Development, Inc., an experienced affordable housing developer established in 2011. Through the stabilization and asset management phases, the need for a dedicated property management team was evident in order to achieve equity investor required occupancy levels. Understanding the Low-Income Housing Tax Credit program and the effect that property management has on the owner or partnership, BlueLine Property Management focuses on the immediate and long-term health of each property. Currently, all 17 of the properties under the BlueLine Property Management team are located in Wyoming or Montana totaling 435 units of housing. The Wyoming Housing Network (WHN) has entrusted BlueLine with their entire portfolio in Wyoming, which consists of 12 properties. BlueLine Development, Inc. partnered with WHN to develop several of these complexes using tax credit equity or other sources of financing and is now ensuring efficient operation to preserve the value of the WHN portfolio. Each property receives the same level of service, whether it has 4 units or 127, is affordable or market rate. Moving forward, BLPMC will be managing properties in Colorado that are affiliated with BlueLine Development, Inc.

Cost reasonableness - The costs submitted with this application reflect the current construction market in The City of Durango. 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 13 affordable developments totaling 600 units within the Primary Market Area. However, only six of these developments were considered comparable and within these six developments, three of the properties are market rate complexes that were included due to a lack of available affordable comparables. Of the three tax credit developments, only five units served individuals at or below 30% of AMI. Further analysis of these comparables can be found in the market study submitted with this application.

Site suitability - By building in Durango, Espero Apartments will be proximate to HSSW's existing office location and will realize efficiencies in leasing and proximity to services because of this. The site is located within a quarter mile of Durango's transit center and is within easy walking distance to the city's downtown core, including two major grocery stores, a Walgreen's pharmacy, the library and the post office. The site is currently level and vacant, so excavation and site work requirements are minimal. The Phase I ESA submitted with this application found no existing or past environmental concerns.

Justification for waivers – Espero Apartments 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 Espero Apartments 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 - Espero Apartments is in a HUD designated DDA and is not requesting use of CHFA's discretionary boost.

Market Study Issues - James Real Estate Services identified limited public transportation options as a weakness to the project common for mountain towns. However, the project scored a 61 Walk Score, higher than any other tax credit project in the area. Bringing the units on line also increases the capture rate for 30% AMI units. Given there are only five units in Durango for this population we don't see this as a weakness, but rather an indicator of the market's limited size.

Environmental Issues - The Phase I ESA, completed by Ecosphere Environmental Services, revealed no Recognized Environmental Concerns, and recommended no further investigation.

Unusual Costs/Opportunities for Cost Containment – The City of Durango has waived project submittal fees and provided an Option to Lease the land to the Espero project for \$1 per year for 99 years. The benefit of a virtual no cost land lease assists in keeping project costs reduced.

Local Outreach – Housing Solutions for the Southwest is in the City of Durango and receives great support from local and county agencies. HSSW staff have continually engaged City administration and staff for support of this project and the design team has held three neighborhood meetings to gather feedback from the community regarding the project. Feedback thus far has been positive overall.

9% lihtc application narrative



Project Name: Fitzsimons Veterans Independent Living - FVIL

Project Address: 1919 Quentin Street, Aurora, CO (TBD Southeast corner of Montview Blvd. and 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 education, 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 close proximity of the development to the VA hospital will positively impact veterans by reducing commuting times and increasing access to medical and social resources.

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.

Knowing that accessibility both within the building and around the community are paramount, AHA is designing each unit to be fully ADA Type A (as defined in the International Building Code). This approach assures residents that apartments will remain functional as they 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 is achieved through solar farm electricity purchases, window glazing, insulation, access to public transportation, and multi-modal infrastructure including bike parking and pedestrian paths. The property has a walk score of 64 -- 49 percent above Aurora's overall score of 43. The transit score is 52, also above those for comparable properties. The bike score is 78, making it "very bikeable."

Site amenities include community gardens, a walking path, covered bike parking, a dog run and courtyard oriented to maximize the green space between this building and the Veterans Community Living Center (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 is designed to accommodate supportive programming partnerships under discussion with the VA. Each floor has a shared balcony, communal laundry and trash chutes.

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.

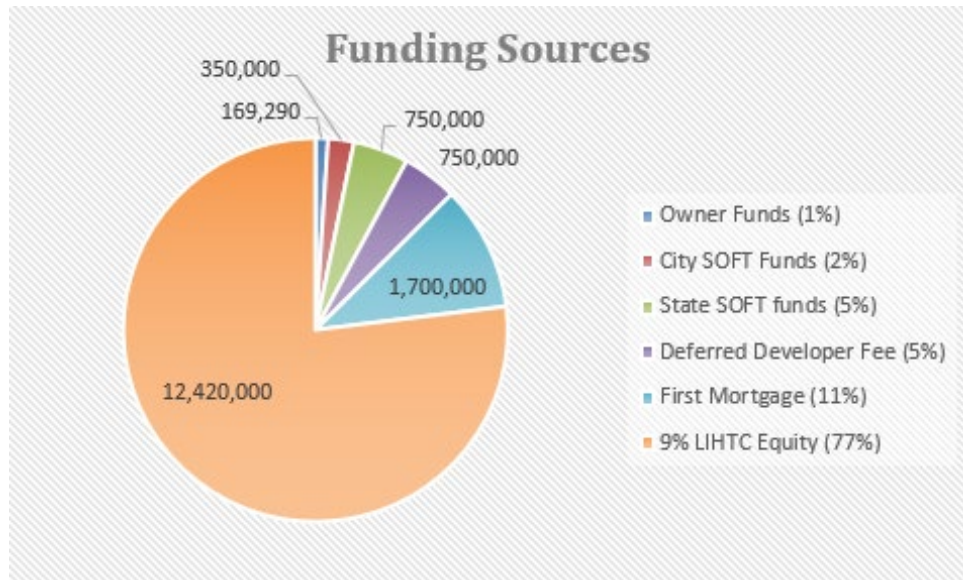
This project caps decades of political will, starting with the Fitzsimons Army Base Closure in 1999, and the McKinney-Vento Homeless Act giving this 15-acres of surplus federal property to the Colorado Department of Human Services to house Veterans. After the VCLC was completed in 2002, the parcels on either side of the nursing home sat vacant. AHA and the City met countless times with Department of Human Services (DHS) representatives as well as members of the General Assembly to encourage a plan to develop the remaining parcels. Representative Su Ryden of Aurora took action and sponsored HB 16-1397, mandating the expeditious development of the parcels. This last development 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 establishment 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 Veterans Administration, State Department of Human Services, City of Aurora and CCH to design a setting that connects and completes the campus while expanding services for residents. In addition to property management, the building will have a full-time Community Builder/Service Coordinator position helping residents navigate linkages to medical care, transportation, food banks, and social opportunities. Specifically, the Community Builder/Service Coordinator will advocate for residents around mainstream benefits such as Old

Age Pension, SNAP, Social Security, Medicare and supplemental insurance. Project reserves reflect 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 March 2019, indicates a strong demand for age-restricted affordable housing units in the primary market area. Low vacancy rates (averaging 1.9 percent) combined with a growing population of senior renters, trend in a positive direction. The capture rate for senior, 55+ veterans is 9.4 percent. Documented in-migration to Aurora coupled with the proximity to the VA hospital will be a compelling draw for tenants. Prior and Associates notes that, “the 0.0% vacancy rates and waitlists at senior LIHTC projects indicate that demand is strong that that the subject would have no difficulty achieving 100% occupancy.”

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 done for this site provided specific development guidance that was incorporated into our design. The 1999 Memorandum of Agreement coupled with House Bill 16-1397 indicate the development objectives for the site. 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 approval process followed 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, deferred development fees and AHA equity. Our model includes lenders and equity partners with whom the Authority has had great success with timely closings and executions of tax credit partnerships.

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 nearly 800 units of affordable housing in Aurora with a median occupancy of 99%. 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.

Cost reasonableness: Given the current construction cost environment, AHA feels the per unit total development cost of \$321,809 is a conservative and reasonable budget for this development. Given the population we are serving, the donation of land, and the legislative intent, AHA has designed a building with common spaces intended to enrich and enhance the lives of the residents.

Proximity to existing tax credit developments: The PMA includes 1,865 units in 23 properties. Eighty-percent of the existing inventory are family units, not age-restricted units. An additional 788 units are in the pipeline; 74 percent of which are family or permanent supportive housing. Senior housing units make up 381 of the existing tax credit inventory in the PMA and 155 senior units are in the pipeline. Due to significant in-migration trends documented by Prior & Associates, along with the development's proximity to the VA hospital, capture rates are less of a concern than in some communities.

Site suitability: This urban-infill site is well suited for the population of veterans that will be housed in the development. 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.

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 capacity of the detention pond to serve the 15 acre campus.

Market Study Issues: Prior and Associates listed the singular weakness of the project as the overall capture rate for 60% AMI units. The report states that, “the 60% AMI capture rates are higher than the preferred 25.0% threshold. However, the 0.0% vacancy rate and waitlists at senior LIHTC projects indicate that demand is strong and that the subject would have no difficulty achieving 100% occupancy.”

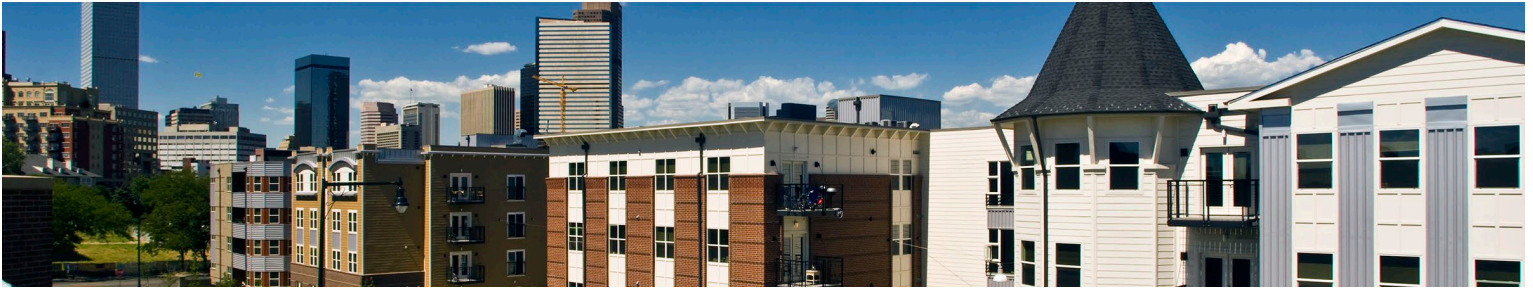
Environmental Report Issues: Our Phase 1, conducted by Strategic Environmental Management indicated that a landfill was once located within 300 feet of the property. Subsequently, further methane testing was done on site. Results confirmed there is no methane detected on the site.

Cost Drivers/Containment: The current cost environment is extremely challenging. Our general contractor (GC) indicates that tariffs are causing great 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 were increased only annually. Our owner’s representative has 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. We will work very closely with our GC and architect to make material choices that work within our existing budget.

Community Outreach/Neighborhood Opposition: The land is owned by the State of Colorado, Department of Human Services, and an RFP was prepared to fulfill the statutory directive to provide additional housing for veterans. Primary community outreach has been with staff of the State Veterans Nursing Home, the Department of Veteran’s Affairs, and the Colorado Coalition for the Homeless. It is our desire to develop and sustain a connected campus. The Department of Veterans affairs has also been consulted and their support is documented through a letter of support. This is true for the Colorado Department of Human Services as well. This is a unique development parcel, and typical neighborhood opposition is not anticipated.

We have received letters of support from the State Division of Housing and the City of Aurora indicated their willingness to review an application for soft funds once award of tax credits has been made.

9% lihtc application narrative



Project Name: The Flats at Ford Street

Project Address: 612 24th Street & 2310-2324 Ford Street, Golden CO 80401

Executive Summary: The Jefferson County Housing Authority (JCHA) is pursuing a 9% LIHTC award to develop the Flats at Ford Street, a 44-unit affordable family community in the heart of Golden. Golden offers an exceptional quality of life, including easy access to good jobs, transit, strong schools and top-notch recreational amenities – but opportunities to live affordably in Golden are few and far between. As of the first quarter of 2019, average rent in Golden stood at \$1,699 – affordable at an hourly income of \$32.66 – with a vacancy rate of only 2.7%. Golden has set a goal in its comprehensive plan for 45% of its housing stock to be affordable or attainable, including 15% of housing units affordable at 50% AMI or below. Today, however, there are only 222 income-qualified units in Golden, and half of those are reserved for seniors. Golden is in dire need of additional income-qualified options to house its workforce and its most vulnerable residents.

JCHA is excited to partner with the City to help the community move toward its affordable housing vision. In 2018, JCHA submitted the Flats at Ford Street to CHFA under the name Mountain View 2. A key challenge in last year’s application cycle was that Golden’s affordable housing goals stood in conflict with its growth management policy, which creates uncertainty around the timing of any housing development. JCHA worked closely with planning and community development staff and elected officials to build a strong understanding of the LIHTC development process and how the City’s policies could best facilitate the community’s desire to leverage LIHTC projects as a key resource to build much-needed affordable housing stock. As a result, in October 2018, Golden City Council approved an “early start” ordinance allowing qualified affordable housing projects to begin construction right away, without waiting for unit allocations under the City’s growth management policy. JCHA has subsequently taken the necessary steps to have the Flats at Ford Street approved for an “early start,” meaning that the site is now full entitled, and the proposed project is ready to proceed into the final design development stage upon the award of tax credits (see the attached *Ordinances*).

CHFA previously reviewed 9% LIHTC applications in 2016 and 2017 for a project on a portion of this site sponsored by Evergreen Real Estate Group, known as Golden Gateway Apartments. JCHA’s new sponsorship of this project beginning in 2018 enabled significant improvements to the project concept, in particular the expansion of the project site to include its adjacent existing Mountain View Apartments. While the expansion of the site added some relocation-related costs to the development budget, it has allowed for a less constrained site, improved design, and space for lower cost surface parking. Since JCHA’s 2018 application, JCHA has, in

response to feedback from neighbors and Golden Planning Commission, further refined the project concept to better match the architectural character of the immediately surrounding area. Also, in response to neighborhood feedback, JCHA reduced the project size from 51 to 44 units, which allows the proposed development to be fully parked on-site.

The Flats at Ford Street is located in the amenity-rich Central Neighborhood of Golden, adjacent to three RTD bus lines and Golden High School, and across the street from a full-service grocery store and other retail. The site is located in a Qualified Census Tract and the Central Neighborhood Urban Renewal District, which was established in 2013 to catalyze revitalization in the neighborhood. The Golden Urban Renewal Authority (GURA) has identified the existing structures on the project site as having blight conditions, ergo Flats at Ford Street will play an important role in the revitalization of the neighborhood. JCHA has initiated discussion with GURA about funding pedestrian and streetscape enhancements adjacent to the site to further enhance the project's impact on the neighborhood. JCHA is committed to providing a safe and enriching environment for its community's children. Although the proposed project is on a relatively constrained infill site, JCHA has prioritized space for a large learning playground, which is featured at the front corner of the site. As part of the child- and family-oriented programming, JCHA plans to provide rich learning amenities in the playground and adjacent indoor community space, such as a children's book library, a chalkboard wall in the playground, and robust programming such as after school tutoring and child and senior group programming. In addition, JCHA has partnered with Family Tree in order to provide supportive services for families and individuals. Please see the attached *MOU between JCHA and Family Tree*.

The project will provide high-quality housing for families and individuals between 30% of area median income (AMI) and 60% AMI with one studio unit, 19 one-bedroom units, 20 two-bedroom units, and 4 three-bedroom units. Foundations are post-tension slab on grade with grade beams. Walls are wood-frame with brick or fiber-cement cladding. In addition to LIHTC equity, the proposed financing includes the use of a construction and permanent loan, soft funds from the Colorado Division of Housing and Jefferson County, deferred developer fee, and a partial land carryback note. JCHA is also contributing land to the project at a significant discount. The development site, which includes land that has been in JCHA's long-term portfolio as well as land purchased in 2017-2018 with public housing disposition funds, was recently valued at \$3.6M. JCHA proposes to contribute this land to the project at a cost of \$660,000, which will further be partly paid with a seller carryback note.

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

While Flats at Ford Street is not a permanent supportive housing project, JCHA is partnering with Family Tree to help ensure residents have access to services in order to remain successfully housed. JCHA will provide eight project-based vouchers (18% of the project) to serve households at or below 30% AMI. The building design incorporates many accessibility features to support potential residents with disabilities, including three accessible units.

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

- a) Market conditions:** At the end of 2018, the vacancy rate for Golden properties with 9-50 units was 3.0% and the highest vacancy rates among competing properties were 1.0% and 0% at two properties. Flats at Ford Street has an excellent location, being 5-10 short blocks from downtown Golden, two grocery stores, neighborhood schools, restaurants, a post office, RTD bus routes, and a light rail line. Residents are further benefited by the location as it is near major employment hubs including: Miller-Coors, the National Renewable Energy Lab, and the Jefferson County Government Center in Golden as well as the Federal Center in Lakewood. There are only two LIHTC projects in the market area, discussed in (f) below. The market study noted very limited competition in the PMA with overall capture rates at 5.1%, and 4.4% for the 30% AMI units, 9.9% for the 40% AMI units, 19% for the 50% AMI units and 5.9% for the 60% AMI units. Flats at Ford Street will serve a deep need for affordable family housing in the underserved rental market in Golden and the suburbs west of Denver.
- b) Readiness-to-proceed:** The project will be ready to proceed into full design development as soon as the LIHTC allocation is awarded. JCHA currently has fee simple ownership over the entire project site. In addition, all of the proposed financing is supported by a preliminary commitment or letter of support. The Flats at Ford Street received approval from the Golden Planning Commission for a Special Use Permit, allowing a 100% residential structure in the Community Mixed Use – Neighborhood Center (CMU-NC) zone district, on June 7, 2018. The building has been designed to be fully compliant with all of the requirements of the form-based CMU-NC zone, and an earlier proposed design received site plan approval from the Golden Planning Commission on January 2, 2019. This approval was contingent on JCHA fully parking the development on-site or securing additional off-site parking, and JCHA has now refined the project concept to be fully parked on-site. While JCHA will need to file an amendment to the approved site plan reflecting the revised concept, the updated site plan continues to reflect the approved site and building design elements, and JCHA anticipates that the amendment may be eligible for administrative review and approval. Golden City Council approved the project for an affordable housing “early start” under its growth management policy on March 7, 2019, and also approved a necessary alley vacation on the same date. With all of these approvals in place, JCHA is ready to proceed to final site plan approval immediately upon LIHTC award.

The project site includes 15 apartment units and 4 single family homes that were occupied at the end of 2018. JCHA hired HC Peck in spring 2018 to manage the tenant relocation process, and 13 of the 15 residents of the existing apartments have now been relocated, with the final two households expected to be relocated by the end of June 2019. The residents of the single-family homes will be relocated upon LIHTC award (see the attached *Relocation Plan* for additional detail). Through the relocation process, JCHA was able to provide several very low-income residents with new vouchers. All relocated tenants will be provided with a priority in the lease-up of Flats at Ford Street.

- c) Overall financial feasibility and viability:** The project financing has been structured to limit the LIHTC equity request to \$20,795 per unit and maximize other financing. Soft funding will

include grants from Colorado Division of Housing and Jefferson County. JCHA is supporting the project's financing by subsidizing the land cost and reducing the developer fee percentage at 8.5%. JCHA invested \$1.85 million of public housing disposition funds in assembling the land for Flats at Ford Street, in addition to donating the existing Mountain View property, with the full development site valued at \$3.6M. JCHA intends to sell the land to the tax credit partnership for \$660,000 (\$15,000/unit), of which \$280,000 will be carried back as a loan to the tax credit partnership. Therefore, JCHA is supporting the project by subsidizing approximately \$2.9 million of actual land costs. JCHA may structure the full price of the land as a carryback note if requested by the investor partner. Initial conversations with LIHTC investors indicated strong market interest and letters of intent from all funding sources are provided and demonstrate overall financial viability.

- d) **Experience and track record of the development and management team:** JCHA has been developing and managing affordable housing projects in Jefferson County since 1975. Please see attached information from JCHA and our development team members for more information on our qualifications. JCHA has also included funding in the development budget to engage a LIHTC compliance consultant to support the initial lease-up.
- e) **Cost reasonableness:** The project's construction and soft costs budgets have been developed using current, local data generated by the General Contractor (selected through a competitive process) and corroborated by other local construction information and informed by JCHA's recent development budgets. JCHA has worked to keep project costs as low as possible while balancing the requirements from the City and desires of the community. For more detail, see question 7 below.
- f) **Proximity to existing tax credit developments:** There are two existing family LIHTC projects in proximity to the site in Golden. Altitude was awarded non-competitive 4% tax credits in 1995 and Golden Pointe was awarded competitive 9% tax credits in 2008. Lewis Court Apartments, a senior tax credit project owned by JCHA, is close to the site but not competing due to the population served. It received 9% competitive tax credits in 2010.
- g) **Site suitability:** Less than one mile from the heart of downtown Golden, the site is an ideal location for a family affordable housing project. It is well located within close walking distance of three major RTD bus lines: Routes 16/16L and Route GS. Routes 16/16L provide local and express service between downtown Golden and in downtown. Route GS provides express service directly between downtown Boulder, downtown Golden, and the Federal Center light rail station in Lakewood (see attachment *TOD Maps*). Shelton and Mitchell Elementary are the closest elementary schools, approximately two miles away; Bell Middle School is just over a mile, and Golden High School is located across the intersection. A library, a post office and a police station are located in downtown Golden, a few blocks northwest. A nearby neighborhood health center facility is about a mile south. The site is a block away from a Natural Grocers and six blocks from Safeway. A mixed-use development with ground floor retail was recently completed across 24th Street. Please see additional amenities detail in the market study and the amenities map in the Location Maps section. In 2013, the City established the Central Neighborhoods Urban Renewal District to catalyze

revitalization in the neighborhood. Since the District was established, the neighborhood has benefitted from a range of revitalization projects, including sidewalk and infrastructure improvements, and the redevelopment of vacant lots.

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:** N/A

5. **Address any issues raised by the market analyst in the market study submitted with your application:** The market study indicated that unit sizes were smaller than other projects however the resulting rent per square foot is still well below market. The excellent location, new construction compared to competing buildings, and limited rental market further curtails the issue. Free WiFi will be available in all common spaces and the playground and there will be free bicycle storage further enhancing and differentiating the project. Due to design constraints, a handful of units do not have balconies; however, the leasing team will ensure that these units are distributed across AMI levels.

6. **Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:** There are no Recognized Environmental Conditions in the Phase 1. The report indicated that in the event of demolition, managing Asbestos Containing Materials will apply and a survey of lead-based paint would be required. Appropriate measures will be observed, and expected containment costs are reflected in the budget.

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:** JCHA and Cuningham Group have worked to build a very cost-efficient project: a three story, stick frame structure with surface parking. The building will be constructed with durable materials and surface finishes in order to reduce long-term maintenance costs. The project development costs are very reasonable, while also incorporating design features required by the City of Golden, including 40% open space coverage, replacement of sidewalks with detached sidewalks, a stepped-back third floor with limited floor area, and planted setbacks to suit the residential style of the surrounding neighborhood.

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:** There is tremendous support for Flats at Ford Street in the surrounding community and among community groups in Golden, as demonstrated by the attached letters of support. JCHA has iterated on the project design several times to incorporate neighborhood comments and received positive feedback from Golden Planning Commission noting JCHA's responsiveness at the site plan approval hearing on January 2, 2019. To further JCHA's commitment to providing an enriching environment for children at Flats at Ford Street, the agency has formed an MOU with Family Tree. JCHA has also engaged with Jefferson County Human Services.

9% lihtc application narrative



Project Name: Highland Trails Senior Residences

Project Address: 5890 S. Alkire, Littleton, CO

Executive Summary:

Four Corners Development LLC (Four Corners) is pleased to present this application for *Highland Trails*, the first affordable senior housing development to be built in west Littleton. The newly constructed and universally designed 64-unit community will serve seniors, aged 55 and over with interior and exterior spaces focused on health and quality of life. *Highland Trails* will be located within the South Plains Area Plan, a designated Senior Zoned neighborhood planned specifically for senior residential. The amenity-rich site is ideally located at 5890 S. Alkire, Littleton (Unincorporated Jefferson County) which is within walking distance to a Walmart Supercenter, grocery store, churches, banks, multiple restaurants, service businesses, 24 hour Emergency Care Facility, specialized medical offices, two parks, and walking and biking trails. The site is located in a SADDA and, will offer a range of units serving 30% AMI to 80% AMI, which is made possible through eight (8) Project Based Section 8 vouchers. Additionally, *Highland Trails* is within about 500 feet from public transit; RTD Route 59 runs every half hour on weekdays and every hour on weekends and holidays. Zoning is in place, along with utilities, water and sewer. In essence, the site is shovel ready.

The rectangular three-story building will provide residents a safe, single-point access to a mix of well-appointed one and two-bedroom units and common amenities via interior hallways and elevator access. Units will range from 748 to 933 sq. ft. with 9' ceilings and include, full kitchens with E-star appliances, washer/dryer, ceiling fans, linen closet, step-in shower, large windows and closets, individual heating and cooling and private balcony/patio. Interior common amenities will be centralized on the main level, and will include a fitness room, computer/library room, community room with entertainment kitchen, and a wellness/services office for general clinics; blood pressure screenings, and nutritional consultations available through senior service providers. The structure will be a mix of wood and steel frame. The exterior will be a mix of stone, hardy board, architectural shingles and sustainable finishes. Outdoor amenities include greenspace, bocce court, pavilion for sheltered outdoor dining and entertaining. Additionally, residents will have access to an adjacent large community garden at Waterstone Community Church. Four Corners' recognizes the necessity of utilizing energy efficiencies and pledges to exceed the mandatory minimum requirement listed in the Enterprise Green Communities workbook. Which is similar to the other completed projects by Four Corners in Colorado.

Jefferson County has identified senior housing as a priority and has established the Jefferson County Aging Well Plan to address basic senior needs, housing, physical and mental health, wellness/ prevention, caregiving and support services, social and civic engagement, and transportation and mobility. Aging Well's housing strategy is to develop and implement strategies that create inclusive and livable communities through sustainable partnerships and integrated services. In coordination with Jefferson County and service providers, *Highland Trails* will address identified affordable senior housing priorities of the county. The development has been universally designed and modeled to specifically meet the needs of the county plan and complement the Jefferson County's service providers by incorporating a health and wellness room, as well as common area space for programing and services by outside providers.

Four Corners will be the owner and developer of the property and Jefferson County Housing Authority will provide property management services and will provide a strong local partner to aid Four Corners in coordinating services, transportation and programing offered through local senior providers including Seniors' Resource Center, Love INC., Denver Regional Council of Governments, HealthSet, Centura *Health*, Jefferson

County Senior Reach, Waterstone Community Church and Active Minds. Jefferson County Housing Authority anticipates joining the partnership as a Special Limited Partner upon successful award of Four Corners application. Four Corners is collaborating with not only the Jefferson County HA, but also the above local service providers specifically to assist residents with transportation to access amenities. Four Corners' focus is to build an affordable sustainable senior housing community in west Littleton in a section of Unincorporated Jefferson County and Primary Market Area (PMA) that has no LIHTC senior housing. One hundred percent (100%) of the development will be set aside for qualifying 55 and over senior households between 30% and 80% of area median income, utilizing CHFA's newly adopted income averaging criteria. Existing capture rates at all proposed AMI levels are zero.

