EXECUTIVE SUMMARY

The 1600 York building will be a mixed-use project that includes 40 units intended primarily for the type of clients The Empowerment Program (TEP) serves—women and transwomen who are homeless, recent paroles and/or recovering from abuse and/or addiction—plus approximately 10,000 sq. ft. of office space to replace Empowerment’s current office building on the site, which will be demolished. This site is one block from Colfax, a major transit corridor and easily accessible to many nearby services and amenities (City Park, Carla Madison Rec. Center, Tattered Cover Bookstore complex).

The construction characteristics of the building include: 1) pier foundations (due to soil conditions); 2) concrete podium that will house ground level parking and lobbies for both the residential and office components; 3) framed in wood or light metal studs (depending on cost at the time of pricing); 4) flat membrane roof w/photovoltaic solar panels; 5) exterior of stucco and metal panels; 6) vinyl sliding windows (residential) and aluminum storefronts (1st & 2nd floors); 7) roof decks with planters and space for activities on the 2nd, 3rd and 5th floors (this may meet Denver’s new green roof requirements); 8) wood stairways with vinyl treads; 8) vinyl planking residential floors except bathrooms; and 9) one elevator each from the residential & office lobbies.

The 2nd floor will be TEP offices and floors 3-5 will house the units that are predominately 1-bedrooms (33) and studio (7) units. This unit mix is noted as the only weakness in the market study but it better serves Empowerment participants whose demand for housing remains regardless of economic circumstances. There will be open stairwells, to encourage walkability to the 2nd floor (from the commercial lobby) and to the 3rd floor (from the residential lobby). All units will be ANSI Type B assessible, with blocking for grab bars in all bathrooms, and three (3) will be ANSI Type. Financing for the project is expected to include a construction loan from Wells Fargo, a permanent loan from CHFA (SiMPLe Program), tax credit equity from Wells Fargo and grants and loans from the Denver Office of Economic Development and the Colorado Division of Housing and a loan from the sponsor (The Empowerment Program, Inc.).
Why Should This Project Be Chosen over Others?

- It serves a segment of the population that has been historically underserved (women who are homeless, paroled or abused);
- It will support an organization that has been serving these women for over 30 years. Most other providers to these populations serve predominately men;
- The new office space for TEP will enhance their ability to continue doing this work for at least another 30 years.

Does this project meet the Criteria in Section 5.B.5 of the QAP?

Yes. Since all clients will have the services of TEP available to them. TEP has been serving this population for the past 30 years and has independent funding for these services. The level of services to be provided will be based on the specific needs of the individual residents. Because these needs will vary significantly over time we are not claiming points for Special Needs Tenants.

Does this project meet the Other Criteria for Project Approval?

1. Market Conditions—The market study states that this project will need only an 18.6% capture rate to attain full occupancy and, based on its location, will have direct competitive advantages.

2. Readiness to Proceed—The proposed project has a use by right under its zoning designation and the development team has deep experience in completing LIHTC projects.
The critical path to closing will be gaining site plan approval with Denver’s overtaxed staff. This process typically takes 8 to 9 months from the time Design Development plans are completed. Given this, the earliest start time is 10 to 11 months after receiving an award (DD completion=2 mos.).

3. Overall Financial Feasibility—If the request for a “basis boost” contained in this application is approved, this project, which misses being in a QCT by one street (west across York is in a QCT), is feasible with minimal soft money from Denver and CDoH. Building on a confined site, the least expensive parking option is to build a concrete podium under which surface parking is possible. This is much more expensive than having a larger site where non-structured surface parking is possible. Another element that makes this site more expensive to develop is Denver zoning’s decision that the site has two main streets which must have active uses. Having only one main street to activate would cut costs but an initial proposal to Denver with only one main street side was rejected by Denver zoning.

4. Experience and track record of the development and management team—This team has a combined track record of being part of teams that have built and financed over 5,000 tax credit units in over 120 projects. All have closed on tax credit projects within the past year. The management agent has many years of experience of successfully managing over ______ tax credit projects.

5. Cost Reasonableness—For this type of site (small, confined, urban in-fill site), the costs are in line with current development costs.

6. Proximity of existing tax credit projects—The market study notes in its analysis of competitiveness that similar Class B LIHTC and mixed-income projects

7. Site Suitability—Except for its relative small size, this site has an excellent location, especially for the target population to be served. It is near many amenities, has excellent public transportation adjacent or 1 block south on Colfax.

Justification for CHFA’s DDA Boost

Per the application model a CHFA DDA Boost of 12.57% is being requested. The rationale for this request is primarily because of the two following factors:

- The higher building cost that are the result of the small, in-fill site which will require a concrete podium for parking;
- The higher building cost resulting from Denver Zoning ruling that the site has two (instead of only one) “main street” face;
- The relatively low permanent debt because of the very low income targeting of tenants for the project.
Does this project address issues raised in studies done to support it?

- Market Study—With the exception of the matter of smaller units, the market study’s conclusions for this project were positive. As noted in the Executive Summary, these smaller units better serve Empowerment-type clients who demand housing regardless of economic circumstances. “The subject’s proposed unit amenities, project amenities and tenant services are generally equal to or slightly better than the surveyed PSH developments and income restricted project in the PMA.” Further, the sponsor’s service area includes the whole Denver metro area so this will “allow it to draw tenants from outside the general occupancy LIHTC PMA.” Finally, it has convenient access to Downtown Denver, which contains ample retain and service and employment opportunities.

- Environmental Report—The Phase I Environmental report completed for this site indicates there are no “Recognized Environmental Conditions (REC’s) or Controlled REC’s identified in connection with the site.

- Soils Test—As noted in the Executive Summary, the soils on the site will require drilled piers for the foundation so the additional cost of this condition has increased costs to construct on this site.

Are there any neighborhood issues that require outreach?

TEP has been operating at this location from which clients come and go on a daily basis for over 20 years and this has not generated any neighborhood opposition or concerns. The Executive Director was on the neighborhood business association board and found no concerns coming from them. She is familiar with the immediately adjacent neighbors and those across York St. and they do not raise concerns about Empowerment or its clients.
1. **Executive Summary:**

Summit Housing Group, Inc. (SHG) is excited to present Academy Place (AP), the first affordable low-income family apartment development to be built in Broomfield in over 22 years. AP will consist of 50 units with 1, 2, and 3 bedrooms, community space, parking and open space. SHG is partnering with the Broomfield Housing Authority (BHA) and is working with Broomfield FISH, a local non-profit to help provide services and tenant placement to make this a true public/private partnership. 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. AP is located in an excellent location at 7105 W. 120th Ave. in Broomfield. While not in a QCT or DDA (Census Tract 300.00), it is within a mile of almost all essential services, job opportunities, and schools. The proposed site is a Transit Oriented Development (TOD) and is 1100 feet (.2 miles) from bus stop #26040 at W 120th and Main. The site is zoned, approved for 50 units, not in a floodplain, and shovel ready.

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 with a flat roof and detailed parapets designed for a modern residential feel. Unit mix and sizes are in the table below:

<table>
<thead>
<tr>
<th>Unit Description</th>
<th>Net Rents</th>
<th>Unit HSF</th>
<th>Unit Number</th>
<th>% of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-BR @ 30%</td>
<td>$446</td>
<td>625</td>
<td>1</td>
<td>2%</td>
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<tr>
<td>2-BR @ 30%</td>
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<td>850</td>
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<tr>
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<td>6%</td>
</tr>
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<td><strong>50</strong></td>
<td></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
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 that are all Energy Star rated. Academy Place will also enforce an on-site no-smoking policy. AP is located on a site with great access to public transportation. This proximity and ease of access to services encourages residents to walk or bike to local conveniences or use public transit more often.

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 by using 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 Tab 19.

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 $384,000 of waived fees from the City. Total development cost is $14,594,785. The capital stack for AP includes deferred developer fee, a competitive 6.0% interest rate on the permanent loan, and competitive tax credit equity pricing ($89) 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 Tabs 4, 5, & 6.

### Financial Sources:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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</thead>
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<tr>
<td>Federal Tax Credit Equity</td>
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<tr>
<td>DOH Funds</td>
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<td>Owner's Equity/DDF</td>
<td>$717,420</td>
</tr>
<tr>
<td>Development Fee Waiver</td>
<td>$337,084</td>
</tr>
<tr>
<td><strong>Total Sources:</strong></td>
<td><strong>$14,561,083</strong></td>
</tr>
</tbody>
</table>

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.

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 vacancy rate in Broomfield is 5.1%. However, 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 9.6%.

   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 9.6%. Per the market study “Like many cities throughout the Front Range in Colorado, and especially one between Boulder and Denver, there is a very high likelihood that the PMA will experience in-migration from relocating renters that are not accounted for in the renter growth forecast provided by Claritas. While we did not utilize an in-migration rate to estimate demand in this market study, any incidence of in-migration will result in lower capture rates and understated demand for the subject and rental housing in general.”
- The PMA is projected to gain 455 renter households by the time the project is placed in service, and there are no new LIHTC units in the development pipeline other than this proposed project to account for that demand.
- The existing family LIHTC projects within the PMA were built before 2000, are in average condition, and have less desirable locations. No new affordable family developments have been completed in the PMA during the past 22 years. There is a void for quality, new construction affordable housing that AP will fill.
- 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 sixteen households with these rent ranges.

b. Readiness-to-proceed:
If awarded credits, we anticipate construction on AP to commence April 2019 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. 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 are working with EJ Architecture who has provided schematic design. We have selected Summit Construction Group as a contractor and have included them in the design and planning process. Additionally, Boston Capital and First Security Bank, our investor and 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 (Tab 5), First Security Bank (Tab 4), the City Council Resolution from the City of Broomfield (Tab 4), and the letter of support from the Department of Housing (Tab 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 currently in lease-up and 63 under construction), Montana (214 completed LIHTC units), Wyoming (772 LIHTC units built, and 64 under construction, and another 72 units breaking ground in July 2018), South Dakota (32 LIHTC units built, 35 units under construction), Oklahoma (24 units awarded in May 2016) and Utah (62 completed LIHTC units and 168 under construction). 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 1220 LIHTC units in Utah, Wyoming, Montana, 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 providing 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 Tab 10 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 $1,1130,000 in annual credits but we are only requesting $1,035,000 limiting cost per unit and credits per unit. The recent construction market conditions show a steady increase 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 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 reasonable 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 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. According to our Phase I (Tab 14), there are no environmental issues with the site. 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 104 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 is currently in the midst of a $90.1 million extension. This extension is upgrading the road to six lanes, connecting Colorado Highway 128 with Wadsworth Boulevard, and is planned for completion in August 2018. 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 walkable. The market study states “The subject’s walk score is 69, which is 123% better than Broomfield’s overall score of 31 and 57% better than the overall average score of 44 for the PMA. Please see Tab 12 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:**

   No REC’s were found in the environmental report. We will be removing a small building as it is in the emergency access easement requested from the City of Broomfield.

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, EJ Architecture, and CDK Construction, all having experience in Colorado. Summit Construction Group will be the General Contractor. 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. We 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. 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 (BEHOC). 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 BEHOC board meetings and discussed the potential of soft funding for Academy Place. Through this relationship with BEHOC, SHG was able to engage quite a few community organizations that can help and provide assistance to 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 Tab 8 as well as a Letter of Support in Tab 9. 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 Tab 9. The engagement with the community has been substantial and the support for Academy Place has been overwhelming.
Project Name: Alpenglow Village
Project Address: Northeast corner of Pine Grove Rd and Mid Valley Dr. – Steamboat Springs, Colorado 80487

Introduction:

Alpenglow Village is an exciting opportunity to help address the crushing affordable housing demand to the underserved and growing community of Steamboat Springs, Colorado. Overland Property Group (OPG) and Yampa Valley Housing Authority (YVHA) are proud to partner again and expand upon the very successful Reserves at Steamboat Springs development. The partnership of OPG and YVHA has been incredibly successful because each organization brings unique strengths to the table. This extremely strong development and ownership team has been able to do what seemed impossible - developing new affordable housing in the northwest region of the Colorado Rocky Mountains, while exceeding even the toughest critic’s expectations.

Alpenglow Village is a proposed 72-unit affordable multi-family development of twelve one bedroom, thirty-six two bedrooms and twenty-four three bedroom units, (760, 985 and 1,194 sq. ft. respectively) located in the central to south east side of Steamboat Springs near the resort, shopping, and commercial areas. The development will be constructed with only the highest quality finishes: utilizing post-tension slab construction with wood framing, lifetime architectural shingle roof, cultured stone and hardi-board exterior. This will allow it to withstand the harsh mountain environment and comply with the City of Steamboat Springs stringent building requirements and codes. Additionally, the interiors of each apartment will have countless amenities such as: knotty alder cabinets, energy star appliances (refrigerator, dishwasher, microwave/micro hood, oven/stove and full-sized washer and dryer in each unit), high grade wood look LVP flooring, walk-in closets, a patio/balcony, 9 ft ceilings and energy efficiency built in to every detail of construction. The development itself will also have a long list of amenities including a clubhouse with leasing office, 24/7 fitness center, community room, warming kitchen, library and ample bike storage along with a community basketball court, kid’s playground, community garden to name a few. The market study provided for Alpenglow Village states that our unit amenity package and site amenity package are considered superior to all of the LIHTC and market rate comparables.

The need for affordable housing in Routt County is great. It has a population of 24,130, and 56.3 percent of renting households paying 30 percent or more of their income for housing. Alpenglow Village will be only the second 9% LIHTC development in Routt County and only the third LIHTC development ever since the program started in 1986. In addition to being only the second LIHTC development in over 20 years, Alpenglow Village will include the only units in the PMA available in the 30% AMI bracket, along with providing additional new units of 40% and 60% AMI. Another new set of units will be 24 apartments of 61% to 120% AMI which currently do not exist in the Northwest region of Colorado. This project is an amazing opportunity to target a very large AMI range (from 30% to 120% AMI) all of which are extremely needed in the Yampa Valley. It is important to note that Alpenglow Village will add housing stock to a rural population area while keeping the capture rate far under 20 percent.
When searching for a location for this development, the Yampa Valley Housing Authority and Overland Property Group knew they would have very limited options. Even with the extreme land scarcity, the team was able to secure a site in their 1st priority location in town and it turned out to be the only site available that met all the requirements. The proposed development site is truly un-paralleled. It provides proximity to jobs, shopping, grocery, biking trails, parks, bus stops and is in an area that lacks affordable housing. While the team is excited they were able to option such an amazing property for affordable housing, the contract only gives them one chance for approval of tax credits, as the seller will move forward with a commercial development on the lot next year if our funding is not approved.

This proposed development has already received an overwhelming amount of support from both the City of Steamboat Springs, Routt County and the its citizens. After watching the team of OPG and YVHA develop and rapidly lease-up the Reserves at Steamboat Springs there was an immediate consensus for and the extremely strong lease up the citizens of Steamboat strongly voiced the need for additional affordable housing in Steamboat. So much so, the public voted to increase the mil levy (November 2017) to support additional affordable housing development by YVHA. The Yampa Valley Housing Authority has committed to contributing $525,000 to this development, putting to use those recently created funds and the will of the people. The strong local support is understandable considering the lack of multi-family developments in Steamboat Springs in the last 22 years despite significant growing demand. The development also expects to receive funding from DOH for $600,000 which will also add to the project’s success. This proposed project is a great opportunity to expand housing options in an underserved area and continue to help the Yampa Valley Housing Authority and Overland Property Group address the increasing problem of affordable housing, which many people believe is the largest issue facing Steamboat Springs today.

CHFA Priority - Projects in Counties with populations of less than 175,000
Routt County has a population of 24,130 as of the 2010 census so it more than meets the priority. Also, since the community has only had two LIHTC developments since the beginning of the program, it has left the community highly underserved.

CHFA Guiding Principles
“To support rental housing projects serving the lowest income tenants for the longest period of time”
Alpenglow Village will offer the widest range of targeted units at 30, 40, 60 and 61-120% area median income brackets, many of which don’t currently exist in the Yampa Valley. In addition, it will serve these populations for the longest time by committing to a 25-year extended use period.

“To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas”
The rural mountain community of Steamboat Springs is in the far Northwest corner of Colorado which has only had one 9% LIHTC allocation and only one 4% LIHTC community, the 4% development was allocated over 22 years ago. Expanding further, Northwest Colorado has only three tax credit allotments in over ten thousand square miles since the program started 32 years ago. The proposed development is located in Routt County, which has a population of 24,130; significantly less than the 175,000 listed in the guiding principles.

“To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing”
As noted above, the project will feature the widest number of targeted units 30, 40, 60, 61-120% AMI and will be the only 30% and 61-120% AMI units available. Because of the lack of affordable housing in the region, research shows that citizens will move out of the region to areas that are better served.

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

This site is located with a bus stop in front on Pine Grove Road, located less than .1 miles away from the site. This local bus service is free and also expands regionally for a small fee to Craig, Hayden, and Milner for $6, $5, and $1.50 each way, respectively. It will also have a paved biking path on its east side that runs throughout town and local amenities, including a new connection being built next summer that runs under the highway to the grocery store and shopping. So, while the walk score puts residents in the car dependent category, we believe the walkability of this site is actually one of the highest in the entire community.

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

Developing in the resort mountain area of Steamboat Springs is more expensive than in most other parts of the state, so affordable housing projects can be cost prohibitive. We have worked to stretch these credits to the most number of units possible, including leveraging them into an additional 24 units of 61-120% AMI for 72 units total. Additionally, the housing authority is contributing $525,000 to the project and we will seek additional funding from the state to leverage our tax credit funds. We are requesting only the amount of credits necessary for the financial feasibility of the development.

“**To reserve credits for as many rental housing units as possible while considering these Guiding Principles and the Criteria for Approval**”

We will be leveraging credits into an additional 24 units of affordable housing in the 61-120% AMI range which is desperately needed in Steamboat Springs but has been difficult to accomplish until this development.

**Market conditions:** As noted above, the project will serve a very wide range of AMI brackets: 30, 40, 60 and 61-120% AMI. Additionally, the overall market vacancy in the PMA is extremely low with almost all of the vacancies pre-leased, with LIHTC properties reporting no vacancies and available units renting within 24 hours and long waiting lists. Given this high demand the market study predicts the project to have a vacancy rate between zero and three percent and maintain a waiting list based on the market’s low vacancy rate and high demand.

Due to the low density of both population and LIHTC properties the project will increase the overall capture rate on LIHTC units from 5.8% to 13.3%. We believe the capture rate after building these units is still extremely low considering it doesn’t factor any inflow migration, which is substantial in a community like Steamboat Springs. This development will be the only apartments available to the desperately underserved 30% and 61-120% AMI brackets along with adding much needed units to the 40% and 60% AMI brackets.

The demographics of the PMA indicate strong demand now and in the future. Steamboat Springs has with an area median income of $86,700 and has experienced demand outpacing housing supply for many years. This is evident in that the percentage of the Steamboat Springs’ population, which pays more than 30% of their income in rent, has increased to 56.3% (2015). This is almost 7% higher than just a few years before. This development, which targets the majority of renter households (1-5 member families), will help alleviate this need. Additionally, because of the relatively high AMI, and in agreement with the market study, “the proposed rents at the maximum allowable level are achievable and demonstrate a significant rent advantage over the market rate comparables.”

Additionally, we believe the capture rates do not fully consider the influx of populations that the history of the area report addresses and takes into consideration in-migration which only compounds the problem and further decreases the already low capture rates. Many businesses, individuals, and community leaders have identified affordable housing as the largest issue affecting the community. Given this
information and expanding the PMA to account for migration, we believe capture rates should be much lower than noted in the market study.

**Readiness-to-proceed:** The development site is zoned Community Commercial (CC), which allows for multi-family development as a use by right. Additionally, our development team provides a readiness to proceed that exceeds the standard due to their years of experience and attention to detail long before construction begins. Not only does the Development Team have recent experience completing the Reserves at Steamboat Springs, but Jason Peasley (Director of YVHA) was formerly a City Planner in Steamboat Springs and provides a wealth of information on the city’s requirements. Our civil engineer and architects have not only worked with Jason on the current development, but have also reviewed all local, regional and state requirements in order to tailor the site plan to meet or exceed current rules and regulations. Through this process everything from the building design to construction materials is examined and checked.

**Overall financial feasibility and viability:** With the combination of local support of $525,000 from the Yampa Valley Housing Authority, DOH funds and federal tax credits, the project exhibits strong financial viability as further described in the pro-forma. The developer also has a proven track record in Colorado and the Midwest with its other Section 42 properties averaging 99% occupancy across over 2,500 apartment units.

**Experience and track record of the development and management team:** Since 2002, the developer has successfully developed, built, owned and operated over 55 properties across the Midwest and Colorado totaling more than 2,500 units and $450 million in development costs. OPG’s currently has two properties in Colorado. The Tabor Grand Hotel Apartments opened in 2014 after a $9 million renovation to much fanfare and excitement in the local community. The Reserves at Steamboat Springs, as previously mentioned, was developed in partnership with the Yampa Valley Housing Authority and has been a huge success. It is exceeding all expectations of equity pricing, quality, construction cost, construction schedule, lease-up, management and financial performance. The Yampa Valley Housing Authority, also owns and manages other projects in the City of Steamboat Springs. The Tabor Grand Hotel Apartments opened in 2014 after a $9 million renovation to much fanfare and excitement in the local community. The Reserves at Steamboat Springs, as previously mentioned, was developed in partnership with the Yampa Valley Housing Authority and has been a huge success. It is exceeding all expectations of equity pricing, quality, construction cost, construction schedule, lease-up, management and financial performance. The Yampa Valley Housing Authority, also owns and manages other projects in the City of Steamboat Springs. The Yampa Valley Housing Authority, along with Ross Management, will manage the property. Ross Management currently manages over thirty-four section 42-tax credit properties in the State of Colorado. The development team also consists of Dan Morgan and Associates, who have successfully helped countless affordable housing projects receive funding, as well as Jones Gillam Renz Architects and McPherson Contractors who have designed and constructed more than 75 Section 42 projects. Our experienced group is built for the challenges of building and developing quality affordable housing that maintains its integrity for decades.

**Cost reasonableness:** Alpenglow Village is a very high-quality product for the community of Steamboat Springs, with a very reasonable and efficient cost per unit for the City and region. Building off the lessons learned and efficiencies of the Reserves at Steamboat Springs, our efficient use of credits for a difficult to develop area is one of OPG’s core strength’s.

**Proximity to existing tax credit developments:** The Reserves at Steamboat Springs is 3 miles northwest from the proposed site and Mountain Village is 1.6 miles southeast of the proposed site. The property is perfectly positioned in the highest demand area of town in between the only two other LIHTC developments. The Reserves at Steamboat Springs has 40, 50 and 60% units. Mountain Village Apartments has only 50% AMI units, which the proposed development does not have. Alpenglow Village would have the only 30% units in town, as well as the only 40%, 60% and 61-120% AMI units in this area of town, which is needed according to the plan. This enables the project to serve a much larger segment to a highly underserved population.

**Site suitability:** Located in the midvalley region of Steamboat Springs, the site provides easy access to regional highways, bike paths and bus stop. The currently vacant site is zoned Community Commercial which allows for multifamily developments as a use by right. All utilities are available on the site. Additionally, the site provides easy access to most local services and amenities; all of which are located within a 0.5-mile walk of public transportation stops.

- Services and Amenities within 2 miles
1. Bus stop - 0.1 miles
2. Walgreens Pharmacy – 0.1 miles
3. Conoco Gas Station – 0.1 miles
4. Safeway Grocery – 0.2 miles
5. Young Tracks Daycare – 0.2 miles
6. Bank of the San Juans – 0.2 miles
7. Fetcher Park – 0.2 miles
8. Yampa Valley Core Trail – 0.2 miles
9. Yampa River Botanic Park – 0.3 miles
10. UCHealth Yampa Medical Center – 0.7 miles
11. Fire Station – 1.1 miles
12. Post Office – 1.2 miles
13. Police Station – 1.4 miles
14. Steamboat Springs High School – 1.4 miles
15. Soda Creek Elementary School – 1.7 miles
16. Bud Werner Memorial Library – 1.7 miles

Address any issues raised by the market analyst in the market study submitted with your application:
The market study was very strong and there were no noted issues in the study.

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 environmental testing company did not raise concerns about the site except that they wanted to do additional study on what appears to be an abandoned water tank and minor pipe extrusions. Please see attached memo from the testing company for more info.

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 multiple factors that are unusual with this development, due to the location in the Rocky Mountains. These factors are: long term building design which is required due to extreme harsh climate conditions in the mountains, higher construction costs because of the challenges with labor, material and general conditions due to weather conditions while under construction, and city requirements which are more stringent than other communities. Even with these challenges, experience allows us to succeed in the area and provide housing to a population in need. Our building design has proven itself in Steamboat Springs. Plans have been made to change the exterior, so that this community can have its own “feel”, while still maintaining all the lessons learned from the previous construction process. This will provide substantial cost savings and efficiencies.

In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):
The local support experienced with this development has been truly unbelievable, which is similar to what we experienced with the Reserves at Steamboat Springs. The community realizes the desperate need for affordable housing and has demonstrated that in many ways, including countless letters of support from businesses, not-for-profit organizations, the Steamboat Spring School District, the Steamboat Springs City Council and the Routt County Commissioners. Additionally, the community voted in late 2017 to approve an increase in mill levy to help fund affordable housing, which is the source of the $525,000 in hard money the Yampa Valley Housing Authority has committed to this development. The support for affordable housing in Steamboat Springs is a true group effort unlike any we have seen before.
Project Name: The Atrium at Austin Bluffs

Project Address: 4921 Templeton Gap Road Colorado Springs CO

Executive Summary
For the past 28 years Greccio Housing has been the largest private not for profit provider of affordable rental housing in the Colorado Springs area. Greccio’s long track record of leadership is recognized throughout the community and led directly to the City’s decision to donate this parcel of land for the project. The City has a provision that applies a “1 logical user” in order to donate a city asset for a community purpose. Greccio met this test because of its active pursuit of new projects, success with both independent and collaborative functioning, established property management and supportive resident resources, ongoing compliance with funding covenants and requirements, and readiness to proceed with a LIHTC application.

The proposed project will involve the new construction of 54 units of housing in a three-story building. The project will be affordable to persons earning from 30% to 60% of AMI, with 20% of the units affordable at or below 40% of AMI. Units will be a mix of one (80%) and two (20%) bedroom unit types.

This $13.4M project will be financed through federal tax credits (70%), a loan (19%), a County HOME / CDBG grant (4%), a State HOME / CDBG grant (4%) and deferred development fee (3%). Not included in these sources is the value of the land donation.

The project will have an interior hallway serviced by two elevators. Apartment units will offer in-unit laundries, storage, and durable but attractive finishes. The wood framed building will have a pitched roof, post-tensioned slab foundation, water wise landscaping appropriate to the climate, air conditioning and energy efficient furnaces. The exterior of the building has been designed to complement the existing established neighborhood aesthetic. Exterior materials will include a mixture of brick, stucco, and lap siding.

Common areas have been thoughtfully incorporated into the project in several different locations. The main entry opens into the central common area of the facility. Here, residents will have access to the site manager, a large area that can be enclosed for family or private functions, a ‘Grab-n-Go library, exterior patio, and exercise room. A separate office and
Wellness Center have been included for residents and for services provided by our third-party service provider partners.

Section 2 Qualified Allocation Plan Priorities
This project does not address the priorities listed in Section 2 of the QAP

Section 2 Qualified Action Plan Criteria for Approval

- **Market conditions:** Our market study recommended no changes to the planned project and indicated that the project should lease up in 2 months due to the high demand for this product in the market. Surveyed LIHTC properties in and adjacent to the PMA had no vacancies, and maintained waiting lists with 145 – 400 applicants. The overall average vacancy rate in the PMA was 1.6%, which indicates pent-up demand for rental units. In addition to existing demand, the population of income qualified seniors in the PMA is growing by 235 households per year. The need for quality rental housing for seniors in this area is severe.

- **Readiness-to-proceed:** The site is zoned to allow for the size of project contemplated in this application. The City requires the issuance of a conditional use permit in conjunction with site development plan approval, both of which are granted by the Planning and Zoning Commission. The development team held a Land Development Technical Committee Meeting with city referral agencies and staff indicated that the project was an appropriate use for this site. Site development plan approval can be easily obtained within the timeframe needed to reach carryover.

- **Overall financial feasibility and viability:** Greccio Housing is an experienced provider of affordable rental housing in this market area. The proposed operating budget is based on good comparable costs in its portfolio, and the corresponding debt load appropriate for the projected NOI. The City of Colorado Springs and the State Division of Housing have funding available for this project. The City and Greccio have entered into a $1 purchase agreement that effectively donates the land to Greccio for this specific project.

- **Experience and track record of the development and management team:** Greccio Housing has served the Colorado Springs community since 1990. In that time, it has developed or acquired and manages over 500 units of affordable housing throughout the Colorado Springs area. Greccio also provides property management services to all of its properties, using a centrally-located team-based maintenance approach to increase efficiency and responsiveness for its scattered-site properties. Greccio has a knowledgeable compliance team experienced with every major affordable housing program. This will be the second tax credit project for Greccio. To assist in the development of the proposed project, we have
hired Medici Consulting Group to act as a fee developer. Medici has a strong track record of successfully developing housing in Colorado through the LIHTC program.

- **Cost reasonableness:** The proposed project will be located on a flat site with immediate access to public roads and utilities. No major site work expenses are associated with this project. The site itself is free ($1) and will be donated to Greccio by the City of Colorado Springs pursuant to the terms of the attached donation agreement. A local multifamily builder active in this market provided the construction cost estimate based on recent comparable projects. While construction costs continue to rise, we feel that this is an accurate estimate. Tap fees in the City of Colorado Springs are some of the lowest in the State and will save the project significant amounts of money.

- **Proximity to existing tax credit developments:** Our PMA contains ten LIHTC properties containing 921 income-restricted units. Of these, 3 are senior properties, and two of those are assisted living facilities. There is another large senior property under construction now in the PMA. The closest LIHTC senior project is 2.3 miles from our planned project.

- **Site suitability:** This is an infill location in an established neighborhood. The site sits in a small neighborhood commercial center surrounded by nicer single-family homes. As such, it’s in an ideal transitional area between these commercial and residential uses. The site is undeveloped, flat, and adjacent to existing roadways. Utilities are adjacent to the site. A regional storm-water collection system will connect to the site, saving the expense of developing an on-site water quality and detention facility.

**Underwriting Waivers**
- This project requests no waivers from CHFA’s underwriting criteria.
- This project does not request a CHFA DDA credit boost.

**Market Study Overview**
Our market study indicates a severe need for affordable senior housing in this area, which is consistent with the City’s identification of this as an issue of significant community concern (and the basis for its donation of this site for the development of this project.). There are no vacancies within LIHTC properties in the PMA or adjacent areas. In fact, the overall vacancy rate in the PMA is only 1.6%, which indicates a pent-up demand for rental housing of all types. But the demand is particularly acute within the LIHTC sector, surveyed comparable LIHTC properties maintain waiting lists of 165 – 400 persons. In addition to existing demand, the population of income qualified seniors in the PMA is growing by 235 households per year.

The study noted that our project had slightly higher rents than comparable senior LIHTC properties. However, the study was conducted concurrent to the release of the 2018 AMI
figures, and comparable properties had yet to implement annual rent increases related to these new AMI levels. Furthermore, no other comparable properties offer owner paid utilities. The associated utility allowance deductions account for the balance of the rent differential.

While a large LIHTC project is currently under construction in the PMA, several differences mitigate concerns about the effect this project has on our project. First, our project offers a mix of units at various AMI levels, only 21 units are set aside at 60% of AMI, which is the target market for the project under construction. The other difference relates to the age restrictions: our project is for seniors 62 and over; the project under construction will target households 55 years and older.

Environmental Report Overview
The environmental reports provided with our application confirmed that the site is free from any environmental concerns; the site is clean and ready to develop.

Cost Containment
There are no unusual features driving up costs on this project. Unique to this project are several features which decrease costs:

- The City of Colorado Springs will donate the land for this project at no cost
- Tap fees in the City of Colorado Springs are some of the lowest in the State
- The surrounding neighborhood features a master planned storm water system, no on-site detention or water quality will be needed for our project.

Neighborhood Outreach
This project originated when the City reached out to Greccio to gauge its interest in developing this parcel of unused City owned land. It was the City itself that recognized a need affordable senior housing. This location, in a pleasant residential section of the city near to services and amenities, seemed to be an ideal area for this purpose. Working with the City, Greccio evaluated the site and came to the shared conclusion that a senior housing project would be a good fit for this neighborhood. In May of 2018 the City and Greccio entered into a donation agreement for this site in order that it be developed into the project described in this application.
In addition to the collaboration between Greccio and the City, efforts to reach out to the local neighborhood organizations have begun. While broader public meetings are specifically called for as part of the Development Plan Review Process, Greccio has visited immediate business
neighbors, reached out to the adjacent homeowner’s association, and has an in-office meeting with a neighbor with questions about the specifics to the project and regulatory oversight. The site is zoned appropriately for the proposed use and will not require City Council review or approval. Nonetheless, we are sensitive to the surrounding homeowners and businesses, and are committed to development of a project compatible with the aesthetics of the neighborhood.

Greccio has been cultivating relationships with the City’s major senior service providers to better understand the needs of low and moderate income seniors in the City. Included as attachments to this application are letters of support from Silver Key Senior Services and Vera Care. MAY HAVE ONE MORE – INNOVATIONS IN AGING COLLABORATIVE – WILL INCLUDE NO LATER THAN EARLY NEXT WEEK. These agencies are prepared to partner with Greccio at this project to provide the services needed to help our residents live independently. To facilitate this partnership, our plans for the project include office and activity space for these providers to use in the delivery of services to our residents.

Finally, Greccio has been actively working in the community to establish as many transportation alternatives as possible, which is a factor for almost all residents. For independence, access, and social and entertainment needs, the ability to move throughout the community is critical. Our response to the transportation needs of resident will include the following:

- 30% more parking spaces that required by City code for seniors (43 vs. 33 required),
- Qualified residents will have access to various ‘door-to-door’ transportation, including Rocky Mountain Health Care, Ambli-cab, Silver Key, and Mountain Metro Mobility, Greccio’s Resident Resource,
- Collaboration with the City to ensure that the bus line extension down Austin Bluffs Parkway includes a stop at our intersection. (See market study for details)
- Transportation through Greccio’s grant-funded Resource Center, when urgent transportation needs are otherwise unmet.
Executive Summary

Four Corners Development, LLC is pleased to present this application for Deer Creek Trails, a newly constructed 41-unit, two-story building located at CR 26 at Jennifer Circle, Brush, CO. The building is designed to serve seniors, aged 55 and over with senior friendly interior and exterior spaces focused on health and quality of life. The Enterprise Green Communities building will consist of a two-story wood and steel framed building with interior hallway elevator with a mix of stone and Hardie cement board siding, articulated façade and pitched architectural roof on a concrete at-grade foundation. This design will provide easy and safe single point of access to well-appointed one and two-bedroom units and common area amenities for residents. Units will range from 746 to 950 sq. ft. with 9’ ceilings and included, 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. Utilities will be paid by the owner and are included in the rent. 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 room for general clinics; blood pressure and health screenings, nutritional consultations, etc. available to local service providers. Outside community amenities include green space intentionally designed for the active senior; a covered patio/outdoor dining area, a bocce ball court, a horseshoe pit, raised-bed gardening with shed, and a quarter-mile walking path with benches, including a path connectivity to adjacent Watrous Park. A Porte Cochere at the front entrance will provide shelter while loading and unloading and control access entry will offer security for residents.

The onsite property manager will be an active conduit to contact and coordinate services and programs with local providers. Community partners include Eben Ezer Lutheran Care Center, which offers a wide range of outpatient services to low-income seniors and Banner Health who offers full-service hospital and medical offices one-half mile from Deer Creek Trails. Four Corners has initiated formal partnership discussions with these providers in addition to Salud Family Health Centers, a Federally Qualified Health Center.

Like most rural communities, daily route public transportation is a struggle to sustain, yet Brush has options in place to help alleviate those obstacles. The Northeastern Colorado Association of Local Governments (NECALG) sponsors the ‘County Express’ which provides ‘reservation based, door-to-door, demand-responsive transportation service on a local or regional basis; throughout Logan, Morgan, Phillips, Sedgwick Washington and Yuma counties. Fees for seniors are less than $3 per trip for trips with a 20-minute duration or less. Four Corners is in formal discussion with Eben Ezer to share transportation with their current fleet of accessible vans in addition to establishing a transportation reserve fund to further assist residents with transportation costs when other options are not available.

NARRATIVE

Deer Creek Trails, a project presented by Four Corners Development, LLC for the senior population in Brush, CO. Four Corners Development prides itself in seeking out communities that have a great need for affordable housing, that encourage active lifestyles, along with forward-thinking city leadership. We believe these are the vital components of building stronger communities – helping provide affordable housing within a changing environment that encourages opportunities for residents to remain (or become) vital members of the community. By doing so, our properties serve as a critical safety-net for our seniors to transition through difficult phases of life; whereby they can maintain a sense of dignity, remain in the workforce, enjoy a safe and clean environment and find encouragement to live life to the fullest.
With the challenge of desiring to best mitigate a challenging walk score, as is typical with rural locations, Four Corners Development worked in tandem with City Officials to identify a site. The undeveloped land provides a shovel ready site with zoning and onsite wet and dry utilities in place. *Deer Creek Trails* is located within a short distance to grocery stores, medical care, an adjacent park, and single-family homes. Additional amenities within two miles include downtown Brush, Brush Grocery Kart, the post office, police department, Municipal Court, the Brush Fairgrounds, and numerous churches. *Deer Creek Trails* will be a newly-constructed apartment-style, affordable tax credit development with a total of 41 units designed for the moderately active, independent, senior. This configuration keeps seniors feeling safe and connected to their neighbors. The covered entrance allows ease of loading and unloading; roll-carts will be available to assist residents with getting groceries or other items to their residence.

The entire design of *Deer Creek* promotes community with a strong focus on activity for a healthy lifestyle. Unit amenities include large windows to allow natural light, a private patio/balcony to expand living space to the outdoors and allow for fresh air, walk-in and linen closets for plenty of storage. Full sized, energy star appliances, 9’ ceilings, individual climate control and washer/dryer will be provided in each unit. Step-in showers provide ease of mobility. The common area on the first floor offers an inviting atmosphere with large windows and seating to socialize with friends or host a weekly bridge tournament, or similar event. On-site computer stations will help residents keep up with world events and the fitness room promotes wellness. There is also a kitchen facility for hosting small events. A patio connects to the outdoor amenities. For those whom already have green thumbs, they will have the opportunity to work the dirt in the raised bed planters. Residents can picnic with others, play horseshoes or bocce ball, or use the connected pathway to access Watrous Park for continued light exercise. Most importantly, there will also be wellness checks provided in the supportive services room and an activities coordinator will help plan and provide recreational opportunities. *Deer Creek Trails* is committed to promoting a healthy lifestyle.

### BUILDING UNIT MIX

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### GUIDING PRINCIPLES

- **To support rental housing projects serving the lowest income tenants for the longest period** - *Deer Creek Trails* has committed to providing five units at 30% AMI, five units at 40% AMI, thirteen at 50% AMI and the remaining eighteen at 60% AMI. *Deer Creek Trails* will add 23 units at 50% AMI or below, serving the much needed very low-income senior households. Morgan County incomes are much lower than many other areas of the state which makes providing housing in this area much more difficult. *Deer Creek Trails* has committed to maintain 100% of the units to an extend LURA of 40 years.

- **To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas** - Morgan County has a population of about 28,000. *Deer Creek Tails* answers a severe need. There are no income-restricted senior apartment properties either under construction or that have received tax credit awards in this PMA. Given there are no existing competing units in the PMA,
the capture rates are at zero under current conditions; the addition of these 41 units will still return an overall capture rate of 7% for the project.

- **To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit** – Deer Creek Trails will be developed by a for-profit entity but anticipates partnering with Brush Housing Authority, a non-profit housing and services organization that is exclusively focused on affordable and subsidized properties, to serve as the property manager. With Brush Housing Authority as the property manager, Deer Creek Trails benefits from having an experienced operator with tax credit and local knowledge. Simultaneously, they benefit by adding to their management portfolio which helps support a primary advocate of affordable housing in Brush.

- **To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing** – Why seniors: While certainly there is a need for affordable housing among all segments, unquestionably one of the greatest needs are for those individuals aged 65 and older. Since January 1, 2011 an average of about 10,000 baby boomers are reaching age 65 every single day and is expected to continue until about 2030. It is reported that renters in this same age group will increase by 100% during that same time frame. Not only are the baby boomers ‘coming of age’ but they are healthier, and more active in comparison to prior generations. With the advancements in health education, technology and medical breakthroughs, they will enjoy a longer life than any prior generation has experienced. Deer Creek Trails will serve independent seniors aged 55 and over. The grounds and recreational amenities will appeal to the full range of ‘limited to moderately active’ independent seniors.

**Qualified Allocation Plan (QAP) Section 2 Priorities**

**Market Priority** – (Strength) Deer Creek Trails meets the priority for counties with a population of less than 175,000. The PMA includes both Morgan and Logan counties, which have a combined population of 50,868 based on the most recent census in 2010 (Morgan county, 28,159 and Logan 22,709) The City of Brush is in Morgan County in north-eastern Colorado and offers regional recreational areas; Jackson Lake Reservoir is located about 35 miles from Brush. Interstate 76 runs diagonally through both counties, linking the cities/towns of Fort Morgan, Brush and Sterling. The City of Brush hosts several annual events; 4th of July Rodeo, Oktoberfest, Demolition Derby and a 5K walk/run.

**Market Conditions** – (Strength) The May 2018 market study was prepared by the Highland Group and demonstrates a tremendous need for additional affordable apartments for seniors in Brush. The capture rates under the current condition are zero, as there are no tax credit properties serving seniors in the PMA; only 2 Project Based Section 8/HUD funded properties. Both of which are 100% occupied with a wait list. Capture rates with Deer Creek Trails added are very strong, with an overall capture rate of only 7%. Capture rates at individual AMI levels are: 3.7% at 30% AMI to 2.8% at 40% AMI, 9% at 50% AMI and 12.9% at 60% AMI. Given the above capture rates, there is a strong demonstrated need for affordable senior housing in Brush.

**Readiness-To-Proceed** – (Strength) Four Corners has worked with city staff on early conceptual review of the building layout, site plan, utility connections and site connectivity. The proposed site is properly zoned as R-MD: Residential Medium-Density: Multifamily is a permitted use by right. The street connection to the site is in place and is in good condition. All utilities to serve the property are on the site. The purchase agreement is binding until December 3, 2018, with a 90-day extension option. In addition to Low Income Housing Tax Credit Equity, Deer Creek Trails will utilize a permanent loan from Advantage Bank, soft loan from Colorado Division of Housing and, deferred development fee. All financing commitment letters have been executed by the managing partner. Four Corners Development held conceptual meetings with City officials and several other local service providers. City Administrator, Monty Torres said, “…during meetings with Four Corners Development LLC, the City identified the proposed site as the only buildable and zoned multi-family site in the City of Brush that is shovel ready with utilities onsite. The site is ideally located adjacent to the City’s new Watrous Park and near Banner Health Hospital. I believe the site will provide seniors in our community with well placed, high quality housing that is currently
Letters of support for the project have been received from not only the City Administrator and Mayor, but also the Brush Housing Authority and service providers; Eben Ezer Lutheran Care Center, Northeastern Colorado Area Agency on Aging and Salud Family Health Center. Eben Ezer has provided a Letter of Intent to provide services and BHA has executed a Letter of Intent to be our Special Limited Partner in addition to Property Management service. The Phase I report listed no REC’s.

**Overall Financial Feasibility And Viability –** The Four Corners’ development team has worked with debt and equity providers to structure a financially viable development. Anticipated sources of funding include tax credit equity, conventional permanent loan, Colorado Division of Housing soft loan and Deferred Developer fees. In addition, the City of Brush will provide a 50% fee reduction through their 2018 Multi-Family Building Incentives resulting in reduced water plant investment, wastewater connection and building permit fees. Income and rents in Morgan County are lower than many other areas of the state which makes development particularly challenging as projects cannot support a significant amount of debt. Deer Creek Trails properly balances the need to be financially feasible along with serving lower incomes. The Highland Group compared the absorption data for all senior tax credit apartment properties that opened in 2016-2017 in the Colorado Front Range. They identified that average stabilization occurred in 2.7 months. Thus, they support our estimate of stabilized occupancy in five months.

**Experience And Track Record Of The Development And Management Team – (Strength)** The project will be developed by Four Corners Development, LLC, an entity comprised of individuals representing three firms experienced in affordable and senior housing development, design, construction, and management. Four Corners Development, formed in August 2011, is an entity whose partners have 54 years of combined experience designing, developing, and managing over 1,100 LIHTC units. The company’s combined professional 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. Recent awards in Greeley and Montrose continue 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. Partnering with additional local organizations enhances the strength of the development team. We have a Letter of Interest from Brush Housing Authority to be a SLP and property manager; currently they manage the existing family tax credit property in Brush. Stacie Packard, Executive Director, has 20+ years of experience managing tax credit properties through her previous work with Ross Management in Denver and will lend her experience, professionalism and understanding of the market; qualities that we believe are invaluable.

**Cost Reasonableness –** Deer Creek Trails construction costs are estimated at about $175,000 per unit. The overall development costs are estimated at about $280,000 per unit. The current budget has been vetted by Four Corners Development, Hamilton Builders and Deneuve Construction Services and is very reasonable for the current construction climate. Four Corners and Hamilton Builders have experience with this type of construction through their development profile. With an integrated architect, developer and general contractor as part of ownership Four Corners is able to realize many efficiencies.

**Proximity To Existing Tax Credit Developments –** (Strength) Deer Creek Trails answers a severe need: There are no income-restricted senior apartment properties either under construction or that have received tax credit awards in this PMA. Given there are no existing competing units in the PMA, the capture rates are at zero under current conditions. The addition of these 41 units will still return an overall capture rate of 7% for the project. Capture rates at individual AMI levels are: 3.7% at 30% AMI, 2.8% at 40% AMI, 9% at 50% AMI, and 12.9% at 60% AMI. Additionally, the combined Morgan and Logan County population of those aged 65-74 is projected to increase from 4,143 in 2015 to 5,923 by 2030; an increase of 43% in that 15-year period.
Deer Creek Trails (continued)

Site Suitability – Weakness based on the Walk Score of 32, the site is labeled “Car Dependent.” Four Corners Development has diligently resourced several options to overcome this common rural transportation obstacle. Like most rural communities, daily route public transportation is a struggle to sustain, yet Brush has options in place to help alleviate those obstacles. The Northeastern Colorado Association of Local Governments (NECALG) sponsors the “County Express” which provides reservation based, door-to-door, demand-responsive transportation service on a local or regional basis; throughout Logan, Morgan, Phillips, Sedgwick Washington and Yuma counties. Fees for seniors are less than $3 per trip for trips with a 20-minute duration or less. Eben Ezer has provided a Letter of Interest to provide services; share transportation with their current fleet of accessible vans in addition to Four Corners establishing a transportation reserve fund to further assist residents with transportation when other options are not available. Strength The City of Brush assisted in identifying the site as a prime location for senior housing development due to its zoning and location to Banner Health and Eben Ezer. The City is extremely supportive of the project. Brush is rich with Senior support services; Northeastern Colorado Area Agency on Aging, Meals on Wheels, Eben Ezer Lutheran Care Center, Banner Health’s East Morgan County Hospital (.5 miles away) and Salud Family Health Centers offer a breadth of services typically found in much larger cities. Eben Ezer Lutheran Care Center, a continuing care retirement community which opened a new assisted living and memory care building in May 2018, which is located less than a mile from the site; they are planning three additional phases of development/redevelopment of its continuing care campus. Residents will have access to a grocery store, pharmacy and medical services; all of which are available within 1.5 miles of the site. The site offers a generous area for community green-space which has been designed to promote an active lifestyle. The location of the site provides the best that life has to offer; close to established neighborhoods and the opportunity to easily access retail and services.

CHFA DDA Basis Boost and Debt Service Coverage Justification
The project is very efficient with its design and costs but does need a basis boost to be financially feasible. The boost is needed because the lower incomes in Morgan County limit the amount of debt that can be supported. Additionally, these lower rents require the project to have a 1st year debt service coverage above 1.30 in order for it to stay above 1.15 throughout the compliance period.

Community Outreach and Local Support – Strength in Partnership: Four Corners Development is in formal discussions with four (4) partners. (1) Eben Ezer Lutheran Care Center has provided a Letter of Interest (attached) to provide services: to share their accessible vans for transportation services and to provide in-home services to residents such as personal care/homemaking services, nutrition programs, lifeline 24-hour assistance, medication and dispensing assistance. (2) Salud Family Heath Centers, to provide preventative health care services such as health care screening, immunization, dental services, health education, risk factor education, and screening for cholesterol, obesity, and diabetes. (3) Brush Housing Authority has provided a letter of intent to serve as property manager and special limited partner which will provide the project a property tax exemption. (4) East Morgan County Banner Health Hospital offers family medicine, cancer care, women’s health, orthopedics, occupational health neuroscience, lab, imaging, eye care, diabetes, endoscopy and dermatology. There is also a program to link residents with classes, events and health and wellness care programs to sustain and improve their health, along with their HealtheConnect program that provides the latest news and articles on a diverse range of health care topics.

Attachments:
Please also see the provided letters of support from:
1. Brush City Manager – Letter of Support
2. Mayor of Brush – Letter of Support
3. Eben Ezer Lutheran Care Center – Letter of Support and Letter of Interest to provide services
4. Salud Family Heath Centers – Letter of Support
5. Brush Housing Authority – Letter of Support, Letter of Interest to be SLP and LOI for Property Management services
1. Executive Summary:
GardenWalk of Gunnison is a proposed new construction 36-unit development comprised of 21 one-bedroom and 15 two-bedroom units. The vacant site is situated just east of Main St. between N. Colorado Street and Athletic Drive East in Gunnison, CO. The approximate address will be 720 N. Colorado St., CO 81230.

Belmont Development has extensive experience in the production of affordable housing and has been actively looking for a property in the Gunnison Valley for over a year. Even so, it is rare to find a site so perfectly situated for a family development. Surrounded by residential development, this property is located in a developing area of Gunnison. It is conveniently within a short walking distance to many family-oriented services & amenities including the local City Market, Walmart, library, and post office. The site is adjacent to a park and a playground and within one-mile of Gunnison Elementary, Middle and High schools and Western State University. The property is in a QCT and is only 0.2 miles from a bus stop. It is 0.5-mile from Western State Colorado University. Finally, if not most importantly, it is located in a community that truly supports the development of affordable family housing.

Market research indicates that one and two-bedroom units are in strong demand in the area and are urgently needed to adequately house vulnerable single parents and young families working in predominantly service oriented, retail and other low wage-earning professions. To even further serve those most in need, 22% of the units will be set aside and targeted at 30% AMI, 11% targeted at 40% and 50% AMI residents, respectively, and the remaining 56% at 60% AMI.

All units will have the required minimum amenities of a stove, oven, vent hood, refrigerator, dishwasher, disposal, and air conditioning. In addition, the community building will have a fitness center, stocked library, and a full-service kitchen to help facilitate various community events and gatherings. Adjacent to and accessible through the community building will be a large covered porch area with various shaded seating options. This will be an excellent venue to relax, take in the view, and simply enjoy the company and camaraderie of fellow residents.
Washer/dryer hookups will be included in each unit and a shared laundry facility will also be included in the community building. The development will be constructed with surface lot parking though a portion of the parking will be covered and will be provided as an additional amenity at no charge to the residents. Finally, as an added bonus there is also a plan in place to include shared community garden(s) in an effort to further foster a sense of community engagement among the residents.

At Belmont Development Company, LLC we are very confident in our abilities to follow through with the development plan as presented and create a holistic housing community that both the City of Gunnison and CHFA can take pride in. Belmont and its affiliated companies, have more than a decade of experience in creating, preserving, and managing tax credit communities. In fact, we are very pleased to inform you that just recently (May 2018), GardenWalk of South Fork (aka South Fork Heights) received the 2017 USDA Colorado Multi-Family Housing Property of the Year! We are confident in our abilities and though we have significant experience with the LIHTC program nationally, we realize and acknowledge that we are a fairly new developer in the State of Colorado. To mitigate this, we have purposefully partnered with experienced local consultants: SCB Consulting, RCH Jones Housing, and Williford LLC. By combining our internal experience with local on-the-ground knowledge, we are confident we can exceed the needs and desires of the Gunnison community.

The proposed financing structure reflects the broad support Belmont and its team has garnered for the development. There are several different funding streams from both State and local sources all coming together to assist in the financing of GardenWalk. State level funding sources include both CHFA and the and Colorado Department of Housing. When dealing in affordable housing, no funding goes unappreciated as every additional dollar can be vital to a project’s ultimate success. That being said, we are particularly proud of the communication and coordination that ultimately led to funding commitments from local Gunnison area entities. Both the Gunnison Valley Regional Housing Authority and Gunnison Valley Housing Foundation are committing funds to the development. We specifically highlight the local contributions not to diminish any others but to make note of the belief they have in the proposed development to offer their support through direct financial means. Lastly, the Gunnison Valley Housing Authority has graciously offered to participate in the ownership structure as a Special Limited Partner, thereby providing tax exemptions that will have a direct benefit to the construction and long-term operation of the development.

At Belmont, we have experience developing properties in six states throughout the Midwest and therefore have dealt with a myriad of land and topography differences, each requiring their own subtle adjustments to the construction plan and materials to be used. The proposed foundation system will be concrete grade beam and concrete slab-on-grade construction with final design requirements being based on the specific geotechnical recommendations. The framing system will be 2x wood construction walls with engineered floor trusses, engineered raised heel (energy) roof trusses, and OSB sheathing/decking. Lateral support will be achieved through shear walls. The roofing system will be OSB decking, 15# asphalt-organic roof underlayment, self-
adhering flexible flashing, architectural asphalt-fiberglass shingles, continuous ridge venting and
prefinished aluminum drip edge. Proposed exterior wall finishes are of architectural stone
veneer and fiber cement siding applied per manufacturer’s instructions to OSB sheathing covered
with an air and water barrier. Prefinished aluminum soffit panels and fascia trim will be the
roof/wall transitions. Heating, Ventilation and Air-Conditioning will be the use of energy efficient
electric split-system air-conditioner/furnace systems with solid rectangular main and round
flexible branch supply ducting. Each unit will have installed in slabs, pipe and vent as necessary
a hardwired C.O. sensor and passive radon. Electrical systems (materials, circuits, outlets,
switches, load centers, raceways, etc.) will conform to requirements of the National Electrical
Code. The property will incorporate many energy efficient design elements. Belmont’s goal is
to attain NGBS Bronze Level certification.

2. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):
GardenWalk of Gunnison will be located within the City of Gunnison, which is the county seat
and most populous city in Gunnison County. According to the 2017 Census data, Gunnison
County currently has a population of 16,939, therefore, the project meets the “Projects in
Counties with populations of less than 175,000” priority of the QAP.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:
   a. Market conditions: There is strong demand for new affordable housing in the Gunnison
      Valley as evidenced by the market study provided. There has never been a LIHTC
development constructed within the city of Gunnison and only 30 total tax credit units ever
placed in service within the entire County. There is a significant strain on lower income
families looking for decent housing options in the area. Unfortunately, they often end up in
situations where they are either living in substandard housing, are significantly rent-
overburdened, or worse yet, both. GardenWalk of Gunnison will be well received in the
marketplace as evidenced by the short-projected absorption period and low capture rate.
Unit sizes and rental rates will also provide a significant advantage over comparable projects
of similar quality/amenities found in the subject area.

   b. Readiness-to-proceed: Significant steps have been taken at the local level to place the
      proposed development in a position to move forward quickly if an award of LIHTCs is
received. The City of Gunnison, the Gunnison Valley Regional Housing Authority and the
Gunnison Valley Housing Foundation have all been active participants thus far in the process
leading up to the LIHTC application submission. The City has confirmed that appropriate
zoning is already in place. The completed Phase I found no findings. Finally, thorough
preliminary architectural plans and well vetted cost estimates have been completed and are
included in the proposed application. Upon award, Belmont can proceed immediately.

   c. Overall financial feasibility and viability: As shown in the commitment letters and
application form, the property has equal sources and uses, rents within limits, and a solid pro
forma. Significant effort was put forth to ensure the application presented a strong financing
plan, while limiting the credit request amount to what is truly needed. Multiple lenders and
syndicators were contacted to ensure that the best rates and terms were secured. Of course, if an award is granted, we would not sit idly by, but would continue to monitor market trends and reengage discussions with our financing partners to ensure that we fully perform our financial due diligence throughout the pre-development process.

d. Experience and track record of the development and management team: Belmont has no outstanding 8823s. GardenWalk of South Fork (aka South Fork Heights) received the 2017 USDA Colorado Multi-Family Housing Property of the Year.

e. Cost reasonableness: The total costs per unit is $271,068 and the total cost per square foot is $242.29. While these costs on face value appear high, they can be attributed to the rural nature of the development, substantial land costs, high permit and tap fees, higher community design expectations, including material variations, stone and facade, and covered parking. The cumulative impact of all these costs, coupled with the fact that it is only a 36-unit development, lends itself to the appearance of higher than normal averages.

f. Proximity to existing tax credit developments: There is one existing unsubsidized LIHTC development, Anthracite Place, within the PMA that targets the general population, similar to the Subject. The property is 100% leased and has 10 households on a waiting list. Anthracite leased up in only four months.

g. Site suitability: The Subject is located within 1.1 miles of most services including a bank, public transportation, a public park, grocery store and hospital. GardenWalk will share a border with the City-run Meadow Park to the north. This small park includes multiple soccer fields for organized and unscripted recreation, along with full-size playground equipment, basketball courts, a small pavilion and full-service restroom facilities. And if that’s not enough to keep the kiddos happily entertained, just walk another block north (0.1mi, 3 min total) is the brand-new Gunnison Community Center featuring two full-size swimming pools, indoor rock climbing walls, full-size gymnasium, multipurpose game room, as well as a welcoming staff organizing family friendly events and activities throughout the year.

Additionally, parents will take comfort in the fact that the Gunnison Valley Health Hospital, the largest and the full-service hospital in Gunnison County, is a short 0.2mi/3min walk from their home. There are two full-service grocery stores with pharmacy services, each within a 0.4mi/6-8min walk. Both locals and tourists making their way through the West Elk Loop Scenic Byway, converge and find particular enjoyment exploring the Downtown Main St area; a vibrant district that is home to a multitude of local shops, cafes and restaurants, and is just a short 5min bike ride away (0.6 –0.9mi) from the site. Finally, when more distant travel is required, the site is conveniently located 0.2mi/3min walk from the nearest public transportation access.

4. Justification for waiver of any underwriting criteria:
N/A
Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis: N/A, in a QCT.

5. **Address issues raised by the market analyst in the market study submitted:**
The highest proposed rents are slightly above market rents; however, the property will be in superior condition. While in-unit washers and dryers are not provided, hook-ups will be provided along with a community laundry facility.

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 1 ESA 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:**
Overall, project costs are in line with comparable projects in the Gunnison Valley. However, tap fees ($3,000/unit) are considered high when compared to many Denver Metro municipalities.

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.**
From the very beginning we have sought input from and have been actively engaged with, the City of Gunnison, the Gunnison Valley Regional Housing Authority, and the Gunnison Valley Housing Foundation. In addition to in-person meetings, we have stayed in continuous contact with each partner and have taken part in a multitude of follow up calls and conversations.

Both the Authority and Foundation will be loaning money to the partnership. In addition, the Authority will be included as a Special Limited Partner to stay actively involved and provide much needed property tax exemption. The City of Gunnison has also communicated their strong supportive for the Development. Based on our meetings and conversations with these locally engaged entities, we do not anticipate any public opposition to the proposed development.
Project Name: Gateway South (Sun Valley)

Project Address: 995 Decatur Street, Denver, CO 80204

1. Executive Summary:

Sun Valley Redevelopment:

Gateway will be a mixed-income and mixed-use housing development that launches the transformation of the Sun Valley (SV) neighborhood in Denver. Currently, a disconnected street grid and concentrated poverty isolate SV from economic opportunity and area amenities. As a result, SV has become the lowest income neighborhood in Denver with 80% of residents living in poverty. In 2016, Denver Housing Authority (DHA) was awarded a $30 million Choice Neighborhood Initiative (CNI) Implementation Grant from HUD for the Sun Valley Eco District (SVED) and DHA to implement the SV Neighborhood Transformation Plan. The resulting development plan includes the replacement of 333 obsolete public housing units with newly constructed, energy efficient developments on and off-site throughout the neighborhood. In total, the Plan will create over 750 mixed-income units in six phases. DHA will develop, own and operate three of the six phases, and the Gateway project is the first of these phases to be deployed. (See attached Sun Valley Redevelopment Addendum for more information.)

Gateway:

Sun Valley stretches from I-25 on the east to Federal Boulevard on the west, Sixth Avenue on the south to 20th Avenue on the north. The Gateway site is located on the western side of the existing Sun Valley Homes (SVH) public housing site (see Neighborhood Map attached). It provides development at one of the major neighborhood entrance points along Federal Blvd. and helps establish and reinforce the important connection of 10th Ave. to the Platte River amenities. DHA is working closely with the City of Denver and the SVED to reconnect the street grid to provide better multi-model access for Sun Valley residents.

Gateway South will consist of 92 one- and two-bedroom units of which 27 will be Public Housing Annual Contributions Contract (ACC) units at 30-60% AMI. Another 31 units will be LIHTC units at 40%, 50%, and 60% AMI and the remaining 34 units will be unrestricted “market” rate units at below-market rates of 70%-90% AMI. Per HUD, Public Housing/ACC Units are not allowed to support debt, therefore, the inclusion of market rate units help make this a financially feasible project. The average unit size for the one-bedroom units will be 717 sf and the average unit size for the two-bedroom units will be 903 sf. There are some variances in the square footage within similar unit types. This is primarily due to the design incorporating space into the unit that would otherwise be unused common space or create architectural challenges.
In-unit amenities include balconies, energy-star appliances, washers, dryers, dishwashers, garbage disposals, and linen closets. Project amenities include on-site leasing offices, off-street parking, enclosed bicycle storage, and community rooms. The building will also contain a healthy food market that includes food storage and food prep space. In addition, community gardens, built by residents, Denver Urban Gardens, and DHA, will be created throughout the Sun Valley neighborhood for residents to grow their own food.

The project is located in a QCT (census tract 8.00). The project (along with all of SV) is truly a Transit-Oriented Development (TOD), located 0.3 miles south of the Decatur Federal light rail station of the West Line and directly adjacent to the high-frequency RTD bus stops on 10th and Decatur Streets. The project will be built to DHA’s strict sustainability goals and standards and all utilities will be paid for by the owner—continuing DHA’s equitable commitment to all mixed-income residents while implementing proven energy and water conservation measures, including resident green behavior training and monitoring.

Financing:
The 9% LIHTC equity will be leveraged four to one, initiating an additional $50 million of investment including the Gateway North (4% LIHTC) project. Development sources include federal, state and city funds, and substantial investments from DHA. Permanent debt on Gateway South has been maximized. The ACC units are operated on a break-even basis, and thus cannot support debt or deferred developer fee.

Construction is expected to take place over 19 months. The project will consist of a six-story elevator building with a hardiplank and metal panel siding exterior with stucco and brick accents, varied elevation and a flat roof. The units will have entrances off of double-loaded interior hallways. Parking will be in surface spaces to the rear of the building. The building will face the street, while common areas will be interspersed in clusters throughout the site.

Resident services are a significant part of DHA’s operation, specifically for its public housing portfolio. Residents with very or extremely low incomes often require more support to maintain quality of life and self-sufficiency than households with higher incomes. Therefore, DHA has mobilized staff and service partnerships to provide a suite of support for existing SVH and future Gateway residents, including: early childhood education and programming, employment and workforce development services, homeownership and financial fitness services, services tailored for senior and disabled residents, ongoing resident participation, information and referrals for other public benefits and community services, and recreation, wellness and educational programming provided both on-site and off-site at other DHA locations. Please see the Resident Services attachment for more details.

2. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP): Gateway does not directly respond to any of these priorities.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:
a. **Market conditions:** 27 of the 92 units in Gateway South will replace public housing units and will be subsidized through an ACC contract. The project will also include 34 market-rate units with rents set at least 16% below the Class B market-rate averages.

Although the capture rate for all LIHTC units in the PMA including the Gateway project is estimated at 44.8%, other data confirms strong demand for the project. The PMA has an overall vacancy rate of 1.7%. All surveyed LIHTC projects in the primary market area (7 properties) have historical occupancy rates at or near 100% and waitlists with 150 to 300 applicants, evidencing strong demand for the straight LIHTC units in the project. Existing LIHTC properties in the PMA report high levels of migration to the redeveloping PMA due to the access that the light rail service provides, and due to general affordable housing availability. New development in Sun Valley will create a new neighborhood that serves existing residents as well as drawing new residents from other parts of the Denver metro.

b. **Readiness-to-proceed:**
- The property is owned by the applicant.
- The site is correctly zoned with current design meeting all requirements.
- The design plans will be submitted on approximately June 27, 2018.
- The architect has been selected and is finishing the design for permitting. The financing RFP received responses in May and DHA is currently evaluating proposals. The contractor RFP is being prepared and will be issued in June.

c. **Overall financial feasibility and viability:** The amount of 9% LIHTC is reasonable to complete development and leverage each financing source efficiently in terms of cost per unit and cost per square foot.

d. **Experience and track record of the development and management team:**
DHA has recent, similar experience with large-scale neighborhood redevelopment with its Mariposa HOPE VI project. As the master developer for all nine phases of the 17-acre Mariposa redevelopment, DHA established the TOD plan via a community driven process, planned for all phases of housing design and construction, self-developed all rental phases and acted as land developer for all homeownership phases. DHA constructed 517 rental units and approximately 30,000 sf of commercial and community space at Mariposa. The rental housing program replaced all 229 public housing units while adding 176 workforce units serving 50-60% AMI and 112 market rate units. DHA partnered with Habitat for Humanity to construct six affordable homeownership units serving families at or below 80% AMI.

**Lessons Learned**
Through DHA’s long history of mixed-use LIHTC development there are many lessons that have been learned. While the list is long, a few examples include the following:
1. Commercial tenants require a different type of property management than residential clients. It is important to select a management company that has commercial property
management experience. Off-street parking and parking available generally in the neighborhood is an important consideration of tenants and the ability to attract tenants.

2. At pet friendly projects, strategically locating pet waste stations and artificial turf to designate pet relief zones lends to community health. People tend to recognize and utilize the designated space and are more prone to pick up waste.

3. Selection of hardy, low maintenance landscaping provides for a more sustainable site. Maintenance staff are not necessarily gardeners, and being cognizant of which vegetation is less prone to trap trash, better able to hold up to abuse, and survive irrigation failures, etc. reduces operating costs.

4. Tried and true systems, while not as “glamorous” as new innovative systems, often prove to be the best for predictable life cycle costs and ensuring successful operation. Maintenance staff tends to have a higher comfort level, and thus can keep these systems running optimally.

5. Resident and community engagement is key to designing a successful project that fits the neighborhood context and fabric.

e. Cost reasonableness: The project’s construction and soft costs budgets have been developed using current, local data generated by the General Contractor and corroborated by other local construction information and informed by DHA’s recent development budgets. (See Cost Analysis attachment for more information.)

f. Proximity to existing tax credit developments: There are several existing LIHTC properties in the project’s PMA in the Lincoln Park, Sloan’s Lake, Villa Park, and West Colfax neighborhoods. Avondale Apartments was awarded competitive tax credits in 2012 and includes 78 LIHTC units. Renaissance West End Flats was developed by the Colorado Coalition for the Homeless in 2012 and consists of 100 units that primarily serve homeless and very low income households. A 63-unit LIHTC development, Villas at Sloan Lake utilized competitive tax credits and completed construction in 2007. Townview Mutual, a 147-unit LIHTC development, was built in 1998 using competitive tax credits. Across I-25 in Lincoln Park, DHA’s Mariposa redevelopment received a five-year set aside of competitive tax credits and includes 229 public housing units, 176 straight LIHTC units, and 112 market rate units.

g. Site suitability:
   - Gateway will be the first DHA phase in the redevelopment of the Sun Valley neighborhood which will replace concentrated poverty and lack of neighborhood population with vibrant, mixed-income, mixed-use developments that offer replacement housing for all existing residents and attract many more varied households to the community.
   - Gateway is 0.3 mile NW of the Decatur Federal light rail station. Train service from this location is available to destinations to Downtown Denver, Golden and the southern suburbs.

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:
New development in Sun Valley will create a new neighborhood that serves existing residents as well as drawing new residents from other parts of the Denver metro. Please see the Market Conditions (Section 3.a.) for more information.

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:
Phase I Environmental Site Assessments have been conducted by Weston Solutions, Inc. and found no Recognized Environmental Conditions (RECs) on either site. However, the reports did identify additional environmental considerations including the potential for hazardous building materials (asbestos containing material (ACM), lead-based paint (LBP), polychlorinated biphenyl (PCB)-containing equipment, mercury thermostats, and/or mold). The reports recommend ACM and LBP samplings and preparation and use of a Materials Management Plan in case impacts from on-site and/or off-site sources are encountered during redevelopment. DHA is pursuing this additional sampling and such will be discussed with the selected financing partners during the due diligence and closing process.

7. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:
To create the strongest possible proposal, DHA has completed its investor and lender solicitation (under Federal HUD Procurement guidelines for RFP’s). DHA received 8 investor proposal and 12 lender proposals and is in the process of selecting its financing partners. DHA expects project synergy and cost savings by having the same LIHTC equity partner in both the 4% partnership and 9% partnership.

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:
DHA has been working for over ten years to develop the Sun Valley initiative, including hosting over 50 community meetings and having dialogue with all community stakeholders including over 2,500 residents, the school district, businesses, and city officials. The results of this process have directly informed the Sun Valley housing strategy. The Gateway development will be the first step that furthers the desire of current residents for Sun Valley to become an economically diverse neighborhood.

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).
This is a new construction project.
1. Executive Summary:
Sun Valley Redevelopment:
Gateway will be a mixed-income and mixed-use housing development that launches the transformation of the Sun Valley (SV) neighborhood in Denver. Currently, a disconnected street grid and concentrated poverty isolate SV from economic opportunity and area amenities. As a result, SV has become the lowest income neighborhood in Denver with 80% of residents living in poverty. In 2016, Denver Housing Authority (DHA) was awarded a $30 million Choice Neighborhood Initiative (CNI) Implementation Grant from HUD for the Sun Valley Eco District (SVED) and DHA to implement the SV Neighborhood Transformation Plan. The resulting development plan includes the replacement of 333 obsolete public housing units with newly constructed, energy efficient developments on and off-site throughout the neighborhood. In total, the Plan will create over 750 mixed-income units in six phases. DHA will develop, own and operate three of the six phases, and the Gateway project is the first of these phases to be deployed. (See attached Sun Valley Redevelopment Addendum for more information).

Gateway:
Sun Valley stretches from I-25 on the east to Federal Boulevard on the west, Sixth Avenue on the south to 20th Avenue on the north. The Gateway site is located on the western side of the existing Sun Valley Homes (SVH) public housing site (see Neighborhood Map attached). It provides development at one of the major neighborhood entrance points along Federal Blvd. and helps establish and reinforce the important connection of 10th Ave. to the Platte River amenities. DHA is working closely with the City of Denver and the SVED to reconnect the street grid to provide better multi-model access for Sun Valley residents.

Gateway North will consist of 95 units at 30-60% AMI of which 43 will have project-based vouchers. Gateway North will include one-, two-, three-, four-, and five-bedroom units and AMIs from 30-60%. Average unit sizes are as follows: one-bedroom – 694 sf, two-bedroom – 888 sf, three-bedroom – 1515 sf, four-bedroom – 1646 sf, and five-bedroom – 1,873 sf. There are some variances in the square footage within similar unit types. This is primarily due to the design incorporating space into the unit that would otherwise be unused common space or create architectural challenges.
In-unit amenities include balconies, energy-star appliances, washers, dryers, dishwashers, garbage disposals, and linen closets. Project amenities include on-site leasing offices, off-street parking, enclosed bicycle storage, and community rooms, and 2,409 square feet of ground-floor project amenity space. In addition, residents will be able to access a healthy food market in nearby Gateway South, and community gardens will be created throughout the Sun Valley neighborhood for residents to grow their own food.

The project (along with all of SV) is truly a Transit-Oriented Development (TOD), located 0.3 miles south of the Decatur Federal light rail station of the West Line and directly adjacent to the high-frequency RTD bus stops on 10th and Decatur Streets. The project will be built to DHA’s strict sustainability goals and standards and all utilities will be paid for by the owner—continuing DHA’s equitable commitment to all mixed-income residents while implementing proven energy and water conservation measures, including resident green behavior training and monitoring.

Construction is expected to take place over 19 months. The project will consist of a six-story elevator building with a hardiplank and metal panel siding exterior with stucco and brick accents, varied elevation and a flat roof. The units will have entrances off of double-loaded interior hallways. Parking will be in surface spaces to the rear of the building. The building will face the street, while common areas will be interspersed in clusters throughout the site.

Resident services are a significant part of DHA’s operation. Residents with very or extremely low incomes often require more support to maintain quality of life and self-sufficiency than households with higher incomes. Therefore, DHA has mobilized staff and service partnerships to provide a suite of support for existing SVH and future Gateway residents, including: early childhood education and programming, employment and workforce development services, homeownership and financial fitness services, services tailored for senior and disabled residents, ongoing resident participation, information and referrals for other public benefits and community services, and recreation, wellness and educational programming provided both on-site and off-site at other DHA locations. Please see the Resident Services attachment for more details.

2. **Bond financing structure:**
   - Total bonds: $20,364,422
   - Construction Period Bonds: $20,364,422
   - Permanent Bonds: $11,469,000
   - Bond issuer: Denver Housing Authority
   - Lender and bond sale structure: private placement
   - Portion of bonds that will be tax-exempt: $18,250,000 or 90%

3. **Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan:**
   Gateway does not directly respond to any of these priorities.
4. Identify which, if any, of the guiding principles in Section 2 of the QAP the project meets and how it meets them:

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

43 of the 95 affordable units will be subsidized for the low income tenants in the community (almost all will be at 30% AMI or lower). DHA will commit to a total 40-year affordability period.

- **To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria**

The project is located in a QCT (census tract 8.00). Gateway is helping to fulfill the community vision and development goals of the Decatur Federal Station Area Plan and the Sun Valley Transformation Plan adopted from many years of extensive community input.

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

The project is located in a redeveloping neighborhood in a large urban area, approximately 3 miles southwest of Downtown Denver.

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

Denver Housing Authority is a public housing authority and redeploy all available resources into other opportunities that either enhance or create new permanently-affordable housing and thriving communities.

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

Gateway North will include 21 three-bedroom units, 7 four-bedroom units, and 3 five-bedroom units to meet the need for affordable housing for larger very low-income families.

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

Gateway is 0.3 mile northwest of the Decatur Federal light rail station on the W line. Train service from this location is available to destinations to Downtown Denver, Golden and the
larger Metro-Region served by RTD’s FasTracks system. Two existing bus stops will also be replaced as part of the Project’s public right-of-way improvements.

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

Gateway is located in a neighborhood with a critical need for revitalization (as supported by HUD’s 2016 CNI Grant Award). The critical timeline for this project is particularly important for not only meeting the CNI Grant deadlines but to also minimize displacement of existing residents wishing to stay in the neighborhood throughout the redevelopment. DHA’s overall Housing Plan will also mitigate gentrification pressures that will likely result from large-scale investment in the neighborhood such as the Broncos stadium redevelopment as it plans to double the amount of permanently affordable units in the neighborhood.

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

The project is leveraging a significant amount of additional funds, including $2.5 million in Federal CNI Grant funds, $3.325 million of City/State funds, and approximately $2.75 million of DHA’s own program funds net of developer fee.

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

This project will provide 95 units of mixed-affordable housing to maximize replacement housing and minimize displacement of existing residents. In conjunction with Gateway South, it will provide a total of 187 mixed-income units to the neighborhood.

5. Describe how the project meets the criteria for approval in Section 2 of the QAP:
   a. Market conditions: 43 of the 95 units in Gateway North will have Project-Based Section 8 Vouchers (PBV). Although the capture rate for all LIHTC units in the PMA including the Gateway project is estimated at 41.2%, other data confirms strong demand for the project. The PMA has an overall vacancy rate of 1.7%. All surveyed LIHTC projects in the primary market area (7 properties) have historical occupancy rates at or near 100% and waitlists with 150 to 300 applicants, evidencing strong demand for the straight LIHTC units in the project. Existing LIHTC properties in the PMA report high levels of migration to the redeveloping PMA due to the access that the light rail service provides, and due to general affordable housing availability. New development in Sun Valley will create a new neighborhood that serves existing residents as well as drawing new residents from other parts of the Denver metro.
b. **Readiness-to-proceed:**

- The property is owned by the applicant.
- The site is correctly zoned with current design meeting all requirements.
- The design plans will be submitted on approximately June 27, 2018.
- The architect has been selected and is finishing the design for permitting. The financing RFP received responses in May and DHA is currently evaluating proposals. The contractor RFP is being prepared and will be issued in June.

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

DHA has extensive experience redeveloping public housing. Once developed, DHA will continue its operating track record while updating the housing and responding to the community’s needs.

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

DHA has recent, similar experience with large-scale neighborhood redevelopment with its Mariposa HOPE VI project. As the master developer for all nine phases of the 17-acre Mariposa redevelopment, DHA established the TOD plan via a community driven process, planned for all phases of housing design and construction, self-developed all rental phases and acted as land developer for all homeownership phases. DHA constructed 517 rental units and approximately 30,000 sf of commercial and community space at Mariposa. The rental housing program replaced all 229 public housing units while adding 176 workforce units serving 50-60% AMI and 112 market rate units. DHA partnered with Habitat for Humanity to construct six affordable homeownership units serving families at or below 80% AMI.

**Lessons Learned**

Through DHA’s long history of mixed-use LIHTC development there are many lessons that have been learned. While the list is long, a few examples include the following:

1. Commercial tenants require a different type of property management than residential clients. It is important to select a management company that has commercial property management experience. Off-street parking and parking available generally in the neighborhood is an important consideration of tenants and the ability to attract tenants.
2. At pet friendly projects, strategically locating pet waste stations and artificial turf to designate pet relief zones lends to community health. People tend to recognize and utilize the designated space and are more prone to pick up waste.
3. Selection of hardy, low maintenance landscaping provides for a more sustainable site. Maintenance staff are not necessarily gardeners, and being cognizant of which vegetation is less prone to trap trash, better able to hold up to abuse, and survive irrigation failures, etc. reduces operating costs.
4. Tried and true systems, while not as “glamorous” as new innovative systems, often prove to be the best for predictable life cycle costs and ensuring successful operation. Maintenance staff tends to have a higher comfort level, and thus can keep these systems running optimally.
5. Resident and community engagement is key to designing a successful project that fits the neighborhood context and fabric.

e. Cost reasonableness: The project’s construction and soft costs budgets have been developed using current, local data generated by the General Contractor and corroborated by other local construction information and informed by DHA’s recent development budgets. (See Cost Analysis attachment.)

f. Proximity to existing tax credit developments: There are several existing LIHTC properties in the project’s PMA in the Lincoln Park, Sloan’s Lake, Villa Park, and West Colfax neighborhoods. Avondale Apartments was awarded competitive tax credits in 2012 and includes 78 LIHTC units. Renaissance West End Flats was developed by the Colorado Coalition for the Homeless in 2012 and consists of 100 units that primarily serve homeless and very low income households. A 63-unit LIHTC development, Villas at Sloan Lake utilized competitive tax credits and completed construction in 2007. Townview Mutual, a 147-unit LIHTC development, was built in 1998 using competitive tax credits. Across I-25 in Lincoln Park, DHA’s Mariposa redevelopment received a five-year set aside of competitive tax credits and includes 229 public housing units, 176 straight LIHTC units, and 112 market rate units.

g. Site suitability:
   • Gateway will be the first DHA phase in the redevelopment of the Sun Valley neighborhood which will replace concentrated poverty and lack of neighborhood population with vibrant, financially feasible, mixed-income, mixed-use developments that offer replacement housing for all existing residents and attract many more varied households to the community.
   • Gateway is 0.3 mile northwest of the Decatur Federal light rail station on the W line. Train service from this location is available to destinations to Downtown Denver, Golden and the southern suburbs.