Unit Mix and AMI Table										
Unit Type	30% AMI	40% AMI	50%AMI	60% AMI	70% AMI	80% AMI	Total Units	Percent of Total Units	Size	Type
1 BR/1BA	8	7	9	9	8	5	46	72%	748	Flat
2 BR/1BA	0	2	4	5	5	2	18	28%	933	Flat
Total	8	9	13	14	13	7	64	100%		
% of Total	12.5%	14.1%	20.3%	21.9%	20.3%	10.9%	100%			



Highland Trails will be funded with LIHTC equity, soft loans from Jefferson County and the State of Colorado, conventional construction and permanent Debt and deferred developer fee.

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

- a) **Market Conditions:** Highland Trails senior development provides a unique opportunity to introduce the first LIHTC senior housing development in this PMA, as indicated by findings from The Highland Group Inc., who conducted the Market Study. Specifically, the study reports “There are no existing income restricted senior apartment properties throughout the entire PMA, nor any within several miles of the PMA boundaries. Existing capture at all PMI levels are Zero.” The nearest housing developments are approximately 7-12 miles from the proposed site. The overall capture rate listed in the study is 8.4%, highlighting the significant need for affordable senior housing in this underserved submarket of West Littleton and Unincorporated Jefferson County. Jefferson County has identified an aging senior population and estimates an increase of senior renter households 62 years

of age to increase by 5.4% annually, between 2019 and 2024. The proposed AMI mix of 30% through 80% will provide a broader reach to both the extremely low-income, as well as moderate-income seniors. *Highland Trails* achieved the highest rating (5) in the categories of Market Demand, Unit Mix, Unit Size and Amenities, Proposed Rents, Overall Marketability and Marketability with recommended changes. These are significant ratings when considering the comparable properties used were other new or high-quality senior apartment properties which have recently received LIHTC awards, along with several Market Rate properties in the PMA. Regarding location, the Highland Group rated *Highland Trails* “higher/superior” in comparison to every other property in the analysis, however, marked the category rating for location as a four (4), entirely based on residents being required to cross Bowles Ave. (six-lane street) to access some amenities. While there is a controlled pedestrian crosswalk at the intersection, which is served by a traffic signal, the analyst recommends Four Corners and management to explore some additional transportation options for residents. For the residents that are uncomfortable crossing Bowles and do not have their own automobile, Four Corners will work to coordinate transportation with service providers and will fund a transportation reserve for periodic shuttle service to Walmart and nearby restaurants/services. It is anticipated *Highland Trails* will lease up quickly which is supported by the Market Study, “Given that the comparables are all attaining maximum allowable rents and maintaining full occupancies and waitlists, planned subject rents should be easily attainable.” Unit mix and good balance of cost-effectiveness and desirability were also identified as strong attributes to support a short lease-up period. One side note from the analyst was that about 60% of the Concordia residents were former home owners. They either lost a spouse and were no longer able/willing to maintain their home. Although this segment is not included in any calculations of the market study, it appears to be a growing phenomenon among the older adult population. For this reason, we believe the higher 70% - 80% AMI units will also easily lease up. The overall capture rate of 8.4% demonstrates the strength of *Highland Trails* and the historical absence of competing affordable senior housing in this submarket.

- b) Project Readiness-to-Proceed:** Four Corners Development LLC/or Assigns (Developer) has the single 3.39-acre site under contract. The property is zoned Senior and located within the South Plains Area Plan which recommends Senior Residential use exclusively for senior populations and includes design restrictions that are functional and desirable for aging adults. Four Corners completed the typical six (6) to nine (9) month rezone process in a short four (4) months. The site received Official Development Plan (ODP) rezone approval from both Jefferson County Planning and Zoning and the Jefferson County Commissioner on their consent agendas; no opposition at all from residents or business owners. The approved ODP’s permitted use is exclusively for an independent senior living community limited to 64-units for age 55 and over. The proposed development is ready to proceed and requires a minimum of four to six months to secure a building permit upon tax credit award. All utilities and services are present with required capacity. Four Corners expects to begin construction in late Spring/Summer of 2020.
- c) Overall Financial Feasibility and Viability:** *Highland Trails* has been able to achieve financial feasibility by leveraging all the sources available to it and by efficiently using those sources. We have pursued local funding through Jefferson County CDBG and through the housing authority with project-based vouchers and a property tax abatement. We will also be seeking funds from the State DOH to further leverage the tax credits. *Highland Trails* will also be the first LIHTC development in the area which will ensure long term viability.
- d) Experience and Track Record of Development Team:** The project will be developed by Four Corners Development, LLC, a vertically integrated development company comprised of individuals representing three firms experienced in affordable and senior housing development, design, construction, and management. Four Corners, formed in August 2011, is an entity whose partners have over 59 years of combined experience designing, developing, and managing over 1,100 LIHTC units in Colorado, Missouri, Texas, Oklahoma and Georgia. 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 and Peakview in Greeley, CO. The recent award in Montrose continues to confirm this business philosophy and commitment to excellence. 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. Four Corners also seeks strong partnerships with Housing Authorities and local service providers to enhance and strengthen the development team and ensure long-term stability and livability. Four Corners has secured eight (8) Project Based Vouchers and property management services from the Jefferson County Housing Authority. The Authority has also provided a Letter of Interest to be a Special Limited Partner upon award of credits. In addition, Four Corners has also partnered with Daniel Morgan and Associates for consulting services to bring forward Highland Trails. The firm brings additional LIHTC experience with over 30+ of consulting in Colorado from the inception of the program in 1986.

- e) **Cost Reasonableness:** The project costs for *Highland Trails* 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, Hamilton Builders Inc. 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.
- f) **Proximity to Existing Tax Credit Developments:** *Highland Trails* addresses a severe need for affordable senior housing. There are no existing income-restricted senior tax credit apartments under construction or that have received a tax credit award in the PMA near the Highlands Trail site. Existing capture rates at all PMI levels are zero; yet even with the proposed units, the overall capture rate remains very low, at 8.4%. The nearest 9% or 4% existing senior tax credit projects are outside of the PMA boundaries by several miles and are listed below.

Senior LIHTC in Jefferson County			
Senior Comparable Properties	Year Built	Proximity	Rent Structure
Cityscape at Belmar – 9% & Market Rate	2015	7.8 Miles	Max. allowable/\$1,375 – \$1,775
Concordia on the Lake – Market HUD 221(d)(4)	2001	3.1 Miles	\$1,785 – \$3,700
Residences at University Hills – 4% LIHTC	2014	12 Miles	\$2,00 – \$2,900
Traditions at Englewood – 4% LIHTC	2016/2017	7.8 Miles	Max. allowable

As evidenced, this area of Unincorporated Jefferson County has underserved seniors in need of affordable housing. The 0% capture rates at all AMI levels further demonstrate the overall need, desirability and marketability for affordable senior housing in this underserved Denver Metro area.

- g) **Site Suitability:** The site is approximately 3.39 acres located at the corner of S. Alkire and Ida Avenue. The site is ideally located and well suited for senior housing. In consultation with CHFA, DOH and Jefferson County Community Development, Four Corners selected this site specifically for senior LIHTC development due to the lack of affordable senior housing options in West Littleton and within the PMA. The desirable location is convenient to public transportation grocery store, restaurants, medical and service providers. The site is fully entitled and is served by adequate water, sanitation, fire protection, law enforcement, medical and elderly service providers. All utility services exist and are accessible adjacent to the site. Four Corners has designed *Highland Trails* to meet the needs of senior livability and Jefferson County’s Senior Zoning requirements with design sensitivity to surrounding neighborhoods and businesses. There are no obvious impediments to the shovel ready site’s use for independent senior living.

- h) Issues Raised by the Market Analyst:** Highland Group Inc. provided a strong market analysis supporting the demand for *Highland Trails* senior housing community. The only issue at all raised by the Market Analyst was concern over residents crossing a six-lane street to access some of the nearby neighborhood amenities. Although there is a pedestrian crossing which is controlled by a traffic signal, there is not a 'buffering median' in the event a pedestrian does not make it across the street prior to the signal changing. The analyst recommends Four Corners and management explore some additional transportation options for residents. As an immediate step, Four Corners has budgeted \$3,000 annually in the operating budget for periodic shuttle service to Walmart and nearby restaurants/services. Additionally, as property manager, Jefferson County Housing Authority will help collaborate and provide a strong local partner to aid Four Corners in coordinating transportation services through local senior providers; including Seniors' Resource Center, RTD and Love, INC. The adjacent Waterstone Community Church will consider providing transportation services with volunteers upon completion of the affordable senior community.
- i) Issues Raised in the Environmental Report:** Four Corners commissioned NV5 to conduct a Phase 1 Environmental Site Assessment Report ("ESA") in March 2019. The assessment revealed no evidence of recognized environmental conditions or controlled recognized environmental conditions as defined by ASTM E1527-13. In addition to the ASTM E1527-13, NV5 also performed an expanded evaluation of other appropriate Business Environmental Risks (BERs). The expanded evaluation revealed no evidence of BERs in connection with the property.
- j) Unusual Features That Are Driving Costs Upward and If There Are Any Opportunities to Realize Cost Containment:** As is common throughout Colorado the site has a presence of claystone bedrock and expansive clay. Carlson Consulting Engineers, Inc. provided a preliminary evaluation and recommends either spread footing founded on non-expansive/processed material or on drilled piers. Upon award, Four Corners will conduct further investigation and select the most cost-effective solution.
- k) Outreach to The Community:** Four Corners hosted a neighborhood meeting to solicit input from surrounding residents and businesses. Notifications were mailed to property and business owners within a 500-foot radius of the site and to twenty-four (24) registered Homeowner Associations within a 1-mile radius of the site. The initial notifications were mailed at the time of first referral with additional notifications mailed 14 days prior to the Planning and Zoning Commission Hearings identifying the scheduled hearing dates. Additionally, signs identifying hearing dates and rezoning were posted on the site and published in the West Jeffco Hub. Neighbors who attended the meeting were supportive of the development and no issue were raised by those who attended. No neighboring citizens, Homeowners Associations or business owners attended the Planning and Zoning and County Commissioner rezoning hearings and approval was granted on consent agenda.

Four Corners has engaged public and private senior services providers and churches in Jefferson County to identify and link future programs and services for Highland Trails senior residents. Third party senior services providers are prevalent throughout the county and include Seniors' Resource Center, Love INC, Jefferson County Senior Reach, HealthSet, Centura Health, Love INC, DRCOG, and Waterstone Community Church. Four Corners is committed to working with providers to address individual needs residents may require. A health and wellness room along with community space will be available for service agencies to provide educational programming and services on a group or individual bases. A resource center within the library will be set aside to provide information on available programs that include health, case management, legal, nutrition and social activities. As the project advances through the development Phase, Four Corners and its partners will continue outreach efforts with the neighborhood, business and service providers to keep them well-informed of progress and further establish strong community relationships. Several letters of support are included in the application.

9% lihtc application narrative



Project Name: Hot Springs Townhomes

Project Address: 450 Hot Springs Boulevard, Pagosa Springs, Colorado 81147

In addition, the narrative should address the following:

1. One page Executive Summary: Provide a description of the project as proposed including location and if it is in a QCT/DDA/SADDA, has access to public transportation within one-half mile of site; 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. Also, what, if anything has changed since previous application (if applicable).

Hot Springs Townhomes is a proposed 34 unit development located in Pagosa Springs and is ideally situated on Hot Springs Boulevard across the street from Town Hall and the Pagosa Community Center. It is situated a block south of the Pagosa Hots Springs Resort, one of the area's major attractions and employers. The location is within walking distance of all services including shopping, government services, parks and trails and many of the communities employers. The community bus service has a stop in front of the proposed project and provides transportation to shopping and employment options throughout the community. The site slopes slightly upward from Hot Springs Boulevard but is an ideal building site for a mountain community. The units will be townhomes with slab on grade, wood frame construction with a variety of roof types (gable, hip, shed) with composite shingles. Exterior walls will also have a variety of finishes (stucco, metal, wood). The units will be one and two stories with all stairs located on the interior of structures. The project will consist of one, two and three bedroom units, serving a cross section of the community including persons/families with disabilities, families, seniors and homeless. The income ranges will be 30, 40, 50 and 60% AMI. The units mix and persons served was gained from a county wide housing survey conducted in 2017 and a market study completed by Prior and Associates for this project. The project will be constructed to meet green community and CHFA energy efficiency standards. If approved the project has a letter of intent from Alliant

Capital for equity, Bank of the San Juans is interested in construction financing and we would request a permanent loan from the Colorado Housing and Finance Authority. The Colorado Division of Housing has expressed interest in participating in the project financing. The Town of Pagosa Springs provided fee waivers of \$ 335,172 and Archuleta County provided \$ 50,000 in predevelopment funds and the County has provided a premium site to the development team on a long term lease basis at \$ 1 per year. This is the Archuleta County Housing Authority's first LIHTC application and would be the first LIHTC application in the community since 2007. The Housing Authority will co-development the projects with Sleeping Indian LLC, an experienced LIHTC developer and manager. Sleeping Indian LLC will assist in project financing, design, development and management through the initial lease up period.

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

Archuleta County has a population of 13,315

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:
 - a. Market conditions: The market conditions for the development of Hot Springs Townhomes are excellent. Existing affordable units are near capacity with wait lists. Market rate units are fully occupied with rents 19% higher than the highest rents proposed at Hot Springs Townhomes. The overall capture rate for the proposed development is 15.9% well below the 25 % required by CHFA. There are 467 income and size qualified households in the PMA with 22 additional renters moving into the market annually. Once completed there would be a total of 74 affordable units in the market place to serve the income and size eligible households.
 - b. Readiness-to-proceed: Hot Springs Townhomes would be ready to proceed upon approval of a LIHTC allocation. The full development team is in place and has extensive experience in developing properties with LIHTC's and other public funds. Full plans and specification will be developed and permits obtained during investor due diligence and partnership agreement preparation period. Site has already been rezoned and the project has broad based community

support. If LIHTC's are allocated in September we feel that the partnership could close by January 2020 with construction to start in Spring of 2010.

- c. Overall financial feasibility and viability: The project meets all of the underwriting requirements of CHFA and is conservatively underwritten to assure long term economical viability. Construction costs were obtained through an experienced general contractor and verified by the project architect and project engineer. Rents are in line with the market study and considered a bargain in the market place. Operating expenses were developed by the Archuleta County Housing Authority based on operating expenses associated with other projects owned and operated by the Housing Authority and are in line with industry standards. This due diligence should insure financial feasibility and viability on both the development of the project and the long term operation of the project.
- d. Experience and track record of the development and management team: Archuleta County Housing Authority was formed in 1978 and owns and manages Casa de los Arcos complexes with 16 units. The units are income restricted and have project based rental assistance which requires similar income certification as LIHTC properties. Sleeping Indian LLC has developed 14 LIHTC properties in Colorado and served as development consultant on 40+ LIHTC properties nationwide. These developments have been developed on budget and on schedule. Most are now through their 15 year compliance period and have had no compliance issues. Attorney and CPA have significant LIHTC experience. Architect has designed and overseen construction of numerous LIHTC developments and is familiar with green community, accessibility and energy standards required by public funding agencies. Engineering firm is located in Pagosa Springs and is very knowledgeable in local conditions and costs. Investor and construction lender are in place and we have letters of interest from the Colorado Division of Housing.
- e. Cost reasonableness: Cost per unit and cost per square foot are in line with other LIHTC developments in mountain communities and are within cost limitations suggested by the Colorado Housing and Finance Authority. We have attempted to contain costs and reduce LIHTC request by not budgeting the maximum allowed developers fee. In addition, cash contributions by the Town and County and the long term land lease provided by the County have reduced development costs. We will be requesting the maximum amount allowed by the Colorado Division of Housing.
- f. Proximity to existing tax credit developments: Hot Springs Townhomes is located within 2 miles of Bristlecone Lofts the only other LIHTC property in the County. It is 95% occupied and has a wait list according to the market study.

- g. Site suitability: The propose site is idea due to its location and buildability. It is located within blocks of the central business district of downtown Pagosa Springs. All services including shopping, parks and trails, governments services are within easy walking distance. Town Hall, Social Services and Pagosa Community Building are adjacent to the site. The site has a slight slope but is free of major soils or ground water issues. All utilities are available to the site so there is no need for major extension of infrastructure,

4. Provide the following information as applicable:

- a. Justification for waiver of any underwriting criteria

We are not requesting any waiver of underwriting criteria.

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

We are not requesting credit bonus

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

We structured our unit mix and AMI mix to match the market analyst suggestion in the market study. We do not believe that there are any market concerns. The demand for affordable units is very high and the capture rate low for a rural location.

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

None

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

As mentioned in opening paragraph the site slopes slightly from the Hot Springs Lane to the back of the site (approximately 15 feet). However, in a mountain community this is considered a relatively flat site. In addition, soil conditions are favorable without major rock issues. All utilities are available to the site. We do not see any site issues that will have a major impact on construction costs. This site was selected because of its location and minimal development cost impacts as a means of cost containment. We have obtained substantial financial support from both Archuleta County and the Town of Pagosa Springs in an effort to reduce amount of LIHTC requested.

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 development team has been working on this project for a number of years. There have been dozens of meetings involving citizens, public officials (Town, County and State) and news media in relation to the project. We have completed the rezoning process on the specific site and pushed through Planning and Zoning and Town Council with few negative comments. The comments that were received were mostly supportive and expressed the communities dire need for affordable housing. Those expressing concerns were related to the prime location of site and whether it was the highest and best use of the property and appropriate for affordable housing. Local public officials maintain that while the site is a prime commercial site, its proximity to services within the community make it a perfect affordable housing location. The substantial local investment is indicative of the overall support for the project.

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).

NA

10. It is the intend of the project developer to use a portion of their funded developer fee to assist in the development of a new facility to house the Department of Human Services on the site immediately south of the proposed Hot Springs Townhomes. Additional funding will be provided from Archuleta County (\$ 1,250,000) and private debt of \$ 700,000 to finance the facility. Many of the residents of the Hot Springs Townhomes will benefit from the Departments services and the close proximity will make access very convenient. Counseling services, assistance with day care, food, utility assistance, support on domestic violence issues and other services will be immediately available

9% lihtc application narrative



Project Name: Legacy Senior Residences

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

Executive Summary: Legacy-Arvada Partners, LP, a joint venture between Cornerstone Associates, LLC and the Arvada Housing Authority, is pursuing a 9% Federal LIHTC allocation for the new construction of a seventy-two (72) unit affordable senior development targeting residents age 62 or better, to be located at the southwest corner of Sheridan Blvd and 64th Ave, Arvada, Co.

The City of Arvada has recognized the increasing proportion of elderly residents in the City combined with the overall increasing average age that necessitates attention by the City toward the provision of attainable quality senior housing. The Arvada City Council has made it a “Strategic Result” to facilitate the development through new construction or acquisition of an attainable housing development for seniors of 50 units or more in support of or in collaboration with for-profit or non-profit entities by 2019. The new construction of the Legacy Senior Residences will meet/exceed the Strategic Result identified by the City.

The Legacy development will offer thirty-six (36) one bedroom and thirty-six (36) two bedroom units. Legacy’s focus is to attract qualifying seniors with incomes at 30%, 40%, 50%, 60% and 70% of the area median income. One hundred percent (100%) of the development will be set aside for qualifying seniors age 62 or better. The Legacy will be utilizing “income averaging” as well as dedicating four (4) of the 30% units to our Veteran Seniors.

Unit Mix, Set Asides and Rent Structure

Unit Type	30% Units	40% Units	50% Units	60% Units	70% Units
1 Bedroom	(4) \$522	(1) \$696	(19) \$870	(9) \$995	(3) \$1,150
2 Bedroom	(4) \$627	(1) \$836	(19) \$1,045	(9) \$1,075	(3) \$1,200

Consistent with the set aside and the greater interests of the tenant population to be served, the rent structure of the Legacy Development is such that all rents (which include all utilities) will provide a substantial rent advantage over the market rate rents. It is Legacy’s mission to provide the most affordability within the project. With this in mind, we felt the need to increase the 30% units from (4) units (previous 2018 application) to (8) units (2019 current application). Keeping in focus with affordability, the 60% and 70% rents have a significant rent advantage over the market, as noted in the following charts.

60% Rent Comparison Market Adjusted						
Unit Type	Subject's Highest Proposed Rent	Subject's Square Footage	Survey Min. Rents	Survey Max Rents	Average Rent	Advantage/Dis advantage
1BR/1BA	\$995	790	\$1,441	\$1,712	\$1,582	-37.09%
2BR/1BA	\$1,075	904	\$1,600	\$2,249	\$1,886	-43.00%

70% Rent Comparison Market Adjusted						
Unit Type	Subject's Highest Proposed Rent	Subject's Square Footage	Survey Min. Rents	Survey Max Rents	Average Rent	Advantage/Dis advantage
1BR/1BA	\$1,150	790	\$1,441	\$1,712	\$1,582	-27.29%
2BR/1BA	\$1,200	904	\$1,600	\$2,249	\$1,886	-36.38%

BUILDING DESIGN: The Legacy building is designed as a three-story building with 24 surface garages and parking that exceeds the minimum required by the City. The use of a three-story floor plan was incorporated to use the site in an efficient manner while not being out of scale with surrounding properties. The building and the 91 parking spaces are arranged on 4.628 acres. The building is oriented on the north-eastern portion of the lot, adjacent to the commercial properties that border the northern, southern and eastern lot lines. The developers are mindful of the scale of the development while still providing adequate density to make efficient use of land. With single family homes bordering the western lot line, the developer has located the single story garages at a 65 foot distance from the backyards of the homes to provide ample distance and privacy for the single family residents. Within the 65 feet buffer, ample landscaping and garden plots will be constructed for the use of our residents. The garden spaces have been designed with accessibility in mind. Irrigation will be installed and readily available for proper care and maintenance of the community gardens.

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

The building foundation is slab on grade. Due to the natural slope and grade of the lot, the developer is taking advantage of the grade change by providing a storm shelter below the first level on the eastern wing of the building, as the grade of the first level on the east wing will be at a five foot elevation above street level. The framing will be of wood construction with standard asphalt shingles. The building exterior will consist of a combination of brick and stone to compliment the use of either a hardy-board or stucco material. The intent with the exterior materials is to create a building theme that is contemporary, energy efficient and sensitive to the neighboring area.

BUILDING AMENITIES: Key components for tenant satisfaction and retention are the building amenities offered to all the residents. The Legacy Senior Residences will feature a secured access entry; manager's office, a formal living room/library that hosts a business center with free internet access; a dining room with serving kitchen; fully equipped multi-station fitness center. In addition to these common spaces is a separate elevator lobby with (2) elevators and a central interior mailroom. Outdoors, residents can enjoy a veranda with patio seating and use of a grill. For our avid gardeners, Legacy is providing raised bed community garden planters with irrigation and hard surfaces for accessibility.



UNIT AMENITIES: Each of the units will provide a significant array of standard amenities. In addition to the size of the units (approximately 790 sq ft for a one bedroom and 904 sq ft for a two bedroom), tenants will find the following standard amenities: Fully equipped kitchens with Energy Star Rated refrigerator, electric stove, built-in microwave oven, dishwasher and disposal; High efficiency furnace and water heater; Energy Star Rated electric washers and dryers in each unit; Water conserving faucets, shower heads and bathroom facilities; Wall to wall carpeting; Full windows coverings; Ceiling fans in each room; Cable and internet connections in the living room and bedrooms; Emergency call systems in the bedrooms and bathroom (when pulled will ring directly to a 24hr monitoring service). Every unit will have a patio or balcony with private storage space. Most importantly, all utilities are INCLUDED in the rent.

GREEN BUILD: Legacy is self-certifying under the 2015 Enterprise Green Communities Criteria. The Enterprise Green Communities certification aligns affordable housing investment strategies with environmentally responsive building practices. Certifications promised in the application exceed the minimum requirements by CHFA. The Legacy Senior Residences will feature a number of green build amenities that will be used for water conservation as well as energy efficiency. This is accomplished by installing advanced water conserving appliances and fixtures. Additionally, all appliances will be Energy Star rated appliances. The landscape architect and civil engineer have designed a very large detention pond that exceeds the capture rates as well as an irrigation system that accounts for the least amount of storm water runoff into the sewer system, maximizing the greatest amount of rain to be captured and retained on the site.

SERVICE COMMITMENTS: Legacy Senior Residences is committed to providing empowerment services and opportunities to our residents. Beacon Management is committed to providing tenant counseling as well as offering financial education and credit counseling to the residents of the community.

- US Bank has agreed to Financial Education and Credit Counseling once a quarter, at a minimum.
- Beacon Management will provide Tenant Counseling on an as needed basis.
- Denver Urban Gardens will provide community training and low cost seed and transplants.
- Seniors Resource Center will provide transportation, cost is a voluntary contribution.
Seniors Resource Center also has In Home Services, Case Management and other offerings available upon request.
- The Regional Transportation District (RTD) will offer Access-a-Ride, Access-a-Cab, Senior Event services, and Senior Shopper program.
- HealthSET will provide on-site health and wellness assessments and client advocacy on a monthly basis.

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

- Projects Serving homeless persons as defined in Section 5.B.5 – *Not Met*
- Projects serving persons with special needs as defined in section 5.B.5 – *Not Met*
- Projects in Counties with populations of less than 175,000 – *Not Met*

3. Section 2 of the QAP - GUIDING PRINCIPLES:

- **To support rental housing projects serving the lowest income tenants for the longest period of time.** All of the units planned for the Legacy Senior Residences are 100% affordable targeting seniors at or below 70% of the AMI. 67% of the units are offered at or below 50% of the AMI. (8) of the units are offered to at a 30% AMI. *Legacy has committed to the maximum extended use period.*
- **To Provide for a distribution of housing credits across the state.** The proposed development is located in the City of Arvada, Jefferson County. Arvada has not had a 9% LIHTC award since 2005 and a PAB award since 2007.
- **To provide opportunities to a variety of qualified sponsors of affordable housing, both for profit and non-profit.** The sponsors for the Legacy Senior Residences will consist of a joint venture between Cornerstone Associates, LLC and the Arvada Housing Authority upon successful award of the Legacy application.
- **To distribute housing credits to assist in a diversity of populations in need of affordable housing.** The City of Arvada has recognized the need for additional attainable senior housing and has identified it as a priority and a Strategic Plan. Legacy Senior Residences will provide an underserved market of affordable senior housing for residences in the City of Arvada. The Legacy will serve tenants at 30% to 70% of the AMI, with a heavy emphasis on residents at or below the 50% AMI. Legacy will utilize Income Averaging.
- **To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail and light rail.** The proposed site is located on in “infill” lot at the SW corner of Sheridan Blvd and 64th Ave.
 - The site is categorized as a TOD site as the public bus stop is within .13 miles of the site
 - The Arvada Gold Strike Station (60th and Sheridan) is .5 miles from the site and is open.
 - Walk Score: The site ranks at a “walk score” of 63, which exceeds the overall score the for the entire city of Arvada, which scores a 39. The walk score of 63 ranks this site to be a superior site for seniors with regard to convenience to transportation, services and amenities.
- **To support new construction of affordable rental housing projects.** The city of Arvada has a greatly underserved market of affordable senior housing. New Construction of the Legacy will exceed the Strategic Plan for the City by providing 72 attainable senior housing units by 2019, which is in excess of the City goal to achieve 50 attainable units.
- **To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low-income housing project throughout the credit period.** The Legacy Senior Residences qualifies and is applying for \$1,350,000 in annual federal tax credits.
- **To reserve credits for as many rental housing units as possible while considering these Guiding Principles and the Criteria for Approval.** The Legacy Senior Residences is requesting 1,350,000 in credits for the new construction of a 72-unit senior development. The development is targeting residents at 30% to 70% of the AMI coupled with the high costs to develop in the City of Arvada, which makes it necessary to request the maximum amount of credits to afford the development of the project at the targeted discounted rents and still maintain a minimum 1:15 DCR.