6. Provide the following information as applicable:
   a. Justification for waiver of any underwriting criteria:

DHA is requesting a waiver of the Cost Basis limitation on annual credit. One-third of the Gateway North project consists of three-, four-, and five-bedroom units, a unit mix specifically designed to accommodate the existing SV resident demographic and minimize the displacement of current residents (meeting much of the bedroom-for-bedroom replacement requirement of the CNI Grant Agreement). Please see the Cost Analysis attachment for detail regarding Gateway North’s per-unit costs.

The latest version of the CHFA application spreadsheet does not calculate any cost basis for 5-bedroom units. When the 5-bedroom Basis limit is estimated at the same increment as the 4-bedroom limit, the maximum annual credit under the Cost Basis test is approximately $1,346,121. The maximum amount of annual credit under the Qualified Basis and Gap tests is $1,431,220. DHA respectfully requests that CHFA waive any cost basis restrictions on the
Federal LIHTC calculation. DHA is submitting an application assuming this request is approved, which results in a federal credit request of $1,431,220. Additionally, Gateway North is below HUD’s TDC & HCC limits among other Safe Harbor thresholds required for the use of Federal Funds.

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

7. Address any issues raised by the market analyst in the market study submitted with your application:
New development in Sun Valley will create a new neighborhood that serves existing residents as well as drawing new residents from other parts of the Denver metro. Please see the Market Conditions (Section 5.a.) for more information.

8. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:
Phase I Environmental Site Assessments have been conducted by Weston Solutions, Inc. and found no Recognized Environmental Conditions (RECs) on either site. However, the reports did identify additional environmental considerations including the potential for hazardous building materials (asbestos containing material (ACM), lead-based paint (LBP), polychlorinated biphenyl (PCB)-containing equipment, mercury thermostats, and/or mold). The reports recommend ACM and LBP samplings and preparation and use of a Materials Management Plan in case impacts from on-site and/or off-site sources are encountered during redevelopment.

DHA is pursuing this additional sampling and such will be discussed with the selected financing partners during the due diligence and closing process.

9. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:
To create the strongest possible proposal, DHA has completed its investor and lender solicitation (under Federal HUD Procurement guidelines for RFP’s). DHA received 8 investor proposal and 12 lender proposals and is in the process of selecting its financing partners. DHA expects project synergy and cost savings by having the same LIHTC equity partner in both the 4% partnership and 9% partnership.

Per unit costs are higher for Gateway North due to one-third of the property consisting of three-, four-, and five-bedroom units.

10. In your own words describe outreach to the community that you have done and describe local opposition and/or support for the project (including financial support):
DHA has been working for over ten years to develop the Sun Valley initiative, including hosting over 50 community meetings and having dialogue with all community stakeholders including over 2,500 residents, the school district, businesses, and city officials. The results of this process have directly informed the Sun Valley housing strategy. The Gateway development will be the
first step that furthers the desire of current residents for Sun Valley to become an economically diverse neighborhood.

11. 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).

This is a new construction project.
Project Name: Glenarm Commons

Address: 2061-2071 Glenarm Place Denver, CO 80205

(1) Executive Summary
The Mental Health Center of Denver (MHCD) is pleased to present Glenarm Commons, a 48-unit permanent supportive housing project in Denver’s Five Points neighborhood. Glenarm Commons will have 42 one-bedroom units, three two-bedroom units, and three three-bedroom units with incomes restricted at 30% (25.5% or 12 units), 40% (61.7% or 29 units), and 50% (12.8% or 6 units) AMI. Currently in use as parking lots, MHCD will enter into a long-term (99-year) ground lease for two contiguous parcels owned by and adjacent to the Saint Andrew Episcopal Church (SAEC) of Denver. In January 2017, SAEC selected MHCD to develop an affordable permanent supportive housing community in an effort to “provide a place of sanctuary, safety, and rest...a place for those who need a foundation on which to build their lives.” MHCD will provide supportive services on site and residents will have access to MHCD’s full array of clinical services that are available in their satellite clinics, off site. SAEC parishioners and staff intend to develop a volunteer program in partnership with the Glenarm Commons’ staff and service providers so that they may extend their time and expertise in service to the residents.

The proposed sites are located in downtown Denver in the Five Points neighborhood and within the Clements Historic District. The sites are within 1-mile of a range of schools (Gilpin Elementary, Emily Griffith Technical College, and CU-Denver), social services (Denver Head Start, ESL Academy, U.S. Circuit Library, City and County government services), recreation (Benedict Fountain Park, 20th Street Recreation Center, Denver’s 5280 Loop), and retail amenities (16th Street Mall, the Market at Larimer Square, 7-Eleven, and Choice Market – a regional grocer). It is also located within Qualified Census Tract 24.03. The nearest bus stop is at Grant Street and 20th Avenue, 0.1-miles east of the property with service every 15 minutes, seven days a week. The nearest light rail station is at 20th and Welton, 0.2 miles west of the property.

Glenarm Commons will be a 40,558 square-foot, slab on grade, four-story elevator-serviced building with brick and concrete exterior, stucco and wood accents, varied elevations and a flat roof. Energy efficiency features include, among others, a combination green roof and solar PV (required by the City of Denver), Energy Star windows and appliances, high efficiency mechanical systems, LED lighting, and occupancy sensor lighting in common areas. Units will have cable TV hook-ups, high-speed internet hook-ups, a refrigerator, stove, disposal and microwave. The one-bedroom units will feature a two-burner cooktop with shut-off timers for added safety, and the two and three-bedroom units will include an oven. The three-bedroom units will also include washer-dryer connections. Common amenities and security features include 24/7 on-site management, a community room with a catering kitchen, multipurpose engagement spaces, an outdoor commons area with gardening beds and a patio, an outdoor play area, a technology area with computers, a secure courtyard, common laundry, and limited
access entries and surveillance cameras. The multipurpose engagement spaces, outdoor commons area, community room with catering kitchen, and onsite parking will be available for use by the SAEC congregation, at no cost, during off-peak days and times. These shared spaces are excluded from eligible basis.

In addition to LIHTC equity, the project financing assumes the use of a construction loan and a permanent loan, a committed $1 million noninterest bearing loan from Column Financial contingent upon an award of tax credits in 2018 and the closing of an equity investment with National Equity Fund (NEF), soft funding from the Colorado Division of Housing and the City of Denver, a sponsor loan, and deferred developer fee. Permanent supportive housing is a top housing priority for the City of Denver which has committed to utilizing up to 25% of its available financing for homeless households over the next five years (see Housing an Inclusive Denver Plan: 2018 to 2023).

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

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

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

a. **Market conditions:** There is strong market demand for Glenarm Commons. MHCD currently maintains a waitlist with 317 homeless applicants for PSH units. The 48-units at Glenarm Commons would only account for 15% of the applicants on the organization’s waitlist. The overall capture rate for Glenarm Commons’ units is 7.8%. In addition, the market study notes quick lease-up, high occupancy, and extensive waitlists for PSH projects in Denver. Other LIHTC projects in the primary market area (PMA) had an average vacancy rate 1.4%, and long waiting lists, demonstrating pent up demand for the affordable units in the area. Glenarm Commons could readily achieve 100% occupancy within one month.

b. **Readiness-to-proceed:** All of the proposed financing, including operating subsidy in the form of project-based vouchers for 100% of the units, are supported by a preliminary commitment or letter of support. The $1 million loan from Column Financial/National Equity Fund is contingent upon the equity offer and an award of tax credits in 2018.

The project is located in the **CM-X-5, Urban Center – Mixed Use up to 5 Stories Zone** where multiunit dwellings are an allowed use. The proposed use and site plan can be administratively approved with the exception of a Board of Adjustments hearing which is required in order for MHCD to request a parking reduction from 0.75 spaces per unit (36 total spaces) to 0.31 spaces per unit (15 total spaces). Desman Design Management conducted a parking study for MHCD (included herein), which concluded that the proposed parking ratio is more than sufficient for the residents and staff at Glenarm Commons. Moreover, the proposed parking ratio exceeds comparable homeless projects in Denver (Colorado Coalition for the Homeless’ Civic Center Apartments and Forum Apartments have zero parking) and Boulder (Gardner Capital Development’s Attention Homes Apartments provided 0.175 spaces/unit). MHCD is confident the Board of Adjustments will approve the request based on precedent as well as the sites’ excellent multimodal options (walk/bike/transit scores of 89/96/90). Should the Board deny the parking reduction request, MHCD will lease the necessary parking from the one of the many parking lots in the project’s vicinity.
The project has been designed to meet the requirements of the Clements Historic District. In May 2018, the Denver Landmark Board approved the building’s massing, form, and context. Upon an award of credits, MHCD will return to the Landmark Board for a final design details review; based on preliminary feedback from Landmark staff regarding the high quality exterior materials and finishes specified by MHCD, Board approval is anticipated.

SAEC intends to enter into a temporary lease agreement on the proposed sites with the Colorado Village Collaborative (CVC), a nonprofit dedicated to providing a “Tiny Home Village” in the form of eight short-term shelters to people experiencing homelessness in Denver. Should Glenarm Commons receive an allocation of credits and the Tiny Home Village advances towards implementation, SAEC would require the CVC to remove the temporary shelters from the premises no later than March 31, 2019 in order to accommodate the development of Glenarm Commons, whose financial closing is anticipated to occur as early as May 31, 2019 (see the Option to Lease Agreement for details). The SAEC has contracted with HC Peck and Associates to ensure all regulatory requirements triggered by the Tiny Home Village (i.e., the Uniform Relocation Act and Section 104(d)) are implemented and addressed in accordance with HUD (see attached correspondence from Lee Hamre, HC Peck and Associates, and Jade Santoro, HUD Relocation Specialist with the Denver Office).

a. **Overall financial feasibility and viability:** A small permanent loan positions the project well to support ongoing operations and services. The rental subsidy provided through 48 project-based vouchers from DHA will ensure strong operations for a project with residents that likely have little or no income available for rental payments. Funding from Column Financial/National Equity Fund are tied to the equity and an award of credits in 2018; the building would have to be substantially redesigned to accommodate the $1 million decrease in sources should the project not receive an award and elect to pursue a 2019 tax credit application. MHCD is anticipating an award of $720,000 ($15,000/unit) from both the Colorado Division of Housing and the City of Denver’s Office of Economic Development due to the agencies’ commitment to permanent supportive housing. NEF, the equity syndicator and the financial consultant, S.B. Clark Companies, have run the project through their tax credit financial models, providing consensus on its financial viability under the current assumptions.

c. **Experience and track record of the development and management team:** MHCD, established in 1989, has 35 clinical and residential sites throughout Denver, including eight affordable rental properties with 181 units. MHCD provides both property management, supportive services, and housing assistance to over 600 families. In 2015, MHCD was awarded 9% Low Income Housing Tax Credits (LIHTC) for Sanderson Apartments, a 60-unit supportive housing community for Denver’s hardest to house chronically homeless households. Sanderson Apartments is one of only two supportive service developments in Denver to pilot the Mayor’s Social Impact Bond Program, a primary source of services funding. For more information, a resume and list of current properties is attached. Due to the high quality/high touch of entitlement and financial underwriting services provided, along with their ability to work closely with community stakeholders, S.B. Clark Companies and SCB Consulting are experienced affordable housing consultants recognized in the industry. Collectively, the two firms have over two decades of experience in affordable housing having managed the financial consulting and/or development of various affordable housing communities across the US, particularly in Colorado.
d. **Cost reasonableness:** Construction costs for the project, which were estimated using local data generated by the General Contractor, Deneuve Construction, are approximately $225,000 per unit. Permanent supportive housing projects often have an above average ratio of common spaces to residential spaces and therefore higher per unit costs. The hard cost per square foot is $260, partially because the majority of the units are designed for single occupancy and economies of scale (bathrooms, kitchens) are not realized as they are in buildings with larger units. MHCD has worked diligently to respond to the historic district’s design requirements and to keep added costs of developing an urban infill site to a minimum (i.e., minimizing parking and eliminating underground structures). Overall, the cost to construct this project is in line with projects of comparable size, quality, and demographic served.

e. **Proximity to existing tax credit developments:** The market study surveyed 15 LIHTC/deeply subsidized homeless projects in proximity to Glenarm Commons. The study noted that the proposed amenities at Glenarm Commons are similar or superior to most of the surveyed projects, and it will be a new development in excellent condition, which will help offset its smaller unit sizes. According to the Metropolitan Denver Homeless Initiative and Prior & Associates, there are 26 permanent homeless facilities, with 1,224 units across Denver.

f. **Site suitability:** The site is the ideal location for a permanent supportive housing project with excellent access to transit, services, and amenities. There are multiple bus stops in close walking distance from the site providing access to two bus routes that run throughout Denver and connect to routes throughout Denver metro. There is also a light rail stop at 20th Street and Welton, 330 feet from the site.

Glenarm Commons is 0.7 miles from a full-service hospital and medical facility at St. Joseph’s Hospital and Concentra Urgent Care. The closest convenience store is 7-Eleven, 0.2 miles southwest of the proposed development. Choice Market, a regional grocery store, is 0.3 miles southwest of Glenarm Commons. MHCD will be partnering with the Emily Griffith Technical College, located 0.5 miles from the site, to offer technical training opportunities to residents. Other nearby amenities and services include, Denver Head Start (0.5 miles), a library (0.2 miles), the English as a Second Language Academy (0.5 miles), and City and County of Denver government services offices (0.9 miles). Overall, the neighborhood offers numerous amenities, services and employment opportunities within walking distance.

(4) **Provide the following information as applicable**

**Justification for waiver of any underwriting criteria:** In PSH developments based on the Housing First Model, the preferred approach is to deploy available cash flow from the project-based vouchers into a services budget. Due to the added costs associated with the urban infill site and the historic district, MHCD has worked to structure the project to include a small permanent loan and debt service payment, balancing the need for some cash flow to be used for services, resulting in a debt coverage ratio above 1.30. To that end, MHCD requests a DCR waiver.

**Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:** Glenarm Commons is not requesting a DDA credit.

(5) **Issues raised by the market analyst**
Smaller units and lack of ovens in the one-bedroom units may create a competitive disadvantage if the project loses its project-based vouchers and no longer serves homeless households. Given the strong demand relative to supply (LIHTC properties in the PMA have 1.4% vacancy rate and maintain large waitlists), it is not anticipated that smaller than average unit size will impact rentability to the targeted population. Additionally, MHCD modeled its one-bedroom unit design, size, and amenities after its successful PSH development, Sanderson Apartments. Moreover, Glenarm Commons will be a new development with other modern amenities that surpass existing LIHTC projects in the PMA, giving Glenarm Commons a competitive advantage.

(6) **Issues raised in the environmental reports and related mitigation measures**

There are no Recognized Environmental Conditions (REC) identified in the Phase I Environmental Report. The Phase 1 notes one business environmental risk related to the possibility of historical debris containing asbestos from previous onsite buildings. However, the existing soil will remain in place and will not require exporting, negating the need to extensively plan and budget for implementation of regulated disposal measures of hazardous materials, such as asbestos.

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

Since Glenarm Commons is in an historic district, the project must comply with stringent City of Denver Landmark Preservation exterior design requirements. The estimated cost of these features is $315,000 (costs are associated with the extensive use of brick, shingles instead of fiber-cement panels, varied elevations, 4th story setback from street frontage, and recessed window design). Approximately $580,000 is associated with Glenarm Commons’ location in an urban infill site (costs are associated with the demolition of existing conditions, soil compaction, onsite storm drainage, tuck-under parking, and elevated outdoor courtyard). In addition, the City of Denver requires a green roof or solar PV array. MHCD has taken the most cost-effective approach to meet this mandatory requirement.

Due to the residents’ former homeless status, trauma history, and disabling conditions, MHCD has worked to ensure the project design and materials will best suit their needs, including specifying tamper-proof centralized mechanical systems, durable building materials (hard surface flooring, LED lighting, metal cabinets, solid surface countertops), additional windows for natural light, a safe courtyard (secure access), and a centralized/dedicated battery backup emergency lighting. These features have a high initial cost, but they add value to the residents’ success (i.e., ability to stay housed) and their durability reduces operational and replacement costs over the long term.

While the project benefits financially from the SAEC’s long term lease (effectively, a donation) of the land, MHCD has diverted a portion of their developer fee to the SAEC to, in part, accommodate the SAEC’s loss of surface parking. MHCD has deliberately requested a 12 percent total developer fee instead of the 15 percent maximum fee in an attempt to realize cost containment where possible.

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

MHCD has been actively engaged with the community for over a year since its partnership with SAEC was established in January 2017. At least 12 community meetings have been held. MHCD has worked closely with the SAEC vestry and congregation to ensure the project is aligned with the church’s vision of a permanent supportive housing community. As the project advances through design and entitlement review, MHCD intends to continue its outreach efforts with neighbors, local business owners and
Council members. MHCD’s communications team will keep stakeholders abreast of the project’s development through an online newsletter and website updates. Based on the level of community interest and participation, a Good Neighbor Agreement may be created between MHCD and the neighborhood. Please see the attached list of community meetings held to date.
Project Name: Grandview Heights

Project Address: 115 Hickory Street, Fort Collins CO 80524

Executive Summary: JES Dev Co, Inc. is pleased to present Grandview Heights, a 50-unit senior affordable housing community in north Fort Collins.

Unit Mix: Grandview Heights will have 25 one-bedroom units and 25 two-bedroom units with five units at 30% AMI, 17 units at 40% AMI, 14 units at 50% AMI and 14 units at 60% AMI. JES Dev Co, Inc. 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 one mile north of downtown Fort Collins in a QCT. The site has excellent access to public transportation, downtown Fort Collins, as well as health and social services and amenities along North College Avenue. The community design accommodates the lifestyle needs of independent senior residents including the need to age in place with convenient access to local amenities.

Amenities and Construction: Each apartment includes a full kitchen, window coverings, ceiling fans, individually controlled PTAC heating and air conditioning systems, in-unit washer/dryer 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, Hardi-plank cement siding. Construction will include concrete slab on grade for the foundation, wood framing, asphalt shingles and standing metal seam roofing. One elevator will be centrally located with stairs the end of each corridor. Residents can enjoy the ample landscaping and walking paths, with all civil engineering features incorporated into the landscape design. Community spaces include a fitness room, fully furnished community room with full kitchen for social events, and a computer room with library in addition to the on-site property management office.

Financing: In addition to LIHTC equity, financing assumes the use of a construction and permanent loan, soft funds from the Colorado Division of Housing, and a deferred developer fee. The City of Fort Collins is very supportive of the project; the 30% AMI units qualifies the project for City fee waivers and reductions. Providing financial support to the project aligns with the City’s progressive policies, including the City’s Affordable Housing Plan for increasing housing for seniors and other special populations. The City plans to have 10% of the housing stock as affordable by 2040, which would require developing 228 affordable housing units per year. The 50 affordable senior units at Grandview Heights 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 this project does not specifically meet any Section 2 priorities, Grandview Heights 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 Fort Collins and Larimer County. The population over 60 years of age is growing and is projected to increase by 71% between 2014 and 2024. By 2024, adults over 60 years of age will comprise 31% of the population of Larimer County. Apartment rents in the County have increased 22% from 2015 to 2016, placing additional pressure on low income renter households. In addition, the Fort Collins 2013 Citizen Survey indicated affordable housing is a top resident concern; this document is included as an attachment to this narrative.

Grandview Heights provides a strong mix of AMIs in order to serve seniors at various income levels. The overall capture rate is 26.5%, which the market analyst notes is reasonable and achievable. The capture rate assumes a 25% positive in-migration occurring in the market area, which is justified based on the historical and projected growth rates, the high occupancy rates of comparable properties, and the significant senior population growth in Fort Collins and Larimer County. In addition, the market analysis 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.

**Readiness-to-proceed:** The site is properly zoned, and the design meets all of the requirements of zone district, Service Commercial District, and the code’s parking requirements. Grandview Heights has begun the Preliminary Development Review process with the City of Fort Collins as a Type 1 Administrative Review. Please reference the attached review/development schedule determined by our civil engineer with input from the City of Fort Collins. All of the proposed financing is supported by a preliminary commitment or letter of support. Upon award of tax credits, JES Dev Co, Inc. will be ready to proceed into full design development and finalize financing for a closing in spring 2019.

**Overall financial feasibility and viability:** Grandview Heights has letters of intent from the construction and permanent loan and the Colorado Division of Housing demonstrating overall financial viability for all project costs. The project is requesting $25,000 per unit in LIHTC equity, 7% below the maximum annual credit request. The project is maximizing its permanent loan and soft loan from the Colorado Division of Housing 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 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 Grandview Heights in order to benefit from their local expertise. Please see attached 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 process. 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 development costs.

Proximity to existing tax credit developments: There are five existing tax credit developments within a two-mile radius of the site, of which only two are senior housing. The most recent is a family project, Redwood Seventy-Two, awarded in 2015. A 72-unit senior project, Legacy Senior Residences, was awarded in 2011. The other three properties received awards between 1993 and 1999. The market study further identifies ten existing LIHTC senior-oriented properties in the primary market area, three are not located in Fort Collins and only one (DMA Plaza) has anticipated renovation/construction starting soon.

DMA Plaza Renovation, awarded LIHTC in 2018, is an existing mixed-income 126-unit senior property with 50 Section 8 units. This project is 1.3 miles from Grandview Heights. In addition, Oakridge Crossing is a 126-unit senior property nearly six miles south of Grandview Heights that is completing construction and anticipated to be lease up prior to end of construction of Grandview Heights. The need for affordable senior housing will continue to be strong given the projected growth of seniors in Fort Collins and Larimer County.

Grandview Heights would be one of only two senior LIHTC developments proposed in the primary market area, with no senior affordable projects currently under construction and would benefit the property during lease-up. Furthermore, the site is located in a strong, stable area within Fort Collins northern market sectors, which have vacancy rates of 0.0% in the Northeast and 0.9% in the Northwest. This is also highlighted within the market analysis which identifies all the properties in the primary market area (excluding the two under construction) at 100% occupancy. These submarkets are experiencing vacancy levels significantly below market average and conditions are anticipated to remain strong. According to the most recent survey of 10,314 units included for Fort Collins/Loveland, the overall vacancy factor was only 2.7%.

Site suitability: Grandview Heights is an ideal location for an affordable senior housing project. Located along the North College Avenue commercial corridor, residents will have access to a wide range of services and amenities within a half mile, including two health centers with the full range of primary
medical health and pharmaceutical services, a full-service grocery store, a park, restaurants and other shopping, and Salyer Natural Area with walking trails. The site suitability is additionally confirmed in the Walk Score, which is 53 and exceeds the City of Fort Collins average score of 36 and 31 for comparable properties in the market. Additionally, the market study indicates a bike score of 92, which indicates the area is a biker’s paradise and daily errands can be accomplished on a bike. Additionally, the Fort Collins Bicycle Co-op, an organization that refurbishes donated bikes for riders of all income levels as well as selling parts and providing maintenance, is located approximately 0.3 miles north of the site. There are also a number of social services available within 0.5 miles of the site: the Family Center, Health District of North Larimer County, Larimer County Office on Aging, and Neighbor to Neighbor. The North College and Conifer bus stop is located 0.1 miles from the site, a close walking distance. This bus line provides access to amenities and services on North College, and downtown Fort Collins with connections to downtown Denver. Residents will be just over half a mile from a full-service grocery story and a half mile and less from two health clinics that provide a full range of primary medical health care and pharmaceutical services.

4. Provide the following information as applicable:
   a. Justification for waiver of any underwriting criteria: N/A
   b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis: N/A

5. Address any issues raised by the market analyst in the market study submitted with your application:
   The overall capture rate is 26.5%. The market analyst indicates the required capture rates are achievable and are in the reasonable range. Additionally, the study notes that the market area will see positive in-migration of potential residents from outside the primary/secondary market area, some owner-occupied households, and some flood-displaced seniors, in addition to the existing income qualified renter households. Furthermore, the capture rate is unable to delineate from the census data any elderly residents who may be living with younger family members who are the head of the household. Therefore, the number of qualifying new households is likely greater than the census data shows.

   In addition, the higher capture rates are realized in the lower AMI levels (30 and 40% AMI at 27.5% and 50% AMI at 24.2%) compared to the higher AMI level (60% AMI at 19.3%). While the analyst suggests a lower overall capture could be achieved by moving units to the higher AMI, JES is committed to serving households at lower AMI levels and has structured the AMI mix to be responsive to CHFA’s low income targeting scoring thresholds.

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 proximity to the offsite historical and current surrounding commercial industries constitute a Recognized Environmental Condition (REC). The RECs included the eastern portion of the site, former and current industrial activities to the north and east, as well as groundwater analysis. It appears the eastern location of the site was utilized to store a variety of materials. This triggered a Phase II environmental report and analysis to properly identify any contaminants that would require proper mitigation. The Phase II Limited Site Investigation drilling and
analysis from the lab results concluded that concentrations of volatile organic compounds (VOCs), total petroleum hydrocarbons (TPH), and RCRA 8 metals in shallow soil and groundwater samples collected at the property do not exceed their respective action levels for residential use. The report recommended no further environmental assessment 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:
Larimer County and the city of Fort Collins have instituted a policy of managed growth and have endeavored to ensure the vital infrastructure keeps pace with the demands of a quickly growing population. To this end, the local government has implemented a number of investment and expansion fees which are designed to help finance additions, repairs and extensions of critical utilities in order to guarantee these services remain available. A third-party engineer has studied the various impact fees and has provided an estimate of approximately $1,300,000. Given the affordable nature of this development there may be an opportunity to reduce these costs through continued discussions with the City of Fort Collins.

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 Dev Co, Inc. has worked closely with the City of Fort Collins and Housing Catalyst over the past several months and the project has been well received. The developer has shared the preliminary site plan and schematics with City staff and has worked to incorporate feedback into the design and programming of the site as part of the Preliminary Development Review which took place May 16th. The City is supporting the project’s provision of 30% AMI units by committing to providing fee waivers and reductions.

In addition, JES Dev Co, Inc. has reached out to local community groups about Grandview Heights and its role in supporting low income seniors in Fort Collins. Support letters from two of these groups, Neighbor to Neighbor and The Family Center, are attached. JES Dev Co, Inc. will continue to work closely with community groups and expand its outreach to help ensure community needs and desires are incorporated into Grandview Heights.
PROJECT NAME: INDEPENDENCE VILLAGE

PROJECT ADDRESS: 225 N. COULSON ST. FRUITA, CO 81521

Independence Village was built in 1980 with the goal of providing affordable housing to the citizens of Fruita, CO and the greater Mesa County area. In that time, the building has become a crucial provider of affordable housing, but it has not undergone a major rehabilitation in nearly 40 years. While the building has been maintained well and the upkeep of the project is evident from the building’s most recent 99b REAC score, the project has many of its original components. In order to continue providing this rural area with an exceptional affordable housing option, Independence Village needs an extensive update so that the useful life of the property can be extended for the next generation of Fruita’s elderly population.

With the help of CHFA and using our extensive network of preferred lending and investor partners, we can elevate the residents’ living environments and preserve the building for another 40 years. Our team is proficient in all aspects of LIHTC development: acquisition, accounting, construction,
and compliance; with our experience developing and managing LIHTC and affordable housing nation-wide, we will ensure that the building continues to provide affordable and comfortable living spaces for the elderly residents of Mesa County.
1. EXECUTIVE SUMMARY

Located at 225 North Coulson, Fruita, CO 81521 and serving the elderly and disabled populations of Mesa County, Independence Village is a 75-unit affordable housing project. It consists of 74 one-bedroom units subsidized by a Project Based HAP Contract that is currently undergoing a Mark-up-to-Market, which will entail a long term preservation exhibit, extending the HAP Contract to 2055. Only 1 two-bedroom unit is not covered by the HAP contract, but it is the intention of the developers that this unit become a LIHTC unit, thus increasing the building’s affordable unit count.

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<tr>
<th>Apartment Unit Types and Mix</th>
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<tr>
<td><strong>Quantity</strong></td>
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There are currently 0 vacant units and 0 down units.

The typical unit at Independence Village includes an amenity package of garbage disposal, refrigerator, range and range hood, oven, central heating from boilers and evaporative cooling units. Through the renovation, we intend to replace or upgrade many of these amenities with more energy efficient models in order to accomplish our Green Communities energy goal. All units are also equipped with emergency pull cords, and through the renovation, we intend to replace the pull cord system and fire alarm panel to provide necessary health and safety upgrades to our residents.

This property is also the beneficiary of a Service Coordinator Grant and thus provides service coordination to its residents in the form of light medical screenings by medical professionals, educational and social services designed to help residents age in place.

The three-story building is mostly concrete. The foundation consists of reinforced concrete piles at load bearing column locations and reinforced concrete slab-on-grade ground floors. It is constructed with a cast-in-place reinforced concrete slab at the first floor and the superstructure systems consists of cast-in-place concrete framing. There are several roofs covering the apartment building which are low slope or flat concrete roofs with sprayed-on urethane foam material. One roof has recently been replaced but the other three are original. These original roofs are to be upgraded as a part of this project. Windows have been replaced on as-need basis, but most are also original and will be replaced or repaired as needed as a part of the rehabilitation, enabling energy saving measures.

There are two hydraulic passenger elevators providing access to all floors of Independence Village. While some components have been updated recently, the elevator mechanics and interiors are mostly original. It is the intention of the developers to provide a full modernization of elevator components and upgrade the elevator cabs. There are also 3 interior stairwells located on the North, South, and central parts of the building. The stairs are constructed of steel with closed risers and concrete filled steel pan treads and are lined with metal handrails, which are all in good condition.

The proposed project contemplates immediate FHA insured financing in the form of a 223(f) to take advantage of the historically low interest rates and provide for fully amortizing permanent financing. Such a financing structure allows the property to benefit from long term financial stability and thus attract quality investors.
2. SECTION 2 QAP PRIORITIES

Our plan for Independence Village addresses providing housing for less populated counties and serving persons with special needs as indicated below.

The most recent data from 2015 shows Mesa County has a population of under 150,000. Over 30% of the county’s population is elderly and 10% of households consist of someone over the age of 65. The median income per household is under $40,000 a year and nearly 10% of the elderly population live below the poverty line, clearly demonstrating a need for continued affordable housing in this area.

Independence Village also looks to provide for and specifically target individuals with mobility impairments or disabilities (i.e., mental, physical, developmental, persons with HIV/AIDS and their families) per the HUD definition of Elderly, which includes non-elderly disabled residents. The project targets this demographic in its marketing, and while it will not set aside supportive housing units for persons with special needs as defined in Section 5.B 5, the project does provide an affordable housing option for this group.

3. SECTION 2 QAP GUIDING PRINCIPLES

Independence Village meets several of the “guiding principles” identified in Section 2 of the QAP via deeper income skewing, helping CHFA to attain a wide distribution of credit allocation, providing for diversification in its qualified sponsor pool, serving a diverse population of low income seniors and including public transit in its development criteria, as more specifically described below.

Beyond providing 100% of its units to individuals making below 60% AMI, Independence Village is committed to setting aside 10% of its units to residents making less than 30% AMI. Also, an award to Independence Village will distribute housing credits to a city that has not seen an award in 13 years. The greater Mesa County area does have other LIHTC projects however, those are, at a minimum, over 12 miles away. Also, Independence Village will be one of very few developments that specifically targets elderly and disabled citizens. Both the location and populations served will assist CHFA in meeting its guiding principle of distributing housing credits to assist a diversity of population in need of affordable housing. Additionally, Independence Village provides access to public transit by being a designated stop for the Grand Valley Transit Route 8 bus line. This is a great assistance to the residents as well as to CHFA’s goal of providing public transit access to its projects.

Finally, while GLTC Partners, LLC is a new developer to CHFA, we have successfully developed 8 LIHTC properties in various states, such as California, New Jersey, Louisiana, Illinois, and North Dakota. Three of these projects were developed in partnership with Union Seniors Association, our proposed non profit general partner. This development team has a history of success and if awarded, will contribute to CHFA’s guiding principle of giving opportunities to a variety of qualified sponsors.

4. HOW INDEPENDENCE VILLAGE FITS THE CRITERIA FOR APPROVAL

As will be demonstrated in greater detail in other elements of our application and summarized below, Independence Village meets the various criteria for approval outlined in Section 2 of the QAP.
Market Conditions

Fruita, Colorado and the Mesa County area are located in the Northwestern quadrant of Colorado. Independence Village and its comparable properties maintain 0-1% vacancy as demand is very high for affordable products. The population of this area has grown consistently over the past 10 years and unemployment rates have dropped in recent years. The economic outlook for future growth and development appears stable.

Readiness-to-Proceed

This project does not need to develop building plans or achieve zoning changes in order to proceed. Except for the proposed FHA debt and HAP Assignment, the project does not require any other application or funding approvals from other agencies or governmental bodies in order for this project to move forward. Our development team has site control and does not require any onerous financing or purchase hurdles. Rents are being set now and thus underwriting will not be contingent on any changing conditions. Upon an allocation of credits, we can immediately move towards loan and investor closing, needing only to confirm the details of our proposed transaction to the then market conditions (eg. interest rate, buy out of subcontractor bids). Our preferred contractors, lenders and syndicators have already reviewed this transaction and our gaurantors’ financial capacities to move forward and thus, we expect a streamlined closing process of approximately 6 – 9 months.

With respect to HUD, CCI has closed over 50 FHA loans in the last 15 years and thus has a deep understanding of the FHA process as well as HUD timelines and challenges. We have closed over 25 FHA loans across the country with our proposed lender, David Penn Mortgage, Co. CCI has also realized some 60 HAP Assignment packages, even in challenging times during HUD reformation.

Finally, GLTC Partners, LLC has relationships with several top syndicators and understands each group’s underwriting sensitivities. Given the strong balance sheets of CCI’s principals, CCI’s long history of successful HUD transactions, our strong lending and syndicator and lender relationships as well as the simple nature of our proposed transactions, we have the ability to move towards an expeditious transaction close for this project.

Financial Feasibility and Viability

Independence Village is structured to be a relatively simple tax credit transaction that can stand on its own without a web of moving pieces that could change the project’s financial feasibility. The sources of funds include tax credit equity, HUD debt (lower HUD debt coverage ratios and favorable underwriting for affordable properties allow for maximum debt leverage), deferred developer fee and cash from operations (this will be a tenant in place renovation). Our current underwriting has conservative tax credit pricing and interest rate assumptions that allow for market fluctuations in credit pricing and intrest rates while also maximizing both the low income housing tax credit and debt leverage points. The proposed project is not dependent upon soft funds that are only available if certain criteria are met. Additionally, there is sufficient developer fee and contingencies in the transaction to account for any unexpected overages. Finally, we are providing housing for existing residents that are the beneficiaries of a long term HAP contract and thus, there is little market risk with respect to lease up timelines.
This transaction is fashioned in such a way that it has fully utilized the sources available to it while responsibly accounting for potential fluctuations in the market and achieving all of CHFA’s underwriting criteria such that tax credits awarded can be immediately and prudently utilized.

Experience and Track Record of Development and Management Team

**Development**: GLTC Partners, LLC, (GLTC) has strong experience in and a deep understanding of the complexities of development including building ground up mixed use communities and Acquisition/Rehab preservation renovation. GLTC has worked with a variety of city, state and federal agencies and has completed successful market and affordable developments with an eye on value engineering and green construction. Since 2011, GLTC has successfully developed seven tax credit properties in various states, preserving over 1000 units of affordable housing nationwide.

Working alongside GLTC in several projects is Union Seniors Association (USA), a 501(c)(3) nonprofit that currently acts as GP or Class A Limited Partner for several different partnerships in several different states, encompassing nearly 800 units of affordable housing for low income elderly and disabled persons. In its capacity as General Partner, Union Seniors ensures the continuing affordability of the various properties in which it participates by encouraging the ownership to obtain long term subsidy contract renewals, commit to extended Use restrictions and adhere to the various income limitations required by various agencies. Unions Seniors also encourages deeper income skewing in order to target the neediest populations of low income residents. Finally, Union Seniors acts in tandem with its partners in order to ensure the strictest compliance with regulatory obligations that owners of affordable housing face. Together, GLTC and USA have developed over 500 LIHTC units.

**Management**: California Commercial Investment Group, Inc., (CCIG) owns and manages over 65 properties across 29 states, and over 6,500 units with near 100 percent occupancy. CCIG manages mostly Section 8 HUD Elderly/Disabled projects and has experience in compliance with various oversight agencies, including federal, state, and local monitoring groups. In addition to the 7 aforementioned GLTC LIHTC projects, CCIG also manages two other LIHTC properties in their extended use period.

We have provided full resumes for each member of our development team: applicant, sponsor, developer, management agent, CPA, attorney, architect, and general contractor. Every member of this team has worked together on separate occasions and look forward to working towards rejuvenating Independence Village and preserving 75 units of affordable housing for the elderly and disabled tenants at Independence Village.

Cost Reasonableness

Independence Village looks to leverage the tax credits to their greatest potential by keeping costs as reasonable as possible. GLTC can accomplish this by virtue of leveraging our existing financing and syndicator relationships to reduce fees and share information, by considering value engineering in our renovation efforts in order to keep costs down while still extending the useful life of the property and by creating a competitive environment in which to garner the most attractive pricing.

While the project will incur costs related to financing and syndication, the vast majority of costs will go to the acquisition and rehabilitation of the project. Due to the volume of our lending business,
we have attracted favorable lending terms such as par FHA pricing and reduced points that allow more development budget to be allocated to renovation. Additionally, many of the 3\textsuperscript{rd} party costs, while necessary for financing a permanent mortgage, are also part of this application; we will encourage the sharing of reports amongst our various partners to ensure we are not over-spending whenever possible.

Finally, having been a part of the owner and management team of Independence Village for over ten years, our understanding of the building allows us to better evaluate its true needs. For example, rather than completely replacing the elevators completely, we work with an elevator engineer to specifically design a modernization that will extend the life of the existing elevator for another 40 years, saving significant amounts that we can utilize towards other building improvements.

**Proximity to Existing Tax Credits Developments**

Not since 2015 has there been a tax credit award in this part of Colorado. Only one other tax credit project exists in Fruita and all others are located over 12 miles away in the Grand Junction or Orchard Mesa area. Of those projects, only 3 have been awarded in the past decade. An award to Independence Village offers a broad distribution of the housing credit across Colorado.

**Site Suitability**

Independence Village is situated in the heart of Fruita, in proximity to the downtown square and across from several public amenities, such as the Fruita Community Center, the Public Library, a public park, municipal pool, and public walkway. It is also situated down the street from the new Colorado Canyons Hospital and Medical Center, which can provide care for our elderly residents in need, as well as a public bus transit stop sits outside of the property to connect our residents to the greater Mesa County area. There are no other elderly/disabled affordable housing complexes of this size in Fruita that allow for independent community living, which is so important for engaging a senior population, encouraging both aging in place and a desire to remain active.

5. **WAIVER OR BOOST JUSTIFICATION: NOT APPLICABLE**

6. **MARKET ANALYSIS**

No market study was performed for this project, per instruction from CHFA that it is a nearly 100\% HAP subsidized building. However, the appraisal for the property demonstrates that Fruita and the greater Mesa County area is in need of better affordable living options. All of the appraisers comparable properties, (restricted and unrestricted alike) have 100 percent occupancy due to the demand and growth of the population.

7. **ENVIRONMENTAL CONCERNS**

The most recent Phase I ordered for this application notes there are some suspected asbestos containing materials (ACMs) at the property; however, the only potential ACM that the proposed scope is likely to disturb is that in limited resilient flooring at the property. Our proposed general contractor agrees that there is no danger of disturbing this suspected ACM as they can encapsulate the ACM by overlaying the proposed new flooring materials over the existing flooring. There are no other known environmental concerns at the project.
8. UPWARD/DOWNWARD COST CONSIDERATIONS

Having specialized knowledge of the management and ownership of Independence Village since 2004 provides GLTC with the unique advantage of understanding the needs of the building and its tenants as well as having a grasp of the local submarket and affiliated construction costs. This intimate knowledge provides valuable insight when making value engineering decisions or adjustments to the scope of work as previously demonstrated with respect to our elevator renovation. We do not anticipate any upward or downward cost fluctuation however, the project will maintain a 10% hard cost contingency as well as a 5% soft cost contingency in the event that unforeseen costs occur. Additionally, where there are cost savings, it is the Developer’s intention to reinvest those savings back into the project such that we might consider added scope in order to maintain the integrity of our application.

9. COMMUNITY OUTREACH

As part of our application, please find enclosed letters of support from various community organizations who support the re-development of Independence Village as well as speak to the importance of this project in the Fruita community.

10. PROPOSED RENOVATION AND RELOCATION

Relocation

The scope of work for this project will allow for construction of a unit to be complete within 30 days. If awarded, the property staff will work with general contractor and other vendors to coordinate packing and storing tenant belongings for the duration a unit is under construction. Tenants will be encouraged to stay with friends or family during this time, but if a tenant is unable to do so, we will accommodate the tenant in either an onsite temporary unit or an offsite pass through lease residence.

Upon obtaining a credit reservation, the onsite staff would be instructed to strategically not re-lease any natural vacancies and hold vacancy up to 6 or 7 units. However many units the staff is able to hold vacant up to the time of construction will be used as temporary units for residents to live in while their units are under construction.

If we are unable to achieve the preferred vacancy amount at the project, tenants will be offered an offsite habitation. Utilizing the Section 8 Pass Through program from HUD, an Owner can sign a temporary lease on behalf of a displaced Section 8 resident and begin to voucher for the contract rent for that offsite pass through unit. The owner pays no more than the contract rent on the temporary dwelling until the resident’s permanent unit has been fully rehabbed.

10 Year Rule

Independence Village has been owned by the same company, Colorado Affordable Senior Housing, LLC, since December 14, 2004. It was purchased from Garmax Properties, LP, which bought it from Lower Valley Hospital Association on June 16, 2004. Colorado Affordable Senior Housing, LLC has owned fee simple to land for over 10 years. Additionally, the project is considered substantially subsidized and thus exempt from the 10 year rule due to its Housing Assistance Payment (HAP) Contract with HUD.
**Capital Expenditures**

In the last few years, aside from interior unit replacements as necessary, the most significant capital expenditure would be the 2015 roof repair wherein 1 section of the roof was repaired (which is why it is removed from our scope) and 2017’s elevator work wherein each elevator’s starters were replaced.

**Previous Related Party Relationships**

There is a related party interest between the Seller and Buyer of the property. Gary Collett and Lou Mellman are both principals of the Seller as well as the Buyer. This identity of interest will not affect the purchase price for the acquisition credits, which will be based on the fair market value of the appraisal. This relationship gives Mr. Collett and Mr. Mellman intimate knowledge of the building’s operating needs. Mr. Collett and Mr. Mellman are also principals of the Management Agent, CCIG, which has managed the building since 2004. As the management agent will not change as a part of this process, this related party interest will remain moving forward.

**Past Local, state, federal resources invested**

Since 1980, Independence Village has been the beneficiary of a Housing Assistance Payment (HAP) project-based subsidy agreement. This HAP agreement benefits the residents, allowing them to pay only a specific percentage of their income for rent while the remaining amount is subsidized by HUD. In its current form, a 20 year agreement that began in 2015, the HAP contract accounts for the majority of income for the property, and help preserve the affordable component of the project. As previously mentioned, the Seller is putting this contract through a Mark-up-to-Market, allowing the contract to extend until 2055.

Independence Village is also the beneficiary of a Service Coordinator Grant issued and supervised by HUD. The funds received as part of the contract allow for the management to hire a service coordinator specific to this project and assist residents to maintain their independent lifestyle. The grant is renewed on a yearly basis and repays the project for all costs associated with the Service Coordinator.

**Design Flaws/Obsolescence**

Over the course of its management of the property, CCIG has not encountered any inherent design flaws of the building. There are no flaws to the project that would impede the Developer’s ability to renovate the project as contemplated or interfere with the project’s long term success once fully renovated.

**Safety Issues**

CCIG is very sensitive to its residents’ safety and health, and they look to provide a safety overhaul through this proposed rehab to ensure the project remains safe for its elderly residents well beyond the compliance and extended use period. Of the items in the scope to be addressed, health and safety related work includes elevator modernization with safety/emergency updates, replaced emergency pull cord system, fire panel replacement, and additional exterior lighting.
Project Name: Indigo

Project Address: 9998 West Jewell Ave Lakewood CO 80232

1. **One page Executive Summary:**
   a. Indigo is Metro West Housing Solutions’ (MWHS) latest 9% family development. With this development MWHS has chosen to move into a different part of Lakewood in order to spread its portfolio geography and to reach an underserved part of the city for affordable housing, as noted in the market study.
   
   b. The primary market area (PMA) is quite large due to the lack of affordable housing in this area. Within the PMA, the market study noted that there was **only 1 vacant affordable unit** that was not part of a lease-up and that 100% of the affordable units are pre-leased.
   
   c. Indigo will include 43 apartment homes in a 3-story building. It will include a mix of 1, 2 and 3BR apartments, with a slightly higher proportion of 3BR in response to an unmet need in our portfolio.
   
   d. The property is in a very desirable location. Immediately across the street is Kendrick Lake Park (http://www.lakewood.org/KendrickLakepark/) which includes both a lake with walking trail and a very well-developed xeriscape garden.
   
   e. Carmody Recreation Center and Park is 4 blocks from the site and connected by sidewalk. The Park includes a recently completed universal playground and outdoor fitness zone that received a 2018 Metro Vision Award from DRCOG (http://www.lakewood.org/CarmodyPark/).
   
   f. Carmody Middle School is 3 blocks from the site. Green Gables Elementary and Bear Creek High School are each within 5 minute drive from the site. Shopping and retail/dining amenities are nearby on both the Wadsworth and Kipling corridors.
   
   g. MWHS has a strong track record with neighborhoods and has the support of the city council members in this ward. MWHS also works closely with the police department, which says it wishes all apartments in Lakewood were managed by MWHS!
   
   h. MWHS will continue the level of quality management and services that we have consistently provided as we open and operate this new development.
2. **Provide a description of the project as proposed**
   
a. **Detailed type of construction**
   
i. *Indigo will be three stories and of wood frame construction. The building will be designed and built in accordance with the 2015 IBC building code.*
   
ii. *The foundation will be a mild reinforced concrete slab on grade with spread footings.*
   
iii. *The roof will be flat with parapets and sheathed in a heat-reflective white or tan TPO roofing material.*
   
iv. *A combination of Packaged Terminal Air Conditioners (PTAC) and Vertical Air Conditioner (VTAC) units, controlled by wall thermostats, will provide unit heating and cooling.*
   
  v. *Domestic hot water will be provided by central, high-efficiency hot water tanks.*
   
vi. *Indigo will be fully sprinkled and will meet NFPA 13R standards.*
   
vii. *The exterior building skin will consist of a combination of masonry, cementitious lap siding, factory finished metal siding, and a rain screen material.*
   
viii. *Indigo will be served by four stairways. Each stair will serve an exterior landing/exterior corridor per floor. Up to four units will be accessed from each landing.*
   
ix. *The windows will be double-paned vinyl in the residential units and aluminum storefront at the common area entrance.*
   
x. *The units will have 8½ and 9-foot ceilings. Many units will have walk-in closets.*
   
xii. *Within the units, all flooring will consist of wood grain luxury vinyl tile and the building common areas will be carpeted using carpet tile.*
   
xii. *Indigo’s unit finishes will include good to high quality plumbing and electrical fixtures, laminate countertops and wood cabinets. Kitchens will be equipped with stainless steel appliances, including a refrigerator, electric range, dishwasher, range hood/microwave, and disposal.*
   
xiii. *All 1BR units will have one bathroom. All of the 2BR except one will have two bathrooms and all 3BR units will have two bathrooms. There will be a mixture of showers and bathtubs.*
   
xiv. *All three fully accessible units will be on the first floor.*
   

b. **Population being served**
   
i. *Families are the primary target population. Based on our resident population at other MWHS family properties, we anticipate some seniors (10-15% of units) will also choose to live at this new development.*
c. Bedroom mix

<table>
<thead>
<tr>
<th>Size</th>
<th># Units</th>
<th>Sq Ft Wtd average</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1BR/1BA</td>
<td>13</td>
<td>655</td>
<td>30%</td>
</tr>
<tr>
<td>2 BR/1BA</td>
<td>1</td>
<td>725</td>
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<tr>
<td>2BR/2BA</td>
<td>15</td>
<td>822</td>
<td>35%</td>
</tr>
<tr>
<td>3BR/2BA</td>
<td>14</td>
<td>1043</td>
<td>33%</td>
</tr>
</tbody>
</table>

d. Location: 9998 West Jewell Avenue, Lakewood, CO 80232
  i. This is a well-established neighborhood in southwest Lakewood. It includes primarily single-family homes mixed with some apartments, condominiums, retail and office uses.
  ii. A significant portion of the area is dedicated to open space and recreation.

e. Amenities: common amenities include:
  i. Main floor community flex room with kitchen and connected to an outdoor terrace
  ii. Outdoor terrace with BBQ
  iii. Playground/tot lot
  iv. Large laundry room on main floor with four of each washing machines and dryers
  v. Onsite covered bicycle storage
  vi. Off-street parking
  vii. Free wireless internet for residents
  viii. Community gardens

f. Services

Indigo will have a part-time Resident Services Coordinator, allowing residents to conveniently access services in the place where they live. The Coordinator works with residents on multiple levels: helping identify resident goals/needs, developing strategies to link residents with services, and bringing together information and resources for easy resident access. Information and services provided to residents include assisting with emergency needs, computer skills classes, job search assistance, career planning, community cultural activities and much more. The coordinator is available to meet with residents individually as well as to host classes and children’s enrichment activities on-site. Specific classes and activities are determined site by site to meet the wishes and needs of that particular community, but might include homework club or STEM activities for children and art classes or sustainability workshops for adults for example.

In addition, MWHS:
  * partners with Colorado Housing Assistance Corp. (CHAC) to assist residents interested in becoming first time homebuyers;
  * runs a very successful community gardens program;
• offers transportation assistance;
• hosts cooking and nutrition classes;
• provides recreation center passes and free tickets to community events in partnership with ArtReach;
• and coordinates asset building opportunities through its Financial Fitne$$ classes and micro-loan programs. For more information on services please see the website at http://www.mwhsolutions.org/resident-services-program.html

g. Description of energy efficiencies

i. MWHS’ intensive integrated design approach to sustainability focuses on the site, building, and individual apartment scales to maximize overall sustainability and efficient use of resources. Indigo will be constructed on a previously developed site with robust public transportation options with multiple bus stops abutting the property. Features are chosen based upon first cost value, payback for residents and the property owner, and impact to residents’ quality of life. Specific sustainable attributes will include:
   - Highly efficient building envelope
   - All Energy Star© appliances as well as LED lighting throughout the building
   - Approximately 50kW of solar PV
   - Designed to meet the 2015 Enterprise Green Communities standard

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

• HOME funds from Jefferson County
• HOME or other funds from Colorado Division of Housing
• Equity from Metro West Housing Solutions (including land and cash)
• Tax credit equity (LIHTC and solar)
• Mortgage

2. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):
   This development does not qualify for any of the 2018 housing priorities.

3. Identify which, if any, of the guiding principles in Section 2 of the QAP the project meets and how it meets them:
   • To support rental housing projects serving the lowest income tenants for the longest period of time
     o 70% of the units are at or below 50% AMI, with 14% of the units at 30% AMI. MWHS will agree to an additional 25-year tax credit compliance for a total of 40 years.
• To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria
  o This development is not in a QCT.

• To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas
  o This development is in a large urban area in an inner ring suburb.
  o Indigo will be located in an underserved area for affordable housing as noted in the market study.

• To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit
  o The sponsor is a public housing authority with a long history of developing quality affordable housing.

• To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing
  o This development will serve families. However, in all of our family properties we have a proportion of senior households, generally 10-15%.

• To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail
  o Multiple bus stops abut the property along Kipling and Jewell and offer service every day of the week on two bus lines.

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

• 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.
  o Our credit ask per unit is less than 55% of the projects awarded in the 2017 9% round, even with construction costs and interest rates escalating.
  o MWHS has worked hard to keep the credit ask low, $150,000 less in credit than the project qualifies for. We have done this in part by contributing the land and making a soft sponsor loan and deferring over 25% of the developer fee. These significant contributions make up over 7% of the total development costs.
  o We are also planning a 3-story walk up structure, which is a significant savings over other building types. Given the amount of owner equity and deferred developer fee
already shown to be needed for the development to work as a 9% deal, the amount of 
credit requested is as low as feasible.

- To reserve credits for as many rental housing units as possible while 
considering these Guiding Principles and the Criteria for Approval.
  - Although this development is smaller than MWHS’ recent developments, it fills a need in 
an underserved part of Lakewood. The neighborhood context requires a smaller size. The 
tax credit ask per unit is lower due to this construction type so will allow for credits to be 
spread to more properties.

4. Describe how the project meets the criteria for approval in Section 2 of the QAP:
   i. Market conditions:
      i. Low capture rates with over 5,700 income qualified renter households still unserved by 
the family LIHTC inventory at 30%, 40%, 50%, and 60% AMI after the addition of the new 
supply and before any in-migration. These figures are corroborated by the high 
occupancy rates and wait lists at the existing affordable communities in the primary 
market and throughout metro Denver
      ii. Overall affordable vacancy near or below 2.0% throughout the Denver metropolitan 
area for the past 3 years.
      iii. The 43-unit subject development is the only new family LIHTC supply in the proposed 
pipeline within the primary market area, and there is currently only one LIHTC property 
under construction in the PMA. Further, Indigo’s small size will allow the property to be 
leased-up quickly and reach stabilization within 3 months.
      iv. MWHS is constructing the only affordable development under construction in the PMA 
(Fifty Eight Hundred). When it opened the waitlist in April it received nearly 1,000 
applications for the 152 units.
   j. Readiness-to-proceed:
      i. The land is owned, free of debt, by MWHS.
      ii. The site is zoned for this use.
      iii. We have met with the City staff for preplanning and will be ready to proceed to a 
formal site plan submission shortly after receiving an award of tax credits. This 
timing will allow for construction to begin within 1 year after the award of 
credits.
      iv. Carryover will be met within the required timeframe since the land has been 
purchased and significant soft costs have already been expended.
      v. The Owner Equity is covered by unrestricted funds and is in an account at 
FirstBank of Colorado.

k. Overall financial feasibility and viability:
   i. This development will not work as a 4% deal because the transaction costs would 
be prohibitive with the number of units that can be built on the site. Even with 
the potential addition of state credits, the development will not work as a 4%.
   ii. MWHS owns the land and will place that into the partnership through a land 
loan. MWHS has the funds available for its equity portion. The state and the
county have both reviewed the plans and are open to requests for the amounts listed in the pro forma.

iii. The development meets all of the CHFA requirements (debt service, operating reserves, Green Communities, etc.).

l. Experience and track record of the development and management team:
   MWHS has developed seven tax credit developments over the past 13 years. In addition to these, MWHS owns six other tax credit developments which it purchased. Members of the development team have worked for years with MWHS. The management team has decades of experience, all with no findings in tax credit reviews.

m. Cost reasonableness:
   i. MWHS is confident that the submitted estimate will compete well on a cost per sq. ft. and a cost per unit basis with other developments in the Denver Metro area. Total development cost is just under $284,000/unit, a 6% decrease over our most recent budget for Indy Street Flats. We’re able to accomplish this through the less cost-intensive construction type.
   ii. This is the fourth new construction tax credit development MWHS has done with this general contractor, Calcon Constructors, Inc. They are consistent in cost-estimating practices and have a record of low change orders.

n. Proximity to existing tax credit developments:
   i. Despite the relatively large area of the PMA, there is limited new affordable competition in the vicinity of the subject, including no affordable competition within a 2-mile radius. There are a total of only 6 family LIHTC communities in the primary market boundaries that are not senior or project-based section 8 communities. Further, only one, Osito Ridge was built after 2000, while 3 of the remaining 5 were originally built in the 1970s.

o. Site suitability:
   i. The site is prepared for development. Through earlier surrounding work there is a regional water quality and detention already in place that will serve this site.
   ii. There are no environmental concerns and the site is a clear piece of land.
   iii. The location is convenient to many services and a multitude of recreation opportunities.

5. Provide the following information as applicable:

a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA’s minimum): Not applicable

b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis: Not applicable
6. Address any issues raised by the market analyst in the market study submitted with your application:
   a. While listing numerous strengths of the proposed development, the market analyst did include a few minor weaknesses. But the analyst also stated they do not expect these weaknesses to negatively affect the subject’s operation nor its marketability. The weaknesses are:
      i. Fewer unit and community amenities and lower quality unit finishes. In response – MWHS agrees that there are fewer community amenities due to the size of the development. However, there are numerous neighborhood amenities that will help to compensate for having them directly at the site. The unit finishes are the same as we have used in our last few developments and they have caused no difficulty in leasing or operations. MWHS is mindful of the concerns about over amenitization of projects and is responding to that in the Indigo design.

7. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:
   a. The Phase I report and subsequent Phase II report which analyzed groundwater and soils conditions did not discover any environmental concerns.

8. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:
   a. MWHS decision to include a 2nd bathroom in the 2BR units added some cost to the development. In spite of that, the overall development cost of this project is well below our most recent two developments in spite of rising construction costs. We have found that the 2nd bathroom is a strong attraction for our residents and allows for more enjoyable long-term residency. Should we reach a point that construction costs and/or changes in equity and lending prices change significantly, the 2nd bathrooms can be eliminated.

9. 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):
   a. We have spoken with one of the council persons from this ward and she recommended we not reach out to the community this early. MWHS will reach out to the neighborhood and conduct appropriate outreach and glean feedback when we are closer to moving ahead with construction. The council person is supportive and as mentioned the local police feel MWHS is a property owner and manager to be emulated.
   b. Local support includes fee waivers for planning, building and park fees, totaling $175,445.50 - 1.5% of the total development cost.
1. **Introduction, Project Overview and Executive Summary:**

Kappa Housing Inc. (“KHI”) is pleased to submit its application for an allocation of 9% tax credits for Kappa Tower II, which was previously submitted in the 2017 competitive 9% round. Based on feedback received from CHFA staff after that request was unsuccessful, we have spent the intervening months working with our partners to improve this project. We submit this application with notable improvements/changes to the application as follows:

- KHI has secured funding for a resident services coordinator for this project. Kappa has further committed to set aside funds from the development fee in a separate reserve to fund a portion of the additional third party provided services.
- The provision of transportation options is a focus and will help our residents easily access the many services and amenities in the area.
  - Kappa Tower II will set aside $10,000 annually to provide a public transportation pass or alternative transportation for all 70 residential units. Some units will have double occupants, however many tenants will have their own transportation, so a $10,000 budget should be sufficient. With RTD bus transportation immediately adjacent to the site (every 7 minutes) and light rail only 1.8 miles away (8 minute bus ride), this is a valuable benefit to residents.
  - With its ideal location, Kappa Tower II will reserve two ZipCar spaces for resident and public transportation benefit. The Stapleton location for ZipCar parking is outstanding.
  - KHI will register all of its residents with “MY DENVER PRIME” which is an active senior adult program for seniors 60 and older managed by Denver Parks and Recreation at the Central Park Recreation Center. It offers seniors over 200 plus weekly drop-in fitness, health classes and clubs across the City. The transportation budget will take the resident two times per week to the recreation center along with scheduled transportation for other needs such as shopping, banking, hair salons, pharmacies, eye glass, nail and pedicure visits.
- Denver Housing Authority will participate in the project for the purposes of qualifying for property tax and use tax exemptions.
- KHI’s window to develop this site is closing. The no cost land acquisition option contract with Forest City expires if we are not successful in the 2018 round. We are hopeful that based upon all the merits of this application, CHFA will recognize the attractiveness and efficiency of the project and award 9% credits to the first affordable senior housing development at Stapleton since 2003, and the only one north of I-70 (located in an SADDA).
- Market conditions strengthened further over the last year. As noted in the update to our market study, all new product brought on line in this PMA has been quickly absorbed, and new projects already maintain long wait lists.
- The Central 70 project, which will reconstruct a 10-mile stretch of I-70 between Brighton Blvd. and
Chambers Road, has received approval to move forward. One of CDOT’s commitments to the project is funding affordable housing. Kappa Tower II, which will be situated approximately .50 miles north of the span of I-70 being reconstructed, will indirectly contribute to this affordable housing initiative.

**Other Key Issues for Consideration:**

- While the $1,174,614 credit request is large, the $16,780 per unit request is very efficient due to the fact we are developing 70 units on well-located, donated land with infrastructure already in place.
- The land value contributed to the deal is estimated at $2.0M for a zoned, well-located and ideally developable site. Without a 9% tax credit reservation, the no cost land option expires in 2018.
- Stapleton has not seen a new senior low-income tax credit project since 2003 (Clyburn at Stapleton).
- In addition to an ideally located parcel, the City of Denver impact and tap fees of $4,800 per unit mean a more efficient utilization of scarce 9% credits to maximize affordable unit production.
- KHI is a well-known, long standing non-profit provider of quality affordable senior housing which is why they were selected by Forest City as the recipient of the land grant.
- As the market study update points out, Stapleton is one of the most desirable, successful neighborhood redevelopments in the State of Colorado.
- The site is further benefited by proximity to bus and rail transportation, parks, retail, dining, health care, theaters and community events (see attached Vicinity Map of amenities).

**Project Overview**

Kappa Tower II will be a 70 unit senior housing (age 62+) community located at Northfield and Central Park Blvd in the Stapleton redevelopment area, a highly regarded master planned community. KHI, will be the owner and developer of the property and its property management affiliate will be the management agent for this project. KHI is a 36-year old 501 (c)(3) nonprofit corporation in good standing and organized for the purpose of providing housing for low and moderate income senior citizens. KHI owns the Kappa Tower apartments located at 2160 Downing Street, in the Five Points neighborhood of Denver; this 45 unit subsidized senior housing project was developed in 1984. KHI’s board elected to hire a consultant to assist in the development of the proposed project. This consultant is a partnership between two of Colorado’s leading developers of affordable housing: Medici Consulting Group and Solvera Advisors. KHI’s management company has 35 years of experience managing HUD Section 202 senior affordable housing and HUD Section 226 multi-family affordable housing projects totaling 141 units in Colorado.

Stapleton has become what our market analyst termed as a “destination location,” meaning the area has proven to consistently draw residents regionally from throughout the Denver Metro area. At the Northeast corner of the site there is an existing bus stop with direct access to Central Park Light Rail Station to the South. This unique project and location will allow seniors to interact with families in the area and walk to commercial services, retail shops, restaurants and other amenities in the Northfield area. Directly adjacent to the site to the west is Runway 35 Park, and less than a .5 mile walk are The Shops at Northfield Stapleton.

The project will be developed as a four-story senior independent living community comprised of 70 residential units and amenities/communal space with surface parking and site amenities. The building is L-shaped with a drop off area at the interior corner opening up to the south. Connected to the lobby area is an array of amenity spaces including a communal kitchen, private dining room, multi-use/flex rooms and fitness/wellness center, computer center and extra wide hall ways for winter walking inside the building. There will be a corner reading nook and chairs on each floor for the tenants to enjoy. The building is approximately 64,400 sq. feet and has a mix of 1 and 2-bedroom types. The building is wood frame above a concrete foundation/slab. The building elevation will reflect stacked residential units with large windows that maximize daylight penetration into the bedrooms and Juliet balconies in the living room. Communal areas
where the amenities are located will utilize a storefront system and will activate the building and the
adjacent street through transparency and appropriate, rich architectural details. The exterior building
material will be comprised of pre-finished metal panels, brick, and cementitious fiber board. Generous
landscaping will be provided in these open spaces as well as the following site amenities: raised communal
planting beds, shaded seating area with a park like atmosphere for picnicking and cooking out, trellis, and a
dog run.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for: The project does not
quality for any the CHFA identified housing priorities.

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

   a. **Market conditions:**
      The need for affordable senior housing in Denver, and this area specifically, is significant as
      Stapleton has become one of Denver’s most desirable, successful communities. The vacancy
      within the LIHTC projects surveyed on our PMA is less than 1%, with all projects maintaining
      long waiting lists of qualified applicants. Our market study recommended no changes to the
      project and suggested that it would lease up within only two months with no need for
      concessions. **No senior affordable projects have been delivered within Stapleton since 2003.**

   b. **Readiness-to-proceed:**
      The site is zoned for multi-family (M-IMX-5) and it is a use by right zone site. Construction
      would commence in the second quarter of 2019.

   c. **Overall financial feasibility and viability:**
      The proposed affordable rent levels are achievable in the market. The project will be
      financed through a contribution of donated land from Forest City along with a reservation of
      $1,174,614 in 9% tax credits, which translates to $11,158,833 in tax credit equity (Wells
      Fargo - $.95 pricing), a CHFA risk share loan of $3,910,000, a loan of $700,000 from the City
      of Denver through the Office of Economic Development, a grant of $700,000 from the
      Colorado Division of Housing that will be structured as a long term subordinate loan, and a
      loan from the Colorado Healthy Housing Fund, managed by CHFA on behalf of the Colorado
      Health Foundation, in the amount of $500,000.

      Kappa Housing and MCG/Solvera will set aside $100,000 of the development fee up front,
      along with $10,000 per year from operating cash flow to fund a Services Reserve. In
      addition, CHFA has expressed willingness to consider utilizing additional Colorado Healthy
      Housing Funds, in the form of an up-front $150,000 grant, to fund three years of service
      coordination. The $150,000 up front funding plus the development fee set aside of
      $100,000 and operating cash flow reserved will carry the project for 8 total years from
      today, during which time KHI can continue to source alternative, ongoing service reserve
      funds.
d. Experience and track record of the development and management team:
Kappa Housing Incorporated (KHI) will own and co-develop Kappa Tower II. KHI is a 36-year-old 501(c)(3) private non-profit corporation in good standing, organized for the purpose of providing housing for low and moderate income senior citizens.

KHI engaged MCG/Solvera as its development consultant. MCG/Solvera LLC is a partnership between two of Colorado’s most well-known, reputable developers of affordable housing. MCG/Solvera offer experience in all aspects of development, access to capital, and innovative financing and marketing ideas. MCG is Medici Consulting Group, a 20-year-old Denver-based development and construction management organization that has successfully developed $125 million of affordable housing comprised of 1,151 units throughout Colorado. Solvera Advisors and its affiliate MGL Partners are a 15-year old development organization that has developed over $500 million of housing, much of it affordable, comprised of 2,500 units, mostly in Colorado. Medici and Solvera responded jointly to a Request for Proposals that KHI published in late 2016. MCG/Solvera have worked jointly as developer consultants in the past with other well-known non-profits, including Volunteers of America, Aurora Housing Authority, Metro West Housing Solutions, and Longmont Housing Authority. Both companies have a strong commitment to affordable housing.

Kappa Management Incorporated (KMI), a for-profit organization will be the managing agent. KMI has 35 years of experience managing HUD 202 senior affordable housing and HUD 226 multi-family affordable housing projects totaling 141 units in Colorado. KMI will be working in collaboration with The Ross Management Group, a woman owned 31-year-old management firm, specializing in tax-credit compliance, and Terry and Company, a minority-owned boutique public accounting firm with experience in bookkeeping, accounting, and audit requirements of the tax credit program. Terry and Company principals have a combined 55 years of experience with the tax credit program.

e. Cost reasonableness: The development team’s strong background in construction will produce a high quality project at a competitive price. MCG and Solvera Advisors have a proven history of developing value engineered, quality affordable communities. The overall project cost per unit is $251,562 per unit (including reserves).

f. Proximity to existing tax credit developments: There are existing tax credit projects in the PMA. This speaks to the overall attractiveness and growth of Stapleton over the last 20 years. Many of these are older and smaller tax credit projects. The nearest 9% tax credit project is the Northfield at Stapleton, however that project serves families. Stapleton has not seen a new senior affordable development since 2003.

g. Site Suitability: The site is ideally located for senior family development. The site is generally flat with all necessary infrastructure readily accessible, and there are no unusual construction cost concerns. The shops at Northfield are located three blocks west of the project and offer a wide array of shopping and entertainment options in a pedestrian friendly outdoor shopping configuration. See attached Vicinity Map of the site.
Parks and Recreation: The Runway 35 park is adjacent to the site and contains fields, sport courts, volleyball, and a community pool. Kappa Tower II will have its own park-like area for its tenants. The broader Stapleton redevelopment area offers a wide variety of open spaces, community facilities, and trails available to all residents of the community.

Public Transportation: Public transportation options are excellent. The project is located adjacent to an RTD bus line which provides immediate access to the Central Park light rail station 1.8 miles to the south. Numerous walking and biking paths connect to all points within Stapleton. The Sand Creek trail provides access to regional biking and walking destinations.

4. Justification for waiver of underwriting criteria or 130% basis benefit:
The project is not seeking any waiver of underwriting criteria. The project is located in an identified SADDA, and thus qualifies for the 30% basis boost.

5. Address any issues raised by the market analyst in the market study submitted with your application:
The required capture rate exceeds CHFA’s guidelines. Despite this, the market study concluded the project is justified due to its outstanding location and sufficient demand in the market. The project is expected to lease up in less than two months based upon the following factors: very strong demand for the existing tax credit properties in the PMA; proven history of in-migration into this growing, highly desirable community in the PMA, driven in part by the location of the project near light rail; and understated renter household growth in this rapidly developing PMA.

Stapleton has become what our market analyst termed as a “destination location,” meaning the area has proven to consistently draw residents regionally from throughout the Denver area. Historical information and statistics back up that on average, throughout Denver, senior properties draw in excess of 40% of their residents from out of market areas. With regard to Stapleton in particular, Ross Management has provided information that at its Northfield Stapleton Apartment, a tax credit funded family project, only 5 of the first 84 residents (6%) had moved to the property from within the primary market area. To emphasize the point, 94% of the first residents of Northfield Apartments came from outside the PMA.

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

7. Identify if there are any unusual features driving cost upward as well as if there are opportunities to realize cost containment: The credit request of $1,174,614 for 70 units is low on a per unit basis ($16,780). The project has high quality, no cost land, and furthermore, being located in the City of Denver means very low tap and impact fees.

8. Community Outreach: Kappa Housing Inc., approached Stapleton Development Corporation, the entity which was created to protect the Stapleton Community. The Stapleton Development Corp’s primary duty is to “facilitate the disposition and development of Stapleton property consistent with the Stapleton Development Plan.” The SDC Board supported and endorsed the Kappa Tower II project by stating “The affordable rental housing proposed by KHI is fundamental to the vision of Stapleton as championed in the Stapleton Development Plan. The addition of KHI senior rental housing would assist with meeting this visionary core principle of Stapleton’s development as well as satisfy a portion of the great need for additional affordable rental housing in Denver.”

“Stapleton Foundation’s mission is to guide the development of the old Stapleton airport with a
focus on education, healthy living, neighborhood connections and affordable housing.” The Stapleton Foundation has written a support letter endorsing Kappa Housing II’s project that is contained in our file. It writes in its letter that “This land donation by Forest City, ‘the master developer of Stapleton’ signals how strong the support for Kappa Tower II is for this project to move forward.”

Finally, KHI has reached out to several senior service providers in the Stapleton area and a number of them have written letters and or spoken openly about partnering with KHI and welcoming the opportunity to provide additional senior services in the area.
Executive Summary
Between October 2016 and September 2017 Karis, Inc. provided services to 228 unduplicated youth who were homeless, had experienced homelessness or were at imminent risk of becoming homeless. With only six apartments in Grand Junction serving this population, there is an ever-growing crisis for homeless and runaway youth of the Western Slope. Additionally, this vulnerable population struggles to move towards self-sufficiency and stability without supportive services and protective factors.

In response to this crisis Karis, Inc., in conjunction with BlueLine Development, Inc., LeBeau Development, LLC, Mind Springs Health and Cardinal Capital Management is proposing the new Karis Apartments development on North 12th Street in Grand Junction. Karis Apartments will include 34 one-bedroom permanent supportive housing units targeting youth who are homeless or at risk of homelessness. Each unit will have an Energy Star refrigerator, dishwasher, oven/range, disposal, and microwave. The site is ideally located adjacent to two Grand Valley Transit bus stops, providing over 30 rides per day throughout the City of Grand Junction.

Karis Apartments will be a three story, slab on grade, wood frame building designed with double loaded corridors to maintain building efficiency and will be serviced by one elevator. Exterior finishes will be a combination of metal, glass, stucco, siding, and other high quality exterior finish materials. All units will have high-efficiency windows, increased insulation rating and air conditioning. The entire project will self-certify to Enterprise Green Community Standards. There will be approximately 4,043 square feet of administrative offices and service space on the first floor. This space will include a leasing area with offices, front desk reception, mail receiving area, community laundry room, living room, community kitchen and great room, art space, media room, counseling space, bike storage/maintenance room and file storage. The outdoor community space will include a patio, barbecue area, a vegetable garden, and playground for children.

Funding for Karis Apartments will be provided by CHFA in the form of 9% LIHTC equity and Colorado Division of Housing HDG grant funds. Additionally, the development team has approached the City of Grand Junction for a waiver of tap fees to act as local match for the project. The project will be supported by 34 HCV vouchers from the Colorado Division of Housing. Karis Apartments will follow all required cross-cutting federal regulations.
Karis, Inc., in partnership with Mind Springs Health and Rocky Mountain Health will provide permanent supportive services to residents of Karis Apartments. These services will include, but not be limited to Mental Health Services, Substance Abuse Services, Independent Living Skills, Health and Medical Services, Employment Services, Services for families 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.

Karis Apartments will be a community of hope and healing for the population of homeless youth who are in dire need of assistance. By combining housing and services under one roof, these residents will find themselves engaging with healthy adult service providers in an environment full of community, hope, and opportunity. Through their youth services, Karis, Inc. has increased the number of housed youth, increased by 127% the employment of these homeless youth and seen a marked improvement in their social, mental, physical, and psychological health. By adding the housing units proposed for Karis Apartments, the success rate of Karis’s patients will further escalate.

**CHFA’s Guiding Principles**
Karis Apartments meets all three of the priorities and nine of the Guiding Principles in Section 2 of the QAP by:

1.1. **Serving homeless persons as defined in Section 5.B 5.** Karis Apartments is the result of an experienced homeless advocate’s desire to expand their service for homeless individuals within the city of Grand Junction. Karis, Inc. currently serves over 200 homeless youth per year. Karis Apartments will be an expansion of that service by offering 100% affordable units serving extremely low income homeless individuals in the City of Grand Junction. Homeless youth are an under-served population in the homeless category and not all shelters and homeless units are available to this group.

1.2. **Serving persons with special needs as defined in Section 5.B 5.** Occupancy of Karis Apartments will target youth who are homeless or have acute special needs. Most homeless people, both adult and youth, suffer from mental illness of some form. The population that Karis Apartments is focused on are suffering from some mental illness, physical disability, or substance abuse and are homeless or near homelessness. Please see the Permanent Supportive Service Plan submitted with this application for additional information.

1.3. **Serving Counties with populations of less than 175,000.** The most current Census data available shows a population of 151,616 for Mesa County, CO.

**Market Conditions** - Analysis of the primary market area indicates a shortage of housing available to homeless youth as indicated by the market study’s estimated 984 good candidates. Currently these candidates have only six units available to them in the Grand Junction area and only 40 planned units that will accept homeless youth. These figures are further corroborated by high occupancy rates and wait lists at existing homeless housing communities within the primary market area. Capture rates for the project are extremely low at 0.6%. After consideration of projects under construction or in the planning process, capture rates remain extremely low at 4.1%. Based on these calculations we anticipate a quick lease up and long term stabilization for Karis Apartments.
**Readiness-to-Proceed** - The proposed project’s site is currently zoned R-16 which allows for multi-family development with densities of up to 16 units per acre. The site is currently owned by Unity Church, who has executed a Purchase and Sale agreement with BlueLine Development, Inc. and any assigns of Karis, Inc. Due to the current ownership structure, the site will need to be sub-divided by the city. The development team has been working with the City of Grand Junction’s Planning and Zoning Department and all indications are that this is an administrative process that will take approximately three weeks upon LIHTC award. The development team attended a concept meeting with the City on May 14th and all comments received have been incorporated into the current site and floor plans.

The Karis Apartments team has engaged Shopworks Architecture, an experienced LIHTC architect, to design the building. Additionally, we have received a third party construction estimate from Shaw Construction, an experienced LIHTC contractor based in Grand Junction.

**Overall financial feasibility and viability** - Karis Apartments is financially feasible, if awarded 9% Low Income Housing Tax Credits as requested. The project is requesting to use CHFA’s discretionary basis boost as a gap filler, for an increase of 30% in annual allocation. This boost is necessary to ensure project viability through what has become a proven financing structure for permanent supportive housing projects.

Karis Apartments will have secondary funding sources through the Colorado Division of Housing Development Grant Funds. By utilizing the soft financing from the Colorado Division of Housing Development Grant Funds as the only source of secondary financing, Karis 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**

*Karis, Inc.*

Since 2009 Karis, Inc. has provided services to runaway and homeless youth (RHY). During that time Karis, Inc. has delivered services to 463 unduplicated youth through an array of services that include outreach to youth living on the street and attending district schools, gateway services such as food, clothing, transportation, showers, laundry, crisis intervention, and access to a 24-hour crisis hotline, comprehensive assessment, service planning, emergency shelter, transitional housing, a five-bed permanent supportive housing project for youth, mental health care through the Wildly Integrated Mental Health Program, coordinated physical health, sobriety, recovery, and harm reduction services, adaptive employment and education, a mentorship program, six outreach and development groups, and aftercare. Please see Karis, Inc.’s resume submitted with this application for more information about their organization.

*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.

**Cardinal Capital Management**

Cardinal’s portfolio of managed properties consists of over 3,000 units across 60 properties. This portfolio includes a complex variety of housing developments that are across multiple housing types, including 12 supportive housing projects with 419 units, 33 LIHTC properties with 1689 units and 47 Section 8 properties.

A key component of Cardinal's resident relations activities is their commitment to providing supportive services. Cardinal employs a full time licensed and certified social worker to oversee 32 service coordinators at 55 sites including 11 service coordinators serving 16 sites at Cardinal managed properties. The Service Coordinator Program is a HUD funded grant program that provides voluntary services to elderly and disabled residents that live in federally assisted multifamily housing. Service coordinators at Cardinal properties perform assessments of resident needs, identify appropriate services for residents, monitor ongoing service delivery, work with community service providers, deescalate crisis situations one-on-one with residents, and provide or connect residents to case management services. In addition, Cardinal has actively sought partnerships with community providers to provide supportive services at eight of its properties to assist residents to live independently in permanent housing while offering them individual supports to promote autonomy and self-sufficiency. Cardinal has partnered with five different providers to deliver both Service Coordination and Supportive Services uniquely tailored to each property.