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

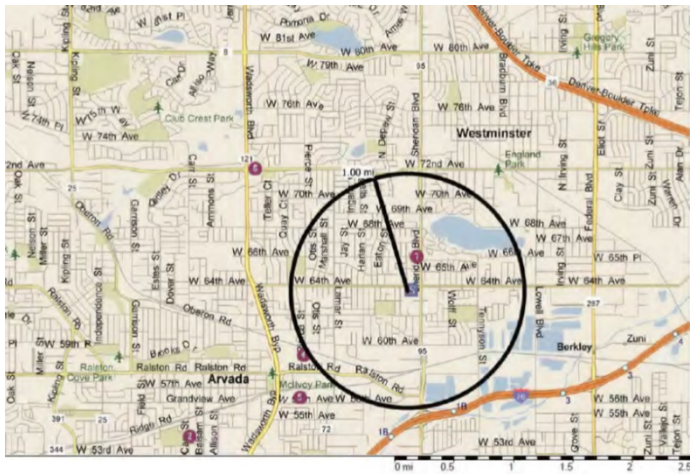
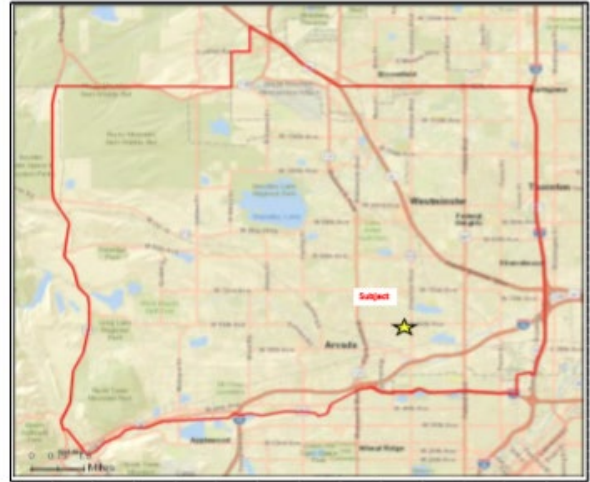
- a. **Market conditions:** As evidenced by the Market Study Synopsis (Pg 1-3) the demand and capture rates for existing and proposed 30%, 40%, 50%, 60% and 70% AMI units presents an overall capture rate of 22.1%. The overall vacancy rate among the comparable properties used in the Market Analysis is zero to 3.4% with an average of 1.0%. Additionally, two of the LIHTC properties maintain waiting lists. The third LIHTC property does not keep a waiting list but noted that there is a high demand for the units. These are all positive indicators of affordable senior housing demand in Arvada. Based on this, the Legacy should benefit from the pent-up demand and lease up within 4-5 months.
- b. **Readiness to Proceed:**
- **Site Control:** Cornerstone Associates, LLC and/or Assigns (Developer) currently has the site under contract. The site was a lot consolidation of a large parcel containing 3 acres and the southern 1.6 acres of another parcel adjacent to the west of the larger parcel to create 1 parcel totaling 4.628 acres.
 - **The City of Arvada has “Fast Tracked” the following approvals on behalf of the project:**
 - **Zoning:** The site is currently zoned Planned Unit Development - Business/Professional/Residential (PUD-BPR). High density residential is a permitted secondary use in the Neighborhood Commercial
 - **Comprehensive Plan Amendment** to extend the COM Future Land Use designation
 - **Preliminary Development Plan (PDP)**

Upon approval of tax credits, the remaining items are Final Development Plat and the final construction plans and specs being submitted to the City for review and approval. All of which would anticipate occurring simultaneously with an expected approval date of approximately 4-5 months, if not sooner. That timeline coincides with the amount of time it generally takes to complete the final loan documents and the final partnership agreement with all parties involved, (Cornerstone Associates single purpose entity) (GP), Arvada Housing Authority (Special Limited Partner) and the Investor Limited Partner.

- c. **Overall financial feasibility and viability:** The proposed financing for Legacy Senior Residences is similar to that utilized for other developments within the state of Colorado. The Developer has extensive knowledge of the permit and review process, the cost of utility tap fees and all other fees associated with development in Colorado. The development team has the expertise and knowledge of the proposed building and exercises cost containment to support the proposed budget. We have underwritten the project with conservative and reasonable expectations based on similar projects constructed, owned and operated in Colorado. Cornerstone has worked closely with the General Contractor, Architect and Civil Engineer to provide a development designed to fit the infill site, meet and exceed Arvada building codes, CHFA’s building and green requirements and a budget that will support the development with cost reasonableness. The City of Arvada recognizes the cost to develop and is committing funds to the project to help fill the gap and ensure financial feasibility by matching HOME funds.
- d. **Experience and track record of the development and management team:** The Developer and the management team, Beacon Management, have successfully placed into service and are operating three properties within the state of Colorado, one of which is located in Fort Collins and two in Colorado Springs. Cornerstone owns and operates 22 properties across the Midwest. Our management team has a strong dedication to performance and accuracy with regard to compliance and all appropriate regulations and focus on the ongoing operations of each and every property. The intent of the development team is to provide a high quality, secure and environmentally sensitive residential alternative that serves a broad socio-economic mix of residents and does so in a manner that is compatible with both the short and longer term market dynamics of the City of Arvada.

- e. **Cost reasonableness:** The total development cost (including reserves and all soft costs) is approximately \$20,800,000. The costs are reasonable relative to the rise in construction pricing, labor and materials. Cornerstone is able to take advantage of a General Contractor and sub-contractors that travel and work on many of our projects. The team has a familiarity with the building and offer rates that are very competitive and reasonable, as they know Cornerstone is able to provide them a steady stream of work. Based on this, our GC and subs providing pricing accordingly and do not arbitrarily mark up their construction contracts.
- f. **Proximity to existing tax credit developments:** The Primary Market Area (PMA) is generally defined as portions of Jefferson and Adams Counties. The PMA boundaries were approved by Kim Dillinger. There are no natural boundaries in Arvada that would inhibit anyone from relocating to the Legacy. The market area boundaries identified are a reasonable approximation regarding the potential renter market for the Legacy. Rental housing of all types is in strong demand.

PMA



The market study identifies six properties within the PMA that are senior LIHTC properties with No Section 8 HAP contract overlay or an assisted living component. A total of 532 units from the demand analysis have been removed, which is the number of units in competition with the subject.

Comparable Properties				
Comp #	Comparable Name	Street Address	Rent Structure	Proximity from Subject (miles)
1	Sheridan Ridge Townhomes	5275 West 66th	LIHTC	0.35 miles
2	Parkview Village Apartments	5383 Carr Street	LIHTC	2.21 miles
3	Castlegate Apartments	6925 West 84th Way	LIHTC	2.82 miles
4	Flats at Creekside Park Apartments	5901 Pierce Street	Market	1.01 miles
5	Solana Olde Town Station Apartments	6875 West 65th Avenue	Market	1.25 miles
6	Arvada Green Apartments	7569 West 72nd Avenue	Market	1.69 miles

- g. Site Suitability:** The site is approximately 4.628 acres located at the SW corner of Sheridan Blvd and 64th Ave. The site is in “infill” site, located in between existing commercial that borders the northern, eastern and southern property lines. The western property line is adjacent to single family homes.

The PUD BPR zoning allows senior multifamily housing at a maximum density of 16 units per acre and a parking requirement of 0.5 spaces per dwelling unit. The new zoning will allow for 72 units and 36 parking spaces. Legacy will exceed the minimum by providing 91 parking spaces, inclusive of 24 garages. After construction and completion of the roadways, the site will have accessibility on every side of the property.

Location Map
The map below illustrates the location of the Subject.



The greatest strength of the properties is Location, Location, Location! The location of the Legacy makes this a superior site for senior housing.

- The public bus transportation (Route 51) is within .13 miles with services seven (7) days a week and offers discounted fares to seniors 65+.
- RTD offers two services specific to seniors:
 - Senior Ride – which transports groups of 10 or more to a variety of cultural, educational and entertainment events
 - Senior Shopper - provides transportation for groups of 10 or more from senior housing complexes on weekdays.
- The Arvada Gold Strike Station is within .5 miles and opened April 2019.
- Walgreens, Sonic, banking – adjacent to the site on the east
- Restaurant to the North
- Banking and Car wash to the South
- Across Sheridan Blvd to the East is a King Soopers with a strip mall that provides a variety of services in addition to several restaurants.
- Urgent Care is 1.2 miles
- US Post Office is 1.75 Miles
- Arvada Library is 1.5 Miles
- **Site WALK Score of 63.** The City of Arvada ranks at 39 overall walk score.
- The Community Recreation Center is just 1.49 miles to the northwest. The senior center is open 5 days a week and offers games, activities and fitness classes, special events, community expos, education, computer classes, sports, dance, trips, etc.

- 4. Justification for Waivers or Financial Need:** Applicant is not requesting any waivers from CHFA.
- 5. Address any issues raised by the market analyst in the market study submitted with your application:**
There are no issues raised by the Market Analyst. The report does not identify any weaknesses. The analyst provided the following conclusion: The Subject is within city limits and is located in the southeastern region of Arvada. The site provides good access to Interstate 70 and Interstate 76 which both traverse northeast/southwest and provides access, via Interstate 25, to Denver to the southeast. It is also located within walking distance to a public transportation bus stop, which is a positive feature for a senior community. Surrounding land uses are in average to excellent condition. The construction of the Subject, as proposed, will positively impact the neighborhood and the availability of affordable senior housing in Arvada. Additionally, there will be new jobs coming into the Arvada economy within the near future with the signed leases of King Soopers, 24 Hour Fitness, Shops at Ralston Creek North, Denver Beer Co., Partner Colorado Credit Union, Visiting Nurse Association, which is an indication of a strong and growing area economy and correlates with the need for additional housing in the area. The site is in a mixed-use neighborhood. The site is an infill site and is adjacent to amenities such as a grocery store, pharmacy, bank, gas station, restaurants and a car wash, as well as a nearby park. The site is also recognized as a TOD site as the public transportation bus stop is within 0.13 miles of the site, which is a strong feature for a senior community. The construction of the Subject, as proposed, will positively impact the neighborhood and create the best use of an infill site located between commercial use along the north, south and east property lines together with older residential homes to the west. With a Walk Score of 63, the site exceeds the city of Arvada walk score of 39, which makes this a superior site for senior residents.
- 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 issues raised by the Phase I 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:** 1) As with most communities in Colorado, land costs are higher than in the more rural parts of Colorado. The land cost of \$1,800,000 equates to \$397,350/acre and \$25,000/door. 2) The building was designed as a three-story development to maximize density. Due to the building size it is necessary to provide two (2) elevators. 3) The site has a grade change of the site from the NW corner to the SE corner. There is an approximate 20 foot fall. The building is designed to accommodate and make the best use of the grade change by constructing a storm shelter under the eastern wing of the property, as the first floor elevation will be 5 ft above street level. 4) There is a great amount of tree removal on the western portion of the site which requires replacement of landscaping, either on site or in a nearby park, Per City of Arvada requirements. 5) The building is designed to provide more articulation on the roof lines; more articulation of the building to break up the exterior to be more visually appealing and conform with the surrounding architecture of the development and meet architectural design requirements. 6) The use of stone/brick for the majority of the exterior also adds cost to the overall budget. 7) Building review, permit and tap/impact fees are estimated to be \$1,807,630 (\$25,105/door). 8) OFFSITE improvements of approx. \$700,000 which consist of: a.) Road Connectivity: Due to the nature of the site being an undeveloped "infill" site, the City of Arvada is mandating the developer to provide connectivity by extending the north-south roadway along the Benton Street alignment and the east-west connectivity along the W 63rd Ave alignment; b.) Asphalt/Fill work: Engineering Dept. is requiring the improvement of the private access drive that borders the eastern lot line by constructing new curb/gutter and storm water

containment; c.) Fire Access: Construction of a private access road with an easement to the Fire Department north of the property that lines up with the Walgreens drive. d.) Storm water Detention: Construction of a large detention pond and additional off-site work to capture the storm water from the Legacy Site as well as the storm water from the Napa Auto Parts store directly to the north of the property, per an existing storm water agreement. e.) Site utilities/Ditch work: Removal and relocation (burial) of utility lines that are currently above ground on the western portion of the property; f.) Site Utilities / Ditch work: Improvement of main utility lines that run north/south in the existing utility easement in the middle of the property.

Any area of cost containment throughout the bid and construction process, without compromising the quality of materials and construction, will be utilized.

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):** The Developer, Cornerstone Associates, and the City of Arvada hosted a neighborhood meeting with residents from the adjacent neighborhood. There were approximately 15 residents and several City staff in attendance. Notes from the meeting were provided to the City that document questions and answers with regard to the future development of the Legacy Senior residences. With general curiosity about type of development, size of building, placement next to their back yards, lighting, landscaping, etc – it was noted that the project was very well received with all questions addressed. It was believed by all that participated that the project will be very well received within the community and the neighboring residents. There was no stated opposition and no formal complaints have been received by the City regarding the proposed development.

The City has provided a reduction of barriers by way of reducing the approval times to accommodate the desire to have all approval processes complete prior to CHFA Committee consideration of approval of the tax credit awards, in addition to the rezoning and density allowances.

Strengths of the Project:

- **LOCATION, LOCATION, LOCATION – Infill site with a TOD Designation and a Walk Score of 63. Vast array of amenities directly adjacent to or across the street from the property.**
- **Strategic Results and strong support from the City regarding a minimum 50 units of attainable senior housing by 2019**
- **Joint Venture with the Arvada Housing Authority which promotes Non-Profit and For-Profit development**
- **Reduction in Real Property Taxes by way of Housing Authority, which make the project financially feasible considering the excessive costs related to development in Arvada.**
- **The demographics provide support of a strong senior renter population within the Primary Market Area and supports current and future demand for housing**
- **The Demand Estimate calculates an overall capture rate of 22.1 percent.**
- **Existing affordable housing projects will not be adversely affected by the construction of the Legacy Senior Residences.**

Cornerstone Associates, LLC has a strong, positive track record in the development and management of affordable housing and is dedicated to creating and sustaining communities through innovative partnerships and entrepreneurial housing programs. Cornerstone Associates, LLC mission is providing attainable housing for seniors and families. Cornerstone strives to further the City of Arvada's goals and CHFA's guidelines of fostering for-profit and nonprofit ventures and a distribution of credits throughout the state.

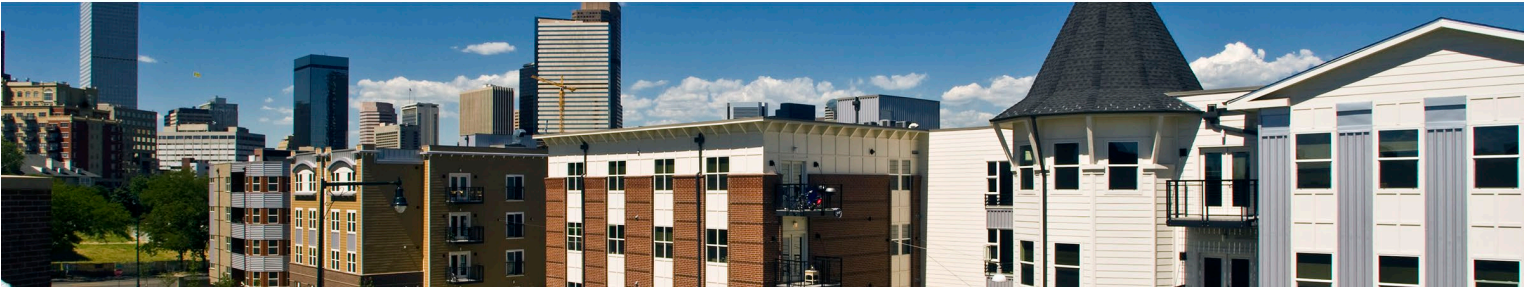
Respectfully submitted,

Bobbi Jo Lucas,
President



209 S. 19th St., Suite 100
Omaha, NE 68102
(402)341-0888
Cornerstonehousingdevelopment.com

9% lihtc application narrative



Project Name: Maxfield Heights

Project Address: 100 Ute Avenue, Rifle, CO 81650

1. Executive Summary

TWG Development (TWG) and Rifle Housing Authority (RHA) are excited for this opportunity to present an application to CHFA for 9% Low Income Housing Tax Credits (LIHTC) for Maxfield Heights (the Project). The project is in census tract 9520.02 which is in a Difficult Development Area (DDA). It is rare to have a rural location within 1-mile of a multitude of amenities, but this project will have just that. This new construction multifamily development will provide 50 one-bedroom apartments for seniors aged 55+ earning 60% of the AMI and below. Onsite amenities include a fitness room, in-unit laundry, outdoor dog park, community raised garden and common area for events and activities. Each unit comes equipped with ample storage, a coat/linen closet and laundry room. The project will feature 13 units (25%) designed specifically for tenants with sensory disabilities and operated under a services agreement with the adjacent Rifle Senior Center.

Maxfield Heights will be one-building with approximately 43,000 GSF in a two-story, elevator serviced, wood framed structure, which will meet the team's goals of cost-effective to build and manage, visually appealing, and compatible with the surrounding neighborhood. The foundation design is a structural slab on grade. An acoustical mat with gypcrete will minimize sound transfer between the units. The building skin will be masonry brick combined with fiber cement lap siding. All exterior walls will utilize batt insulation with a weather barrier. The roof will be of pre-manufactured wood trusses insulated with batt and topped with a white TPO membrane. The project will meet 2015 Enterprise Green Communities Criteria.

Financing for the application will include federal tax credit equity from City Real Estate Advisors (CREA), construction financing from ANB Bank, permanent financing from Colorado Housing and Finance Authority (CHFA), soft financing from Colorado Department of Local Affairs (DOLA), Garfield County Federal Mineral Lease District (GCFML) and Rifle Housing Authority (RHA). Local support is exceptional on this project. RHA will provide a carry back note on the full appraised value of the land, sales, and use and real estate tax exemptions. The City will provide local tap and impact fee waivers and tax exemptions, and the Garfield County Housing Authority has committed eight (8) project-based vouchers.

Total soft financing is expected to be over \$4,300,000, representing approximately \$86,000 per unit.

Qualified Allocation Plan Priorities

This project **meets** the QAP Priority for **counties serving populations of less than 175,000**. The population of Garfield County is approximately 59,000.

This project **meets** the QAP Priority for projects **serving persons with special needs** as defined in Section 5.B.5. The project will set-aside 25% of the units (13 units) for households that includes at least one person with a mobility impairment or disability/disabling condition.

Thoughtful design features and amenities such as tactile markings, oversized elevator buttons, integrated Amazon Alexa, and dog park for service dogs, will all help address the lack of affordable housing to meet the needs of seniors with sensory disabilities. Due to macular degeneration, 75% of visually impaired people are over the age of 55. As many as 11 million people in the United States have some form of age-related macular degeneration and this number is expected to double to nearly 22 million by 2050. Maxfield Heights will create a precedent of providing design features that help sensory disabled tenants as they age in place. We have included with this application our well-thought out initial services plan and budget for these units

2. Qualified Allocation Plan Criteria

a. Market Conditions

The Property is located in Rifle, Garfield County, with great access just minutes off of I-70. The current vacancy rate in the submarket is at 1.3 percent. There are significant waiting lists for the affordable properties in the area. The market data indicates an ability to lease-up quickly and continued demand for senior rental housing in future years.

b. Readiness-to-Proceed

- The site is zoned for the intended use evidenced by a zoning letter included within the application. Review of the final site plan is administrative and does not require a public process. Site plan approval is expected by the end of 2019;
- The Phase 1 Environmental indicated that no Recognized Environmental Conditions were discovered;
- The Project is supported by the City Council, Mayor, service providers, Hospital, neighbors, etc. Their enthusiasm for the project is evidenced by the numerous support letters provided within the application.
- Schematic drawings have been priced by a paid third party and the proposed building is financially viable to construct based on current assumptions; and
- Financing and funding commitments from the sources identified in this application would be secured by the end of 2019 and early 2020.

c. Overall Financial Feasibility and Viability

The Project is financially feasible if awarded an allocation of 9% LIHTC. In addition to the federal equity from City Real Estate Advisors (CREA), TWG and RHA are assuming construction financing from ANB Bank, permanent financing from Colorado Housing and Finance Authority (CHFA), soft financing from Colorado Division of Housing (DOH), Garfield County Federal Mineral Lease District (GCFML) and Rifle Housing Authority (RHA). The city will provide local tap and impact fee waivers

and tax exemptions and the Garfield County Housing Authority has committed eight (8) project-based vouchers.

TWG, RHA, equity syndicators, lenders and our financial consultant, have run the current project assumptions through their tax credit financial models. This extensive up-front underwriting has shown that as proposed, there are minimal risk points. Under current assumptions, the project maintains an estimated debt coverage ratio between 1.24 and 1.18 through the initial compliance period. Deferred developer fee is expected to be paid in full by the end of year 8. The collaboration between design, construction and management maximizes operating efficiencies without compromising resident comfort, ongoing compliance, or building durability and maintenance.

d. Experience Track Record of the Development and Management Team

The Partnership between RHA and TWG will tie into the strengths and experience of both organizations. Rifle Housing Authority was formed in 1977 with the mission to build and maintain affordable and safe living facilities for qualified seniors and disabled residents with an emphasis on respect, dignity and cooperation. Rifle Housing Authority owns and manages two neighboring properties, Kendall Heights and Jackson Heights, housing seniors and people with disabilities. Their housing was built over time, using a variety of resourceful funding methods including RD and HUD. RHA has over 90 households on their waitlist, and very little turnover of their existing units. Monthly, they coordinate services with the local service providers to support resident's success and wellbeing. This great working relationship enables residents to age in place.

TWG specializes in multi-family housing development, construction and management. Currently, TWG has developed over 7,000 units across multiple cities and states ranging from affordable developments to market rate sites. To date, TWG has developed over 75 developments with over \$1.1 billion in total development costs. TWG has active developments in Indiana, Colorado, Pennsylvania, Michigan, Illinois, Missouri, Ohio, Georgia, Washington, Iowa and Wisconsin. TWG Construction has served as the general contractor for the majority their projects. TWG Management has a proven maintenance and compliance track record.

To help facilitate Maxfield Heights, the team has engaged two Colorado based consultants. Ryan Hibbard Jones (RCH Jones Consulting) and Willa Williford (Williford, LLC) will provide strategic direction and financial advisory services to the project. Ryan and Willa both have 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 have been reviewed and verified by a third party. TWG's in house design process is rigorous. The goal from the outset is to design and build a project that is high quality and cost effective. Construction costs in Colorado continue a significant upward trajectory, largely due to the constrained labor and commodities markets. This upward pressure is especially significant on the western slope. TWG will also use their proven processes to effectively select sub-contractors and fully vet details during the bidding process. Our pre-construction team is deeply involved from the beginning of a project to ensure projects are completed on time and on budget. We are also able to leverage national purchasing contracts for materials which in turn creates a more cost-effective project.

f. Proximity to Existing Tax Credit Developments

The PMA only has one senior LIHTC property containing 50 income restricted units, Lakota Ridge Senior Apartments, funded in 2016. The project is located in New Castle, 14.2 miles from the proposed location of Maxfield Heights. The absorption rate of Lakota Ridge was reported as 25 units per month. There have been no LIHTC awards in the PMA in since 2016 and none that are currently awarded. The expected absorption period of Maxfield Heights is two to three months based upon 20 units per month.

g. Site suitability

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

- RHA owns the land and we have secured site control via a purchase option.
- The site is located in a developed residential area and is close to historic downtown Rifle. The site is already served by utilities and is zoned for our proposed use and design.
- The vacant site has no known environmental hazards or Recognized Environmental Conditions and no known wetlands or other physical attributes they may compromise or inhibit development.
- Several surveys have been completed that have identified the four key factors of successful aging in place: healthcare, nutrition, socialization and mobility. We believe this site can provide all of the key elements to our seniors:
 - The site presents an opportunity for RHA to enhance current conditions and complement the surrounding area which is comprised of the Rifle Senior Center adjacent to the property. This center provides services to the tenant base and is highly desirable among seniors. Other locational amenities nearby consist of a bank, library, grocery with fresh produce, post office, assisted living facility, a park, farmer’s market, fire station, and a hospital, among others.
 - The nearby Roaring Fork Transportation Authority (RFTA) Hogback route bus stop (0.4-miles) provides excellent transportation along I-70 with access to Silt, New Castle, Glenwood Springs, Carbondale, El Jebel, Basalt, Aspen and Snowmass. Seniors age 65 and older ride for free. The RFTA Traveler program also provides accessible transportation for persons with an assessed inability to access other transportation modes.
 - The Project is located adjacent to RHA’s existing properties. This proximity will create the opportunity to build out the existing campus, serve a broader spectrum of incomes and have long-term operating efficiencies. Operating rural properties often becomes challenging to staff efficiently, but the ability to share maintenance and management personnel is a significant contributor to the feasibility of this project. Grand River Health is completing a new senior long-term care center just steps away from the proposed site. This facility will include skilled nursing and memory care specialties featuring over 103,000 square feet and 87 beds. This new facility will be a significant asset to future tenants. As spouses or friends become less independent they will have the ability to transfer to a facility to meet their needs, but also maintain their relationships as they age-in place.

3. Other information

a. Justification for waiver of any underwriting criteria

Not applicable

b. Justification of financial need for basis boost

Not applicable

4. Issues raised by the market analyst in the market study

According to the market study, there are no apparent weaknesses for the Project as conceived.

5. Issues raised by the environmental report(s)

According to the Phase I, there are no REC's that present risk or would justify further testing.

6. Unusual features driving up costs and opportunities for cost containment.

The City of Rifle has significant tap and impact fees but has agreed to offer this project several waivers to make it financially feasible. The City has been very supportive through financial support, but also instrumental in cost-effective design approvals. With the shortage of labor on the western slope it is imperative to have a community with common goals that work together through value-engineering and cost containment processes. City of Rifle has demonstrated their willingness to be a strong partner in this regard.

7. Community outreach

To aid community awareness of and participation in the development process, TWG and RHA have hosted a community meeting inviting all neighbors, service providers, city leadership and employers. The project has been well received as evidenced by the **large number of support letters presented within the application.**



9% lihtc application narrative



Project Name: **Oakwood Senior II**

Project Address: 559 Oakwood Drive, Castle Rock, CO. 80104

1. In 2006, Douglas County Housing Partnership (DCHP) acquired Oakwood Senior, a 64-unit senior property originally constructed in 1985 under the Rural Development (RD) Section 515 program. The then owner had prepaid the RD 515 financing and was threatening to take Oakwood Senior to market rate. DCHP went to CHFA for acquisition financing. Since that time and to meet continuing demand for senior housing, DCHP has undertaken to add units to the site and has chosen Solvera Advisors to act as its Development Consultant. OS II is located on the south side of the current Oakwood Senior property at 559 Oakwood Drive, Castle Rock, CO. OS II is in a SADDA, and has limited access to public transportation. However, transit services are provided by a Town of Castle Rock voucher program, Douglas County Neighbor Network, the Castle Rock Senior Center, and an occasional van share with Auburn Ridge. OS II will be a three story building with two elevators, built in an “L” shape with common areas and a covered entry in the middle. OS II will require demolition of one residential building (8 two bedroom units which will be replaced one for one at OS II), the existing leasing office and community building. Per approval by the Town of Castle Rock, the residential building will not be removed until OS II is complete thereby all, but eliminating any relocation issues. Parking will be increased to accommodate the additional units. OS II will be the first senior LIHTC project in Castle Rock since Auburn Ridge in 2013. Construction will consist of wood framing over a post tension slab foundation with stone, stucco and variable cementitious siding with a pitched roof. OS II will serve seniors 55+ and will be a total of 53 units (45 one-bedroom, one bath and 8 two-bedroom, one bath). OS II is located in the center of Castle Rock, south of Douglas County High School, north of the ‘downtown’ area and east of I-25. Project amenities will include large community room with flex space for various activities and events, such as, reading room, library, fully staffed leasing office, and other small areas for the various senior activities Oakwood Senior currently conducts. Energy efficiencies will include E-Star appliances, water saving plumbing fixtures, recycling techniques, smoke free building, solar ready hot water heat, and other typical resources associated with Enterprise Green Communities 2015 standards.

OS II has received very strong letters from Wells Fargo, First Bank and Enterprise Communities for construction loan and Tax Credit Investment. The perm loan will be from CHFA, grant funds to DCHP from Town of Castle Rock and CDOH, which, in turn, will be loaned to OS II, a carryback note from DCHP for a portion of the land sale price and a deferred developer fee complete the financing.

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

- Projects serving homeless persons as defined in Section 5.B 5 **No**
- Projects serving persons with special needs as defined in Section 5.B 5 **No**
- Projects in Counties with populations of less than 175,000 **No**

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

- a. Market conditions: Of the 8 LIHTC properties in Douglas County including two properties built out in multiple phases, but only one is a senior property (Auburn Ridge) comprised of 90 units total of which 80 units are LIHTC restricted. Per the Market Study, “ the PMA only has 144 existing senior LIHTC or affordable units with similar rent and income restrictions, while there are 5,863 senior (62+) households in the market area in 2019.” The PMA has an age- and income-restricted vacancy rate of 0.0% and a total of 1,439 qualified senior renter households for these units. The PMA is expected to gain 274 senior (62+) renters and 358 senior (55+) renter households per year...and there are no traditional senior LIHTC projects in the pipeline to account for demand from growth.” “Upon completion of the subject and the demolition of the eight units at the first phase, the 30% AMI rate will increase to 7.4%, the 40% AMI rate will rise to 12.4%, the 50% AMI rate will grow to 15.7%, and the 60% AMI rate will climb to 9.4%, while the overall capture rate will increase to 13.2%.” These figures are well below CHFA thresholds and demonstrate the significant need for this affordable senior housing.
- b. Readiness-to-proceed: OS II will be built on land currently owned by DCHP. All replatting and rezoning of the land has been approved. Plans are fully complete to the SD level and DD level plans are underway. OS II meets numerous targets of affordability and financial feasibility making it a very attractive investment for LIHTC investors. Lenders have been very competitive in their discussions and have indicated a strong desire to participate in the project financing.

- c. Overall financial feasibility and viability: Perm loan has been sized at \$2.5 million, based on the CHFA SIMPLE loan product terms. Further, Capital Magnet Funds will be used as both a partial grant to DCHP and then loaned to the OS II as well as a second mortgage loan. Based on these terms, OS II will begin with an “all-in” 1.15:1 DCR, a conservative, but appropriate figure for a small project. CDOH has been very supportive of OS II especially given its very low income affordability structure as well as the location and market. DCHP has been very supportive of the financing structure agreeing to take approximately 54% of the land sale price in cash, thereby reducing the needs for other funding sources.
- d. Experience and track record of the development and management team: Besides having owned Oakwood Senior since 2006, DCHP acts as a Special Limited Partner in five other LIHTC properties throughout Douglas County. Solvera has developed and/or consulted on 24 projects totaling more than 2,300 units of LIHTC affordable rental housing over the last 6+ years. OS II will be managed by Terra Management, the property management company arm of Hendricks Communities, a 20+ year veteran of LIHTC affordable property management and development. Terra is currently the property manager at Oakwood Senior. BC Builders will be the GC for OS II. BC Builders has significant experience in constructing buildings of this type under both LIHTC and Green Communities requirements. They have an excellent track record of success, and have a very strong pool of sub-contractors that allows for solid bidding and completion performance.
- e. Cost reasonableness: Given the extraordinary nature of construction costs and competition for materials and qualified ‘trades’ currently at play in the market, OS II has received an excellent initial pricing model from the GC. While creating a very competitive, energy efficient and attractive facility, the costs for construction are as low as possible. DCHP has agreed to receive cash payment of approximately 54% of the value of the land as its equity commitment to OS II and as a means of keeping cash expenditures and LIHTC request for development as low as possible.
- f. Proximity to existing tax credit developments: OS II is approximately 2.1 miles north and east of Auburn Ridge Senior, the only other LIHTC senior property in Castle Rock. Other LIHTC family properties in Douglas County are further away than Auburn Ridge.
- g. Site suitability: Given the outstanding historic operating performance of Oakwood Senior, a 30+ year old senior property with no elevators in any buildings, this site is perfectly situated for the new development. All utilities are currently available to the property at the curb. Three buildings in Oakwood

Senior will be demolished to allow for the new 53-unit building. Only one building (8 two-bedroom units to the west) currently houses residents. OS II will be fully built and the residents in the aforementioned building will be relocated to OS II before that building will be demolished. The other two buildings do not contain residents, and will be demolished to accommodate new construction. Additional parking will be completed to accommodate the additional units, and the existing outdoor space on Oakwood Senior will be available for use by the OS II residents. Finally, the residential neighbors to the east and south have been contacted and have participated in all of the neighborhood meetings conducted by DCHP and its consultants, The Pachner Group and Parikh Stevens Architects. They have had significant input into the overall site planning and review of OS II, and all but one neighbor has been supportive.

4. Provide the following information as applicable:
 - a. Justification for waiver of any underwriting criteria: **NONE**
 - b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis: **NONE**

5. Address any issues raised by the market analyst in the market study submitted with your application: The Market Study cites the following two issues:
 - The subject's overall amenity package and unit sizes are generally inferior or smaller than surveyed Class B market-rate properties. However, the subject will not compete with these projects, which do not target senior renters.

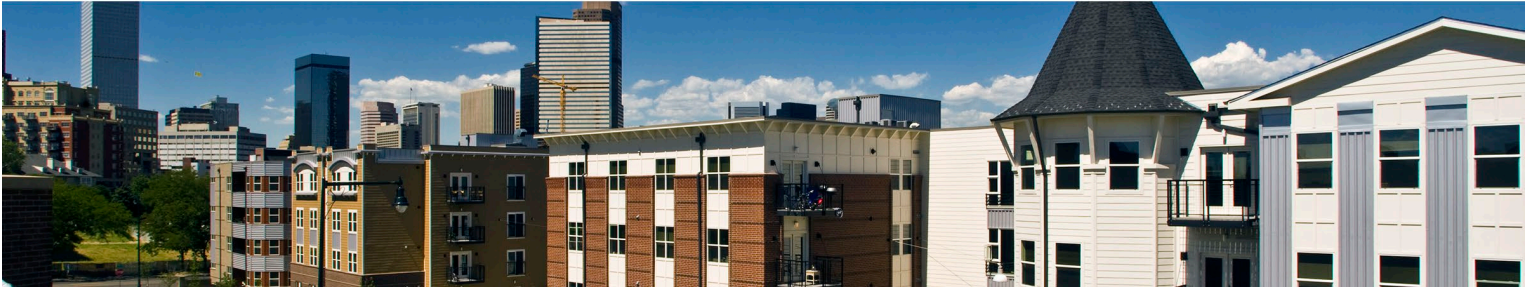
6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated: The Phase One report encompasses the entire property of Oakwood Senior including the land upon which OS II will be located. There were no findings of any RECs on the site, and a 'no further action' comment was assigned. The only other comment was directed at the existing buildings of Oakwood Senior, which it was recommended be tested for radon. OS II Cost Estimate includes funds to conduct radon mitigation and OS II will be constructed with potential radon mitigation features as necessary.

7. Identify if there are any unusual features that are driving costs upward as well and if there are any opportunities to realize cost containment: The single most important factor in cost

containment for OS II is the timely approval and closing of the financing structure to allow OS II to 'lock in' its construction costs as quickly as possible. Current construction market pressures are creating extraordinary competition for certain materials, such as, lumber, and for qualified 'trades' being available for the construction. The GC, BC Builders, has significant experience constructing buildings of this type, and has an excellent reputation with its tradesman pool. Further, all members of the financing team are well aware of the current economic conditions and are well experienced in closing a LIHTC transaction, so all measures to mitigate the timing risk have been undertaken.

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. DCHP in collaboration with Solvera Advisors, The Pachner Group and Parikh Stevens Architects, conducted three neighborhood meetings in 2018. All three meetings invited a broad range of stakeholders, and were structured specifically to garner neighbor comment about the increased density, income restrictions and building design. While receiving very limited comments, the information received was utilized in the building design now currently being presented. Since that time, DCHP has stayed in contact with the neighbors and has made all updated information available to them.

9% lihtc application narrative



Project Name: Old Town Apartments

Project Address: SW Corner of Mill Avenue and Leonard Lane, Fraser, CO 80469

1.Executive Summary:

Mill Avenue/Fraser Housing LLC (the “Developer”), a collaboration between Osprey Property Group and Grand Park Homes, LLC, has the opportunity to bring 60 units of affordable workforce housing to Fraser, CO, a small mountain community in Grand County. Old Town Apartments (the “Project”) will provide affordable housing for families in a mountain community that has not had an affordable housing development in the past 24 years. The development team is experienced with Low Income Housing Tax Credit (LIHTC) projects and has deep ties to the Town of Fraser, bringing a common vision for quality affordable housing in an area that has recently only seen market-rate and resort-focused housing development.

Residents will live in one-, two- or three-bedroom units of newly constructed apartments with stone and wood-sided three-story buildings. The two buildings will have a concrete slab foundation, a flat roof with parapets and exterior breezeway entrances to all the units. Every unit will feature balconies to enjoy the mountain setting along with enough storage to house recreational gear for mountain living. The communal area will have a common kitchenette and a fitness area, while outside families can enjoy a play area and grills for outdoor cooking. All units will have a full kitchen with Energy Star appliances including refrigerator, range/oven, dishwashers, garbage disposals, and in-unit washer/dryers. Units will be individually metered with gas and electric appliances while water, sewer, and trash collection will be included in the rent. The project will have two spaces per unit of surface parking in compliance with the City’s parking requirements with a site area of 4.22 acres.

The site is within a quarter mile of the Fraser train station serviced by Amtrak (with service to and from Denver), and .6 miles from the local grocery store and shopping center. There is also free year-round bus service between Winter Park, Fraser, and Granby within a half mile of the site (see attached bus route map). Children will be able to take the bus to their local public school while parents will have ample work opportunities in Fraser and between Granby to the northwest, and Winter Park to the south. The nearby Adventure Park provides plentiful winter-

activities and the location in the Middle Park Basin provides year-round recreation in a mountain community.

The Town of Fraser has not received a new affordable housing development since 1995, and while the area is experiencing rapid market-rate development, both seasonal and year-round employees are unable to find local housing, with 41% of employees in nearby Winter Park commuting more than 25 miles over mountain passes for work. Due to its proximity to the nearby resort of Winter Park, the area has seen rapid development of second homes and vacation residences that market the area's natural amenities and outdoor sports and activities. The Project will provide 60 units for families earning between 30% and 80% of the Area Median Income (AMI) in a market that currently has a 0% vacancy rate for affordable housing with long waiting lists for older properties. The Project income averages to 53.7% AMI but will not be charging max rents for the 70% and 80% AMI units; therefore, the weighted average rent for the project is equivalent to 40.28% AMI.

Old Town Apartments will be built with 9% LIHTC equity as well as permanent financing from both Colorado Housing and Finance Authority and the Colorado Division of Housing. The Town of Fraser is an enthusiastic supporter of the project. Utilizing the housing tax credits will allow the development team to build quality affordable housing serving families from a range of incomes that will contribute to a community of year-round residents in one of Colorado's fastest growing vacation destinations.

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:** Not Applicable
- **Projects serving persons with special needs as defined in Section 5.B 5:** Not Applicable
- **Projects in Counties with populations of less than 175,000:** Old Town Apartments is located in Grand County, a county with a population of less than 16,000 as of July 2018.

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

- a. **Market conditions:** Upon completion, the Project will be only the second LIHTC project in the area and the newest one in over 20 years. The project will increase the PMA's required LIHTC capture rate to 8.6%, including 15.7% at 30% AMI, 14.1% at 40% AMI, 14.6% at 50% AMI, 12.1% at 60% AMI, 2.5% at 70% AMI and 0.8% at 80% AMI.

The surveyed LIHTC units in the PMA were 0.0% vacant, as were the workforce housing units at mixed-income and market-rate projects, and a waitlist at the LIHTC property. In comparison to the nearby LIHTC development, built in 1995, the new building will have superior common amenities, unit features, and location. The Project will also offer units with superior project amenities, and similar unit features to a newly built workforce housing, while offering much lower rental rates far below the mostly 80% AMI rent of the units at the workforce housing development. The market analyst found that the subject will set the top of the market standard in the PMA with regards to condition, quality, project amenities, and in-unit features.

b. **Readiness-to-proceed:**

The applicant has site control through a purchase agreement with the land owner (the land owner, Byers Peak Properties, LLC has a purchase agreement with Grand Park Housing, LLC, the applicant, and one of the two entities comprising the Developer entity Mill Avenue/Fraser Housing LLC). The site is currently zoned for residential use and the zoning department has given a six- to eight-month timeline for Final Plat approval and issuing of building permits. The development team has preliminary construction drawings. The Developer has been working with the Town of Fraser over the past year to create a project that answers the needs of the local year-round residents. The site will connect to Fraser utilities.

c. **Overall financial feasibility and viability:**

The Project has been structured to provide a reasonable balance between the lowest income units and financial feasibility in an area with high construction costs owing to its location in the mountains with a small construction workforce.

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

The Developer has put together a team that has substantial LIHTC development experience, housing and commercial real estate experience, and deep ties and understanding of the Town of Fraser and Grand County.

Clark Lipscomb, owner of Grand Park Homes, LLC, has developed commercial properties, land developments, and mixed-use developments in mountain communities and the Front Range. Mr. Lipscomb is a Town of Fraser resident and brings his wealth of knowledge of mountain area development and understanding of the needs of Fraser, Colorado to the development team.

James Rawson, Managing Member of Osprey Property Group, brings substantial housing and commercial real estate development experience in California and Colorado inclusive of LIHTC development experience in the development of the Peakview Trails and Woodgate Trails Senior projects in Greeley, Colorado and Montrose, Colorado respectively.

Ross Management Group, which has broad experience in mountain communities and LIHTC multifamily property management will provide property management services for the Project.

Patrick Nook, of PWN Architects & Planners, Inc. is the architect on the development team and has 34 years of experience in the planning, design, and construction of multi-family residential projects. He has been the architect on several affordable multi-family projects across Colorado and brings this depth of experience to the development team.

The development team is also supported by: Lightly Treading, a building performance design firm that helps developers enhance energy efficiencies in their developments; Shannon Breuer of Eide Bailly as the CPA; Paul Smith of Bryan Cave Leighton Paisner as the tax credit attorney; and S.B. Clark Companies as the tax credit consultant.

The probable general contractor for the Project will be Crosswater Construction, if they have the capacity to take the on the Project. Crosswater Construction is affiliated with Grand Park Homes, LLC. The cost estimates provided are from an area third-party general contractor, Big Valley Construction.

- e. **Cost reasonableness:** The Developer has worked closely with PWN Architecture to work design cost efficiencies into the Project wherever possible, including eliminating air conditioning due to the cooler mountain climate (Fraser is the coldest incorporated town in the continental US with an annual mean temperature of 32.5 degrees Fahrenheit), water saving fixtures to reduce demand for resources, cold-roof technology to mitigate mountain climate and thermal issues with the roof, and durable floor coverings in place of carpets to lengthen use and minimize maintenance in units.

Additionally, the site is not constrained relative to parking and does not have significant changes to grade or other hard-to-construct limitations for a mountain community, which allows it to remain cost reasonable. Taps and utilities are all currently available, which provides cost savings by not overburdening the Project with additional infrastructure requirements.

- f. **Proximity to existing tax credit developments:** The nearest tax credit property is Wapiti Townhomes in Fraser, built in 1995 and with inferior project amenities, with a waitlist of 15 applicants and 0% vacancy. In nearby Winter Park, the local housing authority has recently completed a workforce housing development serving residents at 70% and 80% AMI, which leased up within one day with over 200 applicants.
- g. **Site suitability:** The Project will be located on an undeveloped parcel of land on the west side of the town of Fraser. The project's surface parking is along the driveway leading off Mill Avenue, with the units facing the parking spaces, common courtyard and surrounding land uses. The market analyst found the subject's site plan does not have any aspects that will restrict its market appeal. The Project is close to shopping and restaurants along the main street in Fraser (Zerex St./Hwy. 40)

4. Provide the following information as applicable:

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

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

There are no recommended changes or apparent weaknesses identified in the market study. The market analyst noted that there was no precedent within the PMA for a rental project that is as high in quality as the subject, especially in comparison to market-rate projects. The market analyst concluded that the project's 70% AMI and 80% AMI rents are achievable, and that higher 70% AMI and 80% AMI rents may be achievable, especially considering the capture rate analysis that suggests easily sufficient qualified renters and that the subject will only have 17 units at those levels.

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

The Phase I environmental report showed no evidence of recognized environmental conditions and the Phase I provider did not recommend any further investigation of the property at this time.

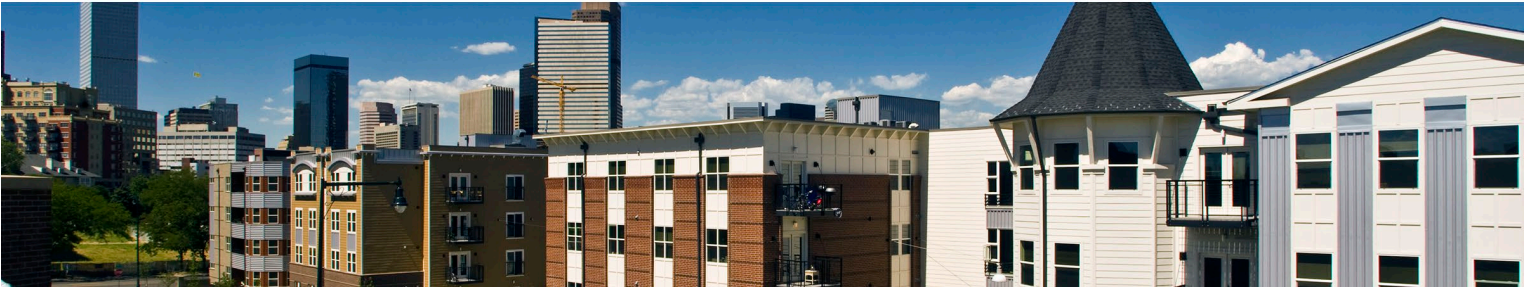
7. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:

The project is in Fraser, CO which by its location in the mountains creates higher development costs because of the need to bring in materials and construction workers from the Front Range. Cost containment can be realized from the proposed general contractor's proximity and familiarity to the proposed site. The design team has incorporated several cost saving strategies for the building and units. All units will be outfitted with ceiling fans in place of air conditioning units and operable window units to provide natural ventilation over mechanical ventilation, use energy star standards to reduce energy demand including thermal performance and lighting needs in the building, and all electric appliances will be used for reduced emissions and to provide a healthier environment. The site will have efficient landscape design using domestic, low-water demand plants and water sensors, and individual gas and electric metering to promote conscientious use by tenants. These changes reduce the development costs and ongoing operating costs while contributing to environmental wellbeing of the area.

8. Community Outreach:

The Town of Fraser has shown support, and the development team has held monthly meetings with the Town to discuss the project and its benefits to the Town and surrounding area. Grand Park Homes and members of the development team are long-time residents of the Town of Fraser and are committed to the economic viability of the area, including the availability of affordable housing. The Project has the support of several local groups, including the Town of Fraser, the Grand County Housing Authority and the Grand County Community Development Department (please see attached letters of support).

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 characteristics of the Point of the Pines Villas development (the “Project”) and why it should be selected above others for an award of Tax Credits.

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 three stand-alone “villas” (each with 16 studio units totaling 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 both Special Needs and 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). 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.

Each of the villas will have the feel of a smaller “home-like” setting consistent with the current preferences of assisted living advocates and the state for assisted living facilities. Each villa will include a dining room to accommodate all tenants in one sitting, kitchen and various administrative and common areas. In particular, each villa will have its own “sitting, gathering and meeting areas” in order for each villa to feel like a separate, smaller facility, even though all villas will be operated together as one overall facility along with the adjacent PPG facility. Each villa will comprise slightly under 12,000 total square feet, with the Project totaling 35,000 square feet in the aggregate.

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, with waiting lists of potential tenants ready to move in once a vacancy arises. These waiting lists will provide an initial tenant base for the new units.

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 2019, the operator receives a co-pay of \$695 per month from the resident. Of this amount, \$365 is allocated to food service and \$330 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. 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.

c. 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 nineteen 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.

e. Cost reasonableness: Total Project development costs (including all soft costs but excluding reserves) are only \$12,176,318, which is approximately \$1.4 million lower than the HUD Section 221 limit of \$13,556,976 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 /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.

f. 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.

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.

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 \$52,000 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.

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.



Project Name: **Red Hill Lofts**

Project Address: **2500 Block of Dolores Way Carbondale, CO 81623**

(1) Executive Summary

Red Hill Lofts is a proposed 30-unit workforce housing community located in Carbondale, Colorado. The project's rents are restricted as follows: 12 units at 30% AMI (40%) and 18 units at 50% AMI (60%). The new construction two-story walk-up building contains fourteen studios (47%), twelve one-bedrooms (40%), and four two-bedrooms (13%). The vacant, infill site is one-mile north of downtown Carbondale's Main Street and is bordered by commercial and light industrial uses with some residential, the Carbondale Community School (an award-winning K-8 public charter school), and low-density residences. Aspen Pitkin Employee Housing Inc. (APEHI), a Colorado nonprofit whose mission since 1978 has been to further affordable housing options in the Roaring Fork Valley, purchased the 1.128-acre lot in 2017 with the intention of developing its first LIHTC-financed property. Drainage improvements, including catch curbs and drain inlets, are in place and are anticipated to be incorporated into the proposed project. The property is not located in a QCT, but it is in a 2019 DDA.

The transit-oriented site is 0.4-miles from the Roaring Fork Transportation Authority's (RFTA) Carbondale park and ride. RFTA operates multiple bus lines in three counties, covering an area that stretches from Rifle to Aspen. The property's northern boundary is a bike/pedestrian path that connects to the Rio Grande Trail, a 42-mile multiuse trail that runs from Glenwood Springs to Aspen. A new connection from the property to the Rio Grande Trail will provide a convenient and quick connection to the sidewalk along Dolores Way – the property's main frontage road, to Main Street in downtown Carbondale, and to the RFTA park and ride. Covered bicycle parking and an onsite bike repair station are intended to encourage and facilitate the use of alternative modes of transportation. The site's close proximity to regional transit and a multiuse path belies its "Car Dependent" walk score of 56, which is 32% below Carbondale's overall score of 83 (transit and bike scores are not available).

The new 18,928 square foot building is oriented east-west with 42 code-compliant surface parking spaces (1.4 per unit) located along the periphery. Designed in accordance with the local aesthetic, the exterior of the building will be clad with a combination of finished concrete, wood and metal panels. The PV-ready roof is flat and the elevations vary to provide interest. Community is encouraged through the provision of common amenities such as a covered common area at the project's center – designed to encourage formal and informal gatherings. Also incorporated into the design for the purpose of facilitating community are an outdoor bbq/fire pit, common kitchen, lounge seating, free wi-fi, a table tennis area and common mailboxes. A shared garden is located near the Rio Grande Trail connection,

RED HILL LOFTS

including a small greenhouse to extend the gardening season. Garden tools and large toys (such as kayaks and stand up paddleboards) can be stored in the common storage building.

Each unit will have PTAC heating/air conditioning units, window blinds, carpet in the bedrooms and vinyl plank flooring throughout, a ceiling fan, a coat closet, an exterior storage closet, a patio or balcony, a refrigerator, stove/oven, dishwasher, garbage disposal, microwave, and in-unit washer/dryer. The units will have entrances off of double-loaded interior hallways. The Type V-A residential construction is a wood-framed building over a slab-on-grade foundation. This high-density development (26 units/acre) will be self-certified under Enterprise Green Communities. Prescriptive energy efficiency measures will include high performing insulation and windows, as well as Energy Star rated lighting and appliances. Advanced water conservation fixtures, a rooftop solar array, and beyond-ADA design will ensure the project's sustainability over the long term.

Even though this is APEHI's first LIHTC development, the organization's Board of Directors is staffed with real estate design professionals including an architect and a landscape architect with deep expertise in the Roaring Fork Valley. To that end, they have incorporated best practices and lessons learned from the design and operation of similar properties into Red Hill Lofts.

The closest retail to Red Hill Lofts is a convenience store /gas station located 0.2 miles to the northeast. City Market, a regional grocer, and an Ace Hardware are within 0.8 miles of the site. A closer City Market is under construction. Downtown Carbondale, located one mile to the southeast, includes a variety of independent businesses (boutiques, art galleries, restaurants, and service-oriented businesses). Walmart and Glenwood Springs Mall are 9 miles northwest of the property in Glenwood Springs. The local primary and secondary schools are within two miles of the property and are rated average in comparison to other schools in the county. Colorado Mountain College-Carbondale is 0.9 miles from the site and Colorado Mountain College-Glenwood Springs is the closest four-year college and is located in Glenwood Springs.

APEHI anticipates the proposed development to be financed with equity generated from the sale of 9% LIHTC, conventional debt, local funds from the Town of Carbondale, state funding from the Colorado Division of Housing, and deferred developer fee. This project will also benefit from a partnership with the Garfield County Housing Authority which will provide 12 project-based vouchers for families and will be a special limited partner in the deal affording property tax exemption. The APEHI development team has met with city and state housing leadership, city planning staff, and various stakeholders to solicit support for Red Hill Lofts.

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

The project meets the "Projects in Counties with populations of less than 175,000" priority in Section 2 of the QAP.

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

- a) **Market conditions:** There is significant pent-up demand for LIHTC housing in the PMA. While in-migration numbers were not used in the Red Hill Lofts market study, there is evidence that many service and lower paid employees in the surrounding resort areas are commuting long distances because they are priced out of the local rental market. Capture rates range from 3.7% for 30% AMI units to 22.6% for the 50% AMI units. Despite the 50% AMI unit capture rates the overall capture rate (16.7%) is attainable because the surveyed LIHTC units are 99% occupied, waitlists for existing LIHTC properties are in excess of 550 applicants, and absorption rates are exceeding expectations. Red Hill Lofts proximity to Aspen and Snowmass provides a competitive

advantage over similar LIHTC properties in Glenwood Springs. The in-unit washers and dryers provide a distinct competitive advantage. Finally, APEHI is a primary affordable housing provider in the market and can utilize their existing client base to fill the units. The extreme need for affordable housing within the Roaring Fork Valley is further evidence by the recent completion of the Regional Housing Report as referenced in the market study included with this application.

- b) **Readiness-to-proceed:** The proposed development is ready to proceed. APEHI owns the property and has received zoning approval from the Town of Carbondale. A building permit may be pulled as soon as construction drawings are completed.
- c) **Overall financial feasibility and viability:** Red Hill Lofts is financially feasible if awarded an allocation of 9% LIHTC. Because of the project's small (30) unit count, a 4% option is infeasible. In addition to federal LIHTC equity, APEHI is assuming permanent loan proceeds, a grant from the Town of Carbondale and funding from the Colorado Division of Housing and deferred developer fee. We are also partnering with the Garfield County Housing Authority, which allows for property tax exemption and for access to 12 project based Section 8 vouchers.
- d) **Experience and track record of the development and management team:** APEHI has a successful and proven track record of affordable housing real estate development that bolsters, empowers and repositions communities. APEHI realized that to truly fulfill the mission of impacting communities we would have to also create opportunities in the affordable housing space utilizing LIHTC. To that end we have assembled a well-seasoned internal team and strategically chosen our third-party team members to present a formidable front.