**Cost reasonableness** - The costs submitted with this application reflect the current construction market in The City of Grand Junction. These costs have been verified verbally from numerous funders and construction reviewers and in writing by several Grand Junction LIHTC contractors familiar with the architect and active in the Western Slope market. The development team has looked for opportunities to streamline processes and minimize costs at every opportunity. By utilizing an architect, contractor and engineers who are 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 939 units within the Primary Market Area. However, only four of these developments were considered comparable and within these four developments only six 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 Grand Junction, Karis Apartments will be proximate to Karis’s existing location and will realize efficiencies in leasing and proximity to services because of this. The site is located within a quarter mile of the Grand Valley Transit bus line, providing over 30 possible rides per day, and is within walking distance of five restaurants, two coffee shops, a grocery store, two pharmacies, and a bank. 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** - Karis 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 Karis 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.

**Justification of Financial Need** - Karis Apartments is requesting the CHFA DDA credit in the amount of 30% as a gap filler so the project does not have to assume permanent financing, similar to other successful PSH projects throughout the country. By minimizing risk through this structure, the development team has generated significant investor interest as evidenced by the multiple letters of interest submitted with this application.

**Market Study Issues** - James Real Estate Services did not identify any weaknesses to the project.

**Environmental Issues** - The Phase I ESA, completed by Entrada Consulting Group, revealed no Recognized Environmental Concerns, and recommended no further investigation.

**Unusual Costs/Opportunities for Cost Containment** - The development team has reached out to the City of Grand Junction to request a waiver of tap fees on the project. The City has expressed interest in this approach and has historically done so for affordable housing projects. This has been accounted for in the project budget and has resulted in a savings of $104,309.

**Local Outreach** - Karis, Inc. is in the City of Grand Junction and receives great support from local officials. Karis staff have continually engaged City administration and staff for support of this project. Finally, to minimize visual encroachment on neighboring houses the design team has oriented the building in such a way to move it as far west on the site as possible without encroaching on Unity Church or affecting parking.
Legacy Senior Residences
SW Corner of Sheridan Blvd and 64th Ave., Arvada, CO

Cornerstone Associates, LLC and the Arvada Housing Authority are entering into a joint venture for the development of the Legacy Senior Residences (Legacy). Legacy will be a newly constructed seventy-two (72) unit affordable, senior-oriented development for 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 Jefferson County Human Services (JCHS) recommends increasing the amount of accessible housing units for disabled seniors and creating programs to help older owners shoulder housing cost burdens. These households will face significant challenges paying for housing and supportive services, with housing expenses taking up resources required for food and healthcare.

The City of Arvada 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.

Additionally, the City has indicated certain expectations for older, handicapped and/or disabled residents. Legacy Senior Residences will be located near services, follow universal design codes, will provide appropriate accessibility in and around the property and will increase housing options with access to the public transit network by being mere steps from RTD Route 51.

1. **DEVELOPMENT OVERVIEW:**

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% and 60% of the area median income. One hundred percent (100%) of the development will be set aside for qualifying seniors age 62 or better.

**Unit Mix, Set Asides and Rent Structure**

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>30% Units</th>
<th>40% Units</th>
<th>50% Units</th>
<th>60% Units</th>
<th>Average Rents (Market Adjusted)</th>
<th>Legacy Rents compared to Market Rents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bedroom</td>
<td>(2) $475</td>
<td>(3) $674</td>
<td>(19) $840</td>
<td>(12) $950</td>
<td>$1,396</td>
<td>-31.92%</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>(2) $550</td>
<td>(3) $809</td>
<td>(19) $950</td>
<td>(12) $1,050</td>
<td>$1,645</td>
<td>-36.16%</td>
</tr>
</tbody>
</table>
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.

**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 4.53 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 (6) handicapped units: (3) one bedroom and (3) 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 floor on the eastern wing of the building, as the grade of the first floor 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 first floor of the Legacy Senior Residences will contain the primary building entrance with secured access entry; the manager’s office, a formal living room/library that hosts a computer station 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 will have access to a veranda that will have patio seating with use of a grill and various community garden planters.
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 gas 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. Cornerstone Associates will be responsible for establishing the Legacy Senior Residences Tenant Association. Beacon Management is committed to providing tenant counseling as well as offering financial education and credit counseling to the residents of the community.

- Partner Colorado Credit Union has agreed to Financial Education once a quarter.
- Seniors Resource Center will provide rides to tenants, cost is a voluntary contribution.
- A potential future partnership with HealthSET for on site wellness assessments and nutrition classes

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

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

- 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 60% of the 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 60% of the AMI.

- **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 an “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.
  - Walk Score: The site ranks at a “walk score” of 63, which exceeds the overall score 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.

A recent “Aging Well in Jefferson County Annual Report” provides the following concerns for Jefferson County and Arvada:

- While a number of multi-unit, independent, affordable housing options have been developed, the waiting list for those units continues to grow. Affordable housing options of all types are needed in Jefferson County.
- Members of the Aging Well Leadership Committee report dealing with an increasing number of evictions, foreclosures and shortage of housing for seniors.
- The fastest growth for those over the age of 60 will be between the years 2013 and 2020 according to the State Department’s Demography’s office. The fastest growing segment of the population are those over the age of 85. People over the age of 75 tend to be those most in need of services. While there is still time to bolster those services, planning and funding needs to begin now.

- **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 60% 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.

3. **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% and 60% AMI units presents an overall capture rate of 26.6%.

   The overall vacancy rate among the comparable properties used in the Market Analysis is 0.7 percent. 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.

   Please see the attached list of reports and Plans prepared or commissioned by either the City of Arvada or Jefferson County that identify the shortage of attainable housing for seniors within both the City and the County. (Exhibit A)
b. **Readiness to Proceed:**

- **Site Control:** Cornerstone Associates, LLC and/or Assigns (Developer) currently has the site under contract. The site is a lot consolidation of a large parcel containing 3 acres and the southern 1.53 acres of another parcel adjacent to the west of the larger parcel to create 1 parcel totaling 4.53 acres.

- **Zoning:** Currently the (western parcel) of the site is zoned R-L (Residential - Low Density) and is designated as Suburban Residential on the Comprehensive Plan future land use map; The Suburban Residential designation permits residential development up to five units per acre. The (eastern parcel) of the site is zoned B-2 (General Business) and has a Neighborhood Commercial future land use designation. High density residential is a permitted secondary use in the Neighborhood Commercial

- **City Action:** [See Letter of Support - Exhibit B]:
  - The project requires a Comprehensive Plan Amendment for the (western) parcel (Suburban Residential) to match the Neighborhood Commercial land use designation on the (eastern) portion
    - Public Hearings before Planning Commission scheduled for June 19, 2018
    - Public Hearings before City Council scheduled for July 16, 2018
  - A re-zoning to Planned Unit Development-Business/Professional/Residential (PUD-BPR)
    - Public Hearings before Planning Commission scheduled for June 19, 2018
    - Public Hearings before City Council scheduled for July 16, 2018
  - A Preliminary Development Plan (PDP)
    - Public Hearings before Planning Commission scheduled for June 19, 2018
    - Public Hearings before City Council scheduled for July 16, 2018
  - A minor subdivision - This can be done administratively

In order to meet the applicant deadlines established by the Colorado Housing Finance Authority for Low Income Housing Tax Credits (LIHTC) that will make this project feasible, staff supports an expedited review process that will result in City Council action on July 16, 2018 for recommendation of all items listed above.

Upon approval of tax credits, the remaining items that would be required is the 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, review, utility tap fees and all other fees associated with development.

The applicant, in association with the Arvada Housing Authority/City of Arvada, will be applying for the use of HOME funds from Division of Housing (DOH) in their 2018 round in the aggregate amount of $720,000. With the development expected to come in at a budget of just under $19,400,000, the total project is underwritten to a 1.15 DSCR in year 1 with an escalating DSCR, inclusive of the debt payments on the HOME funds.
Legacy has strong overall financial capacity, as evidenced in the pro-forma. The financing arrangements for the Legacy Senior Residences will include the following:

- Federal Tax Credit Equity: $12,823,718
- Permanent Debt: $4,550,000
- DOH HOME Funds: $720,000
- FHLB AHP Funds: $350,000
- Developer Equity/DDF: $898,746

**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 $19,400,000.

- Hard Costs per Unit are estimated at $171,049
- Hard Costs per square foot are estimated at $162

The greatest expenses to the development are:
- Permit/Impact Fees: $1,730,336 ($24,032/door)
- Land: $1,500,000 ($20,833/door)
- Offsite Improvements*: $683,071 ($9,487/door)
  *Mandated by City to complete transportation connectivity

Total Construction Estimates (including Impact/Tap Fees and onsite/offsite work) are estimated at:
- Per Unit: $197,064
- Gross Square Ft: $187.21
- Non Residential Square Ft: $232.71
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.

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, Proximity and Wait List

<table>
<thead>
<tr>
<th>Comparable Properties</th>
<th>Type of Development</th>
<th>Year Built</th>
<th>Proximity</th>
<th>Rent Structure</th>
<th>Vacancy Rate</th>
<th>Wait List</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheridan Ridge Townhomes</td>
<td>Family</td>
<td>2003</td>
<td>.35 miles</td>
<td>LIHTC/Market Rate</td>
<td>0.0%</td>
<td>80 HH’s</td>
</tr>
<tr>
<td>Parkview Village Apts.</td>
<td>Family</td>
<td>1975 Ren 1992</td>
<td>2.21 miles</td>
<td>40%-60% LIHTC</td>
<td>0.0%</td>
<td>None</td>
</tr>
<tr>
<td>Castlegate Apts.</td>
<td>Family</td>
<td>1971 Ren 2006</td>
<td>2.82 miles</td>
<td>60% LIHTC and Market Rate</td>
<td>0.8%</td>
<td>41 HH’s</td>
</tr>
<tr>
<td>Flats at Creekside Park Apts.</td>
<td>Family</td>
<td>1972 Ren 2018</td>
<td>1.01 miles</td>
<td>Market Rate</td>
<td>1.7%</td>
<td>None</td>
</tr>
<tr>
<td>Solana Olde Town Station Apts.</td>
<td>Family</td>
<td>2017</td>
<td>1.25 miles</td>
<td>Market Rate</td>
<td>Lease Up</td>
<td>None</td>
</tr>
<tr>
<td>Arvada Green Apts.</td>
<td>Family</td>
<td>1972 Ren 2013</td>
<td>1.69 miles</td>
<td>Market</td>
<td>0.0%</td>
<td>5 HH’s</td>
</tr>
</tbody>
</table>

As noted above, none of the LIHTC comparables are senior properties. Multiple attempts to survey senior LIHTC properties in the PMA were unsuccessful due to the fact property management was unwilling or unable to participate in a rent survey; therefore, three additional family properties (Market Rate) were included because of their proximity to the property. The list of excluded properties can be found on age 21 of the Market Study.

g. **Site Suitability:**
The site is approximately 4.53 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 new zoning to Planned Unit Development – Business/Professional/Residential will allow 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 well 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.

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 fairs 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
- 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.
**Recommendations and Conclusions**

The table below ranks the proposed subject on a scale of one to five, where one equals “not strong/good” and five equals “very strong/good”, based on demand, location, unit mix, size, proposed rents, and overall marketability.

<table>
<thead>
<tr>
<th>Recommendations and Conclusions</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Demand</td>
<td>2</td>
</tr>
<tr>
<td>Project Location</td>
<td>3</td>
</tr>
<tr>
<td>Proposed Unit Mix</td>
<td>4</td>
</tr>
<tr>
<td>Proposed Unit Sizes</td>
<td>5</td>
</tr>
<tr>
<td>Proposed Rents</td>
<td>3</td>
</tr>
<tr>
<td>Overall Marketability - as proposed</td>
<td>4</td>
</tr>
<tr>
<td>Marketability with recommended changes - N/A</td>
<td>5</td>
</tr>
</tbody>
</table>

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 in are higher than in the more rural parts of Colorado. The land cost of $1,500,000 equates to $331,126/acre and $20,833/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 $1,730,336 ($24,032/door).  
8) OFFSITE improvements of $683,071 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 Developer, the civil engineer and the entire Planning Dept. have been meeting every other Thursday to facilitate the “fast track approval of the Amendment to the Comprehensive Plan, the Rezoning, Preliminary Development Plan and Minor Subdivision. All items are on the agenda for the June 19th 2018 Public Hearing/Planning Commission meeting and the July 16th 2018 City Council agenda for recommendation of approval.
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 26.6 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,

Bobbi Jo Lucas,
President

Cornerstone Associates, LLC

209 S. 19th St., Suite 100
Omaha, NE 68102
(402)341-0888
Cornerstonehousingdevelopment.com
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 project includes the completion of the 2nd phase of the Libretto Apartments, connecting and adding 42 new apartments for independent seniors, on the west side of the existing 1st phase of the property. Project construction will be wood-frame on a post-tension foundation system. Exterior materials will include hardboard siding and brick veneer. The roofing material will be asphalt and solar shingles. The design of the proposed project will match the existing Phase I building, so that when completed, the project will have the appearance of a single development, rather than a project that was developed in separate phases. Landscaping will be extensive in accordance with City of Brighton 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 Libretto II site is located directly west of the existing Libretto Phase I building, which was constructed in 2013. The project is located 2 blocks from a bus stop. The Libretto site is 0.8 miles away from the Park 'N Ride facility that provides transportation throughout Brighton, to Denver and to DIA. The project is also located within a Call 'N Ride zone, so that public transportation will be available at the front door of the property. The Access-a-Ride program, which provides door-to-door transportation for people with disabilities, is also available. When completed in 2013, the development of Phase I included the rehabilitation of a former library building, originally built in the early 1970’s, into the property Common Areas. The façade of the building was restored to its original condition and many of the original interior structures and fixtures were maintained and re-used. Phase II development will include one building, a three-story, elevator-served structure (separate elevators will serve each phase of the property), and a covered connection to the existing Common Areas. Therefore, the second phase will share the existing Common Areas, which include a restricted entry, large lobby area, a community kitchen and café area, media room, manager’s office, mail kiosk, public restrooms and library. Also provided are a common laundry area for oversized items to serve the needs of the residents of both buildings, computer room with provided computers, craft/ game room, exercise room with provided equipment, a billiards room with a full sized...
table and private dining room that can be reserved by individual property residents. A free wi-fi connection exists in the Phase I building and will also be provided in Phase II. Additional exterior amenities include a community garden, gathering areas, benches, walking paths, and immediate, direct access to Carmichael Park to the west. All of the areas described above will be available to the residents free of charge at all times. A minimal, refundable deposit may be required to reserve a space for special functions either in a private dining room or in a community room.

Libretto Phase II will include 42 units consisting of 36 one-bedroom/one-bath units and 6 two-bedroom/one-bath units. The one-bedrooms will be 653 square feet and the 2-bedroom units will be 835 square feet in size. The affordability mix includes; 5 units at the 30% AMI level (3 one-bedrooms and 2 two-bedrooms); 12 units at the 40% AMI level (11 one-bedrooms and 1 two-bedroom); 17 units at the 50% AMI level (15 one-bedrooms and 2 two-bedrooms); and 8 units at the 60% AMI level (7 one-bedrooms and 1 two-bedroom).

Individual unit amenities will include vestibule entries, nine-foot high ceilings, provided washers and dryers in each residence, walk-in closets, cable television hookup and a private individual balcony or patio. Units will also include a full appliance package, including a self-cleaning oven, dishwasher and frost-free refrigerator, garbage disposal, and carpet and vinyl flooring.

Provided services will include organized gatherings, community newsletter and bulletin board and an on-site manager who will serve residents, organize activities and coordinate service providers from the area. Services provided by the management company will be tailored to meet the specific needs of senior residents.

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

   The proposed project may not meet a strict interpretation of these principles, however, we'll provide a property that helps to maintain and increase the independence of our senior residents. We do this by providing an effective, well-designed project, employing senior-sensitive staff and managers, and by managing the property day-to-day in a way that provides social and inclusionary activities for our residents, bringing in activities from outside the property, providing for resident's health with regular classes, and always operating our properties in a way that goes beyond the operation of a real estate property. All these things help to maintain and increase the independence, quality of life and the life expectancy of our senior residents.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:
   a. Market conditions:
      Overall market conditions are very strong in both the housing and rental markets. These conditions have significantly increased housing costs for fixed income seniors, making affordable housing that much more important to develop and preserve. The Market Study conclusions are all positive with no items that are recommended for change. In addition, the proposed project is near the recent redevelopment of downtown Brighton, which further complements the location of the property. The only other senior tax credit properties in Brighton are Brighton Village Phases I & II and the first phase of Libretto (properties previously developed by the same development team). These properties maintain high levels of occupancy and have an extensive combined waitlist of over 1,000 prospects. This clearly indicates the need for more affordable senior housing in the community, which has a distinctly rural atmosphere and a high number of very loyal residents. As stated in the Market Study "there are no other known, approved, planned properties in the PMA that would be comparable or competitive with the subject".

   b. Readiness-to-proceed:
      Zoning approval and Site Plan and Development Plan approvals have been obtained from the City. These items were completed along with the development of Phase I. The site is zoned R-3 (multi-family residential). An administrative site amendment will be acquired through the City Planning Department, to complete approval of the covered connection between the buildings (the sponsors have already started this process, which is anticipated to take 2 to 3 months to complete). Site acquisition has occurred. The ownership entity is HC Brighton Libretto 2011 L.P. Shaw Builders LLC, the
general contractor on the first phase, has been selected to build Phase II. The same architect has also been retained and has begun work on the project construction drawings. Once notice of a successful Tax Credit allocation has been received, the architect will complete the construction drawings and submit them for a building permit.

c. Overall financial feasibility and viability:

The project will be financed through the sale of Low Income Housing Tax Credits. A preliminary reservation of Credits in the amount of $957,231 is being requested. Tax Credits will be sold to an institutional investor. Letters of interest have been included in the Tax Credit application from AEGON USA Realty Advisors LLC, NDC Corporate Equity Fund and R4 Capital LLC. US Bank will provide construction financing. US Bank has been the construction and permanent lender for many previous projects developed by one of the co-developers, MJT Properties. CHFA will provide permanent financing under its SiMPLe loan program, in the amount of $2,092,000. The sponsors specifically request that CHFA provide this financing. HOME funds will be provided by the Colorado Division of Housing in the amount of $224,100. There will also be deferred development fees in the amount of $420,000. The sponsors have also received a Letter of Interest for a CHFA Healthy Housing Loan, in the amount of $500,000.

The City of Brighton will provide fee waivers in the amount of $709,538.

As indicated in this Narrative and elsewhere in the application, the project is viable because of the very high need for additional affordable, independent senior housing in the City of Brighton. This is demonstrated through the historic occupancy of both phases of Brighton Village and the first phase of Libretto, the large waitlist at these properties and the recent 45-day lease-up of Brighton Village Phase II. Viability is further demonstrated through the analysis and recommendations of the Market Study.

Financial feasibility of the project can be demonstrated in many ways, including the partnership and ownership by the Housing Authority, the community support, the provision of soft funds by the state, the experience of the development team, the economies of scale and lower costs resulting from the development of a second phase, and other factors. The proposed project has been carefully planned to maximize available resources and to provide the best housing possible at a reasonable cost. Financial support will be provided from the Colorado Division of Housing. The willingness of the City to provide significant fee waivers and reductions further enhances the financial viability of the proposed project.

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 Colorado construction, development and property management business for over 35 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 anticipated. While MJT has developed affordable housing for all age groups, they’ve become particularly experienced in recognizing the needs and desires of senior residents, and include 12 senior Tax Credit properties in their development and management portfolio.

The other co-developer will be the Brighton Housing Authority. The Authority, as indicated above, will have a 100% ownership interest as a limited partner, with no development or financial liability.

The ownership structure between the co-developers (MJT Properties and the Brighton Housing Authority) is similar in scope to those used for the successful co-development and ownership of the previously completed Libretto I and Brighton Village Phase II Apartments. The sponsorship entity, HC Brighton Libretto 2011 L.P., has been formed. The partnership agreement calls for the Housing Authority to have a 100% ownership interest, with MJT Properties and its principals to provide all development guarantees, including completion of construction, loan guarantees, lease-up guarantees and long-term guarantees for Tax Credit compliance.

The completed property will be managed by Terra Management Group LLC. General oversight of Terra is provided by Debi Robertson. Debi, who has been with MJT / Terra for over 20 years, and has extensive experience in the management of affordable housing properties, including facilities for the exclusive use of independent seniors. All properties managed by Terra perform exceptionally well, maintain 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 is an asset manager who has extensive experience with tax credit properties. She has been with Terra for 9 years and is primarily responsible for managing file compliance, management reviews and investor/lender inspections and requests. Sheri Wagner, a 10-year employee, is the area manager for all of the properties currently operated in Brighton. She will continue with the day-to-day supervision of the proposed project’s on-site staff, thereby providing a significant continuity of management.

All properties managed 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:
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, that is those with the lowest incomes. Therefore, we feel that 9% Tax Credits are the best source of financing.

Regarding cost reasonableness of the proposed project, there will be significant economies of scale. Libretto II will use the Common Area and site improvements that were developed during the construction of Phase I. This included the redevelopment of the historic library into the shared Common Areas. Use of these existing facilities will result in significant economies of scale, and a more effective use of the existing space.

f. Proximity to existing tax credit developments:
The only other senior-restricted Tax Credit properties in the Brighton area, as indicated in the Market Study, were developed by MJT Properties and are fully occupied and operated by Terra Management. All of these properties have extensive waitlists. The only other project is in Dacano, nine miles northwest of the subject site. That property is owned by the Greeley-Weld Housing Authority and also operates at a very high occupancy rate. There are no other comparable senior Tax Credit properties in the PMA and none currently under development.

g. Site suitability:
The Libretto Phase II site is located adjacent to the completed first phase of Libretto. The completed subject property will be connected to the existing Common Areas of Phase I. Hence, this is the perfect location and site for development of a new independent senior property. Combining the two phases allows for great synergies for marketing, operations, and most importantly for expanded social possibilities for the current residents of Phase I, and the new residents moving into the second phase. The site is also adjacent to an active and beautiful park, Carmichael Park, creating great opportunities for residents. Neighborhood services are fully developed. Access to the sites is excellent. In addition, a Park ‘N Ride provides excellent access from the property to public transportation. The site is also located in the Call ‘N Ride and Access-A-Ride zones, so that public transportation will be available to the doorstep of the properties.

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:
      Not applicable.

5. Address any issues raised by the market analyst in the market study submitted with your application:
   All comments in the Market Study are positive.

6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:
   No RECs were identified in the Phase I Environmental Site Assessment reports submitted with the application.
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:
   Cost containment is being achieved by utilizing the existing improvements, which were completed during construction of the first phase.

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 not only reached out to the community, it has established a long-term relationship with the City of Brighton. It has been a successful partnership, dating back over 12 years. Three projects have been completed for, and with the City, including a 4th (Windmill Ranch Apartments) that is under construction. The Colorado Division of Housing is also considering providing grant funds to the project. The City of Brighton will also provide affordable housing incentives in the form of significant fee waivers and reductions, totaling over $700,000. There was no neighborhood opposition to the development of Libretto I, and no further neighborhood input will be required on Libretto II.

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 – new construction is proposed.

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 though solar shingles that are incorporated into the roofing. This will reduce the overall utility costs of the completed property. The sponsors have used a similar system on a recently completed property in Brighton, Brighton Village Apartments II.

Additional supporting documents have been uploaded to Procorem, as part of the submitted application.
Project Name: Mason Place

(1) Executive Summary

Mason Place is a proposed 60-unit permanent supportive housing (PSH) community for people experiencing homelessness and includes 15-units set aside for homeless veterans. The project is 100% project-based with local and VASH vouchers and 100% of the units are restricted at 30% AMI. Located at 3750 South Mason Street in Fort Collins, the building is an adaptive reuse of a former movie theater with on-site surface parking and outdoor amenities. Housing Catalyst purchased two adjacent lots with a combined area of 3.23 acres, in 2017. Lot 6 (1.65 acres) is a surface parking lot and Lot 5A (1.58 acres), which is the lot slated for development, includes the movie theater and surface parking.

Located in a commercial area of Fort Collins, the transit-oriented site is 0.3-miles from the nearest MAX bus station with Bus Rapid Transit service every 10 minutes to downtown Fort Collins, which is 4 miles north of the site. The site is very walkable (72 walk score) and a biker’s paradise (98 bike score). The existing 2-story building will be converted into a 50,914 GSF 3-story multifamily structure with secure access, a central atrium, 24/7 reception desk, community room with kitchenette, lounge areas, exercise room, art and garden spaces, common laundry, designated storage areas, a bed bug decontamination room, outdoor smoking areas on each floor, an outdoor pet area, an enclosed courtyard with gardening beds, enclosed bike storage, indoor trash chutes, as well as offices and meeting rooms for administrative and services staff. The building will contain 58 one-bedroom (499 SF weighted average) and two two-bedroom units (593 SF). The property is not located in a QCT. Housing Catalyst will provide 28 parking spaces onsite (Lot 5A), as well as lease from itself an additional 20 parking spaces on Lot 6 in order to comply with the Creger Plaza Owner’s Association covenant. This highly desired development would be the second PSH project in Fort Collins developed by Housing Catalyst.

Mason Place is surrounded by commercial uses. The following uses are immediately adjacent to the site: a Safeway shopping center with a variety of smaller retail/food outlets; a car dealership; an office building occupied by IMBC College, a private institution offering medical and dental assistance courses, medical billing and cosmetology; and commercial services and retail on the west side of Mason Street including a veterinarian, music store and AAMCO. Corps Community Center, which is managed by the Salvation Army, is within walking distance and offers a variety of food, aid and social programs. A full range of health care services is within 3.5 miles east on Harmony Road at Harmony Medical Center of Poudre Valley Hospital. Mental and addiction care services are available within 2.7 miles of the site at Touchstone Partners Larimer Center for Mental Health.
Based on the Housing First, Harm Reduction and Trauma Informed Care models, Mason Place and its in-kind service provider partners (the Veterans Administration, Homeless Gear, and SummitStone Health Partners) will provide the following types of services both on and off site: general assistance (orientation/move in support, tenants’ rights education, individualized services planning, crisis intervention, recreational/social opportunities), independent living skills (financial management, benefits counseling, cooking and meal preparation, housekeeping and self-care), mental health services (psychosocial assessment, individual and group counseling, peer mentoring, medication management, psychiatric assessments), substance abuse services (relapse prevention, harm reduction, counseling), and employment services (job skills training, job readiness training, job retention, job placement). Staff are onsite 24 hours a day so that residents can receive round the clock support.

The Type III B residential construction is a wood-framed building over drilled pier foundations. The exterior skin is a mixture of existing concrete block and painted cementitious siding, with a flat TPO roof. This elevator-served building also includes two stair cores, and a third interconnecting stair to maximize circulation and create a sense of community. The exterior skin reflects a contemporary design intent that is aligned with the City-adopted Midtown Masterplan. The adaptive re-use of the old theater building is inherently sustainable and adds interest to the surrounding commercial context. The building includes security features such as limited access entries and security cameras. Each residential unit will have a package terminal heating/air conditioning unit (PTAC) and supplemental baseboard electric heat in the bedrooms. Window blinds, hard surface flooring, and closet are included in the bedrooms. Each kitchen has a refrigerator, 24-inch stovetop and oven, and microwave. The very large windows in the living area are placed at the ceiling elevation to drive daylight deeply into the unit. The two-bedroom units have a storage/coat closet in addition to the bedroom closet. This high-density development (38 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.

Housing Catalyst anticipates the proposed development to be financed with equity generated from the sale of 9% LIHTC, conventional debt, local and federal funds from the City of Fort Collins, the Colorado Division of Housing funds, and deferred developer fee. The Housing Catalyst development team has met with city and state housing leadership, city planning staff, and various stakeholders to solicit support for Mason Place. Regarded as a leader and community example for public outreach, Housing Catalyst has mailed informational postcards to surrounding property owners, met individually with neighboring business owners, merchant groups and business associations, and hosted an open house in partnership with the City of Fort Collins on April 9th, 2018. The Major Amendment Development Review application has been submitted to the City of Fort Collins, has gone through two rounds of staff review and is ready for public hearing. The application will be considered by the Planning and Zoning Board on June 22nd with a full staff recommendation for approval. The consideration by Planning and Zoning Board is only required because the development is over 50 units. All development and use standards are being met with no variances or modifications required for approval. An affirmative vote of support is anticipated.

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

As defined in Section 5.B.5, the project meets the “Projects serving homeless persons” priority in Section 2 of the QAP.
(3) Criteria for approval in Section 2 of the QAP

a) Market conditions: Either the problem of homelessness is growing and/or tracking methods are improving. In the first quarter of 2018, Housing First Initiative (HFI) members compiled information on 339 homeless persons in Fort Collins, of which 193 were estimated to be chronically homeless. By the end of the year, HFI anticipates identifying approximately 127 more chronically homeless persons. This would bring the total to about 320 in Fort Collins alone, magnifying the pent-up demand for PSH in Fort Collins. Capture rates range from twelve (Point In Time surveys) to twenty-eight (CHAPS waitlist) percent. Redtail Ponds, the only competing PSH development in the PMA, is 100% occupied and has experienced no vacancies in the past three years other than short-term vacancies due to turnover. Approximately 65% of all persons who have lived at Redtail Ponds still reside there.

b) Readiness-to-proceed: With the exception of a Planning and Zoning Board hearing on June 22nd, the proposed development is ready to proceed. The public has the opportunity to appeal the Board’s ruling until July 6, 2018, after which the Board’s ruling stands. While the project is an allowable use within the GC zone district, it is subject to a Public Hearing because it exceeds 50 units (60 are being proposed). No modifications to the land use code have been requested. Once the submittal is approved by the Board, it will require a minimum of six months to secure a building permit. The current theater lease terminates in August 2019. Housing Catalyst expect the project to begin construction immediately upon termination of the lease.

c) Overall financial feasibility and viability: Mason Place is financially feasible if awarded an allocation of 9% LIHTC. Because this site is not in a QCT or in a DDA, a 4% option is infeasible. Furthermore, the city funding commitments are conditional upon a 2018 LIHTC award. If the project is unsuccessful in securing a 2018 LIHTC allocation, the $2 million ($1,123,388 in CDBG/HOME and $876,662 in City Affordable Housing Capital Fund per adopted Resolution 2018-052) must be returned and reapplied for in the future. In addition to federal LIHTC equity, Housing Catalyst is assuming permanent loan proceeds, soft funding notes from the City of Fort Collins, funding from the Colorado Division of Housing, and deferred developer fee. Enterprise Community Partners, 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. The developer is assuming all residual cash flow from the deferred developer fee and from the grants provided by DOH (which will consequently be loans to the project) will be used to help fund services.

d) Experience and track record of the development and management team: Established in 1971, Housing Catalyst has 47 years of experience in housing development, property management, successful administration of HUD grants and funding agreements, and service provision for the community’s most vulnerable people. Housing Catalyst owns and manages over 1,200 units of public and affordable housing and administers over 1,100 Housing Choice Vouchers. In 2007, Fort Collins embarked upon its 10-Year Plan to End Homelessness and created Homeward 2020, a collaborative group driving and convening systems change and best practices. Housing Catalyst was a strong leader in the formation of Homeward 2020 and remains on its board of directors. In 2009, Housing Catalyst received its first allotment of Veteran Administration Supportive
Housing (VASH) vouchers, which now total 131. Housing Catalyst and the Cheyenne VA are considered models of VASH success.

Housing Catalyst has a long history of using evidence based collaborative approaches in providing housing paired with a strong service component. In 1996, Housing Catalyst brought two Single Room Occupancy (SRO) sites with a combined 40 units online utilizing HUD Mod-Rehab Funding. These SRO units have served hundreds of people exiting homelessness since that time (22 years). In 2015, Housing Catalyst developed Redtail Ponds, Fort Collins’ first tax credit financed permanent supportive housing (PSH) community, which consists of 60 units. This project was financed with multiple layers of development and rental subsidy including a highly competitive HUD Supportive Housing Programs grant. Redtail Ponds serves chronically homeless households and has 15 units set aside for chronically homeless veterans. Redtail Ponds was the recipient of Housing Colorado’s 2015 Eagle Award, one of the highest achievements within the Colorado affordable housing community. It also received the Colorado National Association of Housing and Redevelopment Officials (NAHRO) 2015 Affordable Housing Project Award, the Mountain Plains Regional Council of NAHRO 2015 Affordable Housing Design award, the 2016 National NAHRO Award of Excellence and the 2017 Colorado Urban Land Institute Impact Award. Redtail Ponds was also highlighted in the Novogradac Journal of Tax Credits as an example of a successful project using Low Income Housing Tax Credits.

Housing Catalyst has partnered with RCH Jones Consulting and SCB Consulting to bring forward Mason Place due to the high quality and extensive experience in entitlements, as well as LIHTC and PSH underwriting services. Collectively, Jones and Cox Baker have over 23 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 Mason Place reflect current hard cost information and have been reviewed and verified by I-Kota Construction, the project’s selected general contractor. Creative use of the existing building is helping to manage total development costs.

f) Proximity to existing tax credit developments: Mason Place will not be impacted by competition from, Redtail Ponds, which is the only existing PSH in the PMA.

g) Site suitability: The Mason Place site is well suited for PSH – centrally located, convenient to transit, highly walkable, next door to a grocery store, and just a few blocks from a Salvation Army community center. There are no obvious impediments to the site’s use for PSH.

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

Under current financing assumptions, Housing Catalyst is using permanent debt to fill the financing gap. Ideally, and because the development is PSH, Housing Catalyst does not want to leverage must-pay debt. Since residual cash flow is intended to go toward services, the loan sizing is set to around a 2.05 DSCR. Therefore, Housing Catalyst is sizing above CHFA’s DSCR underwriting standard and requests a waiver. Additionally, Housing Catalyst requests a slight discretionary boost in credits to also help fill the gap.
(5) **Issues raised by the market analyst**

No major changes that would be key to the project’s initial absorption and occupancy over time are recommended.

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

Housing Catalyst commissioned National Inspection Services to conduct a Phase 1 Environmental Site Assessment Report (“ESA”) in December 2016. The assessment found no recognized environmental conditions, historically recognized environmental conditions, or controlled recognized environmental conditions as defined by ASTM E1527-13.

An asbestos survey conducted in November 2017 found three building materials with asbestos exceeding one percent. Under the direction and supervision of the general contractor, these materials will be removed during construction by an asbestos-certified abatement contractor to ensure proper procedures are followed. The estimated cost of abatement is $12,000 and is accounted for in the cost estimate under CSI Division 02. The impact to the construction budget and schedule is expected to be nominal given the relatively small area that is impacted.

(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.

- Complex adaptive re-use of a commercial building is driving slightly higher than average design and engineering costs.
- Complicated PSH deal with multiple funding sources leading to higher than average legal fees.
- PSH deal requires FF&E for fully furnished units and common areas.
- PSH deal requires a capitalized services reserve to ensure a baseline source of services funding.

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

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

Attached are letters of support from the in-kind service providers Homeless Gear, the Veterans Administration, and SummitStone; as well as from Homeward 2020 and both the local and the Balance of State Continuums of Care. As stated in the letters of support, Fort Collins desperately needs additional permanent supportive housing units in the community. An open house earlier this year, drew about 24 attendees.

(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.

**Additional information that supports the narrative**

Housing Catalyst was privileged to be the first project to receive funds from the Colorado Division of
Housing Homeless Solutions Program (HSP) for Mason Place PSH. The State Housing Board approved the full funding request of $750,000 for acquisition in December 2017.

Housing Catalyst also successfully obtained Affordable Housing Capital Funds from the City of Fort Collins. As stated at the May 15, 2018 City Council hearing, Housing Catalyst is appreciated by the City of Fort Collins for their exceptional work at Redtail Ponds (see enclosed May 15th City Council transcript). Resolution 2018-52 authorizing $876,662 in Affordable Housing Capital Funds for Mason Place was unanimously adopted by City Council. Combined with an award of City CDBG, the local funding commitment is $2 million, or 11% of the total project sources. These funds must be returned if a LIHTC allocation is not awarded in 2018. It is unknown if these resources will be available for Mason Place in future funding cycles. The award of these funds speaks to the strength of the project, program, and sponsor as well as the great need in Fort Collins.
Project Name: Mirasol Senior Apartments Phase III
Project Address: 510 South St. Louis, Loveland, Colorado 80537

1. Executive Summary
We are excited to submit this application for 9% tax credits for our Mirasol III project. Mirasol is a senior (55+) community developed and managed by the Loveland Housing Authority. We believe that the attributes that sets this project apart are:

- Readiness to proceed: with 100% of the design drawings complete no new construction project will be more “shovel ready” then this project- we are ready to submit for building permits!
- The Mirasol Campus-as part of a very successful, award winning senior campus, residents will have access to more amenities
- Local contribution- between the significant financial contributions from the Loveland Housing Authority and the City of Loveland fee waivers we are leveraging significant additional resources with the award of tax credits.

This application is for the third senior tax credit financed development on the thriving Mirasol campus. The project will be located at the corner of St. Louis Ave. and 4th Street S.E. in Loveland, CO 80537 on an approximate 2.5 acre site that is being incorporated into the 30 acre Mirasol Senior Community. Proposed financing will consist of Low Income Housing Tax Credits, State Division of Housing funding, City of Loveland fee waivers, Loveland Housing Authority contributions, and deferred developer fees.

The proposed 60 unit building will be “L” shaped, containing 39 1BR/1BA and 21 2BR/1BA units. We have brought together the same design-build team utilized in developing our successful 60 unit Mirasol II building constructed in 2012. Exterior finishes and design will complement the existing architectural feel of the Mirasol Community. All City of Loveland Final Development Plans have been approved. The site is now completely pad ready and ready for vertical development. All architectural drawings are 100% complete and ready to submit for a building permit. Units will range in size from 670 square feet to 861 square feet. All units will be Type B accessible, with nine units designated as Type A fully accessible. Unit finishes will include wall-to-wall carpet, Armstrong-style linoleum in bathroom and kitchen with laminate countertops and tile backsplash, Energy Star-rated light fixtures throughout.

The building will be a three story, elevator serviced building. The elevator will be oversized for emergency stretcher or gurney utilization. The building footprint will be approximately 25,883 square feet with a total gross square footage of 63,594 square feet. The site will contain 69 surface parking spaces, sidewalks, walking paths and a plaza area.
The construction of the building will adhere to the energy conservation guidelines established by Enterprise Green Communities. Energy saving and “green” initiatives planned into the building will include: Thermal-balanced windows calibrated to the location on the building for passive heating and cooling, sprayed foam and batt insulation to increase insulation and reduction of wind and moisture, individual unit and common space outside air exchange systems, low- or no-VOC interior finishes for trim material, paints, and flooring, Energy Star-rated lighting fixtures and appliances, low-flow plumbing fixtures and toilets and xeriscape landscaping with an irrigation system controlled by a weather station will reduce irrigation water usage. The landscaping is designed to reduce “heat island” effects and provide open space for the residents.

Mirasol III will integrate seamlessly into the existing Mirasol Campus. From day one after the project is built, new residents will immediately be part of the Mirasol Community and have access to all the wonderful services and amenities Mirasol has to offer.

The unit mix and income targeting is as follows:

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<tr>
<th>Unit Type</th>
<th>AMI</th>
<th>Num. of Units</th>
<th>Unit Size (SF)</th>
<th>Maximum Adj. Rents</th>
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<td>861</td>
<td>$1,149</td>
</tr>
</tbody>
</table>

* all utilities are included in the rent.