Ryan Jones (consultant) has been in the affordable housing industry since 2004—first as a project manager for various affordable housing developments across the US and then as a senior underwriter for two national LIHTC equity syndication firms. 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 and he has closed financing on over 1,914 units of LIHTC housing.

BlueLine Development 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 25 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.

Other experienced team members that bring significant depth of Colorado LIHTC expertise are: Rubin Brown, Winthrop & Weinstine, Prior & Associates and our current funding partners.

- e) **Cost reasonableness:** The project costs for Red Hill Lofts reflect an ongoing effort by the development team over the past year to increase design efficiency and reduce project costs. The development team issued an RFP for contractors in early 2019 and through this process selected FCI Constructors to be project's General Contractor. Over the past four months FCI has worked closely with the design team to eliminate inefficiencies and ensure all design implementations provide maximum value to residents. Costs in rural mountain regions can be

higher due to labor shortages and longer distances for materials, but given FCI's experience in the Town of Carbondale we believe Red Hill Lofts will be built on time and within the current budget.

- f) **Proximity to existing tax credit developments:** Given the current 1% vacancy rate, Red Hill Lofts will not be impacted by competition from other LIHTC developments within the PMA. According to the market analyst, the property should lease 20 units per month and reach stabilized occupancy in less than two months without concessions.
- g) **Site suitability:** The Red Hill Lofts site is well suited for this type of housing. It is setback from busy streets, but close to the interstate and downtown Carbondale. It's proximal to Aspen-Snowmass employment opportunities. Convenience retail and a grocery store are within close proximity. It is convenient to transit and highly walkable and bike-friendly. There are no obvious impediments to the site's use for LIHTC housing.

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

Not applicable.

(5) Issues raised by the market analyst

The property has no apparent issues or weaknesses.

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

The Phase 1 ESA revealed no Recognized Environmental Conditions.

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

Outlined below are the unusual features contributing to higher than average costs.

- Local impact and tap fees are comparatively high for Colorado at about \$10,000 per unit.
 - While these fees are high, the Town of Carbondale has committed to a waiver of permit fees, equal to \$56,000 in savings to the project. Additionally, the Town of Carbondale has committed to an additional \$50,000 grant to help offset the cost of impact and tap fees.
- The remote location of Carbondale and the Roaring Fork Valley creates some cost inefficiencies in procurement of materials. In an effort to reduce this incremental cost the development team has procured FCI Constructors, an experienced LIHTC contractor who does a great deal of work in the valley. By procuring FCI Constructors prior to the LIHTC award the development team was able to go through several rounds of design modification to verify current market conditions, improve building layout efficiency and create a design and construction plan that ensures cost overruns during bidding are minimized. Additionally, it would be the intent of FCI Constructors and the team to combine material purchases and transportation with larger orders to realize economies of scale.
- The cost of land in the Roaring Fork Valley has traditionally been cost prohibitive in completing smaller LIHTC projects. By purchasing the raw land ahead of an LIHTC award and carrying holding costs, APEHI was able to preserve the opportunity for affordable housing within the Town of Carbondale on a parcel that would have otherwise been developed with market rate housing.

Despite these cost challenges, APEHI believes the financing assumptions are well-vetted and realistic.

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

APEHI is working closely with the Town of Carbondale, Garfield County Housing Authority, DOLA and project neighbors and employers to understand and address community needs specific to the site's location and current housing guidelines. APEHI also participates in community-wide housing needs efforts, including recent Carbondale ArtSpace community housing needs assessments and the Roaring Fork Valley Community Housing Needs effort recently completed.

Through consistent engagement with the Town of Carbondale, APEHI was able to secure a \$50,000 grant to the project and an additional \$56,000 in fee waivers. Additionally, the Garfield County Housing Authority has approved 12 project-based vouchers to be placed at the project pending LIHTC approval and participation as a Special Limited Partner for the purpose of sales and property tax waivers. Finally, because the Garfield County Housing Authority has committed to act as a Special Limited Partner, the Town of Carbondale has agreed to waive all local sales and use tax for the project.

(9) Acquisition/Rehab Projects: Address relocation requirements; 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.

Not applicable—this project is not asking for acquisition credits.

Provide further detail on the following items if applicable:

- Radon mitigation
Red Hill Lofts has been designed with a passive mitigation system that can be activated in the event post completion radon testing comes back above acceptable levels. This approach has become industry standard in the State of Colorado.
- Green Systems (Solar, Geothermal, Other, etc.)
Red Hill Lofts has been designed as “solar ready” should the owner decide to provide photovoltaic equipment to the project in the future.
- APEHI 501(c)3 letter
- Letters of support

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 present this application for Ridgeway Affordable Apartments (RAA), a new affordable workforce housing project located adjacent to the recently built 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 protects a quarter of the total acreage.

Ridgeway Affordable Apartments 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 skin 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 two elevators 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. 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 in addition to the leasing area, resident storage, and bike storage. 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 located 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 stop recently began operation and provides access to downtown Denver, the Tech Center, 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 has plans for an urban trail that provides an

off-street route for seamless 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, 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%	8	5	2	15
60%	5	2	1	8
70%	5	2	1	8
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.

RAA 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 and permanent loan, 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 (free shuttle service provided by the city of Lone Tree) speaks to the sustainability of the project and will reduce or eliminate the resident’s use of an automobile for transportation needs. 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

Guiding Principles

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 RAA) 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, RAA will only be adding eight 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 RAA'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 RAA 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 Milender White 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	
1st Mortgage	5,350,000	Land and Buildings	780,000
CDOH - HOME	670,000	Site Work	1,148,479
Lone Tree - Permits/Fees Loan	186,154	Construction	13,110,611
Deferred Developer Fee	714,334	Professional Fees	795,500
Federal Tax Credit Equity	12,825,000	Construction Interim Costs	1,433,614
Total Sources	19,745,488	Permanent Financing	125,125
		Soft Costs	258,500
		Syndication Costs	10,000
		Developer Fees	1,784,132
		Project Reserves	299,527
		Total Uses	19,745,488

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 469 units with another 118-unit affordable project expecting completion in June 2019 (8877 Eaton). 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), and Sienna at Sloans Lake (2018 - 49 units).

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 (\$207k/unit) is projected to be comparable to the cost of the Koelbel's recently completed and similar projects Garden Court at Yale Station, Ash Street Apartments, and the soon-to-be completed 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 podium so as to minimize costs as much as possible. In addition, the substantial multifamily and affordable housing experience/expertise of both Koelbel and Milender White 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 RAA. 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 RAA, 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

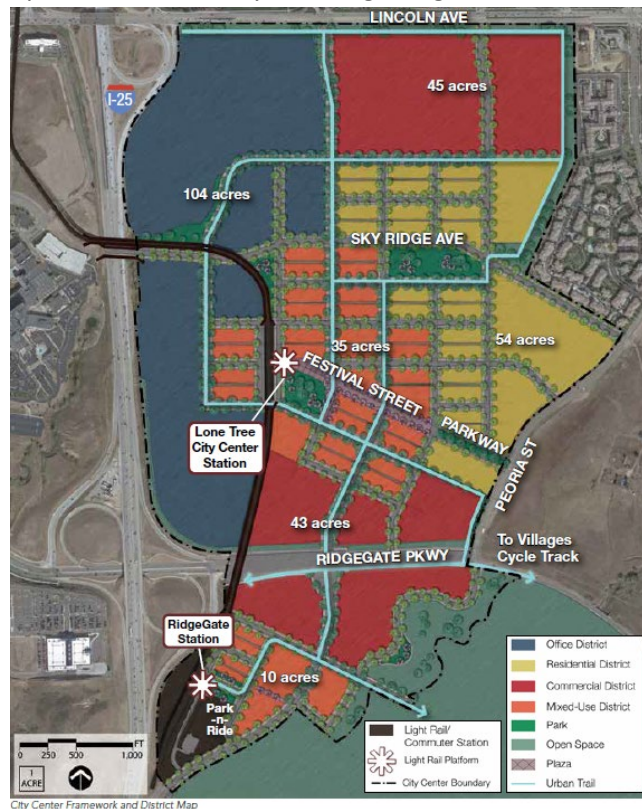
The project is located within the Lone Tree City Center sub-area plan. The City's plan and commitment is to create a true pedestrian oriented downtown with a wide variety of uses. This will encourage people to live, work and play within the City Center, in turn activating the area with a variety of experiences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

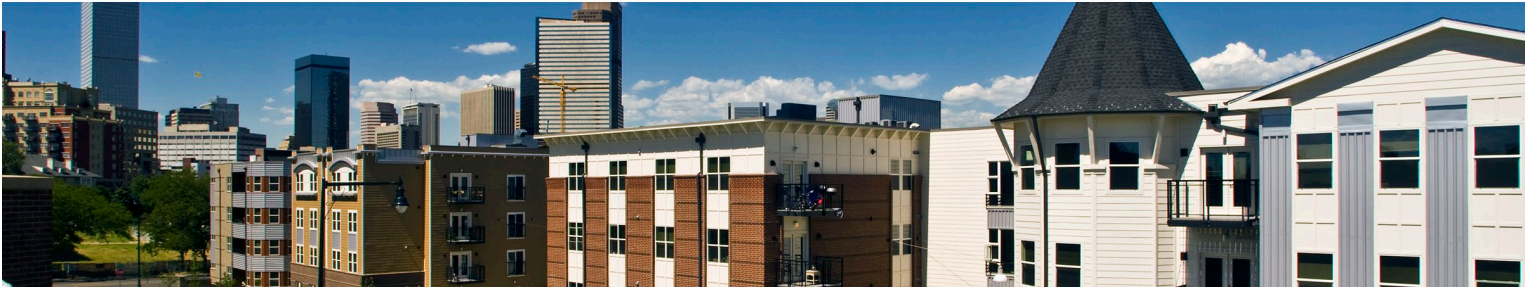
There are several grocery stores (Safeway, Sprouts, and Target) and numerous retail options located within two miles of the site. The nearest health facility, Sky Ridge Medical Center, is located less than a mile from the site while other community amenities (Douglass County Library, Lone Tree Arts Center, and Lone Tree Recreation Center) are located nearby as well. 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.

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. Executive Summary: Ridgway Space to Create will provide 26 new units of low-income workforce housing and 3,000 square feet of community space in the Town of Ridgway's downtown core. This project will align with the Town's clear goals for affordable housing production and downtown economic development as outlined in the Town of Ridgway Master Plan 2019 (Attachment 12.2). It will also leverage CDOT's recently completed Ramp up Ridgway project which renewed the downtown streetscape. (Attachment 12.3).

The project will accommodate single residents and families with children between 30%-60% AMI. This building will be multi-generational and serve Ridgway's general workforce population as well as greater Ouray County. The project site is located in a HUD designated Difficult to Develop Area (DDA), where no other tax credit developments exist (Attachment 12.4, 12.5) and where there are critical housing needs. The resulting housing crisis has caused residents who are first responders, civil service employees, and those working in the service industry to seek housing outside the town limits, far from their workplaces. Ridgway Space to Create is a collaboration between the Town of Ridgway, Artspace Projects Inc., Space to Create Colorado, the Department of Local Affairs and private foundations to address extreme housing pressures in Ridgway, which have been identified but remain unaddressed.

The project is a new construction, full block 3-story, 34,000 square foot, L-shaped building with public facades aligning with sidewalks along Clinton (south) & 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 the historic and State-certified creative district neighborhood while also creating an identity of its own. The resident entrance is located at the southeast corner of the building, with community space centered in the building at street level along the Clinton street façade. The 2nd & 3rd floors are accessed by stairs with all ground floor commercial spaces and apartment units fully ADA accessible. Off-street parking spaces will be at the rear of the building at grade with access from Laura and Clinton 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 amenities including: flexible open floor plans, air conditioning, full size range, oven and refrigerator, large windows and doors, ceiling fans, and track lighting. Energy Star-rated appliances and fixtures will be used throughout, as well as low-flow water fixtures, shower heads, and toilets. The apartments and commercial space will have low-VOC paint, energy-efficient heating & ventilation systems, new plumbing fixtures, and lighting. Multiple regional transit options are available within .05 miles of the project site (Attachment 12.6).

The project will also include 3,000 square feet of non-residential space on the building's first floor as community space for the Town of Ridgway. Currently, the Town Hall Community Room is the only option in Ridgway for community gathering space and it operates at full capacity. The new community space will serve youth groups, the PTA, arts/creative organizations, non-profit social service providers, civic groups, and departments within the Town of Ridgway with a finished, large, open concept meeting and event room. It is included in the LIHTC application as a separate project cost excluded from the basis calculation. This commercial 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 and are part of a comprehensive development package.

Financially, the Town of Ridgway and State of Colorado Department of Local Affairs Local Government (DOLA) invested \$175,000.00 to acquire vacant land for the project. The Boettcher Foundation, DOLA, and the Town of Ridgway have invested in predevelopment. DOLA Division of Housing development funds are pending full approval, but the project is model on that support. Additional philanthropic support will be channeled to the Project through the Sponsor Loan, which is fully committed from Artspace Projects, Inc.

2. Ridgway Space to Create directly addresses CHFA's priority in Section 2 of the Qualified Allocation Plan (QAP) to serve counties with populations of less than 175,000. The total population of Ouray County is approximately 4,800; the Town of Ridgway's population is approximately 1,000. There are no other low-income housing tax credit projects in Ouray County. The project is in a HUD recognized DDA, challenged by high construction costs specifically related to accessing materials and labor costs. Ridgway Space to Create will provide a critical influx of affordable housing to a market with severe housing needs.

3. a. Ridgway Space to Create will create 26 new units of housing affordable to households earning at or below 30%, 40%, 50% and 60% of area median income. Unit types (studio, 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
Studio 30% AMI	1
Studio 50% AMI	3
Studio 60% AMI	7
1 Bedroom 30% AMI	2
1 Bedroom 40% AMI	1
1 Bedroom 50% AMI	2
1 Bedroom 60% AMI	7
2 Bedroom 60% AMI	3
Total	26

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 and 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-Division on 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 well documented in their housing studies.

In 2008 the Town of Ridgway, Ouray County and the City of Ouray published a Housing Needs Assessment (Attachment 12.7) 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 12.8). Between 2010 and 2016 Ridgway experienced a 10% jobs increase. New construction of homes and businesses is seeing modest growth, but multi-family workforce housing has not been realized. Currently, nearly 90% of those employed in Ridgway live outside the town. Ouray County has not added any affordable units toward the original 2008 study calling for 150 and has now increased their goal to 170. The Ridgway Space to Create project will address critical Town, County, and regional goals for affordable housing production by adding 26 new residential units.

b. The project is effectively “shovel-ready” once tax credits and financing are secure. A building permit can be pulled based on current status as all needed zoning variance requests and the conditional use request were approved unanimously by the Ridgway Planning Commission on March 26, 2019. Since DOLA’s site acquisition grant requires the Town of Ridgway retain ownership, the Ridgway Town Council approved an option for ground lease with Artspace Projects Inc. 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 option for a permanent financing as well. Raymond James has provided a commitment letter as an 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. As a nonprofit developer, 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, a division of Artspace Projects Inc., 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 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 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 located in a HUD recognized DDA and challenged by high construction costs specifically related to accessing materials, labor costs and qualified vendors in the area. Our project costs reflect these challenges. Stryker, our 3rd Party Estimator, is a Colorado corporation 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 identified during predevelopment.

8. The Town of Ridgway and local community are engaged active project partners. Artspace and Ridgway began working together in 2016 when the Town was announced as the first Space to Create Colorado community 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 attending interactive public meetings and workshops. In February 2017, Artspace began a 6-month market and community engagement study. The Ridgway Creative District leadership 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 encouraging participation of the study. 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: The Right Place

Project Address: 1619 Bonforte Boulevard

Executive Summary:

In partnership with Health Solutions, Cardinal Capital Management, Inc. (“Cardinal”) is pleased to resubmit an application for The Right Place: a new construction 35-unit project for the homeless, particularly veterans and individuals who are released from the County Jail with a history of substance abuse and mental health diagnosis. Previously, the development was in partnership with the Pueblo Rescue Mission at a site the Mission owned at 728 W. 4th Street and was comprised of 38 units. Due to the Mission’s organizational changes, the development is now in direct partnership with Health Solutions and relocated to a new site that allows a 35-unit density.

Located at 1619 Bonforte Boulevard, this permanent supportive housing project will be the first of its kind in Pueblo. Residents will have access to supportive services facilitated by Health Solutions, in addition to amenities on-site, such as a community room, computer room, and laundry. The state Veterans Affairs department has identified Pueblo as the area with the highest number of homeless veterans in the state of Colorado and plans to have office space in the building, along with Health Solutions and the Pueblo County Sheriff’s Department. The site is appropriately zoned and strategically located in the Belmont neighborhood, adjacent to major roadways. The site is within one half mile of public transportation and in close proximity grocery, healthcare, a pharmacy, schools, retail, and employment opportunities. The 35 one-bedroom/one-bath units are comprised of 29 units at 50% AMI and 6 units at 30% AMI. This LIHTC project will be supported by a conservative estimate of equity at \$0.90 per credit, CHFA Capital Magnet Funds at a low interest rate of 3% as the permanent mortgage, 100% project-based vouchers, and DOH soft funding.

As the lead service provider, Health Solutions will coordinate a complete menu of supportive services for residents with support from the VA and Pueblo County Sheriff’s Office. This team has extensive experience providing services to individuals struggling with drug and alcohol addictions, mental illness, chronic homelessness, domestic abuse, and other challenges. Using the Housing First Model, the approach will be to offer permanent, affordable housing as quickly as possible, and then provide supportive services and connections to the community-based resources needed to maintain housing. Together, this team will provide services to individuals who would otherwise be homeless if not for The Right Place.

The subject will be a free-standing three-story elevator building with a stucco and metal exterior, brick accents, varied façade and flat roof. The units will have interior entrances along double-loaded hallways. The 29 parking spaces available will be along the building exterior in a surface parking lot. The building design meets Pueblo City Planning and Zoning requirements by incorporating a bike rack, roof offsets and windows that cover at least 20% of the street-facing facades, in addition to 40% of the facade featuring brick, windows, and design features. The entrance will be clearly marked with a pedestrian canopy.

Energy efficiency and healthy living measures will include Energy Star-rated appliances, roofing, and lighting; water conserving plumbing fixtures; sustainable materials such as CARB compliant composite wood and regional gypsum board; durable and moisture resistant construction; low emitting flooring and composite wood; low VOC paints, primers, adhesives and sealants; and regional, drought tolerant landscaping with efficient irrigation systems.

Windows, insulation, air-sealing, mechanical systems, and electrical systems all exceed Energy Star v3 performance criteria.

Section 2 Priorities and Criteria

Projects serving homeless as defined in Section 5.B 5

The Right Place will provide 35 units of housing for homeless citizens. Health Solutions, a well-established behavioral health agency familiar with serving this population, will arrange all supportive services.

Projects in Counties with populations of less than 175,000

The project is located in Pueblo, Colorado, which is the county seat for Pueblo County. According to the 2015 US Census, the population in Pueblo County was 163,591 (159,063 in 2010)

Market conditions:

The Right Place's proposed 35 units can easily be absorbed by a PMA that had 1,828 permanent homeless residents in January 2017. This will result in a required capture rate of 2.2% for homeless households and 9.1% for ten homeless veteran households, well below the 25% CHFA threshold and easily attainable. There are no existing PSH units within the PMA, nor any in the pipeline, that target the homeless. This leaves a significant void in the market area's affordable housing stock for the Right Place to fill. According to Prior and Associates, the PMA's overall vacancy rate is 4.5%, and most LIHTC properties report occupancy at or near 100% for the past year with lengthy waitlists, indicating significant pent-up demand for affordable housing. Prior and Associates concludes that as a deeply-subsidized PSH project, The Right Place should fill 35 units, without concessions, and reach stabilized occupancy within two months. Upon completion of the lease-up, the project should have a stabilized occupancy rate of at least 96% and a low annual turnover rate of approximately 10%, per Prior & Associates.

Readiness-to-proceed:

A private owner currently owns the site; the owner will sell the property to the tax credit entity as evidenced by an executed Purchase Agreement. If a 2019 LIHTC allocation is awarded, the formal design and site planning process will be completed no later than 1st quarter of 2020. The project meets other Readiness-to-Proceed thresholds as follows:

- The proposed project is a permitted use under the current R-5 zoning, and no zoning change is required. The City of Pueblo's planning staff approved the team's request for a parking variance to allow for fewer parking spaces per unit (0.7 per unit), given the target population.
- A Phase I ESA was completed for the site in April 2019. No recognized environmental conditions were identified.
- HGF Architects, Inc. has provided complete floor plans, unit layouts, elevations, and site plan.
- The development budget includes third party cost estimates from Acorn Construction, a contractor with significant multifamily experience.
- The development team has obtained an equity letter from The Richman Group, a permanent debt letter from CHFA, a construction loan letter from TCF Bank, and a letter of support for soft funding from DOH.
- Cardinal has consistently submitted Carryover Applications ahead of time and in accordance with CHFA and other regulatory agency requirements.

Overall financial feasibility and viability:

Based on their collective experience, Cardinal and Health Solutions have constructed development and operations budgets that properly anticipate the special needs of the homeless population. As with all supportive housing projects, the project's feasibility will rely on a combination of sources. Additionally, The Right Place will be supported by 15 project-based Section 8 Housing Choice Vouchers from the Colorado Division of Housing, 10 project-based Housing Choice Vouchers from the Pueblo Housing Authority, and 10 project-based VASH vouchers from the VA. The development team has submitted a complete package to CDOH in response to the 2019 Permanent Supportive Housing RFA for Project-Based Vouchers. Health Solutions will administer all 35 vouchers. Below is a summary of the sources and uses to demonstrate the viability of the project:

Sources of Funds	Amount
CHFA Permanent Loan (Capital Magnet Fund)	\$320,000
Tax Credit Equity	\$7,586,241
Colorado Division of Housing-Division of Housing Gap Funds	\$1,050,000
Deferred Developer Fee	\$75,117
Total Sources of Funds	\$9,031,558

Uses of Funds	Amount
Land & Demo	\$150,000
Construction & Site Work	\$5,800,816
Professional Fees	\$376,930
Construction Interim Costs	\$574,811
Permanent Financing Fees	\$20,100
Soft Costs & Syndication	\$219,785
Developer Fees	\$1,398,488
Project Reserves	\$490,628
Total Uses	\$9,031,558

The following is further explanation for the sources of funding:

- Conventional Loan - As a supportive housing project, The Right Place is able to support a nominal first mortgage. This is primarily because of the increased expenses for a supportive housing project and the prescribed 3% increase on those expenses outpacing the estimated voucher rent increases of 2% annually. Health Solutions will have a Right of First Refusal to purchase the property from the tax credit entity at the end of the compliance period. Thus, this will leave them with an affordable statutory purchase price in year 15.
- Tax Credit Equity – Tax credit equity is priced at \$0.90/credit (net equates to \$.89991/credit based on 99.99% ownership interest), supported by The Richman Group’s LOI.
- CDOH Soft Funds – DOH has indicated they will consider this project for soft funding. This helps with minimizing the credit request ask.
- Deferred Developer Fee – Given the complexity of supportive housing, the tax credit investor will require an expedited repayment of the deferred developer fee to protect the viability of the tax credits. At approximately \$75,000, we anticipate this will be paid off within 7-10 years.
- Letters of Interest and Support from each of the identified funding sources are provided with this application.

Experience and track record of the development and management team:

Cardinal Development Experience

Since 2004, Cardinal has received national recognition in the development of permanent supportive housing. The company exemplifies its mission of “Delivering Financial and Social Value” by recognizing that affordable and supportive housing must meet social needs not accounted for in traditional real estate budgets. Cardinal is uniquely qualified to deliver in a manner that meets the needs of its residents, surrounding communities, nonprofit partners, and investment and lending partners.

Investors and lenders trust Cardinal to consistently develop supportive housing projects on time and within budget. Cardinal specializes in projects that provide services and amenities for persons recovering from mental illness, homeless veterans, persons who are blind or low-vision, and persons who are Deaf, hard of hearing, or Deaf-Blind, and homeless. In undertaking these unique housing products, Cardinal realizes the importance of working closely with an advocacy group that represents the needs of the individuals served. In every deal, Cardinal has partnered with a strong nonprofit, like Health Solutions, committed to providing supportive services to the target population. This depth of experience enables the Cardinal development team to identify the designers, engineers and builders best able to produce a safe and financially viable building that enhances health and well-being for each resident.

Cardinal has been awarded 9% LIHTC from CHFA for two rural permanent supportive housing deals in Colorado: Pathways Village in Grand Junction and Journey Home in Cañon City.

Cardinal Property Management Experience

For the last 15 years, Cardinal has provided exceptional property management services for the affordable housing industry, with a special focus on LIHTC, Section 8, Rural Development 515 and Supportive Housing projects. Cardinal is well-versed in the compliance associated with various governmental programs and is often asked to assist HUD, state housing agencies, lenders, and investors in special situations regarding these types of projects. Property management staff attends training from nationally accredited agencies (i.e. NCHM, NAHB, etc.) to ensure new regulations are understood and applied. Cardinal has significant experience in addressing the needs of supportive housing facilities and works closely with service providers to achieve their overall goal of providing housing stability for their special populations.

Cardinal has established a reliable method for successfully marketing and leasing its permanent supportive housing projects by working in tandem with its partners. For example, Pathways Village is a 40-unit supportive housing project in Grand Junction targeting homeless individuals and families opened in June 2016. In partnership with the local homeless shelter, Cardinal identified potential residents for all 40 units and completed lease-up in less than a month. The relationship with a nonprofit that works locally with the targeted population enables a rapid lease-up period. Cardinal has had similar success in its other supportive housing projects and expects The Right Place to be no different.

Other Key Development Team Members

- Special Member/Service Provider – Health Solutions – Teah Miller
- General Contractor – Cardinal Capital Management, Inc. – Jason Olson
- Third Party Cost Estimator – Acorn Construction – Brandon Houghton
- Architect – HGF Architects, Inc. – Robert Hart
- Attorney – Reinhart Boerner Van Dueren, s.c. – William R. Cummings
- Accountant – Baker Tilly – Donald Bernards

Cost reasonableness:

The total project cost is estimated at \$9,031,558 or \$258,045 per unit. These costs are consistent with supportive housing projects of this size and type.

Proximity to existing tax credit developments:

There are five existing surveyed LIHTC properties in Pueblo within 2 miles of The Right Place that are currently in above-average condition. Per the market study provided by Prior & Associates, the overall vacancy rate of the PMA is currently at 0.9%, revealing pent-up demand for affordable housing. The Right Place will add 35 units to the current LIHTC market in Pueblo, with rental subsidy for all units, while being the only property designated to target the homeless and at-risk of homelessness.

Site suitability:

The subject site is located within the Belmont neighborhood, in close proximity to the University of Colorado-Pueblo. To the north of the site are a van rental agency and multiple local churches; to the east is a church and an office center; to the south, a rehab facility; to the west is a church and single family homes. The site is conveniently located less than one block of two major bus routes and within one mile of a library, shopping center that includes a supermarket, convenience store, Walgreens Pharmacy, local restaurants, and multiple social service agencies, as indicated on the Location Map.

Justification for Waiver of Any Underwriting Criteria:

- DCR above 1.30 – Typically the goal with supportive housing projects is to reduce the conventional debt to a nominal amount. The Right Place is able to support some hard debt, primarily because of the rental subsidy it will receive. Based upon significant experience with supportive housing and project-based

Section 8, expense increases will likely outpace revenue increases. This will result in a declining DCR during the life of the project. To ensure that the DCR stays above a minimum of 1.15 (per CHFA CMF requirements) for the 15-year period, the initial DCR is set above 1.30. This is important not only to meet the DCR requirements of CHFA CMF, but also to make certain that the project meets the requirements of the investor and does not violate the mortgage covenants of the lender. Because it is supportive housing, the investor will require enough cash flow to pay off any deferred developer fee in an expedited manner when compared to a typical LIHTC project. This protects the viability of the tax credit basis as per IRS requirements.

- Minimum Reserve Requirements – Given that The Right Place is to provide housing for the homeless, the project has set replacement reserves at \$400 per unit in anticipation of higher capital needs.

Justification of the Financial Need for CHFA’s DDA Credit up to 130% of Qualified Basis:

This project is not located within a QCT. Therefore, we are requesting the 30% CHFA Basis Boost. This is necessary for several reasons. As noted above, NOI is limited due to the nature of a Permanent Supportive Housing project for homeless individuals, and the limited NOI and declining DCR restrict the Perm Loan the project can support. In addition, the Cash Flow needs to support \$100,000+ for allocation to the supportive services during the first 10 years of operation. Therefore, the Deferred Developer Fee will have less cash flow available to pay it off and must be shown as being paid off in the first 10 years. Also, to adequately address the needs of the homeless, certain design features will be added that will increase the overall construction costs. Similarly, the Service Fee Reserve and Service Fee Developer Fee increase development costs but are necessary to support the services required for the homeless population. However, to alleviate the credit request, we intend to use soft funding from DOH.

Issues Raised by the Market Study Analyst:

There were no issues raised by the market study analyst.

Issues Raised in the Environmental Report:

There are no recognized environmental conditions associated with the site, as evidenced by the Phase I ESA.

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

Given Pueblo’s relatively rural location and the nature of supportive housing, the project is susceptible to increased construction and operating costs. In an effort to mitigate construction costs, the development team has already identified local design and subcontracting partners who best understand the market. In addition, we plan to contain operating costs by employing one property manager split between this project and our existing PSH development in Cañon City.

Outreach and Neighborhood Opposition that May Impact Project’s Readiness to Proceed:

In the spring of 2017, three agencies that provided homeless services in Pueblo ended their services to homeless adults. Since that time, Health Solutions has steadily led the effort to address Pueblo’s homeless neighbors. Due to their leadership in Pueblo’s community-wide effort, the project’s concept to provide stable housing for the homeless has developed rapidly. Officials at the city and county level, city planning and development staff, the Pueblo County Sheriff’s Department, City of Pueblo Housing Authority, and the VA have all endorsed The Right Place and committed their support. There has been no neighborhood opposition that would impact the project’s readiness to proceed.

Proposed Rehab and Relocation Plan:

N/A - new construction.

9% lihtc application narrative



Project Name: Shooks Run Apartments

Project Address: 502 East Fountain Boulevard, Colorado Springs, CO 80903

The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project's strengths and address its weaknesses. **This document should be no more than five pages.**

In addition, the narrative should address the following:

1. One page Executive Summary: Provide a description of the project as proposed including location and if it is in a QCT/DDA/SADDA, has access to public transportation within one-half mile of site; 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. Also, what, if anything has changed since previous application (if applicable).

The proposed project, Shooks Run Apartments, will be a 40-unit, family apartment property, to be located in the City of Colorado Springs. The subject site is located on the north side of Fountain Boulevard, between South Corona Street and South Royer Street, near Downtown. The owner and co-developer of the proposed project will be the Colorado Springs Housing Authority. The other co-developer will be MJT Properties, Inc.

The Colorado Springs Housing Authority is one of the largest in the state, with a significant presence in the ownership, management and rehabilitation of affordable housing in the City. The Housing Authority is at the point in its evolution where it would like to establish its ability to development new affordable housing. This is particularly important as the City continues to grow. Participation with MJT Properties, as co-developer on the Shooks Run project, will assist in accomplishing that. The Authority will be the owner of the Shooks Run Apartments, as they'll be the 100% interest owner of the project sponsor, a to-be-formed limited partnership. The participation of MJT Properties, Inc. will be as a fee developer, with no long-term ownership position. In addition, MJT and its owner, J. Marc Hendricks, will provide all guarantees for financing and completion of the project. The Housing Authority and MJT will share development fees.

The ownership structure between the co-developers is detailed in a Memo of Understanding (MOU), which has been finalized, and signed by the parties. A copy of the MOU is included in the Tax Credit application. The sponsorship entity, a to-be-formed limited partnership will be finalized upon receipt of an allocation of Tax Credits. The MOU and the finalized agreements will indicate that the Housing Authority will have a 100% ownership interest, with MJT Properties and the Housing Authority sharing development and property management responsibilities. In addition, MJT's responsibilities will include all guarantees for development, completion of construction, loan guarantees, lease-up guarantees and long-term Tax Credit compliance guarantees. The Housing Authority will not be taking on any financial or development risk. The completed project will be co-managed by the Housing Authority and MJT (through a subsidiary company, Terra Management Group). Terra will have primary responsibility for coordinating management and leasing, and the Housing Authority will be responsible for repairs and maintenance.

The project will be financed through the sale of Low Income Housing Tax Credits in the amount of \$1,012,000 which are being requested. The project Tax Credits will be sold to an institutional investor. Several have expressed specific interest in purchasing the credits. Letters of interest from two potential investors are attached. Construction financing will be provided by US Bank, which has financed many developments for MJT over the last 20 years. The anticipated amount of the construction loan will be \$10,000,000. Permanent financing will be provided by CHFA, under the SiMPLe program (through this application for Tax Credits, the sponsors are requesting that CHFA provide permanent financing for the project). The project has also received a Letter of Interest from CHFA for a Healthy Housing loan in the amount of \$500,000. Grant funds will be provided by the Colorado Division of Housing, and the City of Colorado Springs, each in the amount of \$400,000. A low interest rate loan will be provided by El Paso County, in the amount of \$500,000.

The 40 units to be developed will consist of 12 one-bedroom/one-bath units, 20 two-bedroom/two-bath units and 8 three-bedroom/two-bath units. The completed project will have 4 two-story walkup buildings. The apartment sizes will be approximately 709

square feet for the one-bedroom units, 999 square feet for the two-bedrooms and 1,125 square feet for the three-bedroom units. The affordability mix will include 10 units at the 30% AMI level (3 one-bedrooms, 4 two-bedrooms and 3 three-bedrooms), 16 units at the 40% AMI level (5 one-bedroom units, 9 two-bedroom units and 2 three-bedroom units), 11 units at the 50% AMI level (3 one-bedrooms, 6 twos and 2 threes), and 3 units at the 60% AMI level (1 one-bedroom, 1 two-bedroom and 1 three-bedroom unit).

The property is zoned PUD in the city of Colorado Springs. An approved use in this zone is multi-family apartments, including the development of 40 multi-family units. The final Site Development Plan has been approved by the City. Full approval was completed on April 22, 2019. The project will meet all city requirements for the number of parking spaces. There will be a total of 71 spaces, including 63 open surface spaces and 8 garages. This parking configuration has been fully approved, as part of the City-approved Site Development Plan, a copy of which is attached to the application. All of the open surface spaces will be available to residents free of charge.

The Shooks Run clubhouse will provide a community room, management offices with an on-site manager and other amenities, including a community kitchen, library, computer area and business center. A free wi-fi connection will also be provided. The project will also feature a tot lot, picnic sun/shade area, bicycle racks, a public art area and a community garden.

Individual unit amenities will include nine-foot high ceilings, provided washers and dryers in each residence, a full appliance package including self-cleaning oven, Energy-Star rated dishwasher and frost-free refrigerator, walk-in closets, cable television hookups, an Energy-Star lighting package and a private individual balcony or patio.

Project construction will be wood-frame on a post-tension foundation system. Exterior materials will include hardboard siding and brick veneer. Roofing materials will consist of asphalt and solar shingles. Landscaping will be extensive in accordance with City of Colorado Springs specifications. The project will be designed to meet all required local, state and federal guidelines for accessibility. In addition, every attempt will be made to design, construct and manage the project utilizing "green" guidelines and materials. More details on the specific "green" materials to be used and management guidelines that will be implemented, are included in the Green Communities Intended Methods Worksheet attached to the application.

The Shooks Run site is located in a Qualified Census Tract.

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

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

The proposed project may not meet a strict interpretation of these principles, however, we'll provide a property that serves the needs of our residents, particularly with regard to low AMI levels served. We do this by providing an effective, well-designed project, employing high quality staff and managers, and by managing the property day-to-day in a way that provides social and inclusionary activities for our residents, and always operating our properties in a way that goes beyond the operation of a real estate property, to providing a sense of community.

There are a significant number of neighborhood services that will also be available to residents. The Springs Legacy Institute (which provided a letter of support for Shooks Run), provides a number of community services. They acquired and renovated the Helen Hunt Elementary School, which is now an active Community Center. Services include early childhood care, provided food and clothing, baby supplies, English classes, assistance for homeless families and children and other services. Other service providers at the Helen Hunt Campus include: 1) Colorado Springs Food Rescue, 2) PEAK Parent Center, providing services to families with disabled children and 3) The Shandy Clinic, which provides speech, physical and occupational therapy for children with disabilities, including autism. The School is located at 917 E. Moreno, approximately 3/4 of a mile from Shooks Run.

In addition, the proposed project is located 0.2 miles from the Peak Vista Community Health Center, which is a nonprofit, federally qualified health center providing medical, dental and behavioral healthcare services. Their mission to provide exceptional healthcare, through clinical programs and education. They're currently serving over 94,000 patients through their 26 outpatient centers.

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

a. Market conditions:

The market for the proposed project is excellent. As detailed in the Market Study, "there have been a limited number of new family housing projects in the subject's primary market area. The most recent new construction was delivered to the market in 2015. Thus, the proposed project, as a new property, is likely to be well received by the market."

In addition to providing overall support for the project, the Market Study specifically indicates:

- "the Colorado Springs metro is facing an affordable housing crisis..."
- "the existing inventory of affordable apartments is highly skewed toward 60% AMI units, which makes up 70.8% of the affordable inventory..."
- "The 30%, 40%, and 50% groups are relatively under served by the existing inventory with capture rates ranging from 0.2% to 4.2%."

When establishing the AMI mix for the proposed project, the most important consideration was to serve people with the lowest incomes, while preserving the financial feasibility of the project. The project Market Study indicates that “of the 926 units surveyed, no vacant units were reported” with “300+ families on these waitlists combined”.

The market study strongly recommends development of the Shooks Run project. “The Shooks Run Apartments, as proposed, is responsive to the high levels of demand in this market...Given the overall shortage of affordable housing in the PMA, the development of the project is warranted.”

b. Readiness-to-proceed:

The site has the proper zoning designation (PUD) for the intended use. The property is owned by the Colorado Springs Housing Authority. It's a fully developed and improved site, with in-place street access, curb and gutter, utilities to the site, and completed overlot grading. A previous apartment complex, which had significantly deteriorated, was demolished, and the new project will be constructed on the clean site. Following the full relocation of the remaining tenants, which was completed by August 31, 2018, abatement and demolition work began. Abatement and demolition have now been completed and the site has been cleaned and prepared for construction to commence. This process will expedite the start of construction and delivery of new affordable apartments to the community. Final Site Development Plan approval, through the City Planning Department, was received on April 22, 2019. The construction documents will be prepared by Miles-Lambert Architecture, Inc., who has completed all of the documents for MJT over the last 25 years. These documents, which are currently 30% complete, will be completed when the project receives an allocation of Tax Credits and will then be submitted to the City for acquisition of a building permit. Shaw Builders LLC, the general contractor on numerous projects developed by MJT Properties, has been selected to build Shooks Run.

c. Overall financial feasibility and viability:

The project is viable for a number of reasons, primarily because of the high need for affordable family housing (particularly at lower AMI levels) in the City of Colorado Springs. The development team has evaluated the feasibility of the project utilizing 4% bond financing and determined that this financing will not meet the housing needs of the largest majority of people in the community, specifically those at lower incomes. Therefore, we feel that 9% tax credits are the best source of financing.

In addition to a CHFA SiMPLe loan, in the amount of \$1,605,900 (which the sponsors hereby request that CHFA provide), the project has received a Letter of Interest for a CHFA Healthy Housing Loan, in the amount of \$500,000.

Financial feasibility is further enhanced by the significant monetary contributions that will be made on the part of the City and the Colorado Division of Housing, in the form of HOME Funds, each in the amount of \$400,000. In addition to the HOME funds, the City provides fee reductions for submittal and review costs on affordable projects. El Paso County will also provide a low interest rate loan in the amount of \$500,000.

Project viability is demonstrated on a long-term basis because the property will be owned by the Colorado Springs Housing Authority, enhancing their cash flow and future opportunities for development of new affordable projects. As an Authority-owned property, Shooks Run will be permanently affordable.

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

The project principals include an experienced group of individuals who have been involved in the Front Range area construction, development and property management business for almost 40 years. One of the co-developers of the project will be J. Marc Hendricks and MJT Properties, Inc. In addition to other projects, Hendricks has developed 18 successful tax credit properties over the last 21 years. The projects have been completed on time and under budget and have consistently leased up in less time than projected.

The other co-developer will be the Colorado Springs Housing Authority. The Authority, as indicated above, will have a 100% ownership interest, with no guarantees or financial liability.

The completed property will be co-managed by Terra Management Group LLC and the Housing Authority. Terra will coordinate overall management and leasing. Repairs and maintenance will be completed by the experienced staff of the Housing Authority. General oversight of Terra Management is provided by Debi Robertson, who has been with MJT / Terra for 22 years. Debi has extensive experience in the management of affordable housing properties. All properties managed by Terra perform exceptionally well, maintaining high occupancies, high revenues and low expenses. Lydia Smith, who operates the company day-to-day, has been with Terra for 10 years. In addition to her responsibility for daily operations, she is responsible for staff and resident relations, crisis intervention and communications between staff and upper management. Sandy Werling, a 9-year employee with Terra, is a compliance and asset manager who has extensive experience with Tax Credit properties. She is primarily responsible for managing file compliance, management reviews and investor/lender inspections and requests. Shawn Kadlick, the maintenance supervisor for Terra has been with the company for 18 years. Shawn will work with the maintenance staff of the Housing Authority to coordinate repair and maintenance functions.

All properties operated by the management team have provided timely reporting and have remained in compliance with all Tax Credit requirements throughout their compliance periods and beyond (for those properties that have reached the end of their initial compliance periods).

e. Cost reasonableness:

Regarding the cost reasonableness of the proposed project, there will be significant economies of scale because the development of Shooks Run will consist of the redevelopment of a site that the Housing Authority already owns. Despite the best efforts of the Housing Authority, the existing buildings, which were poorly conceived and constructed, had significantly deteriorated. The continued cost of operations and maintenance had become prohibitive. By re-utilizing this site as a Tax Credit development, the Housing Authority is able to significantly increase the number of families that they serve, and to particularly help people at lower AMI levels.

In addition, all efforts have been, and will be made, to design the project in a way that will minimize construction and operating costs, while still developing the highest quality housing. The architectural and construction team that will be working on Shooks Run have a 13-year track record of working together, in creating functional, attractive and cost-effective housing. In addition, Shaw Construction, the selected general contractor, has a lengthy track record constructing affordable housing in Colorado, and with the development team.

f. Proximity to existing tax credit developments:

As indicated in the Market Study, there are only two projects in close proximity to the proposed project which provide apartments at the 30%, 40% and 50% AMI levels. Both properties were developed over 14 years ago: 1) Hillside Point, developed in 2004, has 60 units, of which 49 are at 50% AMI, and 7 units at 30% and 2) Homewood Point, developed in 2005 by MJT Properties, has 104 units, of which 45 are at 40% AMI and 50 are at 50% AMI (9 units are at 60% AMI). The market has a severe shortage of available apartments at lower AMI levels.

g. Site suitability:

The subject site is located on the north side of Fountain Boulevard, at South Corona Street, near Downtown. This will provide residents many opportunities for easy access to Downtown for employment, services and entertainment. The neighborhood surrounding the property consists of a mixture of single and multi-family dwellings, undeveloped land and new and mature commercial and retail developments. Immediately to the west of the property is Shooks Run Park (across South Corona Street).

Colorado Springs is in the process of completing a connected bicycle loop through the City. The loop, known as the Legacy Loop, will run through Shooks Park, located across the street from the proposed project. A map showing the routing of the Loop, along with a description, is attached to the Tax Credit application.

Also, a bus stop, located on the property at Fountain and Corona, provides transportation throughout Colorado Springs. The site is also located in a "One Ride" zone, so that public transportation will be available to the doorstep of the property.

The site is a short distance to area schools, including Adams Elementary School – 1.49 miles away, North Middle School – 2.08 miles away, and Palmer High School – 1.43 miles away.

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 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:

No negative issues or weaknesses were raised in the Study.

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 previous buildings contained asbestos, which was mitigated prior to demolition, in preparation for the start of construction. Details regarding the asbestos abatement and demolition process are referenced in the Readiness-to-Proceed section of this Narrative. In addition, a summary of the project close-out report is included in the Tax Credit application. No other issues or REC's were raised in the Phase One Environmental Assessment.

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:

Asbestos mitigation and demolition increased costs, however, this was a necessary cost of site redevelopment. Additionally, in order to be consistent with the surrounding neighborhood, the buildings will be 2 stories in height, which can increase costs compared to a 3-level structure. Also, the site slopes from the east to the west, which will increase costs somewhat because of enhanced site development needs (to the extent possible, this will be mitigated through elevation splits in the design of the buildings – which will also provide excellent architectural relief).

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.

MJT Properties Inc. has established a long-term presence in the City of Colorado Springs. MJT has developed 3 affordable housing communities in the City (Tamarac Apartments, Homewood Point Apartments and the Village at Homewood Point – Tamarac and the Village at Homewood Point are both age-restricted properties). In addition, the partnership between MJT and the Colorado Springs Housing Authority, for co-development of Shooks Run, is further indication of community outreach and participation. Also, there is solid community support for the project, with the City providing \$400,000 of HOME funds, the County providing \$500,000 and various letters of support, including strong support from the Mayor's office. The Housing Authority is a partner in the Village at Homewood Point, completed in 2011. Therefore, the co-developers have an established working relationship, going back 8 years.

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).

The existing buildings were beyond the point of rehabilitation, and needed to be demolished in order to provide new affordable housing.

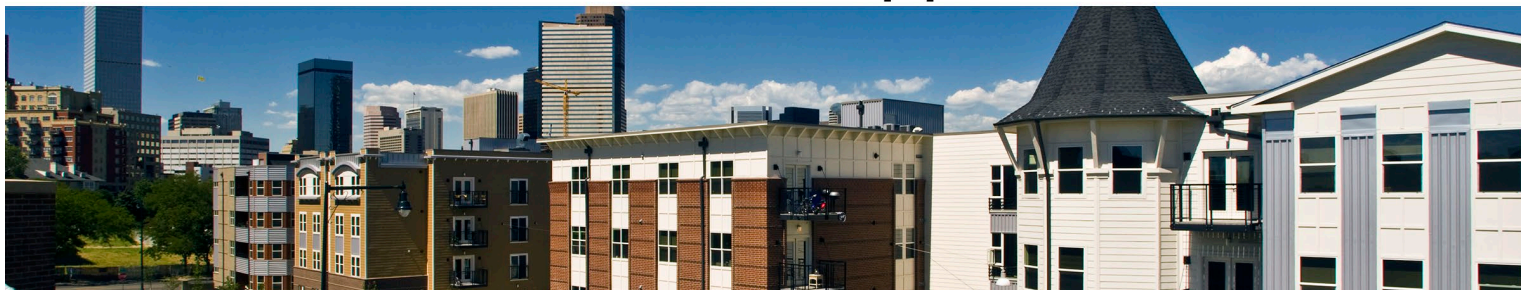
As previously indicated, asbestos abatement was completed on the existing structures. The Housing Authority, which owns the project, had already completed the relocation process with the previous tenants.

You may also provide additional documentation that supports your application by uploading it to ProCorem and identifying the document that is being supported.

Solar panels will be added to the project as part of the roofing system (so as to be barely noticeable from street level). This will help to reduce the overall utility costs of the completed property. MJT has completed a similar system on two projects, both in the city of Brighton (Brighton Village II and Windmill Ranch Apartments).

Additional supporting documents have been uploaded to Procorem, as part of the tax credit application.

9% lihtc application narrative



Project Name: Shoshone

Project Address: 3220 N. Shoshone Street, Denver CO 80211

Highlights:

<u>Neighborhood</u>	<u>Design / Affordability</u>	<u>Financial</u>
<ul style="list-style-type: none"> + Fulfill neighborhood & community priority of family units + Preservation of affordability in high gentrification area + 100% support by local by Highlands United Neighbors Inc & community + Located in a Qualified Census Tract 	<ul style="list-style-type: none"> + 30% 3-bedroom units + 20% set-aside for 30% or lower AMI + Overall blended affordability of 53% + 10 Project Based Vouchers + <1% Capture rate for 70% and 80% AMI + Parking garage with 53 spots to enhance neighborhood vs. filling local streets with parked cars 	<ul style="list-style-type: none"> + LIHTC reduced request of \$1,200,000 + \$.99 credit rate + DHA funding 20% of total project budget + leveraging LIHTC request 2.5 to 1 + 10% Developer Fee + <u>3220 Shoshone was specifically identified by Denver City Council & DEDO as a property to preserve affordable housing & funded with D3 funds</u>

Executive Summary: The Denver Housing Authority (DHA) is pursuing 9% Low-Income Housing Tax Credits (LIHTC) for Shoshone, a 53-unit family project in Denver’s Highlands neighborhood. Currently, there are 10 Public Housing units owned by DHA located on the site. The existing units will be demolished, and residents will be given the first right of refusal to return to a new project-based voucher unit at Shoshone. In response to neighborhood feedback and DHA’s commitment to serving families, Shoshone will increase the number of larger unit sizes to include 22 two-bedroom units, 17 three-bedroom units, and 14 one-bedroom units. Shoshone will Income Averaged to 53% overall AMI, providing units for a range of household income levels with two units at 20% AMI, nine units at 30% AMI, three units at 40% AMI, 12 units at 50%, 60% and 70% AMI and three units at 80% AMI. The capture rates are very low for all AMIs, indicating strong demand for the units at Shoshone. DHA is committing 10 project-based vouchers for the 20-30% AMI replacement PH units from the pool of Tenant Protection Vouchers received from the Sun Valley Redevelopment. Amenities include one-for-one covered parking, bicycle storage, a community courtyard, a multi-purpose community room with computers and internet provided for residents, on-site property management, secured entries and fully-accessible elevators. In-unit amenities include central air conditioning, dishwasher, washer/dryers, carpet, cable hook ups, and a kitchen island. Many of the 2- and 3-bedroom units include walk-in closets and personal patio or balcony.

Located in the center of the Highlands neighborhood, Shoshone residents will have access to multiple transit options (bus lines within 1 mile and light rail within 1 mile), healthy food options, educational facilities, employment opportunities, parks and recreational centers, health facilities, and other restaurants and retail amenities within walking distance.

Shoshone residents will have access to the range of resident services provided to tenants across DHA’s portfolio to support self-sufficiency and maintain quality of life. Family residents will also qualify for DHA’s employment and workforce development services, including the Youth Employment Academy and the Academies to Work for adults, financial fitness and homeownership education, early childcare education opportunities, benefit assistance, and ongoing community engagement opportunities. In addition, residents

will have access to DHA’s ConnectHome Denver program, an initiative to bring affordable broadband access, electronic devices and technical training to improve digital literacy and access in affordable housing. Please see Addendum #1 for more information.

The Project’s construction will be 3 stories of wood frame over a 1.5 story concrete parking structure. The foundation will be concrete piers drilled to bedrock supporting a partial below grade concrete parking structure topped with a concrete podium supporting residential floors above. The exterior will be a combination of brick veneer, lap siding, metal paneling and stucco. The roof will be able to support a green roof or PV solar. The double loaded corridors will be served by two elevator cabs as well as two stair cores. The sustainable features of the building include roof mounted solar panels, low flow plumbing fixtures, energy efficient appliances and a central boiler/aquatherm HVAC system. As part of the construction, DHA will create a more pedestrian-friendly intersection at 32nd and Shoshone intersection and hold this important corner of LoHi. Below is the current and the proposed rendering (Northwest perspectives):



DHA carried out a financing solicitation and formally selected Enterprise and FirstBank as financing partners for Shoshone. DHA will utilize approximately \$4 million in D3 Bond Funds (committing to a per unit subsidy of over \$75,000) and leverage the land—valued at \$4.7 million—and a deferred developer fee of \$733,375. The Colorado Division of Housing will also support the project with \$530,000 to help fill the financing gap. The City of Denver, DHA’s partner in the D3 Bond Funds program, identified Shoshone as a key priority for preserving affordability and adding affordable units on the site. Please see attached *D3 Bond Funds Description and Priorities* for more information in Addendum #2.

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

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

Although Shoshone is not targeting homeless or special needs populations, it includes 10 project-based vouchers for very low-income households and families—providing rental subsidy for very-low income residents that often meet HUD’s special needs/disabled qualification. The building has two elevators which will provide a convenience for growing families (above and beyond full compliance with section 504). These features may serve to attract populations outlined 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 capture rate for Shoshone is 10% and ranging from 0.1% on the 80% AMI units to 16.3% on the 50% AMI units, indicating a significant demand for the units at Shoshone from income/size-qualified households in the Primary Market Area (PMA). The PMA is projected to add 319 renters

through 2024, which the market analyst indicates is more than sufficient to absorb the Shoshone units and other LIHTC projects in the PMA without causing vacancy or oversaturation issues. The surveyed LIHTC properties were at or near 100% occupancy with waitlists of up to 2,000 applicants.