Project Amenities

Amenities of the new planned building include the following:

- Front lobby area
- Indoor postal drop
- Public restrooms
- Library area
- Security/elevator serviced Building
- Extensive sidewalk/walking trail throughout the campus
- Use of the Mirasol Events Center
- Transportation for shopping is provided by owner

Unit Amenities

All units will include the following:

- Patio/balconies
- Washer/dryers
- Individually-controlled heat and air conditioning
• Computer desk (nook)
• Window coverings
• Full kitchens with self-cleaning oven/range, dishwasher, disposal, and refrigerator.
• Transfer showers

Assuming a tax credit award, the project will break ground in late Fall 2018 making it one of the most “shovel ready” projects.

2. Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):
Our application does not meet any of the priorities addressed in QAP 5.B.5

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

Market conditions
As identified in our Market Study, we have a very strong market demand for this project. Vacancies within our existing portfolio of senior housing are currently under 2%- which really represents the time for unit turnover and new resident processing time. Our current wait list has over 500 income and age qualified applicants appropriate for this project. The Update to our Market Study prepared by the Highland Group estimates over 1,400 age and income qualified households in the market area with an overall capture rate of merely 11.6%. Since we have added the Green House skilled nursing component to the Mirasol campus we have seen an increased demand for our housing at this community.

Readiness – to – proceed
The Loveland Housing Authority is a very experienced developer that delivers on its commitment. The site has all required zoning and infrastructure in place and is pad ready to build on. All architectural drawings are complete and ready for submission for a building permit. Once LIHTC credits are approved, we will be in position to begin vertical construction with an estimated completion date of November, 2019.

Overall financial feasibility and viability
As the third phase of this senior community Mirasol III benefits from the experience of the previous developments. The design and costs have been reviewed and vetted to be as accurate as possible. There is proven demand with over 500 household waiting list at Mirasol I and II. The operating budget is based on historical operations so there should not be any significant fluctuations. The Loveland Housing Authority has a proven track record and relationship with equity and debt providers and will be able to successfully close this transaction in a timely fashion. Recently the City of Loveland approved fee waivers for all fees in the amount of $960,472. In addition the Loveland Housing Authority is willing to commit a significant amount of its own resources to cover any gaps and to insure the viability of Mirasol III.

Experience and track record of the development and management team
The Loveland Housing Authority (LHA) will be the developer of the Mirasol III project. The key principals listed above in our application have a combined 60+ years in developing and managing tax credit financed developments. Mirasol III will be the 15th successful LIHTC project developed by LHA. All previous LIHTC projects were new construction projects with their exception of one. The design firm of ALM2 and the contractor Pinkard Construction is the same team we worked with very successfully on the Mirasol II project. Both of these organizations have a vast amount of experience with multi-family LIHTC projects. LHA has a great track record of bringing projects in on time and budget.

Cost reasonableness
Due to the intense building activity in Northern Colorado in particular and all along the front-range, construction costs have increased significantly over the past few years. From our original application for this project back in 2016 we have reduced the size of the building by approximately 4,500 square feet to eliminated all second bathrooms in our two
bedroom design to reduce costs. We are working diligently with our contractor and architect to identify additional costs savings related to lighting fixtures as well other areas. Through the hard work of our development team we have been able to minimize cost increases of this development. The main driver in the reasonable cost increase was due to construction labor and material costs.

Proximity to existing tax credit developments
The Mirasol III project will be the 3rd tax credit financed development in the Mirasol Senior Community. There is a strong demand for the existing units at Mirasol and this project will enhance and add to the senior housing options as well as utilize the existing planned community infrastructure of this very successful community, including an extensive system of walkways and community amenities including the Moofie Miller Events Center which is available to all residents.

Site suitability
Mirasol III is an ideal site for senior housing. The project will benefit by joining an already thriving senior community with the many amenities already established and in the area. The site is located within close proximity of shopping, the Loveland Senior Center, and Loveland downtown and is within 1 block of the City’s public bus transit line. In addition on the Mirasol campus is the Green house Homes at Mirasol- providing both short term rehab stays and long term elder care.

4. Provide the following information as applicable:
   a.) Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA’s minimum):
       Not Applicable.
   b.) Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:
       Not Applicable.

5. Address any issues raised by the market analyst in the market study submitted with your application:
   There were no 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:
   There were no issues.

7. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:
   There are no unusual features driving up the cost of the development with the exception of the need to adhere to the architectural guidelines if the Mirasol Senior Community HOA. These guidelines include the use of stone and stucco for the majority of exterior finishes.

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 Mirasol project is one of the most highly regarded senior housing communities in northern Colorado. The current project will benefit from the City of Loveland’s affordable housing incentives which include forgiveness of all Sales and Use taxes related to the construction of the project, fast tracking for project review and approval and
reduced site development standards to assist with the affordability of the cost of construction. The City of Loveland at its May 16th meeting approved a waiver of all City fees amounting to $960,472. In addition the Loveland Housing Authority is contributing over $1,000,000 to the project. The projects is also supported by many local senior organizations as well as local seniors that have also written letters of support for this project. See attached letters of support from the following:

1. US Senator Michael Bennet
2. Loveland Mayor Cecil A. Guitierrez
3. Loveland Mayor Pro Tem John H. Fogle
4. The Salvation Army – Olga Duvall
5. Kimberley Farro, Medical Center of the Rockies
6. Partnership for Age-Friendly Communities in Larimer County
7. The Green House Homes at Mirasol
8. Disabled Resource Services
9. Sue Mendehall
10. Wendy Barth
11. Catherine and Ronald Grassi
12. Roy and Barbara Poole
13. Ron Grassi – Mirasol Resident
14. The Seasons Club
15. Aspen Club Senior Services
16. Marlene Quattrochi
17. Ruth Van Voorhis
18. League of Women Voters
19. Innovage
20. Disabled Resources Services
21. Meals on Wheels
22. Jackie Gresham
23. Cory Zabenco – Humana
24. Theresa Poole
Executive Summary
Mission Village of Evans is a planned 68-unit new construction project in Evans, CO. This project will be the first ever tax credit development in the City of Evans and possibly the last and only opportunity to use CDBG-DR funds to benefit this community that was especially hard hit by the 2013 floods.

In Weld County, Evans suffered a disproportionate share of housing loss from the flood event. Nearly two hundred low and moderate income households were displaced when the South Platte River crested its banks and destroyed two large mobile home parks.

The final and remaining amount of CDBG-DR funds have been earmarked for Evans. The City issued a Request for Proposals (RFP) for a development team that could use the funding and complete a project to replace units lost in 2013. Commonwealth and Mission Village of Evans were awarded this opportunity and received overwhelming support from City leadership for the project. The project has two components. The first will be Mission Village, a new 68-unit family rental community, for which this application supports. The second will be a single-family homeownership development by the Greeley Area Habitat for Humanity that will feature up to 25 new homes. The City of Evans, Commonwealth and Habitat are working collaboratively to execute this multifaceted project and to make use of the remaining CDBG-DR funds. This application is only for the multifamily component of the project and the tax credit funding will not be used for the Habitat portion of the project. The two components offer great synergies as described further in this narrative. Mission Village of Evans is separate and distinct and can be completed with or without the Habitat component.

Continuum of Housing
The unique partnership with the City of Evans, the Colorado Division of Housing, Commonwealth and Habitat will allow this project to provide a continuum of housing to families in Evans. Mission Village will offer 68 new rental units and Habitat will offer up to 25 homeownership units. As the Habitat units come on line, families will have the opportunity to transition from rental units into homeownership and stay in the community. Homeownership offers an unapparelled opportunity for these families to build wealth and maintain long term housing stability.
Commonwealth/Habitat Partnership
The partnership between Habitat and Commonwealth is a critical part of this dynamic project that seeks to bring both rental housing and homeownership opportunities to the City of Evans. Commonwealth and Habitat responded jointly to the Request for Proposals issued by the City and the project was selected in part because of the desire for both rental and homeownership units. Our two agencies have been working collaboratively on site planning and financial structuring to ensure that both projects can be executed upon award of tax credits to the multifamily component. 

Highlights of this partnership and the development plan include:

1. Commonwealth will purchase the entire development site and shortly after closing sell a 4-acre portion to Habitat for an amount that’s proportional to our acquisition cost (see attached letter of intent). The amount for land acquisition in the budget for Mission Village is strictly the portion that will be attributed to the tax credit project.
2. Commonwealth and Habitat will each make separate applications to the Division of Housing, but in a coordinated manner to ensure full use of the remaining CDBG-DR funding.
3. Commonwealth and Habitat will share infrastructure costs needed to begin vertical construction on each’s parcel. The cost of off-site work in the budget for Mission Village is strictly the portion that will be attributed to the tax credit project.

It should be noted that Habitat will have no ownership interest in the tax credit partnership nor will Commonwealth have any interest in the new Habitat development. Our partnership is primarily for planning purposes and for coordination relative to CDBG-DR funds.

Strengths
Mission Village of Evans was conceived out of a strong desire by the City of Evans to add new housing units to the community to help local families and to implement much-needed replacement units from the flood events of 2013. This project achieves all of these goals by making use of remaining CDBG-DR funds that have been earmarked for housing in the City of Evans. These funds have a hard expenditure date of September 30, 2019 and this is the only project that can make use of those funds, otherwise the state will have to return the funding to the federal government. If awarded, this will be the first tax credit project in the City of Evans. Very few cities of comparable size in Colorado have not received tax credit funding.

Mission Village was selected by the City of Evans through a competitive RFP process. The City is very interested in Commonwealth replicating our successful Mission Village of Greeley project in neighboring Evans.

The development site is flat, adjacent to one of the City’s newest parks and is zoned for multifamily. The location is also in a nice residential part of Evans. The townhome and cottage model that Commonwealth has employed in many communities like Evans will fit into the fabric of the neighborhood and offer our residents spacious units with access to abundant open space.
The rental market in Weld County continues to strengthen putting pressure on low and moderate income families. The project will achieve low capture rates on all of the unit types and income set asides.

**Weakness**
The primary weakness is the Walkscore of the site (20). The City of Evans has an average Walkscore of 30, which means the entire city is mostly car-dependent. Part of the challenge is that a lot of community amenities are located in Greeley to the north. The City, through its new Economic Development Director is focused on attracting business, expanding the supply of housing and creating more opportunities for residents in Evans. Development of this site for Mission Village will be a key piece in getting parts of Evans connected.

The other weakness is the site requires some road and utility extensions and requires dedication of raw water for the development. All of these additional costs have been accounted for and many are supported by the CDBG-DR funding. The City is also participating on costs related to the extension of 23rd Avenue. Commonwealth and Habitat will only be required to complete half of the intended road width, with the City completing the balance.

**Type of Construction**
Mission Village of Evans seeks to replicate the successes of our recently completed project in neighboring Greeley. Units will be constructed in two-story attached townhomes and single-story attached cottages. The buildings will be of wood frame construction on top of poured concrete slabs. These units will be designed with families in mind. Living areas will be spacious, outdoor open space on-site and adjacent off-site will be plentiful and common amenities will foster a great sense of community for the residents. The buildings will be clad in fiber cement siding. Interior components will feature energy and water saving fixtures, sustainable materials and durable finishes.

**Target Population**
Mission Village of Evans will serve families earning between 30-60% of area median income.

**Unit Mix**

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>% AMI</th>
<th># of Units</th>
<th>Net Rent Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bedroom</td>
<td>30% - 50%</td>
<td>6</td>
<td>$400 - $707</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>30% - 60%</td>
<td>30</td>
<td>$479 - $1,032</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>30% - 60%</td>
<td>32</td>
<td>$548 - $1,186</td>
</tr>
</tbody>
</table>

**Location**
The project will be located in a quiet residential community in Evans. The site is centrally located and is less than one mile from the City’s municipal offices, two elementary schools, a bus stop and local employment centers. The site is adjacent to Prairie View Park. This eight-acre park is one of Evans’ newest parks and it includes a picnic pavilion, restrooms, basketball court, playground, and soccer field. This park also has Evans’ first skate park, located next to the park pavilion.
**Amenities**
All units will feature spacious living areas, energy star appliances, washers and dryers and outdoor patio areas. Common amenities include raised garden beds for residents, a community room with kitchen, business center, leasing office and a fitness room.

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

**Financing Structure**
The financing structure includes sources common to most 9% projects. The development will have a permanent loan. The amount of credit requested in relation to the number of units is near the recent average for CHFA-funded 9% projects. The project will maintain a minimum debt coverage ratio of 1.20 for compliance period and beyond.

Unique to this project is that it will make use of the remaining CDBG Disaster Recovery funds from the Division of Housing (DOH). DOH has earmarked up to $3,000,000 for new housing development in the City of Evans and those funds must be spent by the end of September 2019. This means that Mission Village/Habitat represents what could be the last chance to use those funds before they are recaptured. Because expenditure of the CDBG-DR funds is on a strict schedule, Commonwealth and Habitat have been working closely on a plan to meet that deadline. If awarded tax credits, the CDBG funds will be the first dollars spent on the project. Our team has had several scoping meetings with the Division of Housing to ensure the plan is solid and we can achieve DOH’s objectives and timeline. To meet the spending deadline for the funds, the team will have to move quickly and efficiently through the predevelopment process. Commonwealth has already identified financing partners that can close quickly. Additionally, while the tax credit application is under review, both Habitat and Commonwealth will prepare the CDBG-DR applications with the goal of submitting those to DOH by October 1st.

2. **Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan (QAP):**
This project does not meet any specific priorities of the 2018 Qualified Allocation Plan, but this application is being submitted based on the strengths of having access to time-sensitive CDBG-Disaster Recovery funding and the fact that the City of Evans has never has a tax credit project in its community despite growing need and the loss of units from the 2013 floods.

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

**Market conditions:**
Market conditions in Evans and in neighboring Greeley remain strong, which means that low income households continue to struggle with affordable housing options. The market study attached to this application indicates pent up demand, low vacancies and rising rents in the Primary Market Area. Occupancy rates in the area are at or very near 100% with many communities reporting large waiting lists. Commonwealth’s tax credit project in Greeley has
maintained near full occupancy since being placed in service (one vacancy reported as of the date of the market study) and it has a waiting list of one hundred households.

**Readiness-to-proceed:**
The development process for Mission Village includes typical site plan, plat and building permit approvals. The development site is appropriately zoned for multifamily and the project will not require any variances or exceptions from code. The team has already held two pre-application meetings with the City’s planning and engineering departments to ensure we know what will be required and so the City can understand our scope of work.

**Overall financial feasibility and viability:**
Mission Village was underwritten to perform for the entire extended use period. The debt coverage ratio meets CHFA’s underwriting guidelines. The rent structure will allow the project to serve families across the income spectrum while maintaining revenue viability. Materials and finishes were thoughtfully chosen for long-term viability.

**Experience and track record of the development and management team:**
Commonwealth Development Corporation has successfully developed and placed in service over 1700 tax credit units in forty-two different projects. Headquartered in Wisconsin, with regional offices in Austin, Louisville, Minneapolis, Birmingham, Grand Rapids and Portland the Commonwealth Companies include development, design, construction, and property management. In recognition of its development work, Commonwealth has received many awards including Excellence in Community Design from the City of Greeley, CO in 2016. Commonwealth has earned a spot on the AHF Top 50 Developers list for the past few years. For 2017, Commonwealth was ranked #22.

If awarded, this would be Commonwealth’s third project in Colorado. Our first project, Mission Village of Greeley completed in 2016, reached stabilized operations quickly and recently won an award for Excellence in Community Design from the City of Greeley. The second project, The Ridge in Colorado Springs is in predevelopment, has met carryover, but continues to experience delays because of ongoing neighborhood opposition. This project will eventually be under construction as our team continues to prevail when appeals are filed. We remain committed to this project and our decision to site the development in a high opportunity area where our residents can take advantage of one of the top public school districts in the State of Colorado. Developing in high opportunity areas is not without challenges and Commonwealth continues to move the project forward with the City’s overwhelming support.

**Cost reasonableness:**
At $268,000 per unit, the development costs appear to be in line with state averages, particularly for projects with many large family units. There are several unusual cost items that
are driven by the City of Evans. First, all new projects are required to dedicate raw water to the City. Our estimate for Mission Village is $618,800 (the equivalent of nineteen shares of Colorado Big Thompson (CBT) at $32,568 per share). Raw water for this project accounts for over $9,000 per unit. City fees are also high in Evans. Permits, impact fees and related system development charges total over $1.4 million or over $16,000 per unit. Excluding these costs, the total per unit cost is closer to $243,000.

**Proximity to existing tax credit developments:**
There are no existing tax credit developments in Evans. There are tax credit projects in neighboring Greeley, the closest of which is Birchwood Manor (1.5 mi), an acquisition rehabilitation project from over a decade ago.

**Site suitability:**
The development site for Mission Village of Evans is highly suitable for this project. The site is flat, adjacent to a park, in a residential community and is zoned for multifamily. The Phase I Environmental Site Assessment concluded there are no Recognized Environmental Conditions (RECs) on the site.

4. **Justification for waivers:**

   Mission Village of Evans is seeking no exceptions to CHFA’s underwriting criteria nor is the project requesting the discretionary basis boost.

5. **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. The project meets CHFA’s requirements for capture rates, rents will achieve variance to market required by the investor and vacancy rates in the area are low.

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 concluded there are no Recognized Environmental Conditions for this site.

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

   There are three primary cost drivers with this project, all of which have been mitigated to the greatest extent possible. First is the raw water requirement in the City of Evans. The raw water cost for this project is high ($9,000 per unit based on today’s market price for water). Unlike some communities in the Front Range, Evans requires new development to dedicate water to the city. Our team has been in touch with water brokers and we have confirmed availability of water for sale and we have budgeted accordingly for the cost. The second item driving cost is the extension of 23rd Avenue and Quay Street to our
development. These road improvements will add cost, but the team has structured the project such that we still have a reasonable request for tax credits. By partnering with Habitat for Humanity, cost for new infrastructure will be shared by the two developments, thereby reducing the burden on Mission Village. Commonwealth could have used the entire site and expanded the multifamily offerings, but that would have meant less indirect leveraging by not having Habitat develop a portion of the property. The third cost item is the high impact fees in the City of Evans. Unfortunately, this is the cost of doing business in Evans and it does have a major impact on the project budget. However, a large portion of the CDBG-DR funds will be used to cover both the impact fees and the raw water costs, allowing us to maintain a reasonable request for tax credits.

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):

Mission Village of Evans was chosen by the City of Evans through a competitive Request for Proposal (RFP) process. A committee of stakeholders was formed to review responses and recommend a project for support. This project was selected through that process and received overwhelming support from City Council in March. There was no opposition to this decision at the Council meeting as community members understand the dire need for new housing. Further, community leaders are excited that we will be able to replicate the successful Mission Village of Greeley project in the City of Evans. Our Greeley development, also funded by CHFA, has broken traditional stereotypes of affordable housing. The low density, residential scale of that development is something the City of Evans was looking for. Many people in Evans watched Mission Village of Greeley being built and were surprised to learn that it offered affordable housing to local families. Its appearance and scale conform to surrounding uses and has had a tremendously positive impact on the neighborhood.

The City has limited capacity for financial support, but through collaboration with the Division of Housing, the project and the City are able to leverage CDBG-DR funds to allow this community investment to happen.
Project Name: Mountain View 2
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 Mountain View 2 (a working name for the project formerly known as Golden Gateway Apartments previously submitted by sponsor Evergreen Real Estate Group). JCHA is developing a 51-unit family community in Golden. JCHA has partnered with Family Tree in order to provide an enriching and supportive environment for families and individuals.

The site is 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. Mountain View 2 will replace 20 existing apartments and single-family units. The Golden Urban Renewal Authority has identified all existing units as having blight conditions, ergo Mountain View 2 will play an important role in the revitalization of the neighborhood. HC Peck has been engaged to implement a relocation plan for the existing tenants.

JCHA’s new sponsorship of this project enables significant improvement of the project programming and implementation. The site has been expanded to include JCHA’s existing property, Mountain View. This allows for a less constrained site, improved design, and space for lower cost surface parking. JCHA has also incorporated feedback from CHFA, the City of Golden, and the neighboring community to create a project design that is of an appropriate scale for the neighborhood. Feedback from CHFA is also reflected in the inclusion of standard unit amenities, including dishwashers in all units and balconies on a majority of units. The development embodies placemaking elements with a large community room contiguous with outdoor resident gathering space and a children’s learning playground. Further responding to CHFA’s and the neighborhood’s feedback, JCHA is committed to providing a safe and enriching environment for the children. As part of the child- and family-oriented programming, JCHA anticipates incorporating a children’s book library in the community room, a chalkboard wall in the playground, and other educational features such as after school tutoring and child and senior group programming.

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, 23 one-bedroom units, 19 two-bedroom units, and 8 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 one of five parcels, the existing Mountain View apartment complex, to the project, as well as a significant portion of the value of the other four parcels, which JCHA purchased in 2017 and 2018 using its public housing disposition funds.

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

While Mountain View 2 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 (15%) project-based vouchers to serve households at or below 30% AMI. JCHA intends to use its voucher units to serve families experiencing homelessness with children in Golden public school and has initiated conversations with the Jefferson County school district around potential partnership. 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: According to the market study, current market conditions include a low multifamily vacancy rate in the primary market area (PMA) of 3.3%, and a 0% vacancy rate in apartment buildings with nine to 50 units. There are only 12 apartment complexes with 50 or more units and the majority were built before 1975. Mountain View 2 has 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 cited “very limited competition” in the PMA with overall capture rates at 11%, and 4.1% for the 30% AMI units, 10.5% for the 40% AMI units, 18.3% for the 50% AMI units and 7.2% for the 60% AMI units. Mountain View 2 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 building has been designed to be fully compliant with all of the requirements of the form-based Community Mixed Use – Neighborhood Center zone district. A special use permit is required in the Community Mixed Use – Neighborhood Center zone district to allow for 100% residential development on the site, instead of 75% residential and 25% commercial. The special use permit application was submitted to the
Planning Commission on May 2, 2018 and is scheduled for approval by Planning Commission June 7, 2018. As part of the special use permit approval, JCHA held a successful neighborhood meeting on April 16, 2018; six residents from the current Mountain View project attended. JCHA has been working closely with City of Golden staff for several months to refine the conceptual design and is very confident the special use permit will be approved by the Commission. JCHA has incorporated extensive planning staff feedback including the size of the development at 51 units, a townhome-style design with active front stoops, significant tree lawns, placemaking at the corner of 24th and Ford, and 40% open space coverage on the site. Evergreen Real Estate Group also successfully completed this process for the site with the Planning Commission in 2016.

JCHA has also taken the necessary steps to register the project units with the City of Golden Growth Management Policy, which limits growth in residential dwelling units to 0.9% annually. The average annual number of housing allocations is approximately 77; Mountain View 2 only requires 31 because it is given credit for the 20 existing units on the site. The City of Golden has indicated that JCHA is very likely to receive all 31 housing allocations at the next allocation in January 2019 and if any remain, they will be provided in January 2020. In addition, the City is committed to ensuring the growth management policy is supportive of affordable housing and is working to develop a policy to better facilitate affordable housing, as noted in the attached zoning letter. In the very unlikely event that JCHA does not receive sufficient housing allocations in 2019 or 2020, the project would receive housing allocation units in January 2021, which would still allow enough construction time to meet the tax code’s required placed in service date of December 31, 2021. The team is confident that in this scenario the project can meet the 10% carryover requirement with costs spent to date so that this would not be a hurdle. JCHA and the City are working diligently to ensure successful completion of the banking plan.

JCHA is pursuing a variety of strategies to provide the increased parking capacity of 13 spaces required by the City, including potentially using excess parking at JCHA’s neighboring Lewis Court property or partnering with nearby commercial properties. Once these solutions are identified, there is no administrative procedure necessary to approve the parking to meet site requirements. JCHA has hired HC Peck to manage the tenant relocation process. Tenants in the 20 existing units have received URA-compliant General Information Notices and will continue to be updated as development plans proceed. These tenants will be provided with a priority in the lease-up of Mountain View 2; additional detail is provided in the relocation plan.

c) **Overall financial feasibility and viability:** The project financing has been structured to limit the LIHTC equity request to $20,000 per unit and maximize other financing. In addition to LIHTC equity, the project will utilize a construction loan and a permanent loan. 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. JCHA invested $1.85 million of its public housing disposition funds assembling the land for Mountain View 2, in addition to donating the existing Mountain
View property (valued at approximately $1.275 million). JCHA intends to sell the land to the tax credit partnership for $765,000 ($15,000/unit), of which $200,000 will be carried back as a loan to the tax credit partnership. Therefore JCHA is supporting the project by subsidizing approximately $2.56 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 its development team members for more information on its qualifications. JCHA will also hire 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 the Civic Center station in downtown Denver along West Colfax. Route GS provides express service directly between downtown Boulder, downtown Golden, and the Federal Center light rail station in Lakewood. 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 is under construction across 24th Street. Please see additional amenities detail in the market study.

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. Residents of Mountain View 2 will
benefit from the significant public investment in the surrounding community.

4. Provide the following information as applicable:
   a. Justification for waiver of any underwriting criteria: N/A
   b. Justification of the financial need for CHFA’s DDA credit: 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. To note, while there are nine 1-bedrooms and the studio that do not have balconies, 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 Environmental report. The report indicated that in the event of demolition, managing Asbestos Containing Materials will apply. 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 Cunningham 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 the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support): There is tremendous support for Mountain View 2 in the surrounding community and among community groups in Golden. JCHA has worked closely with neighborhood groups to ensure neighborhood feedback is incorporated into the project design and scope. Three successful meetings with community members took place. In addition, JCHA held a neighborhood meeting on April 16, 2018 as part of the special use permit application process and received positive feedback on both the design and its efforts to meet Golden’s affordable housing needs. Mountain View 2 has also received significant community support from the City, local and County service providers and non-profit organizations, as demonstrated by the appended letters of support. To further JCHA’s commitment to providing an enriching environment for children at Mountain View 2, the agency has formed a Memorandum of Understanding with Family Tree. JCHA has also engaged with the Jefferson County School District and Jefferson County Human Services.
Executive Summary

Nettie Moore Phase 2 will provide West Denver with much needed affordable housing for large families. With many households having 6 or more family members Nettie Moore Phase 2 could provide housing for more than 70 people with most them being children.

Nettie Moore Phase 2 is a proposed single apartment building with twelve 4-bedroom apartments. It will serve a wide range of incomes with 2-30% AMI units, 2-40% AMI units, 4-50% AMI units, 3-60% AMI units and 1 Market Rate unit. Located just west of downtown and near Sloan’s Lake, Nettie Moore Phase 2 is the final piece of land attached to sister complex Nettie Moore Family Apartments that has been serving the Denver Metro area for the past seventeen years. The first phase of Nettie Moore is one of Denver’s few affordable 4-bedroom communities. It was originally put in service 2001 and completely rehabbed in 2017 along with neighboring Martinez Park Family Apartments.

Construction of this three-story building will consist of poured concrete foundation; wood frame; single-ply membrane roofing; solar-ready roof; fiber cement lap siding; combined water and space heating/Air conditioning system; and two stairwells located at the north/south breezeway entrances. Twelve surface parking spaces will situate behind the building along the ally. The colors of the building will match that of adjacent Nettie Moore Apartments and will also include xeriscape grounds. Amenities will include walk in closet, balconies, energy star appliances and on-site laundry. The project will have a strict non-smoking policy and will provide on-site recycling.

Located in a quiet residential neighborhood, the project is adjacent to the Nettie Moore Park with lots of green space and a playground which will provide lots of opportunity for recreation for our residents and their children. It is also a short walk (less than half a mile) along the gulch pathway to the Sheridan Station light rail stop so residents will have access to many employment opportunities.

Nettie Moore Phase 2 will provide housing for families that are desperate for affordable housing in a metro area that is experiencing skyrocketing market rate rents and growing numbers of people becoming displaced or homeless. At our sister complex, Martinez & Nettie Moore Apartments, we have several residents that were homeless just prior to moving into our community.

Nettie Moore Phase 2 will be financed with conventional debt, tax credit equity and soft loans from the City of Denver and the State Division of Housing.
CHFA Guiding Principles

To support rental housing projects serving the lowest income tenants for the longest period of time
Nettie Moore Phase 2 will be restricted by its LURA for 40 years. As an addition to the newly enhanced Martinez & Nettie Apartments that have been housing large families for the past seventeen years, Michael Lavery as owner/developer has been committed to building, maintaining and being very involved in the operation of the low-income communities he’s created.

To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria
Nettie Moore Phase 2 is in a QCT and will contribute greatly to community revitalization. It will turn this vacant land, which sometimes is used for illegal dumping and has been a neighborhood nuisance, into much needed affordable family housing.

To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing
The utilization of tax credits for housing larger metro Denver low-income families is critical to maintaining a balance of diversity within the community; and it contributes towards keeping people closer to their workplace, schools, family support and neighborhoods.

To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail
Nettie Moore Phase 2 is within walking distance to both the Perry and the Sheridan light rail stops and bus stops. Additionally, with the many connecting bike paths, Nettie Phase 2 will reduce or eliminate a family’s need for a car.
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 Applicant suggests that Nettie Ph 2 will be on the very low side of credits requested per resident housed. Accordingly, Nettie Ph 2 greatly promotes tax credit efficiency.

To reserve credits for as many rental housing units as possible while considering these Guiding Principles and the Criteria for Approval.
We understand the reasoning behind CHFA’s desire to reserve credits for projects with larger units; however, we would like CHFA to consider that there is a potential of 72 people calling Nettie Ph 2 home. And of that 72, the majority are children.

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

Market Conditions
With a capture rate of 3.5%, it is clear that there is a shortage of affordable housing for Denver’s larger families. Market conditions are such that large family affordable housing is rapidly disappearing as market rate units are replacing older single-family homes in and throughout metro Denver. As sister properties Martinez and Nettie Apartments remain at capacity with a waiting list. We are often turning away applicants as occupancy is at 100%. These additional twelve 4-bedroom units will help absorb the need and provide homes for large families.

Readiness-to-proceed
Zoning is in place, U-RH-3A, which permits apartments; however, Applicant/Developer is going before the Board of Adjustments to determine warranting a variance. Once tax credits are reserved the project will move forward with securing financing and final design. We anticipate beginning construction March 1, 2019 with a completion date of March 1, 2020.

Financial Feasibility
The projected development and operating costs and financing assumptions are reasonable and are based on the experience of the developer and the property manager.

Experience and Track Record
The developer has a proven track record of successfully completing six tax credit projects in Colorado, including Casa Dorada and Casa de Rosal. The property manager Echelon has significant LIHTC experience and has operated Martinez and Nettie for many years. Other members of the development team include the architect (Wayne D. Anderson), consultant (Daniel G. Morgan & Associates), the attorney (Mark Berry) and auditor (Cohn Reznick); and all have experience with tax credit projects in Colorado.
Cost Reasonableness
The developer and contractor are confident that the projected construction costs are reasonable. The land is being donated to the new partnership to help achieve cost reasonableness.

Proximity to Existing Tax Credit Developments
The closest tax projects are Nettie Moore and Martinez Apartments. This project will not adversely affect the occupancy of these two projects or any other projects. We should have no trouble maintaining steady occupancy. Nettie Moore and Martinez Apartments are at capacity with long waiting lists.

Site Suitability
The site is located in an established quiet residential neighborhood. It is centered between major employment hubs in the CBD and the Lakewood/Golden/Federal Center area. Residents have access to neighborhood schools, mass transit, area shopping, and area parks, open space and trails.

Provide the following information as applicable:

Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA’s minimum):
Not applicable

Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:
Not applicable

Address any issues raised by the market analyst in the market study submitted with your application:
The market study, which cites an incredibly low capture rate, demonstrates the need for this project.

Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:
There are no environmental concerns

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 a small project, 12 units, as such costs may be somewhat greater than on larger projects where economy of scale is an advantage.
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):

Councilmember Raphael Espinoza’s office has assisted us in the past when we have had situations like an abandoned car representing a hazard to our resident children. The Councilmember is a friend to affordable housing. Please refer to Councilmember Espinoza’s strong endorsement.

Denver Housing Authority also is supportive of our communities as evidenced by a long-standing relationship we have had in placing larger families that they refer to us.
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. To that end, Oakwood Senior II (OS II) is being presented as a collaboration between DCHP and Solvera Advisors LLC (Solvera), as DCHP’s development partner. 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 2011 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, “...all surveyed age- and income-restricted units in the PMA were 100% occupied and were significantly outperforming surveyed market-rate dwellings. The PMA has an age- and income-restricted vacancy rate of 0.0% and a total of 315 qualified senior renter households for these units. The PMA can add 16 rental units before reaching the 5.0% vacancy threshold of a balanced rental market. The PMA’s pent-up demand for 16 income-restricted rental units and its anticipated gain of 30 qualified low-income senior renter households suggest that the PMA can absorb 46 age- and income-restricted rental units over the next two years. This level of demand is sufficient to absorb the 45 age- and income restricted dwellings within the pipeline, as eight of the subject’s 53 units will be absorbed by tenants in units that will be demolished at its first phase.”
   b. Readiness-to-proceed: OS II will be built on land currently owned by DCHP. Replatting of the land has been approved by the Planning Commission, and final Town Council ‘reading’ will be completed at the June 5 and June 19 meetings. 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 $2.45 million, based on the CHFA SiMPLEx loan product terms. Based on these terms, OS II will begin with a 1.22:1 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. Solventa has developed and/or consulted on 22 projects totaling more than 2,200 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.
   - The subject’s overall required capture rate, as measured by the CHFA requirements, as well as the rates by AMI level, are well above the CHFA 25.0% threshold. However, the existing senior LIHTC units already have capture rates higher than the 25% threshold and are 100% occupied with a lengthy waitlist, suggesting that the demographic data for senior renters in the PMA is not reflective of demand. Further, the market study points out the subject’s first phase and the surveyed Class B mixed-income development in the PMA, both senior projects, were 0.0% vacant and had waitlists with 95 and 800 applicants, respectively, illustrating substantial pent-up demand for age- and income-restricted units. Further, the PMA is expected to gain 52 senior (62+) renter households and 60 senior (55+) renters per year and the subject is the only age- or income-restricted project in the PMA’s development pipeline. Finally, The PMA has an age- and income-restricted vacancy rate of 0.0% and a total of 315 qualified senior renter households for these units. The direct experience of DCHP at both Oakwood Senior and Auburn Ridge emphatically supports these findings, and DCHP states that it has substantial experience of pent-up demand for senior affordable housing in Castle Rock through its own waitlist information. Finally, the market study cites the lease up time for the 45 new units as less than 2 months (25 units per month) an exceptionally fast lease up and further corroboration of the pent up demand for affordable senior rental housing.

6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated: 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 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. 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.
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: 7 units at 30% AMI (23%), 5 units at 40% AMI (17%), 10 units at 50% AMI (33%), and 8 units at 60% AMI (27%). 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, 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. The lot’s previous owner installed some improvements, including subgrade utilities and pedestals, which may require relocation as part of the project (including two electric transformers and a fire hydrant). Drainage improvements, including catch curbs and drain inlets, are also 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 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 48, which is 41% below Carbondale’s overall score of 82 (transit and bike scores are not available).

The new 17,056 GRSF 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, 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. 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. 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 6.2% for 30% AMI units to 17% for 40% AMI units, to 28% for the 50% AMI units. Despite the 50%
AMI unit capture rates being slightly above the standard CHFA threshold, the overall capture rate (21%) is attainable because: the surveyed LIHTC units are 99% occupied, waitlists for existing LIHTC properties are in excess of 200 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.

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 sponsor loan, funding from the Colorado Division of Housing, Affordable Housing Program (AHP) funds from Federal Home Loan Bank and deferred developer fee.

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 workforce 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 over 1,675 units of LIHTC housing.

Shannon Cox-Baker (consultant) is the founder and Principal of SCB Consulting, LLC. She offers owner’s representation, financial analysis, and project management services from land acquisition, through design and entitlements, as well as construction and initial lease up. Shannon has deep experience with affordable housing, multifamily housing, mixed-income developments, and sustainable design. Project coordination, community outreach, assembling public-private financing, and delivering high quality projects on time and on budget are what she does best.

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 current hard cost information and have been reviewed and verified by Shaw Construction, the project’s selected general contractor. Prices in rural mountain regions can be higher due to labor shortages and longer distances for materials. However, we believe the local knowledge of the GC and the rest of the team has provided the most current information possible considering the information we have.

f) **Proximity to existing tax credit developments:** Given the current 0.9% 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 workforce 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 $11,500 per unit.
  - While these fees are high, APEHI is contributing $700,000 to the project to help mitigate the cost.
- 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 engaged Shaw Construction, an experience LIHTC contractor who does a great deal of work in the valley. It would be the intent of Shaw Construction 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 carrying $700,000 of the total land cost, APEHI is significantly reducing the impact of these land costs.
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 currently underway.

(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.
Project Name: The Right Place
Project Address: 728 W. 4th Street, Pueblo, CO 81003

Executive Summary:
Cardinal Capital Management, Inc. ("Cardinal"), in partnership with the Pueblo Rescue Mission ("PRM"), is proposing The Right Place: a new 38-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. Located within a QCT at 728 W. 4th Street in Pueblo, this permanent supportive housing project will be the first of its kind in the area. Residents will have access to supportive services facilitated by PRM, 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 a presence in the building, along with PRM, the Pueblo County Sheriff’s Department, and Health Solutions. Together, this team will provide services to individuals who would otherwise be homeless if not for The Right Place. The site is appropriately zoned and strategically located in downtown Pueblo, adjacent to major roadways. The site is also in close proximity to public transportation, grocery, healthcare, a pharmacy, schools, retail, and employment opportunities. The 38 one bedroom/one bath units are comprised of 32 units at 50% AMI and 6 units at 30% AMI. This LIHTC project will be supported by 100% project-based vouchers and DOH soft funding.

PRM will serve as the lead service provider and will coordinate a complete menu of supportive services for the residents of The Right Place in partnership with the VA, Health Solutions, and the 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.

The Right Place will consist of one freestanding, wood-framed, three-story elevator building with a flat rubber roof. The foundation will be slab-on-grade, and the exterior will feature stucco, brick, metal siding, and LP siding accents. The building design meets Pueblo City Planning and Zoning requirements by incorporating 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, and 16 parking spaces will be behind the building and on the side, with alley access.

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
Projects serving homeless persons as defined in Section 5.B 5
The Right Place will provide 38 units of housing for homeless citizens. Supportive services will be arranged by PRM, a well-established social service agency familiar with serving this population.

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).

Section 2 Criteria for Approval
Market conditions:
The Right Place’s proposed 38 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 2.3% for homeless 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 3%, 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 38 units, without concessions, and reach stabilized occupancy in one month. Upon completion of the lease-up, the project should have a stabilized occupancy rate of at least 97% and a low annual turnover rate of approximately 10%, per Prior & Associates.

Readiness-to-proceed:
PRM currently owns the site; they will sell the property to the tax credit entity as evidenced by an executed Purchase Agreement. If a 2018 LIHTC allocation is awarded, the formal design and site planning process will be completed no later than 1st quarter of 2019. The project meets other Readiness-to-Proceed thresholds as follows:
- The proposed project is a permitted use under the current B4 Commercial 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 (16 spaces total, or 0.42 per unit), given the target population.
- A Phase I ESA was completed for the site in August 2017. 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 US Bank, and a letter of support for soft funding from DOH.

Overall financial feasibility and viability:
Based on their collective experience, Cardinal and PRM 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. Due to being located within a QCT, the project qualifies for the basis boost. Additionally, The Right Place will be supported by 18 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 CDOT in response to the 2018 Permanent Supportive Housing RFA for Project-Based Vouchers. Health Solutions will administer all 38 vouchers. Below is a summary of the sources and uses to demonstrate the viability of the project:
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, primarily because of the rental subsidies. PRM 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, supported by The Richman Group’s LOI.
- **CDOH Soft Funds** – DOH has indicated they will consider this project for soft funding.
- **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.
- 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 PRM, 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 14 years, Cardinal has provided exceptional property management services for the affordable housing industry, with a special focus on LIHTC, Section 8, Rural Development 515 and Supportive Housing projects. Cardinal is 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 – Pueblo Rescue Mission – Jackie Jaramillo
- 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 $9,307,225 or $244,926 per unit. These costs are consistent with supportive housing projects of this size and type.

Proximity to existing tax credit developments:
There are four existing surveyed LIHTC properties in Pueblo within 2 miles of The Right Place that are currently in above-average to average condition. Per the market study provided by Prior & Associates, the overall vacancy rate of the existing LIHTC units is currently at 3%, revealing pent-up demand for affordable housing. The Right Place will add 38 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 in a commercial corridor within the downtown. To the north of the site is a mixed-use retail and office building; to the east is a single-family home and a retail center; to the south, a City Public Works facility; to the west is a local contracting business and a commercial building. The site is conveniently located within a half mile of the Pueblo Transit Center and within one mile of a supermarket, convenience store,
neighborhood shopping center, Walgreens Pharmacy, local entertainment, 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 for the 15-year period, the initial DCR is set above 1.30. This is important not only to meet the DCR requirements of CHFA, but also to make certain that the project meets the requirements of the investor and does not violate the mortgage covenants of the lender. Because it is supportive housing, the investor will 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 located within a QCT and therefore eligible for the 30% credit boost. To adequately address the needs of the homeless, certain design features will be added that will increase the overall construction costs. However, we intend to use soft funding from DOH which allows us to reduce our credit request.

**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 these costs, the development team has already identified local design and subcontracting partners who best understand the market.

**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, the PRM 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, the VA, and Health Solutions 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.
Project Name: River Bend Residences

(1) Executive Summary
Often referred to as the Gateway to the Rocky Mountains, Idaho Springs in Clear Creek County offers residents and visitors a mix of tourism, recreation, restaurants and historical sites. This small, rural town of less than 2,000 residents has experienced virtually no redevelopment in over twenty years. As the regional economy has heated up, the lack of affordable housing has driven much of the workforce to commute from as far away as Denver or seek temporary residence in local campgrounds or extended stay hotels. Realizing the negative impact that the lack of affordable housing was having on their community, Clear Creek County Commissioners competitively selected Herman & Kittle Properties, Inc. ("HKP") to develop a County-owned site for much needed affordable housing in 2016.

Capitalizing on the unmet need for quality affordable housing, HKP is proposing to develop River Bend Residences, a 47-unit multifamily rental housing community at 2544 Colorado Boulevard in Idaho Springs, Colorado, which is not in a QCT. Designed to support family/workforce housing, the property will contain 27 one-bedroom and 20 two-bedroom units with 10 units restricted to residents earning at or below 30% AMI, 10 units at 40% AMI, and 27 units at 60% AMI. HKP will provide 53 parking spaces (1.13 spaces per unit), 62% of which are covered. A bus stop providing public transportation service to residents throughout the county (weekday service) and region (daily service to Denver and Glenwood Springs) is located 0.1-mile from the proposed development. This highly desired development would be the first LIHTC project in Clear Creek County.

Two contiguous parcels (1.36 combined acreage) front Colorado Boulevard and back up to Clear Creek. These infill lots are adjacent to commercial uses including a post office, hardware store, a music studio, and an extended stay hotel. Improvements to Colorado Boulevard are underway and will include sidewalks, street crossings, and entrances designed to promote pedestrian activity throughout downtown Idaho Springs. The proposed development is located less than 1.0 mile from the Sampler Mill Recreation Center, which has exercise rooms, meeting rooms for community activities, a gymnasium, and indoor swimming pool. There is also a swim school, youth sports, classes of all types, as well as temporary daycare while parents exercise. Convenient shopping is located in the historic downtown of Idaho Springs (0.6 miles), while a Safeway grocery store (0.1 mile), and a convenience store (300 feet) are within walking distance to the property. Primary schools are located within a mile of the site while the area high school, the Colorado School of Mines and a local community college are within 6, 15 and 20 miles, respectively. A community park, 0.3 miles from the proposed property, has a playground, trails, access to the river, and other amenities. The park will be expanded and renovated as part of the Colorado Boulevard Reconstruction and Greenway Trail projects, including extended river access, amphitheater space, garden amenities, 34 more parking spaces and restroom facilities.

The proposed development is comprised of two buildings, one on each lot. The eastern lot is occupied by a collection of trailers (“Trailer Villa”), which will be removed prior to construction. Although relocation under the Uniform Relocation Act is not required, HKP has budgeted for moving expenses out of contingency funds, as well as provided the trailer tenants with the opportunity to pre-qualify for housing at River Bend Residences. The eastern parcel will support a 3-story building (“Building A,”
39,305 GSF) over a 14,091 SF, 33-stall podium parking garage. The Type V-A residential construction is a wood-framed building over spread footing foundation. The exterior skin is Hardiplank siding, with a combination of low-sloped and pitched roofs. This elevator-served building also includes two stair cores to maximize circulation and access to the parking garage. Building A includes 39 one and two-bedroom units (27 and 12, respectively). A Community Center is attached to Building A and includes a property management office and amenities available to tenants of both buildings that include a laundry area, fitness room, lounge/game area, a kitchenette, computer station with free wireless internet access, a conference room and a deck overlooking Clear Creek. An additional 12 surface parking spaces and a covered picnic area adjacent to the creek are included on the eastern parcel. The western lot will support 8 two-bedroom units in 2-story walk-up stacked flats (“Building B,” 8,345 GSF) with 8 surface parking spaces. The Type V-B residential construction is a wood-framed building over a slab-on-grade foundation. The exterior skin is similar to Building A and reflects a contemporary design intent with a nod to the area’s historic mining culture and aesthetic. Community gardens are located near Building B and will be accessible to all tenants. Access between the two buildings will be provided by a paved, ADA-accessible ramp and sidewalk. Both buildings include security features such as limited access entries and security cameras. All residential units will feature CHFA’s minimum amenities, including, but not limited to central heating/air conditioning, blinds, carpet, a ceiling fan, and storage closet, coat closet, patio/balcony, refrigerator, stove/oven, vent hood, dishwasher, garbage disposal and microwave. All the units in Building B have washer/dryers while the units in Building A include hook-ups. All two-bedroom units will have a walk-in closet. This high-density development (34.6 units/acre) will be certified to the National Green Building Standard’s Bronze performance level. Prescriptive energy efficiency measures will include high performing insulation and windows, as well as Energy Star rated lighting and appliances.

Although disappointed that this development was not awarded tax credits in 2017, HKP took to heart the feedback and questions provided by CHFA as part of that process and utilized the past year as an opportunity to make several positive changes to the development plan and submit an even stronger proposal this year. Based on feedback from CHFA and the local planning department, our team has made the following changes to the site and building plans since last year’s LIHTC application: added four units (increasing the total unit count from 43 to 47), created an ADA-accessible pedestrian connection between Buildings A and B via a ramp and sidewalk system, relocated the amenity space out of Building A to be more centrally located and to maximize views of Clear Creek, added a covered picnic area and community gardens, added washer/dryer hookups in Building A units, added washers/dryers in Building B (walkup) units, and replaced PTACs with central HVAC.

It is important to note, however, that though we were fortunate to be able to extend the Purchase & Sale Agreement with the seller for another year to accommodate an application to CHFA in 2018, the seller has made clear that he is unwilling to extend it any further, making this year our last feasible opportunity to create much needed affordable rental housing in Idaho Springs. Please note, an email from the broker has been included in the Site Control section.

The proposed River Bend Residences will be financed through a capital stack comprised of equity from the sale of Low Income Housing Tax Credits in the amount of $10,985,360 (CREA), a Small Multifamily Permanent Loan (SiMPLe) through CHFA in the amount of $2,450,000 (5% over 35 years), a $250,000 cash flow contingent note from Clear Creek County and a deferred developer fee of $192,791 paid from available cash flow over the initial six years. Please note, River Bend Residences has been underwritten at a rate of 5.25% to mitigate any interest rate risk between the application submission and the anticipated closing date.

(2) Priorities in Section 2 of the Qualified Allocation Plan (QAP)
The 2015 population of Clear Creek County was 9,303 persons therefore, 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:** The market conditions for River Bend Residences are exceptional due to no competing LIHTC properties in the county, low vacancy rates, a limited supply of rental housing, and sustained economic and job growth in the primary market area (“PMA”), which is equivalent to Clear Creek County. The superior amenities and low rents (compared to surveyed properties) will provide a good value to potential tenants. A capture rate of 15.5% required to obtain full occupancy indicates the target market is underserved. With as many as 27% of those employed in Clear Creek County living outside the PMA, some as far away as Denver, River Bend Residences will provide much-needed housing close to jobs, thereby strengthening local businesses, schools, and the community as a whole. The need for affordable housing is nicely summarized on page 42 of the market study, “The desperation for housing in Idaho Springs has led to some unusual alternatives, especially for low-income tenants. According to Alan Tiefenbach, Community Development Planner for the City of Idaho Springs, as well as surveyed property managers and local employees, motels along Colorado Boulevard are being used as long-term stays while tenants search for better options. Campgrounds, including KOA Denver West/Central City, Cottonwood RV Camp and Indian Hot Springs Campground, are also utilized by low-income households as an alternative housing option. Some employees of the commercial rafting companies often camp illegally along Clear Creek, rather than pay monthly rents.

b. **Readiness-to-proceed:** With the exception of a parking reduction request from 1.6 spaces per unit to 1.13 spaces per unit, which must be approved by the Planning Commission, the proposed development is ready to proceed. The site is zoned for the intended multifamily use. As noted in the attached letter from the City’s Community Development Planner, the parking reduction request will require review and approval by the Planning Commission during the site plan process. The timeline to entitlement approval is approximately 180 days.

Because the Phase 1 Environmental Report indicated Recognized Environmental Conditions, HKP proceeded with a limited site investigation in order to ensure that any environmental hazards could be reasonably mitigated and would not hinder the development schedule. As recommended by Phase I ESA, HKP will properly manage impacts to groundwater should they be unavoidable during construction, as well as prepare a Materials Management Plan for implementation during construction.

Lastly, the schematic drawings have been priced, and confirmed via an unaffiliated third-party estimator, and the proposed building is financially viable to construct. Financing and funding commitments from the sources identified in this application will be secured in an appropriate time frame.

c. **Overall financial feasibility and viability:** River Bend Residences is financially feasible if awarded an allocation of 9% LIHTC. Because this site is not in a QCT or in a DDA, a 4% option is infeasible. In addition to federal LIHTC equity, HKP is assuming permanent loan proceeds, a Clear Creek County contingent note, and finally, deferred developer fee. CREA, 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.

d. **Experience and track record of the development and management team:** Ranked in 2017 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 and SCB Consulting to bring forward Idaho Springs/Clear Creek County’s first ever LIHTC development and first multifamily development in over 20 years. Due to the high quality/high touch of entitlement and financial underwriting services provided, along with their ability to work closely with community stakeholders, Ryan Hibbard Jones and Shannon Cox Baker are recognized as exceptional affordable housing consultants. Collectively, Jones and Cox Baker have over 18 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 River Bend Residences reflect current hard cost information and have been reviewed and verified by a third party, Deneuve Construction. Construction costs in Colorado have been increasing by up to 0.25 percent monthly. In order to account for the volatile commodities and labor markets, HKP has included a 5.0% hard cost contingency. The construction costs for River Bend Residences may be higher than comparably sized projects due the site’s infill location as well as complexities associated with developing in the mountains where proximity to labor and materials, and adverse weather conditions are common.

f. **Proximity to existing tax credit developments:** There is no LIHTC project within the PMA and none in the PMA’s development pipeline. The market analyst surveyed a mixed-income (LIHTC/market-rate) property in Central City that is 3.6 miles from the subject in Gilpin County along with three projects farther east within 19.8 miles of the subject in Lakewood and Golden, which while found to be in average condition were still obtaining the maximum allowable rents.

g. **Site suitability:** The site’s location provides good access to local shopping, services, education and arterials, as well as good visibility. Its inclusion in the City’s East End Action Plan, an overlay district which suggests several strategies to reinvigorate the east side of Idaho Springs, and the redevelopment of Colorado Boulevard, will further increase the location’s desirability.

(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**

HKP is not requesting a basis boost nor are is HKP requesting any waiver of CHFA underwriting criteria.

(5) **Issues raised by the market analyst**

According to the market study, there are no issues or recommended changes for the proposed development.

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

HKP and Clear Creek County commissioned Terracon Consultants to perform the following environmental site assessments:
- Phase I ESA for 2544 Colorado dated April 3, 2017
- Phase I ESA for the Shepherd/Miller Parcel dated June 23, 2016
- Phase I ESA for both parcels dated March 28, 2018
- Phase II Limited Site Investigation Report for both parcels dated May 4, 2017

Some Recognized Environmental Conditions were discovered. However, Terracon’s recommended mitigation measures are implementable and within budget. For both sites, HKP commissioned a Phase II limited subsurface investigation. Please see the attached summary of the environmental conditions for
Outlined below are the unusual features contributing to higher than average costs.

- **Winter Conditions:** Given the winter conditions in Idaho Springs, we have increased our construction schedule from 12 to 15 months and allotted additional funds to account for higher than average weather delay days during construction. In addition, shortage of skilled labor, snow removal as opposed to onsite storage, maintaining proper drainage and erosion control measures along Clear Creek – particularly during periods of snow melt or rain, and the shortened season for excavation all contribute to higher than average construction costs and risks.

- **Site Layout Constraints:** Although the site is located in an ideal location within Idaho Springs (close proximity to amenities and recreational facilities, excellent visibility and a picturesque setting), it has some design inefficiencies to overcome. The two lots are contiguous at the rear property line but are separated at the street frontage by properties owned by third parties. Therefore, two separate entrances are required off of Colorado Boulevard. Additionally, the sloped topography of the easternmost site is more technical to develop, necessitating podium style parking under the building. Site size and proximity of the site in relation to major cities will create unique just-in-time delivery of materials that could cause delays in the construction schedule.

(8) **Outreach efforts and demonstrated local support for the project, including financial**
HKP anticipate the proposed development to be financed with equity generated from the sale of 9% LIHTC, conventional debt, soft funds from Clear Creek County, and deferred developer fee. We have included letters of interest from both LIHTC equity investors and construction/permanent lenders to further support the financial feasibility of this development.

Additionally, our team has met several times with the City and County leaders, including Mayor Michael Hillman, planning staff, and various stakeholders, and has participated in two public hearings with the city’s Planning Commission and City Council, and we feel confident that we have strong support from a variety of critical stakeholders for this development.

Attached are letters of support from the Idaho Springs City Council, the General Manager of the Georgetown Loop Railroad, Clear Creek County, and the Director of Business Operations for Loveland Ski Area. As stated in the letters of support from two of the top local employers, Idaho Springs is in dire need of affordable housing in order to retain and grow the local workforce needed to support the increase in visitors and tourists to the historic area. While the City of Idaho Springs does not have any allocated affordable housing funds, Clear Creek County has committed to providing gap financing. Furthermore, Clear Creek County recently established a Housing Authority for the purpose of supporting affordable housing developments, beginning with this proposed development.

**Additional information that supports the narrative**
Since 2011, Idaho Springs has experienced an average annual growth in sales tax revenue of 14%. See the attached summary of Idaho Springs Sales Tax 2011-2017. (Housing has not kept pace with the demand for service workers in the community). Denver-based developer, Dana Crawford, has partnered with local entrepreneurs to expand and redevelop the historic Argo Gold Mine and Mill, which is located to the north, across Clear Creek from River Bend Residences. The planned expansion will include a 160-room hotel, conference center, 200 higher-end market-rate rental units, retail stores and a restaurant. The economic benefits from this proposed redevelopment will offset the property tax revenue lost from the closing of a nearby mine in Empire, as well as create new jobs for the residents of River Bend.
Residences, further increasing the demand for high quality affordable housing in close proximity to the Mill. A 2016 economic feasibility study for Idaho Springs demonstrates pent-up demand for 990 hotel rooms, 677 multifamily units and 171 homes. The study shows 43,000 cars a day driving through Idaho Springs on I-70, and that number growing at 5 percent a year. According to the 113-page study, 20 million people pass through Idaho Springs every year.
**Project Name:** Senior Residences at Three Springs

**Project Address:** Wilson Gulch Road – Durango, Colorado 81301

**Summary:** Volunteers of America (VOA) is pursuing a 9% LIHTC allocation to fund a brand new 53-unit senior community in Durango, Colorado’s new mixed-use development of Three Springs, to the east of central Durango. This year’s submission has incorporated feedback from CHFA in order to improve from last year: increased number of units, lower per-unit construction costs, greater affordability, and improved amenities within a refined design. In 2016, a significant lack of local affordable housing for seniors prompted community leaders to invite VOA to develop a new senior project in Durango and to donate land in a great location for this project. The proposed project directly responds to the demand for senior housing by offering a very affordable unit mix, a design that promotes enjoyable and healthy living, and VOA Colorado’s on-site staffing and services plan that will strive to allow residents to successfully age in place while still maintaining maximum independence. If funded, this will be the first senior LIHTC project ever funded by CHFA in Durango.

**Population:** New apartment homes will be available to age 62+ residents with incomes in the range of $16,500 to $37,680, with 40% of the units set aside for 30-40% AMI residents in response to market demand. VOA’s experience of owning and managing senior housing in Durango shows that many of the project’s future residents will be over the age of 75 and therefore more economically and physically vulnerable. According to the market study, the proposed rents for 30-50% AMI units will be affordable and provide a great new housing option to seniors utilizing Housing Choice Vouchers.

**Bedroom Mix:** The bedroom mix will consist of 49 one-bedroom apartments and 4 two-bedroom apartments to accommodate special senior household needs. This bedroom mix is supported by the demand and marketability factors indicated in the market study.

**Location:** The project is located in the Three Springs planned development area, about seven miles from downtown Durango. This project will be well-connected and very appealing to low-income seniors. Multiple community transit options exist for seniors who prefer not to drive. See the additional attached information on transit options and more location information below.

**Amenities:** The project’s design includes a beautiful south-facing community living room on the ground floor that extends out to a generous outdoor patio and raised beds, plus a rooftop indoor terrace on the fourth floor with great views of the surrounding mountains. Common area community features include a living room with kitchen/coffee bar, a large conference/flex room, a small conference room, and a private service coordinator office. These areas are appropriately sized and designed to match VOA’s experience based on resident and staff feedback at other Colorado projects. The main level community room will provide a more
social and active space while the 4th level area will provide a quieter, more private space for residents to
gather. Storage units will be available for rent for seniors that are downsizing. Each apartment home is
spacious and will include washers and dryers, hard-surface floors, air conditioning and closet space.

**Services:** 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 a half-time Service
Coordinator, Community Administrator, and a Leasing Assistant 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
Mercy Regional, the Durango Senior Center, and other community organizations to connect residents with
activities, services, social networks and other benefits provided by these other organizations. In addition, the
Health Housing Fund loan for the project will provide services funding for health and wellness services for
residents.

**Construction/Energy Efficiency:** The building is a four-story wood frame construction building with interior
corridors and a generous main lobby, office, and community space area. The updated design includes four
stories, which is allowed under current zoning and supported by the Three Springs development. South-facing
surface parking is provided and the entrance is sheltered by a covered drop-off driveway. The design
incorporates not only Enterprise Green Communities features but also features that qualify the project for
Healthy Housing Fund financing. The building will be designed as “solar ready” and as the design and budget
are finalized, the addition of a solar photo-voltaic system will be considered. Information about these features
are attached as part of this application.

**Financing:** In addition to LIHTC equity, the financing plan assumes use of a traditional construction loan, a
VOA Capital Magnets Fund (CMF) loan based on project affordability, gap funding from CDOH, and a CHFA
Healthy Homes Fund loan. Both the land donation from the City of Durango and the CMF funding are
contingent upon receiving a LIHTC award this year.

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

   - Projects in Counties with populations of less than 175,000: The US Census Bureau estimates the
     2016 population of La Plata County at about 55,600 people.

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

   a. Market conditions: The market study reflects the known pent-up need in Durango and in La Plata
      County for senior affordable housing and supports the marketability of the Senior Residences at Three
      Springs. Overall, the PMA is experiencing a 1.5% vacancy rate. The report confirms in multiple ways
      the nearly 100% occupancy and substantial waitlists in all existing affordable senior housing. This
      project will be the only non-subsidized affordable senior property in the PMA and the only of this type
      of project in the PMA’s pipeline. The in-migration factor selected by the market analyst is appropriate
      according to their research into the composition of existing comparable housing in Durango, which
      corroborates the growing number of seniors in the La Plata County area. The new AMI mix is
      specifically designed to match and respond to the need for housing in each affordable AMI band within
      the PMA. The mix of one- and two-bedroom units is indicated as appropriate for the PMA’s senior
      household size. From a marketing perspective, the report indicates that this project will have similar
      but often superior marketable features such as size, unit features, and amenities. The report goes on
to mention that the presence of Mercy Regional Medical Center and the future commercial
development to the south and west make this an attractive location for the future residents. Project rents are significantly (20%+) lower than market rents.

b. **Readiness-to-proceed:** The project is zoned by-right for multifamily housing. VOA has the site under contract with the City of Durango and the City is ready to convey the land, contingent upon a successful LIHTC award. In addition to a preliminary architectural design and civil design, soils borings have been completed to inform the foundation design. VOA has chosen to work with civil and geotechnical engineers that do work for GF Real Estate in Three Springs. The sponsor and design team have had multiple meetings with the City Planning and Engineering staff to vet the project and discuss various issues. The project benefits from having the full support of the City of Durango, GF Real Estate, and being located within Three Springs. These factors will allow VOA to move through the site plan entitlement process with no surprises and build the project in an efficient manner.

c. **Experience and track record of the development and management team:** VOA is 121-year old non-profit agency providing housing and services to seniors, people with disabilities, people leaving homelessness, and families. Please see attached information from VOA and its development team members for more information on its qualifications as a housing and services non-profit provider. In this year’s submission, the project has selected FCI Constructors, Inc. as the General Contractor to provide pre-construction services based on VOA’s previous experience working with them and their strong local presence and experience. FCI built VOA’s Cedar View II, built Lumien phase I, is building Lumien phase II, is building the new Durango Recreation Center, and is building the new market rate apartments in Three Springs for GF Real Estate.

d. **Overall financial feasibility and viability and cost reasonableness:** In this application, VOA, in collaboration with Shopworks Architecture and FCI Constructors, Inc., is presenting a project that includes seven additional units for only a slight increase in construction costs, lowering the total cost per unit, and keeping the requested tax credit request nearly on par with last year’s application. The costs reflect FCI’s local knowledge and subcontractor relationships. Operating expenses are informed by VOA’s Cedar View senior properties in Durango and other Colorado Properties. The project is able to offer significant affordability and supportive services through; a) the donation of land by the City of Durango, b) a VOA Capital Magnet Fund award, c) gap funding from Colorado Division of Housing (CDOH), and d) utilization of a low-interest CHFA Healthy Housing Fund loan.

e. **Proximity to existing tax credit developments:** According to the market study, the Senior Residences at Three Springs will “only compete indirectly with the existing LIHTC dwellings, as the PMA has no non-deeply-subsidized senior LIHTC projects.” The majority of the existing LIHTC development is non-age restricted. All other age-restricted LIHTC development are subsidized. The market study references the number of family LIHTC properties which have seniors living in them. The proposed project is likely to attract many of these seniors, which in turn, will open up family LIHTC units to new families.

f. **Site suitability:** Residents living at the Senior Residences at Three Springs will be able to take advantage of its location within the developing Three Springs master-planned community, located about four miles from downtown Durango. Three Springs is designed to be a self-contained New Urbanist mixed use village community that includes many housing types at different affordability levels, a main-street community hub, and other neighborhood amenities. This area is where Durango’s concentrated growth is planned and taking place. The existing phased build-out of Three Springs will be home to 800-1000 people plus 1,600 people who come to the community each day to work, with more once the second phase is completed. Please refer to attached information about the community features of the Three Springs development. Three Springs master developer and owner is the Three Springs Growth Fund, a company of the Southern Ute Nation, a tribal community with a strong presence in the Four Corners area. The project is located two blocks from Mercy Regional Medical Center which offers both healthcare and wellness services throughout the community (see attached
information about community services provided by Mercy.) Across the street from the project is a police substation and a planned fire station. By the time the project is fully constructed, commercial/retail development will be underway to the west of the project. Anticipated uses include a bank, a fitness center, and a regional grocer. The project is adjacent to open space and paved walking trails, which in the next five years are anticipated to be connected to the Animas River Trail system and to downtown Durango. The site’s location adjacent to Mercy Regional Medical Center and its linkages to community services, fire and police, open space and trails, restaurants, transit options, and future shopping within Three Springs make it a desirable location to live and for seniors. Between Three Springs and Durango are Walmart, Nature’s Oasis grocer, restaurants and other local businesses, and the Durango Mall which includes a number of select big box retailers. From a construction and development perspective, the site is also attractive given it is relatively flat, has no environmental issues, offers suitable soils to build on, and has new adjacent infrastructure in place.

4. Provide the following information as applicable:
   a. Justification for waiver of any underwriting criteria: In this application, the project is requesting a waiver of maximum DCR. Attached to this narrative is an analysis of multiple permanent debt options for the project. As the analysis shows, using a small Healthy Housing Fund permanent loan is the only viable means of bringing debt to this project while retaining cash flow over the 15 year compliance period but creates a higher-than-normal initial DCR.
   b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis: As described above, the project’s design and financing is structured to provide more units at nearly the same cost as last year’s submission, including a very similar annual tax credit request. Last year’s financing was enabled by the fact that La Plata County was designated as a DDA. This year’s submission will create more affordable housing at a lower per-unit rate but will require a discretionary boost in order to maintain annual tax credit amount

5. Address any issues raised by the market analyst in the market study submitted with your application:
   According to the market study: “[o]verall rental demand is not quite sufficient to absorb the 353 new units in the development pipeline without causing the vacancy to rise slightly above the 7.0% balanced vacancy threshold. However, based on senior pent-up demand, senior renter household growth and lack of other age-restricted rental supply in the development pipeline, the impact on vacancy rates at age- and income-restricted developments will be negligible. In addition, the subject will be the first non- subsidized affordable senior rental development in the PMA and filling a significant void in the rental market.”

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. The project budget includes radon mitigation and a passive mitigation system will be installed as a part of the foundation construction. Upon completion, units will be tested for radon levels and, if excessive levels of radon are found, the passive system will be converted to an active system as appropriate.

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: For this year’s submission, the design and construction team has been challenged to produce a more cost-efficient project. Utilizing a general contractor that is based in Durango takes full advantage of their relationships within the local subcontractor market, allowing both greater pricing accuracy for construction in southwest Colorado and minimizing subcontractor risk. The
anticipated contractor has previously built for VOA and is currently a leader in building multifamily product in Durango. In this year’s application, the construction cost per-unit is significantly lower than last year’s submission.

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 opportunity for VOA to develop the Senior Residences at Three Springs arose from the Durango community’s support of VOA’s long-standing presence and mission in Durango; VOA operates a supportive senior housing property as well as Durango’s only overnight shelter for those experiencing homelessness. Because of its presence and reputation in Durango, local community leaders and housing advocates proactively contacted VOA to request its assistance in exploring developing additional affordable housing in the region to meet the pressing need. Significantly, the Three Springs Growth Fund, in partnership with the City, has agreed to donate a 3.1 acre Wilson Gulch Road site to VOA, saving each phase of the project hundreds of thousands of dollars and in excess of $1.0 mm in aggregate. VOA has conducted significant outreach to; City Council, La Plata County Commissioners, Mercy Regional Medical Center, and the Durango Senior Center, amongst others. In April, VOA provided a project update to City Council and received the Council’s full support. Through conversations with all of these area agencies and partners, the community has expressed their support and enthusiasm for the project. Attached to the application are support letters from Senator Michael Bennet, the City, the County, the Three Springs Growth Fund, and Homes Fund. Additionally, the City and South Durango Sanitation District have offered a combined $86,000 in financial support in the form of building permit and sewer tap fee waivers. The project is also eligible for property tax exemption, supporting reduced and sustainable operating expenses. Please see attached support letters that demonstrate local support for the project. On April 17th and 18th, 2018, VOA and Shopworks Architecture conducted two community listening meetings to introduce the project into the community, hear feedback on the project’s features, and gauge local support for the project (see attached event notices). One meeting was held at the Durango Public Library and the other at the Durango Senior Center both of which were widely advertised in the community. In total, approximately 55 Durango residents attended these sessions, and many expressed their ideas and support for the project. Attached to this narrative are materials and photographs from those sessions. In addition, VOA met again in 2018 with members of the City Planning and Engineering department to continue to refine the understanding of the City’s requirements for the site and the details of civil engineering for the site, allowing the project’s design to incorporate these requirements early to avoid any major changes later. These nuances are incorporated into the schematic drawings presented in this application.
Sheridan Station East Residences
EXECUTIVE SUMMARY

Sheridan Station East Residences will consist of fifty (50) affordable workforce housing units in a five story, wood framed over concrete podium, and dual elevator served building. The project will be the second phase of a Transit Oriented Development (“TOD”) located adjacent to the RTD Sheridan Light Rail Station in Denver.

The applicant for the project is Sheridan Station East LLC, a joint venture of Mile High Development and Brinshore Development. The project will be constructed on land that is currently owned by Urban Land Conservancy (“ULC”) and will be sold to the development team for the sole purpose of developing affordable housing.

The site for this project currently exists as a vacant lot located at the southeast corner of West 11th Avenue and Ames St. The property is directly adjacent to RTD’s Sheridan Station Parking Garage to the east, Lakewood Gulch to the north, Ames Street to the west, and a vacant parcel, owned by RTD, to the south.

Due to the workforce nature of the project, the unit mix will consist of 34 one-bedroom units, 10 two-bedroom units, and 6 three-bedroom units. Building amenities will include a community room with kitchenette and entertainment center, bike storage, fitness center, internet café, and an elevated courtyard for the use of all residents. To maximize efficiency and utilize the existing grade change of the site, thirty at-grade covered parking spaces will be provided in a tuck under parking garage located beneath four stories of residential units while fourteen parking spots will be available on Ames Street.

Unit amenities include a full kitchen with dishwasher, range, refrigerator, disposal, storage closet, in-unit washers and dryers, and cable/internet wiring. Additionally, each unit will have individual heating and cooling control with packaged terminal air conditioners.

The building will be constructed to comply with Enterprise Green Communities criteria. Numerous green materials and features will be incorporated in the project and the units. The location adjacent to the Sheridan Boulevard transit corridor speaks to the sustainability of the project and will limit the resident’s use of the automobile for much of their transportation needs.

As stated above, this urban infill location will be the second phase in the Sheridan Station TOD, adding to the 133 units being developed directly across the street by the development team under a 4% State Tax Credit allocation awarded in 2017. These two projects, taken together, complement each other and will add to the community environment at the Sheridan Station neighborhood, which has been badly in need of new energy. In addition to the RTD rail stop and bus connections, the property sits adjacent to the Dry Gulch Bike Trail which connects with the South Platte Trail that leads directly to downtown Denver, and the Regional bike trail system. In addition, Sloan’s Lake Park along with a major grocery anchored (King Soopers and Target) shopping center is located one mile to the north.
The proposed project has been envisioned for many years. The purpose of this acquisition by ULC was to locate affordable TOD housing adjacent to the future light rail station, as at the time RTD had plans for the West Line but had not yet started construction.

**Neighborhood ECO Passes**

Many tenants in the Sheridan East building will receive a Neighborhood ECO pass for use on the RTD public transit system, depending on their car-ownership/availability status. This represents a unique opportunity in the Denver area for residents to live a car-free lifestyle if they so desire, while having the luxury of a transit station directly adjacent to their residence.

A 2012 report by the Center for Neighborhood Technology and the Center for Housing Policy examined the combined costs of housing and transportation in the largest 25 metropolitan areas in the country. What they found was that from 2000 to 2010 the combined cost of housing and transportation increased by 44% while the average household income in these regions increased by only 25%. In Denver, housing and transportation increased 33% while income increased only 16%. Transportation accounted for 13% of the 33% increase. In 2010 the combined cost burden of housing and transportation on moderate-income households (households between 50% and 100% of AMI) was 56% with transportation accounting for 27% of that burden. Discussions about affordability cannot ignore transportation.

Affordable housing can help relieve the housing burden on moderate to low income households but only **well located** housing near transit options can decrease the transportation burden.

The proposed Sheridan Station East Residences have taken this concept one step further. By including NECO passes with the rent we allow many of the residents to substantially decrease the monthly burden of housing and transportation costs. With easy access via light rail to the state’s largest employment center Sheridan Station Apartments provides an opportunity for residents to substantially decrease the transportation cost burden on their monthly paychecks. For those tenants that choose to keep their automobile, parking is available in the building or in the adjacent RTD garage.

**Sheridan Station Area Plan**

In anticipation of RTD’s new West rail line, the Denver Community Planning and Development adopted the Sheridan Station Area Plan in 2009. Together with the ongoing redevelopment of West Colfax to the north, the goal of the plan was to create strong pedestrian connections while enhancing the existing neighborhoods and increasing the number of people living near the light rail station.

Improved sidewalks will tie the light rail station with Main Street development on Colfax Avenue four blocks to the north. Development of new housing along Sheridan Boulevard and Lakewood Gulch (including this proposed project) will allow more people to live near the light rail connecting them to jobs in downtown Denver, the Tech Center, and Lakewood’s Federal Center. The increased population base will support a variety of new neighborhood retail services near the station and on Colfax Avenue including food stores, dry cleaners, hardware stores, restaurants and child care centers.

Sheridan Station has excellent potential for future development because of the strong existing neighborhood base in the surrounding areas, the recreational and green space opportunities of Dry Gulch, beautiful views to the mountains and downtown, the desirability of parcels close to the light rail station for redevelopment, and easy access from both Sheridan Boulevard and Colfax Avenue. The City of Lakewood has also planned and rezoned to the west of the station area to allow for transit related uses and higher
density with the potential to spur development around the station. This proposed housing development sits right at the apex of this area plan and has the ability to serve as a catalyst triggering redevelopment in the surrounding vicinity.

**Sustainability**

The building will be constructed to comply with “Green Communities” criteria. Numerous green materials and features will be incorporated in the project and the units. The location adjacent to the Sheridan Boulevard transit corridor speaks to the sustainability of the project and will limit the resident’s use of the automobile for much of their transportation needs. Other energy efficient features will include:

- Low-E Energy star qualified windows and doors
- LED light fixtures in both the units and common areas
- High “R-Value” insulation
- Energy Star rated appliances
- All exhaust fans will be energy Star-qualified
- Low flow water fixtures
- Flat roof with white EPDM
- Smoke Free
- Native and Xeriscape landscaping

**Guiding Principles**

Sheridan Station East Apartments will provide twenty 60% AMI units, twenty 50% AMI units, seven 40% AMI units, and three 30% AMI units and will restrict that housing/income level for 40 years.

The project meets CHFA’s guiding principle of providing affordable workforce housing in an urban area near transit as the location of the project is less than ¼ mile to the Sheridan Station light rail stop and bus stop. Along with this adjacent access, the development team is also proposing to provide an RTD EcoPass for residents who choose not to own an automobile.

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

**Market Conditions**

The Market Study that is part of this application, provided by Novogradac, indicates that there is strong demand for this workforce product in the Primary Market Area in all income levels. The Capture Rate is low which bodes well for the timely lease-up of the project. Based on this market study, we believe that we can easily achieve our anticipated rents and lease up schedule.

**Readiness to Proceed**

Sheridan Station East LLC will execute an Option Agreement with ULC prior to June 1, 2018, thus providing the development team with full control of the land parcel.
The site is zoned C-MX-8 which allows affordable rental housing as a use by right. The proposed building is 5 stories, which will be less than the height restriction of 110 feet, or 8 stories.

The Phase 1 Environmental assessment has been completed and there are no areas of environmental concern at the site.

JNS Design has completed schematic drawings, as indicated by the site plan, elevations and floor plans in the application. The development team has been working with Alliance Construction Solutions to price the drawings as they have been developed. Based on this input, and our recent pricing for the Garden Court Apartments (also designed by JNS, on land previously owned by ULC.), Ash Street Apartments, and, most recently, Eaton Street Apartments, in Westminster. The development team is comfortable with the pricing as indicated in our cost projections in the application.

Financial Feasibility

Based upon the developers’ recent experience on the Garden Court, Ash Street and Eaton Street projects, as well as Brinshore’s significant experience in the capital markets over the past 25 years and more that 70 successful LIHTC projects developed, several sources of potential funding for the project have been identified, and preliminary discussions have been held with potential participants, including several commercial banks and several tax credit investment firms. Based on these discussions and a detailed review of our financial projections as presented in the application, we believe the combined sources outlined in the table are sufficient to meet the project’s expected costs.

In addition, another bonus was provided by the City and County of Denver as they deployed $350,000 of CDBG funds toward the regional drainage system built by RTD and this system relieves the Sheridan Station EAST from substantially all further storm detention requirements.

Developer Experience and Track Record

Mile High development and Brinshore development will be co-developers of the project. Mile High Development has been developing in the Denver metro area for over 35 years and has experience in almost every type of real estate development. To date, Mile High Development has co-developed five affordable housing projects with Koelbel, including the Apartments at Yale Station, University Station Apartments, Garden Court Apartments, Ash Street Apartments and Eaton Street Apartments, currently under construction in the Downtown Westminster project.

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 team and Silva-Markham Partners each have a history of compliance with affordable housing programs in Colorado and the mid-west.

Cost Reasonableness

The total cost for Sheridan Station East Residences is projected to be comparable to the cost of the similar sized and recently completed Garden Court at Yale Station. Garden Court consists of sixty-six units and was recently completed in late May 2015 thus providing relevant construction data.
**Proximity to Existing Tax Credit Projects**

As indicated in the market study, there are seven existing projects in the study area. Current occupancy for affordable units is 100% at four of the comparable properties with the remaining comparables at 98.0% or higher. This high occupancy indicates a serious need for affordable housing in this market area. The addition of 50 units to this PMA will meet pent up demand and not take renters away from current stock.

**Site Suitability**

The Site is located on the southeast corner of Ames Street and 11th Avenue. In coordination with Urban Land Conservancy (owner of the vacant land directly west and the land under the Jody Apartments), offsite improvements consisting of a pedestrian plaza (with fire access only) will be constructed at the corner of 11th Avenue and Ames Street. This plaza will connect the site to RTD’s Parking Garage and Sheridan Station. The RTD parking garage is open to the public at no charge, and the development team is in discussions with RTD about a long-term parking agreement, which discussions have recently been re-instituted after a one-year delay while RTD attended to more pressing issues on newly opened transit lines.

The light rail provides easy access to Downtown Denver and the Auraria campus. Light rail station stops at Knox and Federal provide access to the recreational facilities in Sanchez and Rude Parks. As the light rail station has recently opened, it is likely that future development will occur in the immediate area providing additional amenities.

Edgewater Marketplace shopping center, housing King Soopers, Target, and other retailers is located seven blocks to the north. The subject site has a direct connection to the Dry Gulch open space with Mountair Park, and its new Sprout City Farm, in Lakewood only five blocks away and Cowell Elementary School seven blocks to the east. Bus service near the site is above average with nearby stops on both Sheridan Blvd and 10th Ave.

The subject property would be the second phase in the Sheridan Station TOD. There are abundant redevelopment opportunities adjacent to the site that could further increase residential density and support new retail interest.

**Community Outreach**

The development team has reached out to representatives of the surrounding neighborhood groups including Villa Park and WECAN (West Colfax Association of Neighbors), both in Denver, and Two Creeks Neighborhood Association in Lakewood. to discuss the site plan, building design, and proposed occupancy. The City has provided a statement that the proposed project meets community housing needs and will be consistent with the City’s 10th and Sheridan Station Area Plan and its Consolidated Plan. In addition, the development team has strong support from the City of Denver and the City of Lakewood and has been successful in the past of receiving loans for these projects.
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 develop 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 a 100% interest owner of the project sponsor, a to-be-formed limited liability company. 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 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 $1,120,000 which are being requested. The project Tax Credits will be sold to an institutional investor. Several have expressed specific interest in purchasing the credits and have provided letters of interest. 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 $9,600,000. 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.