The PMA does not include any 70% or 80% units and there are over 1,500 income-qualified renters at 70% AMI in the PMA. Shoshone’s 70% AMI unit rents are 31% and 36% below comparable market rate units in the PMA and its 80% AMI unit rents are 22% and 27% below, making these units very desirable to income-qualified tenants. The market analyst further indicates the unit mix is suitable and appropriate for a PMA where 44% of the renter households have one person, 26% have two, and 26% have three to five people. Overall, the market analyst notes the project’s desirable location, 0.5% vacancy on LIHTC properties in the PMA, strong in-unit and properties amenities, and larger than average 2- and 3-bedroom units will make it highly attractive to potential tenants.

b. Readiness-to-proceed: Contingent on an award from the LIHTC committee, DHA is on schedule to close October 15, 2019 and complete the carryover application submittal on or before November 1, 2019. Below is a general timeline and a more detailed schedule is provided in Addendum #3:

Items completed:		Items in process:	
<i>General Contractor Selected</i>	<i>100%</i>	<i>HUD Approval Submission</i>	<i>June</i>
<i>Financing Partners Selected</i>	<i>100%</i>	<i>Environmental Clearance</i>	<i>June</i>
<i>Zoning Approval</i>	<i>100%</i>	<i>Section 8 Voucher & SLR</i>	<i>July</i>
<i>DHA Board Approval</i>	<i>100%</i>	<i>ROW vacation approval</i>	<i>September</i>
<i>Neighborhood Meeting/Approval</i>	<i>100%</i>	<i>SCP Approval</i>	<i>October</i>
<i>Development Drawings</i>	<i>100%</i>	<i>Foundation Permit issued</i>	<i>October 1</i>
		<i>Closing</i>	<i>October 15</i>
		<i>Submit Carryover Application</i>	<i>November 1</i>
		<i>Building Permit issued</i>	<i>December 31</i>

Financing partners have been formally selected and are ready to proceed with due diligence and closing preparation. DHA has verified that each of the financing partners has committed to the schedule and has approved closing with Foundation Permits. DHA has also met with the residents to provide an update of the redevelopment plans and relocation process. If tax credits are awarded and final approvals obtained from HUD, relocation will begin in September. Please see Addendum #4 for the relocation plan. June 2019 is the best round for this project because if the committee awards an allocation to Shoshone, it will set this project in motion early-on in the D3 development pipeline and will enable DHA to optimize its funding and timing to preserve affordable housing in this neighborhood by 2021 rather than delaying it until after Sun Valley to 2024. It is important to note that DHA is positioned to meet all of CHFA’s carryover requirements by November 2019 in order to stay on schedule with its commitments for the next Sun Valley phases.

c. Overall financial feasibility and viability: DHA is providing a significant financial commitment to Shoshone to help close the financing gap and ensure the long term financial sustainability of the project, including over \$4 million in D3 Bond Funds (over \$75 thousand per unit subsidy), \$733,375 deferred developer fee and 10 project-based vouchers. DHA is also contributing the land (valued at \$4.7 million). The LIHTC investor and construction and permanent lender have been selected and the Colorado Division of Housing anticipates providing \$530,000 in soft funding to support the project. DHA is also limiting its developer fee to 10%. With these contributions, DHA is able to limit the tax credit request to \$1,200,000 annually. Once constructed, DHA will operate the project efficiently while providing a high-quality living experience to residents.

d. 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 currently building Platte Valley Homes, which includes the redevelopment of 50 existing public housing units and new construction of an 18 unit fully accessible senior property. DHA is also currently in Phase 1 of the Sun

Valley neighborhood redevelopment, which includes Gateway North & South (a 187-unit family development project). 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. Please see resumes included in the application for more information about the development team.

e. Cost reasonableness: The final design and size of Shoshone was shaped by extensive work and feedback from Highland United Neighbors, Inc. (HUNI). DHA initially proposed a 5-story zoning and 72-unit project, which would significantly reduce the cost/unit of the project, however due to strong neighborhood concerns, HUNI agreed to support a 3-story zoning and project. The 3-story zoning impacted the building form, design, and significantly reduced the number of units. Additionally, HUNI strongly encouraged larger 3-bedroom family units be included in the project to support more families. The increased cost of 3-bedroom units and a decreased number of units to spread fixed costs, significantly increased costs per unit and per sq ft. The absence of economies of scale must be considered with a smaller project. The project's construction and soft costs budgets have been developed using current, local data generated by Deneuve Construction and informed by DHA's recent development budgets. DHA, Van Meter Williams Pollack and Deneuve have worked hard to contain costs while managing the unique features of the site. This includes the sloped grade and expansive soils, necessity for underground parking, neighborhood feedback impacting design features and height limitation, and required Right-of-Way (ROW) improvements. More detail is provided below in question 6.

f. Proximity to existing tax credit developments: The PMA has 19 existing LIHTC properties and there are five LIHTC projects planned for the PMA that have not yet placed in service. Thirteen LIHTC properties were analyzed in the report in comparison to Shoshone. The market analyst found Shoshone to have comparable or superior in-unit and property amenities. Relative to unit sizes, Shoshone's 2- and 3-bedroom units are larger than comparable surveyed units at 12% and 33%, respectively. The 1-bedroom units are only 2% smaller than the average and on par with the property's primary LIHTC competitors. Overall, the market analyst concluded Shoshone will compete well due to its comparable or superior features to the existing LIHTC properties and highly desirable location. In addition, the surveyed LIHTC properties have very low vacancy rates (average 0.5%), further indicating pent up demand and successful lease up of Shoshone.

g. Site suitability: Shoshone's location in the heart of the Highlands neighborhood is one of the primary reasons this project is a priority for DHA and the City of Denver. The Highlands neighborhood is one of the highest demand neighborhoods in Denver and has experienced almost 100% gentrification over the past 5 years. The rents have reached levels that provide very limited housing options for people at or below 80% AMI. The site's adjacency to downtown Denver provides residents with access to employment opportunities and the full range of services and amenities for daily needs. Within the neighborhood, residents can walk to convenience stores (0.1 miles), a grocery store (0.6 miles), the neighborhood elementary school (0.3 miles), the Elaine Jackson Head Start (0.3 miles), Hirshorn Park (0.1 miles), the Ashland Recreation Center (0.5 miles) a retail center with a range of stores and restaurants (0.5 miles) and bus services (0.1 miles). Additional services and amenities, including a library, pharmacy, and health clinic, are less than one mile away. The closest bus stop, at 32nd and Tejon Street, includes RTD routes 32 and 44, providing access to the west and downtown Denver, with connections to routes throughout the Metro area. Union Station is a convenient 0.8 mile walk, providing access to RTD's FasTracks Denver-Metro system. Please see TOD Maps in the Scoring

Documentation section. Shoshone received a walk score of 86, 11% above the 77 properties surveyed in the market study. The transit score is 76, 25% above the 57 properties surveyed in the market study. The project also received a bicycle score of 82 and is considered “very bikeable”.

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:

The market study did not raise any issues.

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 found no Recognized Environmental Conditions.

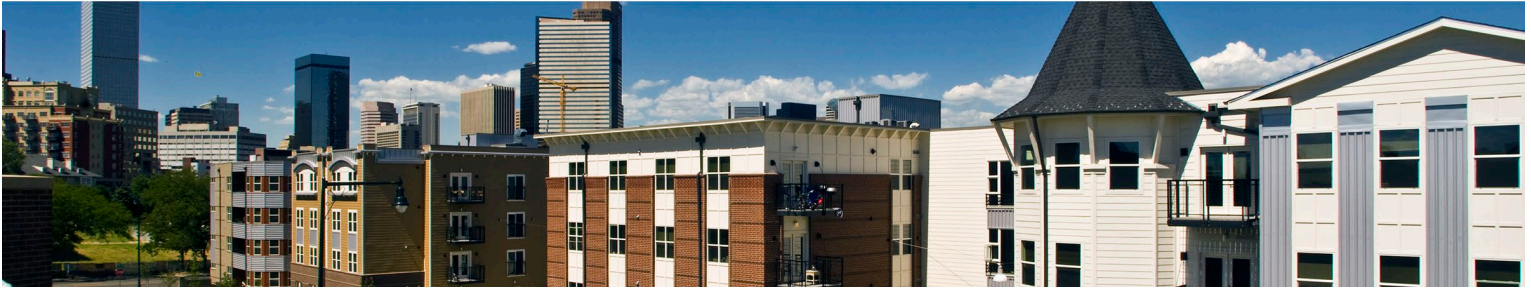
7. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment: In response to the feedback DHA received during the community process described above in 2d, DHA engaged in a very thoughtful and intentional design process to address the requests made by the community. The primary requests included that the project be designed to serve families, preserve existing affordability, and increase family affordable units. These requests were direct priorities made by the City and the community through the successful rezoning process to accommodate 43 additional affordable units. The Project design is a direct response to this feedback. DHA also included a parking solution with an elevator for families to transport children, groceries, etc. on a tight site with a zero lot line. Some of the features that have caused costs to increase include the following (Addendum #5 includes further detail):

- Due to the dense urban nature of the project’s location and extensive efforts to maximize the number of units within the project, surface parking was not an option. In order to park the project, the design required a partial below grade concrete parking structure which accounts for approximately \$3,900,000 in addition hard costs (without efficiencies of a larger structure).
- In partnership with the City, DHA will complete public ROW improvements at the intersection of Shoshone and 32nd—currently, a problematic five-way intersection exists that will be replaced with a safer four-way stop intersection and accessible crosswalks. The additional project costs for these improvements are approximately \$100,000.
- The geology of the site revealed that the site has very expansive soils which required the foundation design to either have approximately 10’ of sub excavation and/or a structural concrete parking slab. This cost is estimated to be approximately \$450,000.

8. In your own words describe outreach that you have conducted within the proposed community.

DHA has spent over 24 months engaging with the HUNI group as well as District 1 Councilman Espinoza. Through many presentations and conversations, all elements of the project were discussed, including building height, design features, setbacks, timeline, parking, traffic impacts, bedroom/unit sizes, the AMI of eligible residents, DHA’s management capability, among other details. Over the course of the process both DHA and HUNI agreed to a suitable compromise where the HUNI Planning & Community Development Committee wrote a unanimous letter of recommendation for the rezoning and support of the project. DHA does not see any potential neighborhood opposition that may impact the project readiness to proceed now that the appropriate zoning has been approved with full support of the RNO. Please see Addendum #6 for timeline of communication with HUNI. In addition, please see addendum #7 for letters of support and addendum #8 for Shoshone’s consistency with *Housing an Inclusive Denver* and *Blueprint Denver*.

9% lihtc application narrative



Project Name: Silver Key Senior Apartments

Project Address: 1575 South Murray Blvd., Colorado Springs Colorado

Silver Key Senior Services is an advocate for senior empowerment and offers a variety of services to seniors to maintain independence, safety and quality of life. Their mission is to serve in partnership with their stakeholders to support quality of life for seniors – allowing them the choice of safely aging in place with dignity and independence. Combined with their vision to make the greater Colorado Springs area the best in the nation to age, housing security and nutritional health for seniors are fundamental needs that the organization has helped to provide for decades. To further their mission Silver Key Senior Services presents Silver Key Senior Apartments (SKSA), a 71-unit LIHTC property adjacent to their administrative offices and services compound at 1575 South Murray Blvd (intersection of Murray and Fountain Blvd).

The project will be developed in partnership Woodmart LLC (Lee Wolf and Tom Cone), experienced real estate developers in Colorado Springs. Silver Key, with their years of service knowledge working with seniors, will act as general partner of the partnership and have 100% of the long term ownership interest. Silver Key will provide the long term operating deficit and LIHTC guarantees. Mr. Wolf and Mr. Cone will be responsible for all aspects of the development process through lease up and stabilization and will take on the construction and lease up guarantees. The developer fee will be split between the two entities commensurate with the tasks completed and risks incurred.

The Site

The site is extremely well located, immediately adjacent to transit services including a public bus stop and Silver Key's door-to-door ADA-accessible transportation service. A supermarket, convenience store, nail and hair salons, laundromat, restaurants, places of worship, and most importantly Silver Key's senior services facility are located within a 1/4 mile walking distance from the site.

This site is not in a QCT or DDA and has an average transit score with access to multiple bus lines that run down Murray and East/ West on Fountain. Buses are extremely affordable for seniors. However, the sponsor Silver Key Senior Services provides door to door rides throughout the city, **providing 44,670 free rides a year**. Additionally, One-Ride-City of Colorado Springs provides dial-a-ride service to destinations throughout El Paso County, as scheduled, from 8:00 am to 5:00 pm, seven days a week. The one-way fare is free.

The Building – Unit and Property Amenities

SKSA will be a mid-rise building with 56 one bedrooms, 15 two bedrooms in one 3 story elevator served building. The three-story, wood-framed building will be constructed on post-tensioned concrete slab and is designed around a central courtyard with views from the individual apartment units directed toward the courtyard or adjacent creek. The entry lobby area will include elevator access, management and service provision offices and a centralized mail area. The second and third floors will have common gathering areas with views of the mountains and courtyard. These gathering areas will be programed with input from the residents but could include game room, yoga studio, library or craft room.

Outdoor spaces will include raised bed planters, a gazebo, grills, dining tables, benches, a fitness circuit and trail connections to the adjacent Silver Key facility containing a café, food pantry, thrift store and community rooms for seniors. The site will have 81 parking spaces, (one per unit plus ten visitor spaces). All community space is designed to promote tenant activity and interaction.

All units will have a full kitchen appliance package, washers and dryers, 9' ceilings, walk-in closets, dead-bolt locks, window blinds, and individually-controlled, through-wall heating and air conditioning systems.

Energy Performance

The building envelope, HVAC systems, and lighting will be designed to maximize energy performance through the integration of: advanced framing techniques, fully aligned air barriers and reduced thermal bridging, specification of Energy Star rated appliances, LED lighting and high-performing, low-E fiberglass windows. The building will incorporate low-flow plumbing fixtures, high efficiency heating and cooling equipment and meters configured to individually measure electric usage. In order to reduce the quantity of indoor air contaminants, low-VOC (volatile organic compounds) paints, adhesives and carpet systems will be specified.

Target Population

Silver Key Senior Apartments will be restricted to residents age 62 and above. The rents will range from about \$376 to \$834 for a one-bedroom unit and \$447 to \$997 for a two-bedroom unit. Tenants will pay electric and gas while owner provides trash and water/sewer service.

Unit Mix	1br	2br	Total units
est. s.f.	630	840	
30%	10	4	14
40%	10	4	14
60%	36	6	42
Employee		1	1
Total Units	56	15	71

Services

Silver Key Senior Services was founded in 1970 to improve the quality of life of seniors in nursing facilities and now serves more than 7,000 senior citizens age 60+ in El Paso County. Through broad-based funding support, they are able to serve the most vulnerable members of the population by providing unique wrap-around services that not only allow seniors to age in place but thrive. A few examples are:

- Accessibility to hot healthy meals and emergency food commodities designed to prevent and offset malnutrition and illness,
- Free transportation to and from medical appointments and health-related activities, and
- Experienced assistance with benefits and housing paperwork

Silver Key brings numerous resources to the complex social issue of ensuring both housing sustainability and nutritional stability within the senior population. Rapid rehousing and nutritional assistance is available to seniors who wish to remain in their homes when they are in danger of being evicted due to an emergency financial situation. Earlier in 2019, Silver Key hired a full-time Senior Housing Navigation specialist with experience working with aging adults. The Senior Housing Navigation Program is a component of the Silver Key's Senior Assistance/Case Management services department, and is supported by seasoned professional staff with capacity to assist with a variety of housing and homelessness needs. The Housing Navigator provides connections to transportation to view housing options, helps seniors with advocacy in gaining housing and once in housing provides emergency housing assistance funds (first month's rent or late rent). This Housing Navigator position will provide a critical link between seniors with housing needs and SKSA. Being able to meet senior's housing needs within their continuum of services and continue to work with them next door will be a significant next step for the organization and a boon to Colorado Springs's seniors.

In addition to the housing navigator, Silver Key has provided outreach services through case management at the RJ Montgomery Center and The Springs Rescue Mission. Silver Key Case Managers go to each shelter once a week to visit those 60+ and provide them resources, including: gaining access to medical care (Medicaid enrollment, glasses, dental treatments, hearing aids, etc.); Public Assistance (Old Age Pension, Food Stamps, etc.); Silver Key Reserve & Ride free transportation services; and vouchers for personal need items through Silver Key Thrift Store. This is another critical connection in the community that will enable SKSA to meet the dramatic housing need of low income seniors.

Silver Key has twenty Connections Café social meals sites, with 14 located within the City limits of Colorado Springs. On average annually, 800 seniors are served meals at these 14 sites; 87% of those are of low-to-moderate income. This services is so important for seniors who might not get a hot meal without it but also has the added benefit of providing essential socialization for seniors who feel isolated and lonely.

Additionally, Silver Key serves 1,200 senior clients through the Food Pantry, open weekdays during the last three weeks of each month. Located at the campus, the Food Pantry is a large, brightly lit shopping experience, adjacent to the Silver Key Friends Thrift Store. SKSA will provide wagons for residents to use to get food items from the pantry back to their apartments and some of Silver Key's 650 volunteers will assist in that process. In addition to the "Client Choice" Food Pantry, designed with shelves so clients may select the food items they want and

can use, those who also qualify for very-low-income emergency food commodities receive one large box per month, valued at \$79. The Food Pantry makes it possible for most of Silver Key's senior clients to stretch their limited budget beyond their SNAP (food stamps) assistance – AND continue to pay rent and utilities to live independently.

2. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP): Not applicable

Market conditions: The senior LIHTC developments in the market area were 0.4% vacant, with two having waitlists with either a one- to two-year wait or a one- to three-year wait to be placed in a unit, while the PMA's overall LIHTC vacancy rate was 0.6%. These conditions illustrate pent-up demand for senior LIHTC units within the PMA.

There are no existing age-restricted 30% AMI units in the PMA, while there are only 13 existing senior dwellings at 60% AMI. The subject's addition of 30% and 60% AMI dwellings to the rental market will cater to underserved populations of low-income senior renters. The increase in capture rate is less than 3% in the 30% and 40% AMI categories. The capture rates increase from 3.3% to 14% in the 60% AMI category, still quite low. The addition of SKSA's units to the market only increases the capture rate less than 5%, to an overall capture rate of 10.7%.

Anecdotally, Silver Key provides case management to an average of 230 people per month and the predominant needs are housing and utility assistance.

Readiness-to-proceed: The developer has met with the City on this development and has been encouraged to move forward. The process is anticipated to take 8-9 months and be ready to close in early summer 2020.

Overall financial feasibility and viability: The city of Colorado Springs and El Paso County have shown the project tremendous support. The sponsor will submit an application to the county for funds on June 11th and should know by end of June of the award. DOH has provide a support letter and encourages an application once the project has credits. Silver Key has discussed the project with Colorado Springs Housing Authority and they have said they would likely support the project with property tax exemption if awarded credits. If a deal could not be reached with CSHA, Silver Key would pursue the property tax exemption available to nonprofits providing senior housing. Finally, the sponsor Silver Key is donating the land to the development and deferring the maximum amount of developer fee possible in an effort to keep costs low and limit our credit ask. SKSA's credit ask per unit is approximately \$19K, less than all but one of the deals awarded in the last 9% round.

Experience and track record of the development and management team:

While Silver Key is new to affordable housing development, they have assembled a seasoned team for this project. Woodmart LLC has combined 80 years of experience developing multifamily and commercial properties in Colorado Springs. Dwelling Development has 20 plus years of affordable housing experience. The Architect and GC have completed numerous LIHTC projects and have a good understanding of the program, completing a similar project in Colorado Springs within the past 5 years. The attorney and accountant are seasoned professionals who specialize in LIHTC developments. Additionally, the property management company has over 30 years of experience managing LIHTC projects.

Cost reasonableness: The costs for the project are very reasonable because the development team has made it a priority. The sponsor is donating the land. The Silver Key Development Team has worked extensively with the general contractor over the past years and the GC is a specialist of single building apartment complexes. Additionally, the building is designed to be very efficient with only two unit sizes and repeating floor plans. Finally, the development fees in Colorado Springs are very reasonable relative to the rest of the front range.

Proximity to existing tax credit developments: The three senior LIHTC developments provide 240 units of affordable housing but none at 30% AMI and only 13 units at 60% AMI. The other LIHTC developments are full with waitlists of one to three years. The most recent senior development in the area was built in 2011. The senior project recently awarded in the 4% State LIHTC round is located 10 miles northeast of SKSA and is not in the same PMA.

Site suitability: The location of the site is critical to the success of the project. Two years ago, Silver Key relocated the entire organization to a new (repurposed) campus, significantly improving capacity to meet the needs of a rapidly growing number of older adults accessing their programs daily. The core programs they deliver through the new campus facility includes: Senior Assistance serving over 1,850 clients annually (Case Management/ Guardianship, Mental and Behavioral Health assistance and the Client Choice Food Pantry); Reserve & Ride transportation program (providing rides covering more than 545,000 miles annually) and Nutrition Services. The kitchen and on-site dining room area comprise 4,000 sq. ft. and includes newer equipment with the capacity to prepare 500,000 hot and healthy meals per year for their Home Delivered Meals program (including Meals on Wheels) and the 20 Connections Café congregate meals sites. The Silver Key Friends Thrift Store is a bright, boutique-like traditional shopping experience featuring a wide range of merchandise plus gently used, sanitized durable health equipment. All of this will be 380 feet from Silver Key Senior Apartments and accessible by footpath connector. The ability to provide affordable housing for seniors directly next door is logical next step in their continuum of services.

Silver Key is providing a part-time service coordinator who will arrange orientation meetings and a full tour of the Silver Key facility connecting each new resident to Silver Key's myriad services. Brochures with a listing of all the services will be provided to each resident in a welcome packet, with an open invitation to meet the Senior Assistance staff members. The list of services and activities available at the Silver Key Site is too long to list but includes exercise classes, trips to cultural events throughout the surrounding area, gardening classes, and bunco. This and much more will all be available to Silver Key Senior Apartment's residents within a short walk.

Provide the following information as applicable:

- a. Justification for waiver of any underwriting criteria: Not applicable.
- b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis: Not applicable.

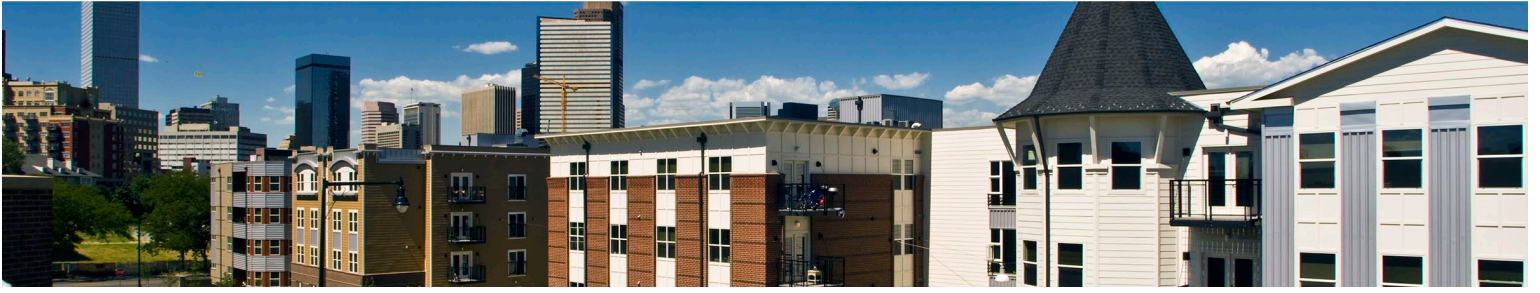
Address any issues raised by the market analyst in the market study submitted with your application: The market study does not recommend any changes to the project but ranks the site a 3 out of 5. While this is understandable from a market perspective, the location of the building is actually its greatest strength because of the direct connection to Silver Key Senior Services.

Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated: Not applicable.

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 evaluated every option to deliver a quality building for practical cost. They have worked extensively with the general contractor over the past years and are extremely confident in the numbers provided. The GC specializes in this type of single building structure and has built similar product many times over, on time and on budget. Additionally, the builder priced the development assuming a 2nd quarter 2020 start and the sponsor has added a 2% cost escalator to the hard costs to mitigate risk in the volatile cost environment.

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 neighborhood is largely commercial and light industrial. The nearest neighbor is a family LIHTC deal, Fountain Springs. There should be no neighborhood opposition. Silver Key is beloved in the community and discussions in the City about this project have only elicited excitement and support.

9% lihtc application narrative



Project Name: Vance Street Flats

Project Address: 7355 Ralston Road Arvada CO

Executive Summary:

Over the past two years Medici has been developing a partnership with a community based not for profit called Veggie Van to develop a mixed-use transit oriented project in the heart of Olde Town Arvada. The site has been owned by our partner for over 10 years, during which time Arvada has seen tremendous growth, culminating with the recent opening of the new G line light rail extension. Our proposed development will create 50 units of senior housing in a walkable amenity rich environment as well as an office and community space for Veggie Van to utilize. Their 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 engagement.



The project will contain a mix of studio-(8%), one (74%) and two-bedroom (18%) 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 project will contain a ground level on-site management office and community center. Additional residential units are located on the ground level as well. The second and third levels are residential. The community area will contain a lounge, business center, and library. An 1,800 SF retail space will adjoin the office and community room on the ground level. This space will be leased by the Veggie Van and will become the main office and community facility for its operations.

Section 2 Housing Priorities

- **Affordability:** This mixed income project will provide 50 units of housing affordable to seniors 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 this site into affordable housing 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.

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 waiting lists ranging from 100 to over 500 applicants, illustrating significant pent up demand for low-income age-restricted housing. The project's affordable rents represent a 34% - 72% savings over surveyed Class B market rate projects, providing a significant value to prospective residents. The required capture rate is 33.1%, a small increase from the existing rate of 28.5%. Despite being slightly above the CHFA threshold capture rate, our market analyst believed that it was attainable due to the aforementioned pent-up demand, significant rent savings potential, and TOD location driven in-migration and overall rental household growth below CHFA's underwriting threshold. Our market study recommended no changes to the project, and suggested that it would lease up in three months with no need for concessions. In addition to our market study, the community itself has prioritized affordable senior housing.

Arvada's City Council included affordable senior 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. Construction would commence in the summer of 2020. The time invested in the last two years working with the City and community has resulted in momentum to get this project started.

Overall financial feasibility and viability: The proposed affordable rent levels are achievable in the market. In fact, our rents are 34% - 72% 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 traditional 1st mortgage will be complemented by grants from the State of Colorado and fee waivers from the City. The Arvada Housing Authority will partner with the project to provide property tax exemption.

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 are no existing tax credit developments north of our project; the closest project is 1 mile south on Allison Road. We are not aware of any other projects in the construction or planning stages of development.

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 over the next 24 months 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. 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 Rail Passes to our residents so they can fully utilize these transportation options. 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. 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 of 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 in general and specifically seniors. 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 but we are able to make the project work without any 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 72% 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 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 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. Veggie Van has applied for a grant through Community First to provide additional funds for a collaborative integrated community design process for the landscape and community designated spaces, should we be awarded this grant we, the design will start with the community through a series of design charettes, with the result of a mutual benefit for the immediate community, the neighboring businesses and our residents.

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 Morse Park

Project Address: 2275 Wadsworth Blvd. Lakewood CO

The Case for Funding Village at Morse Park

- The Village at Morse Park is committed to providing supportive housing to homeless Veterans, which is a confirmed housing need as identified by both the City of Lakewood HOME/CDBG plan, the Governor's Office of Homeless Initiatives, the market study as well as a priority in the QAP.
- This will be Archway's third Veteran's development and they have fostered a strong working relationship with the Veteran Administration, resulting in quality service coordination for the Veterans.
- The City of Lakewood is voting on a growth cap initiative for multifamily development. There is a strong likelihood that it will be approved and **put in place this July 2019**. The growth cap would only allow a 1% increase in the number of dwelling units approved annually (a cap of approx. 700 units in 2019) and would require any project over 40 units to go to a vote of the city council. This initiative would basically halt the development of affordable housing in Lakewood. Archway is working feverishly to get an application for building permit into the City before the growth cap vote as that is the only way a project can be grandfathered in. If Village at Morse Park is not awarded in this round, it will likely never be developed.

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 (25% of the site). Archway Housing & Services will be the property manager and provide supportive services to all residents at The Village at Morse Park.

Archway has received support from the Veterans Administration for 17 VASH vouchers to provide supportive housing for Veterans. As is the goal with the VASH program, the property will focus on mainstreaming the Veteran population with households from a wide variety incomes and populations. The remaining 53 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 is a multi-family residential project consisting of four stories of Type V wood framed construction on a post tensioned slab on grade foundation. 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, one for the in-house case manager and one for the off-site case manager.

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 79 spaces of on-site parking 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 an on-site case manager to assist all residents. This individual will focus on housing stability, coordinating care, and connecting residents to necessary social services. Archway will partner with the VA, Jefferson Center for Mental Health, Colorado Coalition for the Homeless, and Rocky Mountain Human Services to provide services to Veterans who are defined as homeless or chronically homeless. The on-site case management is being paid from developer fee.

The Village at Morse Park is well sited to be green with proximity to public transportation, and urban density. 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. Village at Morse Park will have LED lighting throughout the building. All unit appliances and common area appliances will be EnergyStar. 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.

Financing

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

Through the VASH project based voucher program, Village at Morse Park will serve homeless and chronically homeless Veterans

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

Market conditions: The existing overall and 60% AMI capture rates are already above the threshold, but the surveyed LIHTC projects in the PMA were 1.1% vacant with waitlists of 50 to 462 applicants, and wait times of six months to one year for a two-bedroom unit at one property. This indicates that the capture rate analysis does not accurately reflect demand for 40%, 50% and 60% AMI units in the PMA. Additionally, VMP's 60% AMI rents provide a market rent advantage of 27% to 30% over surveyed Class B market-rate rents, and 15% to 20% discount compared to the Class C averages. 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. The overall capture rate is 40.4% but that is a less than 7% increase over the existing capture rate in the PMA of 33.7%.

Readiness-to-proceed: Schematic design has been approved. A detailed Design Development pricing package has been completed for the project. Xcel Energy Design Assist procedures are initiated and ongoing. The initial submittal has been made for Major Site Plan (MSP) review with City of Lakewood. Our formal submittal for Lakewood MSP is scheduled for May 30, which includes complete civil construction plans. Construction Documents are in production, and on schedule to be submitted for building permit review prior to the July 2nd ballot measure vote to implement a 1% cap on development.

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 has said they could likely fund the project. Home Depot Foundation has funded Archway's last two Veteran's housing developments and has expressed strong interest in supporting this project. Archway has a 100% success rate with the Federal Home Loan Bank on previous projects. This project should score highly and be awarded by November 2019. 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 committing \$200,000 in equity to the project as well as deferring 43% of their developer fee to make the deal feasible.

Experience and track record of the development and management team: AIC is maintaining the same team they used on the site currently under construction, which is also a PSH LIHTC project, Flats at Two Creeks. See attached for information on the development team. This is a strong team with years of experience developing LIHTC housing. See attached resumes for details.

Cost reasonableness: The purchased land had existing utility infrastructure in place including sewer, water, storm, and electrical. While this increased land cost, it reduces cost of development because utility 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 building has been designed to keep costs reasonable. It is a very efficient, stacking and double loaded corridor, single building structure of Type VA wood framed construction. Building exterior finishes have been selected to be lasting and durable, making best use of color and plane change to generate architectural interest.

Proximity to existing tax credit developments: VMP will compete most directly with 1,122 of the tax credit units (10 projects) that are comparable in terms of target market. The surveyed Class B LIHTC and mixed-income projects were built from 1997 through 2017 and are in above average or average condition. Compared to them, VMP has a slightly superior or comparable location, slightly superior common amenities to three, superior to one and slightly inferior to another, comparable to inferior unit features, comparable or lower tenant utility costs, comparable or smaller one- and three-bedroom unit sizes, and a comparable or larger two-bedroom unit size.

The surveyed Class C LIHTC properties were built in 1971 or 1972, with renovations in 2018 or 2003 to 2004, are in average condition. Compared to these projects, VMP has comparable or slightly inferior location and common amenities, slightly inferior or similar in-unit features, lower tenant utility costs, a comparable one-bedroom unit size, larger two-bedroom size and similar or larger three-bedroom unit size.

As mentioned, the LIHTC projects in the PMA have a vacancy of 1.1% and waitlists of hundreds of people highlighting the intense demand even with this number of built units.

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 4:45 am to 12:45 am 7 days a week. The RTD Lamar station is a mile away and trains run every 15 minutes 4am to 1:30 am, 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. 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.

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: None
6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated: Not applicable
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: 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. The design development pace was expedited to stay within existing zoning regulations that are scheduled to be updated and in effect July 1, and to submit for building permit prior to an upcoming Special Election Ballot Initiative vote that would place a growth cap initiative with limited unit allotment restrictions on Lakewood. This expedited work pre-empts 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 outreach that you have conducted within the proposed community. Describe any potential neighborhood opposition that may impact the project's readiness to proceed.

Archway held a meeting with the Morse Park Neighborhood Organization on May 23rd where 14 residents attended. The group is very encouraging of the project and provided a letter supporting the application.

Multiple Community Support letters are attached in Procorem in the Narrative folder.

9% lihtc application narrative



Project Name: **Villas at Mesa Ridge**

Project Address: **0 Cross Creek Ave Fountain, CO 80817 - Southeast of Mesa Ridge Parkway & Fountain Mesa Road**

1.Executive Summary:

Zimmerman Properties (ZP), a highly-experienced LIHTC development group, is pleased to bring its successful model of high-quality affordable senior housing development into the Fountain, Colorado community. ZP is interested in developing affordable housing in Fountain because the need for all housing types is so great and ZP wants to help be part of the solution. In working with the Fountain Housing Authority as well as the City of Fountain, ZP understands that this project will be filling an affordable housing gap – namely, the need for senior housing – allowing the housing authority to continue to focus on providing family-oriented housing. The Fountain Housing Authority currently manages the only senior affordable housing development in the city, Grinde Manor. The 40-unit development is currently fully leased. On March 1, 2019, the housing authority closed the waiting list for the development: there are 120 seniors on the list. *Villas at Mesa Ridge* begins to address this significant housing lack.

Located in the northern part of Fountain on Cross Creek Avenue, *Villas at Mesa Ridge* will be a newly constructed 60-unit, three-story elevatored building designed to serve seniors aged 62 and over. The unit mix and rents are specifically oriented toward providing housing for older adults at the widest possible range of incomes, with approximately 40% of units for very low income residents and the remaining ~60% of units available to moderate-income residents who can benefit from attainably-priced senior housing not widely available in the Fountain community. *Villas at Mesa Ridge* includes twelve units (20%) for seniors earning at or below 30% AMI. Another 11 units (18%) will be offered at 40-50% AMI. The remaining 37 (62%) units will be available at 60-80% AMI.

Residents will enjoy market-comparable amenities, including full-size Energy Star appliances, in-unit washers and dryers, microwaves, ceiling fans, walk-in closets, and balconies. Residents will have access to several community spaces including a fitness room with equipment and TV, fully stocked library with computers, fully stocked game room and community room with catering kitchen for events. *Villas at Mesa Ridge* will be built on 3.98 acres and will include a scenic outdoor BBQ and picnic area, which will provide residents with plentiful opportunities to enjoy the quiet open space, greenways, and scenery of the area. The project intends to use Healthy Housing Funds and so will include good connectivity to the outdoors and healthcare, good circulation, active outdoor spaces, open stairway access, noise dampening, community spaces, and natural materials. Wilhoit Management will provide on-site offices for property management and resident services. The nearest community amenities are within walking distance of the site and are described in more detail below.

Zimmerman Properties (ZP) will partner with the Fountain Valley Senior Center to provide a range of services to the residents of *Villas at Mesa Ridge*. In addition, each resident will receive a membership to the Senior Center paid by the operations of Villas at Mesa Ridge. Residents will also have the opportunity to use a third-party Remote Service

Coordinator from The Evangelical Lutheran Good Samaritan Society, for additional services needed for residents to happily age in place.

Construction of *Villas at Mesa Ridge* is expected to take place over 14 months. The foundation will be concrete footings with slab on grade, and the structure will consist of wood and steel framing. Roofing construction will be architectural roofing shingles and the exterior will be a combination of stone veneer, cement fiber siding, and aesthetic trim. To assist in the circulation of the project, along with the centrally located elevator, stairs will also be located at each corner of the newly designed L-shaped building. Parking will consist of 116 surface parking spaces to meet the City of Fountain ordinance. *Villas at Mesa Ridge* will have a covered front entrance for safe shelter during visits, loading, and unloading. Along with committing to be a smoke-free building and environment, *Villas at Mesa Ridge* will also meet and exceed Enterprise Green Communities standards.

In addition to LIHTC equity, financing for the project will include a permanent loan and Healthy Housing Fund loan from CHFA, El Paso County Housing Trust Funds, soft funds from the Colorado Division of Housing, and deferred development fee. Within the past year and since the project's 2018 LIHTC submission, ZP has strengthened its partnership with the Fountain Housing Authority. *Villas at Mesa Ridge* will now receive an exemption from property taxes through a special limited partnership with the Fountain Housing Authority.

Villas at Mesa Ridge was previously submitted in the 2018 9% LIHTC round. Based on feedback received from CHFA during the post-application review process, several modifications have been made to improve the project. In addition to the Fountain Housing Authority committing to serve as a special limited partner in order to provide *Villas at Mesa Ridge* with property tax exemption, gap funding in the amount of \$350,000 has been secured from El Paso County. The market-rate units in the project have been converted to 80% AMI units with an Income Averaging election in order to make the project 100% LIHTC and eliminate the need for a CHFA basis boost. In response to comments from the City of Fountain, the site plan has been revised for a different placement of the building on the site, allowing the building to better encompass an easement on the site.

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:** Not Applicable
- **Projects serving persons with special needs as defined in Section 5.B 5:** Not Applicable
- **Projects in Counties with populations of less than 175,000:** Not Applicable

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

a. Market conditions:

As demonstrated in the market study, there is a tremendous need for affordable apartments for seniors in Fountain. The capture rates for the subject are very strong, with an overall capture rate of 9.5%. Capture rates at individual AMI levels are: 3.9% at 30% AMI to 14.9% at 40% AMI, 22.4% at 50% AMI, 7.1% at 60% AMI and 1.2% at 80% AMI. The market analyst states the project would be fully leased in 6-8 months.

The comparable apartments in the market study had an average vacancy rate of 1.2%. Given there are no senior tax credit properties in Fountain, and the housing authority's apartment community for seniors has a waiting list of 120 applicants, shows there is a strong need for affordable senior housing in Fountain. Absorption is estimated to be about 30 units per month and the market study indicates that "the rapid-fire lease up of apartments that have recently delivered are more indicative of a market with substantial pent-up demand, rather than...overbuilt." This project is delivering rents, including 80% AMI rents, that are considered both achievable and well below rents in the market. The features included in *Villas* are considered competitive to market-rate multifamily properties. Due to natural connection between El Paso County and the PMA, the market study indicates that its 15% in-migration rate is a conservative estimate.

Demographic data indicates growth in the number of older adults (age 62+) in the PMA and El Paso County. El Paso County is also considered a growth area overall, which puts pressure on the existing housing stock.

Approximately 27% of older adults in the PMA are renters and about 55% earn less than \$50,000 each year. More than 27% of older adults in the PMA earn less than \$25,000 each year.

b. Readiness-to-proceed:

This site is zoned as a Planned Unit Development (PUD) and meets all applicable zoning requirements. ZP anticipates starting construction in April 2020 with completion in June 2021. ZP has submitted the plan review application to City of Fountain for its Administrative Review process. ZP has completed the Development Review Team Meeting. The purpose of this meeting was to discuss the next steps in the development process with several city departments. During this review, the city encouraged ZP to position the building to better encompass an easement on the site. ZP is confident this change has made the development even more ready to proceed. Phase I Environmental was completed and no issues were found. Schematic drawings have been priced and verified by a third-party cost estimator and found to be financially feasible. ZP is working to close and start construction in April 2020, all funding and financing commitments will be established prior to close and the start of construction.

c. Overall financial feasibility and viability:

The development budget for *Villas at Mesa Ridge* has been well vetted by ZP's development team, the general contractor, property management, engineers, and architects. The project will be very efficient with its design and costs. ZP has developed over 100 deals and has never requested additional tax credits, due to its vetting process prior to application submission.

ZP understands the guiding principle of only reserving the amount of credit necessary for financial feasibility. The annual credit amount requested for *Villas at Mesa Ridge* makes possible the project's deep affordability and sustainability throughout the credit period.

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

ZP has built its long track record in many states by its streamlined internal control process and project standards. This integrated project approach allows ZP to deliver project after project that includes a high-quality design and construction standard with larger unit sizes and a good package of amenities, within reasonable cost parameters. For the *Villas at Mesa Ridge*, ZP will work with a third-party general contractor and local subcontractors, in collaboration with ZP's internal construction management staff and resources. The design is also tailored to fit the neighborhood context.

In addition to its Colorado-based general contracting team, ZP is also working with S.B. Clark Companies to provide financial consulting, is working with the local Bank of Oklahoma team for construction lending, is partnering with the Fountain Housing Authority as a special limited partner in the project ownership, and the Fountain Valley Senior Center as well as the Evangelical Lutheran Good Samaritan Society to provide services. This allows ZP to pair its broad development and construction expertise in multiple markets with partners in the Colorado and Fountain market to be sure the *Villas at Mesa Ridge* provides the highest quality solution possible for Fountain's needs.

As demonstrated in its attached portfolio and resume, ZP has a proven track record of providing exactly the type of housing a community both desires and needs. As with this project, ZP commits to community-building in the earliest planning phases. Through its comprehensive on-site management presence, its involvement with the Fountain community will not end at construction but will continue in the long-term to ensure the property is managed for efficiency, value, and resident satisfaction. This long-term commitment provides community partners with confidence that ZP will be there to make the development successful for decades.

e. Cost reasonableness: *Villas at Mesa Ridge* construction costs are \$205,732 per unit. The overall development costs are about \$304,147 per unit. ZP has verified the current budget and believes in the accuracy and reasonableness of costs for this development.

f. **Proximity to existing tax credit developments:** There are no senior LIHTC housing properties in Fountain. There are three senior housing properties in the Primary Market Area (PMA):

- Tamarac Apartments – 50 units constructed in 2004
- Wyndham Place Senior Apartments I – 72 units constructed in 2005
- Wyndham Place Senior Apartments II – 48 units constructed in 2008

The market study indicates Tamarac Apartments has a yearlong waiting list and Wyndham Place Senior does not maintain a waiting list. According to City staff, there are no other known senior LIHTC developments planned for Fountain.

g. **Site suitability:** The site is an infill mixed-use location that is currently zoned as a Planned Unit Development (PUD) which allows the proposed use. This site is currently owned by the City of Fountain and they are extremely supportive of the project. Just over the rise to the northwest and within walking distance is a shopping area that includes many amenities and necessities. Community amenities within walking distance include a regional park, Safeway, pharmacy, big box and discount retail, home improvement, several casual and drive-through restaurants, coffee shop, auto care, banking, mailing store, a fire station, and medical including a UC Health Emergency Room. The market study indicates that the surrounding land uses are “in good to excellent condition.” The project’s Walk Score of 55 emphasizes the fact that some daily needs and regular errands can be accomplished on foot. The City of Fountain has committed to the installation of a direct public transportation stop at the entry of *Villas at Mesa Ridge* on Cross Creek Avenue upon completion, which will give residents access to even more amenities in the area. With transportation passing the project over 30 times a day, seniors who prefer public transportation for any reason will be connected surrounding activities and loved ones in the larger community as well as daily needs, such as medical care, a bank, a pharmacy and groceries. The transit options for this site are more robust than indicated in the published Transit Score for the area. The larger community also contains open space parks, the Fountain Creek Nature Center, community theater, and public libraries. The Fountain community includes the Fountain Valley Senior Center, which offers significant programming, including transportation, nutrition programs, rural meal delivery, fitness and wellness programs and recreation and socialization programs. Future business growth and expansion is expected within the next few years in Fountain.

4. Provide the following information as applicable:

- a. **Justification for waiver of any underwriting criteria:** Not Applicable
- b. **Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:** The use of income averaging will enable this development to not need a boost.

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

In its final recommendations and conclusions, the market study indicated that this project scores a “5” out of five (or “very strong/good”) in all six categories surveyed including demand, location, unit mix and size, rents, and overall marketability. The market study needed to make no recommendations to improve marketability for the project as conceived. Additionally, the market study concludes that the site has good access to I-25 for easy connection to Colorado Springs.

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

No issues were raised in the Phase I investigation report completed by Kaw Valley Engineering.

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 engineer has calculated local impact fees (including water and sewer fees) to be approximately \$15,666 per unit. The City of Fountain owns the site and has discounted the land \$250,000 versus the appraised value to make the project financially feasible. With the selection of a third-party general contractor for this project, the project is experiencing some cost increase as compared to using ZP's in-house construction team. However, ZP feels confident that value-engineering solutions as proposed by the general contractor will be reasonable to implement as needed without sacrificing ZP's high quality and livability standards. ZP's decades-long LIHTC development experience has informed its selection of unit and building floorplans that allow for standardization and streamlining of construction components, allowing for cost containment within the constraints of the Colorado construction market.

8. Community Outreach:

Conversations with the City of Fountain have confirmed that affordable housing is a top priority for the City. Moreover, the City is highly supportive of the *Villas at Mesa Ridge* project as demonstrated by the City's willingness to discount the land by \$250,000 for purchase by ZP. With the City of Fountain and the Colorado Springs MSA experiencing progressive growth, there is an urgent need for new affordable housing in Fountain.

As evidenced by the letters of support, feedback from the City of Fountain, and the partnership with the Fountain Housing Authority, the community is very supportive of adding affordable senior housing in this location. Todd Evans (Deputy City Manager) and Kimberly Bailey (Economic Development / Urban Renewal Director) at the City of Fountain have been enormously supportive. ZP has encountered zero neighborhood opposition during this very positive process.

Support letters

- Gabriel Ortega, Mayor of Fountain
- Kimberly Bailey, Department of Economic Development
- Katherine Roby, Executive Director, Fountain Housing Authority
- Kristy Martinez, Director, Planning Department
- Todd Evans, Deputy City Manager
- Jolene Hausman, Executive Director, Fountain Valley Senior Center

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.)

Because the project is in a Radon Zone 1, ZP will utilize a visquene (sealed at edges) and a T-section piping system from below slab up through the roof for radon mitigation. These costs are included in the project budget.



9% lihtc application narrative



Project Name: Vincent Village Apartments

Project Address: NE Corner of State Highway 52 and Rollie Avenue Fort Lupton, CO 80621

Executive Summary



The Vincent Village Apartments is a planned 72-unit new construction affordable community located in the heart of downtown Fort Lupton, Colorado. This community will be the first new construction tax credit project in Fort Lupton in over 15 years and comes at a time when many residents of Southern Weld County are struggling to find suitable affordable housing options. The community will be located on Highway 52 (the major east / west thoroughfare of Fort Lupton) and near major amenities including the major grocery-anchored shopping center in Fort Lupton across Highway 52 and a large public golf course adjacent to the site to the east. A Salud Family Health Center, a Federally Qualified Health Center, which provides a full range of medical and dental services primarily to low-income families, is located immediately adjacent to the community. Residents of Vincent Village will have excellent access to neighborhood schools, churches (a large community church is across Rollie Ave. to the west), shopping, public library, the southern campus of Aims Community College and a high-amenity 4,000 square foot city-run recreation center and park. In addition, the Vincent Village Apartments are located on a portion of a 12-acre planned development which will include retail and restaurants options including a locally-owned pharmacy and café, which will be directly adjacent to the community.

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 serve families earning between 30% and 60% of the area median income.

Unit Type	30% AMI	40% AMI	50% AMI	60% AMI	Total
1 bedroom/1 bath	5	2	2	15	24
2 bedroom/2 bath	7	5	5	19	36
3 bedroom/2 bath	8	1	1	2	12
Total	20	8	8	36	72

Through a preliminary meeting with City Staff and presentation/feedback from City Council, there is a strong desire to ensure that City employees including firefighters, police and teachers, a vast majority of whom will qualify for the 60% units, can live in the project. Additionally, Vincent Village will partner with the Greeley/Weld Housing Authority to bring 20 much needed project-based vouchers to support the 30% income families. To continually build strong local support and consensus with the local community, The Housing Authority of Fort Lupton will be part of the ownership structure, a first in the local market. This partnership will build the capabilities of their team and provide much needed support for their mission.

The clubhouse and leasing center will include a smartly-designed gathering space for residents including a warming kitchen, clubroom/activity room, business center and fitness center. Leasing center and office space will be incorporated within the community room and a maintenance shed / space with separate access will be provided. Directly behind the clubhouse will be green open space with benches and picnic areas and a tot lot, with visibility from the clubhouse and protected from the major roadways and retail center. All units will feature spacious living areas with washer/dryers, outdoor patio areas, 2nd bathrooms in the two-bedroom units and larger living areas than comparable properties, in order to ensure continue viability as market conditions change.

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. The site is flat, which makes for easier construction and storm water maintenance.

The project will be designed to meet, or exceed, all required local, state and federal guidelines for accessibility. In addition, every attempt will be made to design, construct and manage the project utilizing green guidelines and materials. The community will meet both the 2015 Enterprise Green Communities and Energy Star standards. Additionally, the team has employed sensible energy efficiency measures designed to lower utility costs for residents and create a healthy community.

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 these principles. However, Vincent Village will meet the unique needs of the Fort Lupton community and by meeting several of CHFA’s Guiding Principles. Particularly regarding the ability to provide 20 units for families and individuals earning 30% or less of the area median income, and providing much needed Project Based Vouchers to the local community. We can do this by developing an effective, well-designed community, and developing long term relationships with all major

stakeholders including the Greeley/ Weld Housing Authority and the Housing Authority of Fort Lupton.

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

Market conditions: The market conditions in Fort Lupton and Southern Weld County are strong and the market study indicates significant affordable unit demand across all floorplans and AMI levels. Occupancy rates in the market area are at or very near 100% and the market area has not seen a new affordable housing community in nearly 15 years, indicating significant pent up demand and that low-income households in the area are continuing to struggle with finding high quality affordable housing. This is evidenced by the overall capture rate of 5.4%, with capture rates ranging from 6.1% on the 60% AMI units to 13.4% on the 30% AMI units indicating a high level of demand. The 30% units will benefit from the Project Based Vouchers. Per the market study attached to this application, “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.” Additionally, the 60% AMI level is the least-served sector by existing properties in the market area, which is a significant focus of the Vincent Village community as this income band is in extremely high demand. 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.

Readiness-to-proceed: 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 six months; a formal application will be filed for the PUD immediately upon award, at the request of the seller. The team has already held two 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. As indicated in the letter from the City Planning Director accompanying the application, this process should take no more than 90 days. 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 PUD, site plan and building plan approval simultaneously.

Overall financial feasibility and viability: The solid financial structure for the project will be the bedrock for its long-term success. The Michaels’ team has worked extensively with its team of financial partners to ensure the most efficient use of all available sources. Anticipated sources of funding include tax credit equity, a conventional permanent loan (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 be a special limited partner to provide a property tax exemption to reduce long term operating expenses. The financing structure for Vincent Village will bring together a variety of financing sources to create a financially feasible community while serving the greatest 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 one of the largest developers of affordable housing in the country and our development and management team has vast experience developing and managing affordable multifamily in Colorado and across the United States, having developed over 40,000

affordable units in 38 states plus the District of Columbia and the U.S. Virgin Islands over its 46-year history, including over 200 LIHTC properties. Michaels has supplemented this national experience with a team of local partners. The project architect, Kephart has extensive multifamily and affordable experience in the Denver metro area and has partnered with the Brighton Housing Authority to provide the design visioning. This partnership has provided significant value to the development team through their local experience and knowledge of the unique needs of the Fort Lupton market to create a beautifully designed community. 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 \$182,000 per unit and the overall development costs are estimated at \$267,000 per unit. Throughout the preliminary design phase, The Michaels Development team has taken the proper measures while building 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. Our team engaged three locally based construction companies, each with vast experience with new construction LIHTC projects in Colorado. Since construction is the single largest expense of the project, it is important to get an understanding of where the market is for this product type in this market. We found two of the three companies were within 1% of each other, which gave us comfort with our assumptions. Our budget includes a conservative escalation assumption to get us to our projected construction start date. 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: Vincent Village apartments will answer a significant need in the Fort Lupton and Southern Weld County community, a community that is experiencing strong multifamily demand and limited supply, especially in the affordable market segment. There has not been a new construction income-restricted project in Fort Lupton in nearly 15 years. Within the city limits of Fort Lupton there are only three affordable, tax-credit communities, all of which report near 100% occupancies and have waiting lists that are estimated at longer than 18 months. Additionally, within the Primary Market Area there are zero units targeting 60% area median income households, a market segment that is in seriously high demand and contains approximately 20% of the 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. In addition to its proximity to existing services like grocery stores, schools, churches, restaurants, parks and other local 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 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 challenges. 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 ease of access, lack of topography and proximity to utilities. 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. Most 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 six 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 in order to create a conceptual design that meets the needs and requirements of the local community. Additionally, our team has participated in two public meetings with the City Council and 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 step up its housing presence in Fort Collins with the development of the VOA Senior Residences. 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 a band of seniors from 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.

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 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. Volunteers of America is well positioned to fill the demand gap in development and operation of high-quality senior housing in the community.

Readiness-to-proceed: 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 by VOA and is included within this application.

Overall financial feasibility and viability: Although factors like land and building/impact fee costs increase the overall development costs and influence the requested tax credit amount, the project is also delivering a

significant number of apartments for very and extremely low-income senior households, which supports the need for a greater LIHTC award. The project financial structure's goal is to match the need in the community as best as possible. 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.

Experience and track record of the development and management team: VOANS is 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 400+ communities. The property will be managed by VOA Colorado. VOA Colorado manages a significant portfolio of over 1,700 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 resumes 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.

Cost reasonableness: The 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. 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 anticipates all reasonable soft costs for a project of this size and complexity.

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.

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 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 submitted with your application: 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. Fortunately, the City offered significant project funding, which helps to partially offset these higher costs. In addition, the project's eighteen (18) 20% and 30% AMI units qualify for 100% impact fee waivers. The design concept goals included; maximize the number of units that the site could accommodate, a three-story building to match the height of the adjacent market rate apartments and a stick frame/surface park format. The current design was the result of 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 Modification of Standards 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 experienced with pricing and delivering cost-efficient multifamily buildings along the Front Range and see their attached résumé for more information.

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: 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. 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.

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 CHFA's Enterprise Green Communities standards for connectivity, energy/water efficiency, indoor air quality, and durability. 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. 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 700’ from high frequency bus stop; 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;	
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;	
Population Served	Seniors aged 55 and up at the 40%, 50%, 60% and 80% AMI levels	
Bedroom Mix	28 - 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;	
Services	Staff run social/recreational activities and community health/wellness partnerships	
Energy Efficiency	Rooftop solar system; Xcel Energy EDA Program; NGBS certified; 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 (May 2018)	Previous Application (May 2018)	Current Application
	39 LIHTC Units \$1,197,915 total credit ask \$30,715 credit ask/unit \$0 City of Denver OED Loan 30%, 40%, 50%, 60% AMI	43 LIHTC Units (10% increase) \$1,141,906 total credit ask (4.7% decrease) \$26,556 credit ask/unit (13.5% decrease) \$430k City of Denver OED Loan “Income Averaging” 40%, 50%, 60% & 80% AMI Reduced Developer Fee by 9.6%

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 for all affordable properties in the market.
- More than 650 person waitlist for income-restricted units at the three existing tax credit senior apartment properties in the PMA.
- The addition of 43 more units will not negatively impact the occupancy of the existing properties.

b. Readiness-to-proceed:

- 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

c. 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

d. 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. Wazee Partners and its affiliates have purchased, developed and/or renovated over 950 units during the past nine years. 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.

e. Cost reasonableness:

The total project cost is \$15,588,559 or \$362,524 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.

f. 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.

g. Site suitability:

- In place, proper zoning
- Concept plan approved by the City of Denver
- Qualified Census Tract
- Transit Oriented Development – within ½ mile of 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 (See Exhibit Documents)
- 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

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: Outdoor space is limited due to the in-fill nature of the site. For that reason, there appears to be no plan for a location where residents can gather outdoors in the fresh air. 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: Because the adjacent properties are less attractive than the subject and to provide greater privacy and a sense of community for residents, 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 Environmental Site Assessment 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. The ACM Survey indicated where the ACMs were located and recommended proper disposal by a state licensed asbestos abatement contractor. Our demolition budget for this building includes the cost to properly dispose of the ACM and LBP by a properly licensed contractor.

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 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, 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 tariffs. These cost pressures aren't unique to this project.

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:

- h. 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. They also provide a limited number of Section 8 senior housing options. 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.
- i. 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.
- j. Denver Housing Authority** – Discussion with Debra Gray (Housing Programs Manager) about the project.
- k. City of Denver OED** – Have discussed the project with and received support from City of Denver OED Division of Housing for additional project financing.
- l. 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.
- m. 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.
- n. Hope Fellowship of Christian Reformed** - Outreach with Michelle VandenBerg, the pastor of Congregational Life regarding senior church members potential housing interest.
- o. City Council District 4 Representative Kendra Black** – Met with Ms. Black and received her support for the project.

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

- Not applicable.