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 2-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 apartments. The final site plan approval process is currently under way through the city. This process, as indicated in the Zoning Letter attached to the Tax Credit application, will be an administrative approval through the Planning Department. The project will meet all city requirements for the number and type of parking spaces. There will be a total of 63 spaces, including 53 free, open spaces, and 10 garages.

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

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 the 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 (that 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. Provided services include early childhood care, provided food and clothing, baby supplies, English classes, services for homeless families and children, and other services. Other tenants / 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 autistic children. The School is located at 917 E. Moreno, approximately 3/4 of a mile from Shooks Run.

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, since 2005 there have been only two Tax Credit projects developed in Colorado Springs. Both provided units at only the 60% AMI level. The most recent Tax Credit project, which provided apartments at less than the 60% AMI level, was Homewood Point, which was developed in 2005 (developed, and currently managed by MJT). It essentially has been 13 years since an affordable project was developed in Colorado Springs that provided units at lower than 60% AMI.

   The project Market Study indicates an overall capture rate of 7.6%. This consists of a capture rate of .06% for the 30% AMI units, 2.4% for the 40% AMI units, 5.1% for the 50% AMI units and 13.1% for the 60% AMIs.

   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 market study strongly recommends development of the Shooks Run project.

   Selected comments from the Market Study include:
   “The existing inventory of affordable apartments is highly skewed toward 60% AMI units which makes up 70.7% of the affordable inventory”
"The proposed unit mix is heavily weighted toward currently underserved populations (30% 40% and 50% AMI)"

b. Readiness-to-proceed:
The site has the proper zoning designation (PUD) for the intended use. It's a fully developed and improved site, with in-place street access, curb and gutter, site utilities, and overlot grading. An existing apartment complex, which has significantly deteriorated over time, will be demolished, and the new project constructed. Asbestos abatement will start in June, 2018. Following full relocation of the 9 remaining tenants, which is anticipated to occur before August 31, 2018, demolition will start. With the current zoning in place, the development team is in the process of finalizing the development plan with the City. It's anticipated that final site plan approval, through the Planning Department, will be completed within 120 to 180 days. 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 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. The site is owned by the Colorado Springs Housing Authority. Shaw Builders LLC, the general contractor on numerous projects developed by MJT Properties, has been selected to build Shooks Run.

In addition, the relocation process, and complete relocation of the tenants is close to being finalized. Only 9 tenants remain at the property (4 will be relocated before June 30, 2018 and the other 5 will be fully relocated prior to August 31, 2018). Since the remaining tenants are primarily located in a single building (of the 5 existing buildings) the sponsors will, during the month of June, start asbestos abatement on the other, unoccupied buildings (abatement will commence only in fully vacated buildings and care will be taken not to disturb the tenants who still reside at the property). Demolition will occur when all tenants have vacated the property. This process will expedite the start of construction, and delivery of new affordable apartments to the community.

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 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 $1,374,000 (which the sponsors 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 a fee reduction for submittal and review costs on affordable projects.

Project viability is mostly 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 20 years. The projects have been completed on time and under budget and have consistently leased up in less time than anticipated.

The other co-developer will be the Colorado Springs Housing Authority. The Authority, as indicated above, will have a 100% ownership interest as a limited partner, with no development 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 17 years. Shawn will work with the maintenance staff of the Housing Authority to coordinate repair and maintenance functions.
All properties managed 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, have significantly deteriorated. The continued costs of operations and maintenance have 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 the lower levels of AMI.

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 has 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.

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 12 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. 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 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 existing buildings contain asbestos, which will be mitigated prior to demolition of the buildings, and the start of new construction. Details regarding the asbestos abatement and demolition process are referenced in the Readiness-to-proceed section of this Narrative. In addition, copies of the asbestos testing and the asbestos mitigation plan are 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 will increase costs, however, this is a necessary cost of redevelopment of the site. In addition, 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 senior-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. In addition, there is solid community support for the project, with the City providing $400,000 of HOME funds, and various letters of support, including strong support from the Mayor’s office. In addition, 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 7 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 are beyond the point of rehabilitation, and need to be demolished in order to provide new affordable housing.

As previously indicated, starting during the month of June, asbestos abatement will commence on the existing structures (those that are fully vacant as tenants are relocated). The Housing Authority, which owns the project, has already started the relocation process with the existing tenants. There are only 9 tenants still residing at the property. The relocation plan, attached to the application, details the steps being taken. All tenants at the property will be relocated by August 31, 2018, at which point any remaining asbestos will be fully abated, and the buildings demolished.

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, which is under construction).

Additional supporting documents have been uploaded to Procorem as part of the tax credit application.
Executive Summary:
Access to safe and affordable housing is one of the key social determinants of health, and as such it is a top priority for Boulder County Housing Authority (BCHA). BHCA knows the domino effect a lack of housing has on those served, so catching that first domino before it falls is critical. Nederland is 1 of 3 mountain towns hardest hit by the 2013 flood in Boulder County. As a result of the growing need for affordable housing driven by the flood impact of reducing the affordable housing stock compounded with the pressure of an extraordinary Boulder market, Nederland and BCHA have worked collaboratively in pursuing a 9% Low Income Housing Tax Credit (LIHTC) award for the Third Street Community (TSC), a 26-home multigenerational community in downtown Nederland, Colorado.

Nederland is a community with close proximity to the wealth of Boulder, and yet far removed from the benefits that such wealth often brings. Nearly one-quarter of Nederland residents receive food assistance and over half receive health benefits through the Boulder County Department of Health & Human Services (BCDHHS), of which BCHA is an enterprise organization. BCDHHS in partnership with the Mountain Resource Center supports residents by providing wide-ranging and focused services that cover housing for families, children, at-risk youth and people who are elderly; food assistance; financial aid; health benefits; case management; and financial counseling. These supports are instrumental in offsetting the rent burden and isolation of residents residing in mountain communities.

The TSC is centrally-located in the Central Business District (CBD) of Nederland, within close/walkable proximity to a grocery store and pharmacy, restaurants and shops, the library community center, and local schools. Adjacent to the RTD station, with transit options to downtown Boulder and Eldora Mountain Resort, community residents will receive an Eco Pass funded by BCHA, at no cost to the residents. Transportation to job centers of Boulder, Eldora and Estes is very important for Nederland residents, and an Eco Pass substantially reduces their monthly household budget. The 3-story building, encompassing 24,888 square feet, will have 1-, 2- and 3-bedroom homes for residents with incomes at or below 60% AMI. Boulder Valley School District (BVSD) has experienced difficulty in retaining staff to serve the mountain community due to a lack of affordable housing, and BCHA is responding to BVSD by providing a waitlist preference for four homes for school district employees. Scoring 80 points on the Green Communities checklist, TSC will be sustainable and energy-efficient, including such
amenities as Energy Star appliances, secured keyless entry, 1st level storage space that is important for mountain residents, paved patio areas with outdoor seating, playground, bicycle parking, pedestrian multi-modal trail connection to the regional transportation network, water-saving plumbing fixtures, LED lighting, solar roof panels, and low VOC interior materials.

2. **Identify which, if any of the priorities in Sec. 2 of the Qualified Allocation Plan (QAP):**
   TSC will not target residents or meet the criteria as defined in Section 5.B.5. Since 1976, BCHA has been providing affordable housing in Nederland in three separate properties, and 71% of the BCHA housing inventory in Nederland is occupied by the elderly, disabled and special needs. BCHA has spent over two years working with the community to best meet the needs of Nederland residents. The building is designed to serve as a multigenerational community including an elevator (the only elevator building in Town) to serve all residents with special needs; and to serve residents with disabilities or mobility impairments who prefer to reside independently in a mountain community. BCHA will continue to accept residents with Housing Choice Vouchers (HCV), VASH, Family Self-Sufficient (FSS) and other financial supports, and BCHA will commit six Project Based Vouchers (PBV) to the project.

**Project alignment with guiding principles**
TSC has targeted six homes at 30% AMI, with the balance of homes between 40% - 60% AMI. Of the 26 homes, four homes will be made available to Boulder Valley School District (BVSD) employees first, and will be opened to the market should BVSD not need all units. The community will provide housing for teachers, police officers, fire-fighters, as well as serving seniors, restaurant and retail workers all struggling with the skyrocketing costs of housing in Boulder County. The community has elected to maintain affordability for 40 years or more.

3. **Describe how the project meets the criteria for approval in Section 2 of the QAP:**
   a. **Market conditions:**
      The market study concludes TSC will be highly competitive due to the high quality of the homes, limited supply, pent-up demand and a deteriorating housing stock in Nederland built prior to 1970. No other tax credit developments exist in the Primary Market Area (PMA), and further, there have been no rental homes constructed in the past three years, despite an overwhelming demand. The PMA utilizing CHFA guidelines understates the demand for the housing. According to U.S. census, 70% of the Nederland community renters are Housing Cost burdened renters, paying well over 30% of income towards rent.

   b. **Readiness-to-proceed:**
      Through BCHA’s diligent efforts over two years working closely with the Town residents and staff and with adjacent property owners to assemble the land, the Nederland Board of Trustees unanimously approved: 1) the up-zoning to support 26 homes; 2) parking management plan; 3) provided financial support, by vacating two Town-owned Rights-of-Way properties; and 4.) approved BCHA’s land swap with a neighboring property owner that was subsequently vacated by the Town. BCHA is ready to proceed based on design and construction readiness, and has received: 1) a detailed cost estimate from a well-respected General Contractor with
experience in mountain communities of Vail and Breckenridge; 2) design completed by an 
architect who also has designed affordable housing in Crested Butte, and 3) Letters of Intent, 
demonstrating financial feasibility, have been provided by investors, construction and 
permanent lenders, and soft funders. Pending approval, BCHA is ready to proceed with 
construction plan and profile approvals with the Town of Nederland, an administrative process 
that according to Town staff could be approved within 90 days from 1st submission.

c. Overall financial feasibility and viability: 
TSC has financing support from BCHA, which includes an initial contribution of $150,000 in 
soft costs; the $470,000 purchase price of the land (possibly to be structured as a carryback note); 
and $275,000 in GAP financing. Boulder County through Worthy Cause funds has provided 
financial support of $400,000; and the Town of Nederland has provided support for the 
community by vacating Rights-of-Way land with an estimated value of $168,450; BCHA will be 
making application to the CO Division of Housing in the amount of $260,000. This allows 
BCHA to limit its annual tax credit request to $597,000, or $22,962 per home.

d. Experience and track record of the development and management team: 
BCHA has provided affordable housing in Boulder County since 1975. BCHA’s mission is to 
foster the availability of quality, affordable housing and related services for County residents. 
BCHA is directly involved with: the development, construction, preservation and financing of a 
portfolio containing more than 809 homes (in 58 properties within 7 cities/towns) that are 
owned, managed and maintained by BCHA. BCHA has assembled a team that includes 
experience in all facets of planning, financing, constructing, managing and maintaining 
affordable housing. Collectively, the team has more than 80 years experience in housing.

e. Cost reasonableness: 
BCHA has worked diligently to create a community which reflects a respect for Nederland’s 
unique and historic character. Special considerations were given to weathering mountain living 
conditions. The resident and staff suggestions included: 1) improved street connectivity to allow 
access for emergency vehicles; 2) a parking management plan due to demand for parking in 
downtown Nederland; 3) an elevator to support people with disabilities and elderly; 4) trail 
connection to the regional trail system; and 5) additional storage space located on the main level 
for mountain gear, snow tires, etc. The additional requests were considered reasonable, but 
added costs. BCHA and its consultants reviewed the budget and believe it to be cost effective 
and reasonable given market and to reduce the long-term maintenance and operating costs. 
Elevated construction costs are due to shortages of skilled construction labor, not unlike other 
mountainous communities in Colorado.

f. Proximity to existing tax credit developments: 
No other tax credit developments exist in the PMA, and further, there have been no rental 
homes constructed in the past three years, despite an overwhelming demand. The nearest tax 
credit properties are in the City of Boulder and Central City. The comparable properties are in 
Estes Park (29 miles away) and Divide (115 miles away) outside of the defined PMA.
g. **Site suitability:**

TSC is ideally-located within the Nederland CBD a short walk to the Town center and less than 200 feet from the RTD bus station. Retail services are within walking distance including a grocery and retail stores, and shopping centers with restaurants. Elementary, Middle and High schools are within walking distance, and buses are available for short commutes. The library is next door, and the community center (offering exercise equipment and programming for various age groups), and medical center are within a few blocks. Chipeta Park is within walking distance, offering a playground, pond, and picnic area. And best of all, the “Carousel of Happiness” is a couple of blocks away, originally built in 1910 and rebuilt over 26 years by Nederland resident, sculptor and Vietnam veteran, Scott Harrison.

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 subject’s required overall capture rate is below the 25% threshold. TSC should lease seven homes per month and reach stabilized occupancy rate of 95% in just over three months, although this absorption forecast could be conservative. Based on BCHA’s experience in the local market, BCHA believes upon completion, it will lease the homes without considering concessions, for the following reasons:

   a. TSC is the only LIHTC project in the pipeline with a PMA that is gaining 11 renters annually, and will increase the PMA’s required LIHTC capture rate to 7.6%. Without considering an in-migration factor, the PMA’s required LIHTC capture rate is 8.7%. The subject’s proposed rents provide an advantage over most market-rate rents in the PMA and the use of concessions will not be necessary.
   
   b. After accounting for utilities, the 50% AMI rents are 4% to 43% lower than the area’s weighted average and 40% AMI rents are 23% to 43% lower; the nine 60% AMI units have rents higher than the weighted average but due to no precedent of 60% AMI units in the PMA it is unknown if this will be an issue. BCHA is prepared to offer concessions if necessary and is in agreement with the market study that once precedent has been established the concessions could be withdrawn.
   
   c. Proposed net rental amount is below the net Section 8 Payment Standards, indicating the subject can target HCVs, VASH, and FSS voucher recipients who have a difficult time finding private landlords who accept vouchers, broadening the target market.
   
   d. The PMA has an overall vacancy rate of 2.0% and the LIHTC projects outside the PMA have waitlists between 40 and 221 applicants; and BCHA’s waitlist of 57 residents, illustrates significant demand for affordable homes.

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

   The Phase I Environmental Report identified 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:**

Costs of labor and building materials transporting both to and from the mountain town, a remote location are higher than typical. Additional costs are associated with: 1) structural wind and snow load construction; 2) photovoltaic roof panels; and 3) an elevator, which requires additional building accessibility design changes to all of the homes. The design changes to the building will offer more than the required 5% of accessible homes to meet Uniform Federal Accessibility Standards (UFAS) requirements, with the balance of homes designed as ADA accessible to accommodate residents with special needs or requirements.

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 TSC outreach resulted in a design that blends natural characteristics of Nederland and reflects the Town’s growth strategies, utilizing the Town’s history and unique culture. TSC blends the goals to remain unique and unpretentious, to employ rustic architectural design, and to adhere to long range planning goals. The Town Planning Commission voted in favor of the project, and the Town Board unanimously approved the project and, despite having a very small budget, demonstrated financial commitment to the deal with two substantial land vacations to increase the property size and allow more affordable units. A neighboring private property owner, Calvary Chapel, demonstrated significant support, swapping private property to help BCHA assemble a more cohesive land area.

During BCHA’s open application period, outreach efforts were made to Nederland residents by sending out postcards to residents, placing newspaper articles, and local supporters distributed flyers with FAQs and descriptions of what affordable housing means to a community by standing at the grocery store and coffee shops to discuss the project with residents. The BCHA social media postcard campaign produced as much as 225 or more Town residents providing overwhelming support; that’s as much as 15% of the Town population. BCHA also conducted four public meetings and met with business and community stakeholders. The feedback from these meetings guided the community plan with the addition of an elevator to serve the disabled and elderly community members, secure building access, improved road connections for emergency vehicular access, and as much as 50% outdoor open space. The Town is supporting the community with Rights-of-Way land valued at $168,450.

TSC meets many local and regional affordable housing efforts, including: Nederland’s Strategic Plan goals; the Boulder Broomfield Regional Affordable Housing Strategy to increase affordable housing at least 12% by 2035; the Boulder Broomfield Regional HOME Consortium; the County’s Ten Year Plan to End Homelessness; and the Human Services Strategic Plan to create a dynamic, accessible, coordinated, community-wide human service delivery system.
Project Name: Uplands Townhomes Phase II

Project Address: 2601 Crawford Avenue, Pueblo, Colorado 81004

Project Summary:

The Housing Authority of the City of Pueblo (HACP) is pleased to present the Uplands Townhomes Phase II. This project is part of a four phase redevelopment of the Sangre De Cristo Apartments, built in 1952. The Uplands Townhomes (the “Project”) is proposed 12-townhome buildings. The development totaling 51 low-income family units. Located within a Qualified Census Tract (QCT) at 2601 Crawford Avenue in Pueblo, Colorado, the Project is ideally located near schools, shopping, transit, and many more amenities. The Project will consist of two 6-unit townhomes, nine 4-unit townhomes, and one 3 unit one story ADA type triplex.

The 51 units will consist of 26 units at 30% Adjusted Median Income (AMI), 16 units at 40% AMI, 7 units at 50% AMI, and 2 units at 60% AMI. Each unit will receive a Section 8 Project Based (PBV) voucher via HUD’s Rental Assistance Demonstration (RAD) program.

After a lengthy application process with HUD, HACP receive a Multi-Year-Commitment to enter into a Housing Assistance Payment (CHAP) contract with HUD to participate in the RAD program converting its 212-public housing (Section 9) units to Section 8 supported units. The RAD program requires that all current residents are afforded the opportunity to return to the Project.

Our 51 families currently living at the Sangre de Cristo apartments will be moved literally across the street to a 5.83-acre parcel that will be redeveloped from the original site. Existing units will be demolished after the construction of Phase I and relocation of the first 72 families into Phase I.

Under the Uniform Relocation Act, (URA) the HACP will cover the entire cost of the move, including utility transfers. This plan will minimize moving residents and disrupting daily living activities—children will be able to attend the same schools, residents will have the same commutes to work, shopping, recreational attractions, and most importantly, they WILL NOT be
uprooted from their friends and family. HACP expects an occupancy rate of 98% - 100% given
the residents’ right to return to the project and the agency’s robust waiting list.

Following our master-plan, after the Certificate of Occupancy is received and residents move in,
the eastern and southern portion of the Sangre de Cristo apartments will be demolished. This
will clear the way for a 49-unit project as the third phase. This third phase (and subsequent
fourth phase) is planned as a stand-alone and completely independent project. It is important
to note that each phase is completely independent of each other.

**Project Strengths:**

- **Model Green Community:** Uplands Townhomes Phase II will serve as a model in the affordable
  housing industry for green building, renewal energy and LEED certification. The Project will
  meet all mandatory requirements of Enterprise Green Communities. Each townhome will be
  rated as an Energy Star dwelling. As with past projects, a certified energy specialist will be
  retained to inspect all aspects of the energy efficient measures. This process was developed by
  the Housing Authority staff architect and has been used at the completion of previous LIHTC
  projects.

- **Amenity Proximity:** Uplands Townhomes Phase II is located within a block of large grocery
  stores, several restaurants, post office, gas stations, schools and various other amenities. Public
  transportation routes are within one-half mile.

- **Security:** While conducting four separate public meetings with our residents’, the number one
  concern residents voiced was security. In the past few years, the Sangre de Cristo apartments
  have seen an increase in gang and drug activity. Given this concern, our new Project and
  master-plan design addresses community walkways, open-spaces and street design with
  improved lighting and security cameras that are intended to help deter criminal activity and
  give residents a greater sense of security. In addition, a private firm has been contracted to
  provide additional security.

- **Walkability:** Within the project, there will be walking and street path(s) that meet all ADA
  accessible requirements. A concept called “Woonerf” or “Living Street” will provide a traffic
  calming pedestrian friendly street design. This concept is designed to make vehicular traffic
  move slower through the project and bring social activity out on sidewalks and streets.
Construction Type:

The project will include 9 one-bedroom units with approximately 699 (gross) square feet each; 29 two-bedroom units with 1,168 (gross) square feet each; and 13 three-bedroom units with approximately 1,343 (gross) square feet each. The generously sized units will have a private patio space, a central green amenity area, and access to a community garden. They will be equipped with a refrigerator, stove, built-in dishwasher and laundry hook-ups in each unit.

The design will include low VOC materials and environmentally sustainable flooring. As with our other LIHTC developments, a passive crawl space radon system will be installed. Fresh air will be introduced into the heating/air conditioning system; timers will be installed on the bathroom exhaust fans to bring in fresh air, providing a healthier indoor environment. The construction materials will consist of brick, concrete, drywall, asphalt shingles, and other environmental friendly materials. Any unused construction materials will be salvaged and a 50% construction waste recycling is the target.
Population Served:

The population served will be very low-income families. The Project will serve families primarily earning 30% to 60% AMI—with 50% of the residents at 30% AMI. Given the RAD guidelines, the current residents are given first priority to return to the development. This will create an opportunity for very low-income families to live in a new master planned community and provide a sense of renewal, a new beginning.

Location:

Uplands Townhomes will be constructed in a (QCT) of Uplands Park which is located on the 2601 block of Sprague Avenue. The project is well served with multiple groceries, drug stores, and retail all within a three-block walking area.

Transit services run next to the site, affording residents quick access to the public transit system.

Amenities:

Upland Townhomes units will have the following amenities:

- Fully equipped kitchens with energy efficient stove, refrigerator, dish washer and garbage disposal
- Energy efficient appliances that will result in lower utility costs
- Washer and dryer hookups
- Large kitchens
- Large dining areas
- Closets and pantries
- Private patio space
- Living street to provide calming pedestrian friendly design
- Access to a new community garden area

Energy Efficiency:

Uplands Townhomes will meet all mandatory requirements of Enterprise Green Communities. Each townhome will be rated as an Energy Star dwelling unit. A certified energy specialist will be retained to inspect all aspects of the project that will ensure adherence to a rigorous construction specification that was developed by the Housing Authority staff architect and was used in past new construction projects.

Uplands’ tenants will benefit from the lower water and energy use through lower utility bills. Past experience has proven a 50% savings in energy bills through construction techniques and energy conservation systems. The heating system employs a gas-fired tank-less water heater providing on-demand hot water for domestic use and used as a boiler circulating hot water.
through a heat exchanger. This system has been used in other projects and has proven to lower both energy and maintenance costs.

A “best practices” storm water management is porous concrete pavers over an angular rock sub base. This will allow storm water to infiltrate the soil below. The Project’s landscaping will be “Western Low Water” plantings. In regards to water conservation, the use of a drip irrigation system will substantially reduce water in landscaping areas. The dwelling units will also include the modern low-flow toilets, and water-saving plumbing fixtures.

Construction will further specify regional materials for brick, concrete, drywall and other materials as found. Any unused construction materials will be salvaged and a 50% construction waste recycling is the goal.

Financing:

Letters of Interest are included in the attachments for all sources of financing and the sources and uses of funds. Past strong support from the city and state are going to be relied upon for Phase II. The Housing Authority of Pueblo will continue to deliver strong support to the project.

Guiding Principles

- **To support rental housing projects serving the lowest income tenants for the longest period of time:** The population served will be very low-income families for 40+ years or as long as the HACP manages/owns the Project. The project will serve low-income families earning 30% to 60% AMI.

- **To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons and persons in need of supportive housing:** Pueblo County is in need of additional affordable housing for families. Uplands Townhomes Phase II will provide new, modern, safe and sustainable housing for low income families primarily earning 30% to 60% AMI.

- **To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing:** Uplands Townhomes Phase II supports construction of new affordable housing options to replace the outdated and difficult to maintain existing public housing project of the Sangre de Cristo Apartments. Phases II thru IV will continue to follow the Master Plan for the Redevelopment of Sangre De Cristo.
To provide opportunities for affordable housing within a half-mile walking distance of public transportation such as bus, rail, and light rail: The City of Pueblo Transit System serves Uplands Townhomes Phase II within less than a half-mile walk. Connections with various other routes that operate through the city makes for easy access to downtown, the Pueblo Mall, the Mesa Junction, Pueblo Library District Branches, Pueblo Community College and Colorado State University-Pueblo.

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

- Projects in Counties with populations less than 175,000: Pueblo County’s current population is approximately 161,000.

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

a. Market conditions: Given our RAD requirements, the HACP already has residents pre-qualified and ready to move over from the current complex—i.e. a captive audience. In addition, HACP has more than 3,114 persons and families on its public housing and Section 8 waiting lists.
b. **Readiness-to-proceed:** HACP has site control of the proposed site and can proceed immediately to begin construction. The site is currently zoned correctly and the City permit process will be prompt and supportive. After the reservation of tax credits, the entire Project will be completed and move-in ready within 18 to 21 months.

c. **Overall financial feasibility and viability:** (see above “Financing”) HACP has been a successful housing authority serving 2,186 public housing residents and 3,506 voucher holders. The agency has proven in past tax credit projects that it has the financial strength and experience to complete the proposed project successfully. The RAD PBRA vouchers will provide subsidy support for operating expenses and the limited amount of permanent debt financing. HACP has received letters of interest to provide the financing components and the tax credit equity in the current market should result in strong pricing.

d. **Experience and track record of the development and management team:** As noted above and set forth in the Applicant Information Development Team, HACP has extensive LIHTC project experience and success in nine projects since 1986. The Authority has also managed a large number of housing units and support programs since its inception in 1951.

e. **Cost reasonableness:** The expected per unit cost for the Project is approximately $219,913 per unit of hard construction cost. Our land acquisition cost is very low due to the Housing Authority selling at below market price of $200,000.

f. **Proximity to existing tax credit developments:** The proposed Project is approximately 30 blocks southwest of the Central Grade School, an 18-unit ac/rehab family competitive tax credit project with all units at 50% AMI that received allocation in 1994; approximately 20 blocks south of the Project is the Pueblo Village Apartments that received a competitive tax credit ac/rehab award for 128-units all at 50% AMI, with Section 8 subsidy made in 2006 (neither project owned by the HACP).

g. **Site suitability:** The site is general flat, served by all necessary utilities and has paved street, curb and gutter. Minimal demolition and site improvements are necessary for prompt construction. The site is zoned correctly for the proposed project. Public transportation is within one-half mile. Shopping, schools, entertainment are all in close proximity. These replacement units on a green-field site across the street from the antiquated public housing will cause minimal disruptions to jobs, schools and family and friend connections for the current residents.

h. **Justification for waiver** of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA’s minimum):
i. **Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:** THE PROJECT IS LOCATED IN A QCT.

Address any issues raised by the market analyst in the market study submitted with your application: **GIVEN THAT THE SUBJECT PROJECT IS A HUD APPROVED RAD REPLACEMENT OF PUBLIC HOUSING NO MARKET STUDY WAS REQUIRED.**

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 II ENVIRONMENTAL REPORT HAS SHOWN NO MITIGATION OF HAZARDOUS MATERIALS.**

**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 HACP has conducted four (4) separate meetings with the residents of the Sangre de Cristo apartments. At each meeting, we presented a PowerPoint presentation, asked for input on unit amenities and answered questions. There was a ton of excitement about the new Phase I Project. With all the new construction of Phase I the neighborhood is now excited about the potential for the whole redevelopment of Sangre De Cristo. The City of Pueblo has made a soft commitment of HOME funds in the past and is expected as well. The County’s soft commitment is expected for this application as well. Pueblo City Schools has made a soft commitment to support our GED program for parents and our afterschool reading and math programs at the Jack Quinn Center.
Introduction
The Colorado Coalition for the Homeless (CCH), and its subsidiaries Renaissance Housing Development Corporation and Fitzsimons Veteran Housing Corporation are proud to present our application to develop 60 units of permanent supportive housing for homeless and at-risk Veterans and their immediate families. The project will be developed in cooperation with the State of Colorado Department of Human Services (CDHS) and will be located near the newly constructed VA Medical Center on a portion of land adjacent to the existing Veteran nursing home, Fitzsimons Community Living Center at 1919 N. Quentin Street in Aurora. The entire 15-acre parcel at 1919 Quentin Street is owned by CDHS and CCH has an agreement with the State for a long-term ground lease with the agency for a 3.5-acre development site at the NEC of 17th Avenue and North Peoria.

1. Executive Summary

   a. Building
   The building will be a four-story structure with approximately 54,235 SF of interior space. The building structure will be Type V wood framed with steel supports on top of a concrete post-tension slab. All 60 units and community areas will have high ceilings and large windows to provide a sense of openness and spaciousness for the residents and circulation between floors will be via central elevator, two stair towers and a primary staircase that will be naturally lit and is designed to promote and encourage fitness for our residents. The building will have a flat membrane roof and the building exterior will be similar to our recent developments with a mixture of colored steel panels and brick siding with storefront glass features and architectural highlights. The design is specifically targeted to homeless Veteran population with trauma informed design. The building will have 56 one-bedroom units, and 4 two-bedroom units. While we have kept most of our application components the same from our last submission to CHFA in 2017, we have reduced the overall building square footage by nearly 11,000 SF and lowered our per unit costs based on feedback from CHFA. We think the new design will better benefit our residents and will function more efficiently as well.

   b. Site
   The entire 15-acre parcel at 1919 Quentin Street is owned by CDHS and CCH has an agreement with the State for a long-term ground lease with the agency for a 3.5-acre development site at the NEC of 17th Avenue and North Peoria. The site is within 0.25 miles from six different RTD bus lines, including Bus Rapid Transit to Boulder and limited express busses to downtown. The site qualifies as a Transportation Oriented Development (TOD) site and offers great connectivity to both Aurora and...
Denver by proximity to RTD rapid bus lines and connectivity to the new R-Line via the station at Fitzsimons. The development site provides the opportunity to program ample outdoor amenities and parking including pathways that link the project site to other supportive veteran facilities on the Fitzsimons campus and transportation options for travel outside of the site. The site is in a Qualified Census Tract.

c. Green Development

The project will be designed and constructed to meet or exceed Enterprise Green Communities guidelines. Insulation values for the building will exceed ASHRAE and IBC minimums. Lighting will be LED and primarily Energy Star rated LED and outdoor lighting will have daylight sensors and fixtures designed to minimize light pollution. Common Area lighting will include occupancy sensors to further reduce building energy consumption. Green Label Certified flooring will be used throughout the project and only very-low-to-no VOC paints, adhesives and sealants will be used. Energy efficient and “right-sized” heating and cooling systems will be utilized with healthy fresh air exchange rates. Window will be e-coated and sound-rated glass in residential units.

d. Financing

Veterans Renaissance Apartments at Fitzsimons will be financed with equity generated from the sale of 9% LIHTC, local funding from both the City of Aurora and the County of Arapahoe, Colorado Division of Housing funds, FHLB Affordable Housing Program grant funding and deferred developer fee and equity. Leveraged soft funds represent about 22% of total project costs. Permanent debt on the property will be minimized in order to assure that our supportive housing operations are feasible for the long-term. We have asked for the 5% increase in maximum Developer Fee for PSH projects as allowed under the 2018 QAP and are committing the additional portion of the fee amount to a reserve dedicated to funding residential services and case management at the property. This will greatly help to offset limited funds available to fund such services at the property over an extended period. See attached Services Funding commitment letter.

2. QAP Section 2 Priorities, Homeless

100% of the housing at Veterans Renaissance Apartments at Fitzsimons will target homeless Veteran individuals and families, including Veterans with special needs, including serious and persistent mental illness, substance use disorders, and co-occurring conditions as defined in Section 5.B.5. of the QAP. Permanent on-site supportive services will be provided and coordinated by the Colorado Coalition for the Homeless, with case management and clinical services provided by the VA Medical Center. Please see attached Letters of Support and Service Commitments from the VA and CCH.

There is a clear need to house Homeless Veterans in the Denver metro area and given our partnerships with the Colorado Department of Human Services and Veterans Administration, and combined with the synergy of the site location; our Veterans Renaissance Apartment will make a significant positive impact on improving the lives of our formally homeless Veteran residents.

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

   a. Market conditions:
As described above and in our Market Study there is a high demand for supportive housing for Veterans. The 2017 Point-in-Time survey counted 570 homeless Veterans in the Metro Area. The capture rate is only 10.9% for our targeted population of homeless and transitionally housed Veterans. Because of the pent-up demand for supportive housing for the homeless throughout the Denver/Aurora metro areas, our projects attract residents from outside of the PMA. We typically reach Stabilized Occupancy within 2 to 3 months of opening. There is a clear and present need for Homeless Veteran’s housing.

b. Readiness-to-proceed:
Our proposed development has entitlement and initial design approval via jurisdictional review from the State (CDHS) as the primary entity approving site design, building components and parking, in cooperation with the Fitzsimons Redevelopment Authority’s Design Review Board (See Zoning Verification and attached 1999 Memorandum of Agreement). Finalization of design review and approval is estimated to take four to five months and be completed Fall 2018. The site is directly under the State’s jurisdictional control and does not require zoning or development plan approval from the City of Aurora’s Planning Department.

Building construction documents and site infrastructure plans will be reviewed and permitted through the City of Aurora who will perform typical oversite of construction related activities and approvals. We have initiated our Development Process review, and can start concurrently with design review by State and FRA. Our design team anticipates gathering all initial feedback from City’s life safety, building and civil engineering review and moving swiftly into our Construction Documents review by late summer with a full permit to be reviewed by the City early 2019 and a construction start by May or June 2019. The development team has been working with Alliance Construction Solutions who were the General Contractor for our successful Uptown Lofts and North Colorado Station projects, to price the drawings. Their cost estimate is included.

c. Overall financial feasibility and viability
The project has sought to maximize leverage of the donated land from CDHS for an award of LIHTC allocation to our Veterans Renaissance Apartments at Fitzsimons project. The City of Aurora has indicated they will support the project upon LIHTC award through additional soft funding. Our development meets City of Aurora’s five-year plan consistency as a housing priority and has the support of the Community Development Department. We will submit our application to CDOH for housing development funds later this year and pending a LIHTC award. We have let CDOH know we anticipate applying for their gap funding. We will apply for FHLB AHP funds and based on our high scoring and previous participation will anticipate securing the stated grant amount. Our AHP application will be submitted mid-June and awarded by October 2018. We see no issues with meeting CHFA’s requirement to have all funding committed and in place 13 month after notification of award.

Based upon our conversations with our funders, and experience in recent developments, the development team is confident our costs and funding sources are reasonable and our ability to manage and operate the project is sustainable.

d. Experience and track record of the development and management team:
Colorado Coalition for the Homeless and its wholly-owned development entity Renaissance Housing Development Corporation (RHDC) is a leading developer of affordable, supportive housing and service facilities in the Denver Metro Area. CCH is recognized in both Colorado and nationally as a leader in Housing Development management and financing and in providing state-of-the-art wrap around services to stabilize formally Homeless Individuals and families. RHDC maintains a skilled, in-house, 4 FTE, real estate development team, which oversees all RHDC construction projects including community facilities, LIHTC developments, and mixed income, affordable housing developments. In over 27 years of service, the Colorado Coalition for the Homeless has developed more than 1,700 units of supportive affordable housing through 16 developments.

Our integrated housing approach blends high-quality affordable housing with supportive services for formally homeless and very low-income families and individuals. Services such as health care, counseling, life skills training, financial literacy and employment assistance contribute to the housing stability for those who once were homeless. Our quality architectural designs and environmental standards add significant value to existing neighborhoods and cultivate pride and well-being among residents and the larger community.

Renaissance Property Management Corporation (RPMC), a wholly owned subsidiary of CCH, manages over 1500 units in Denver, Englewood, Lakewood, Thornton and Aurora, Colorado. RPMC employees have been involved in all aspects of CCH’s LIHTC properties in the Denver area. Their involvement includes conceptual planning, construction, and asset management. RPMC has successfully leased up 10 CCH LIHTC properties in less than 90 days, and maintains 99% occupancy in these properties. Recently RPMC has been restructured to better support property compliance and management across the portfolio. This has included the hiring of a Vice President of Property Management and a Compliance manager, as well as replacement of site managers with higher experience, and enhanced training and development support.

Alliance Construction Solutions has been a successful and respected GC partner in the recent past in our Uptown Lofts (completed 2010) and North Colorado Station (completed 2016). We feel confident in their ability to deliver our project on time and under budget. Additionally, they have deep experience working with City of Aurora’s permitting and inspections procedures.

Studio Completiva Architecture Firm has been a valued design partner for many LIHTC funded projects within Colorado. The project team engaged the firm since this project’s last submission to CHFA in 2017 to help create a more efficient building which has lowered hard costs, and provide outdoor amenity layout for our site, which they have done very well. Most recently Studio Completiva has designed the mixed-use Avondale Apartments (completed 2014), in Denver for families and the award-winning Red Tail Ponds (completed 2015) a supportive housing property for chronically homeless in Fort Collins, CO. Studio Completiva was a great design partner for CCH’s own award-winning Renaissance at North Colorado Station (completed 2016), and we look forward to partnering on this project.

e. Cost reasonableness:
Total project development costs of approximately $260,300/unit are in line with similar developments being built or in pre-development. Based on a survey of 2017-18 LIHTC awardees,
we are in line with per unit costs that the Front Range community is currently experiencing as well. We will be able to offset increasing construction costs, decreased equity pricing and further leverage state, local and federal soft funds to the project through a long-term ground lease agreement with CDHS with nominal annual rent. The monetary savings in land costs equates to a $3.5M donation based on local market land comps.

f. Proximity to existing tax credit developments:
There are a few tax credit developments built or planned near our development, however none will directly compete with the intended homeless Veteran population. Paris Family Housing is being constructed by Brothers Redevelopment, Inc. is under construction due west of our site and is targeted to families. Peoria Crossing (at 30th Ave) will be an 82-unit family development by Aurora Housing Authority and is scheduled for completion in 2019. Residences at the Hoffman, an 85-unit age-restricted (55+) senior housing project at 1324 Xanadu Street, just south of Fitzsimons Campus was awarded tax credits in first round of 2018. Although this sponsor claims a preference for senior and workforce Veterans, residents must afford 60% AMI rents and has no project based subsidy. The property will not compete for the Homeless Veteran population served at our property.

g. Site suitability:
The current site is a great urban infill opportunity on underutilized land with an excellent location, access and visibility. All required utilities and service provision for the development at the site are accessible with minimal connection (See attached “will-serve” letters from energy provider, telephone-internet and water/sewer)

The site is very suitable for the intended Veteran population due its proximity to the VA hospital under construction on the Anschutz Medical Campus and other nearby Veteran Services providers which will provide our tenants with direct access to VA resources and services. The site is also within walking distance to a convenience store, specialty grocery store, neighborhood shopping center, elementary school, middle school, high school, bus stop, light rail station, hospital, library and park, and within 1.5 miles of a supermarket, community shopping center, Walmart, childcare center, medical clinic, head start center and recreation center. This TOD site is also serviced by multiple bus lines and transportation options.

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):

Our proforma shows slightly higher PUPA but is normal for permanent supportive housing serving formally Homeless populations and is in-line with other recent CCH developments. Additionally, our DCR starts higher than what is indicated as benchmark by CHFA but drops with in CHFA’s range by year 15.

5. Address any issues raised by the market analyst in the market study submitted with your application: There were no issues raised by the market analyst.
6. **Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:**

There were no Recognized Environmental Conditions found in our ESA that warrant further study. There is an existing small building from the original army base on the western side of the site that will be demolished in the development plan. Prior to demolition, the building will undergo environmental review study to determine if environmental remediation is required when demolition occurs. CCH has extensive experience in such remediated demolition as part of overall site preparation and we included that costs in our 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:**

Our budget for water and sewer tap fees is $700,000. City of Aurora has high water and sewer connection tap fees in comparison surrounding municipalities. The water and sewer tap fees alone are over $10,000 per unit, without irrigation service and additional meter fees. We will seek waivers of fees but recognize we may not be successful in having tap fees reduced. We plan to reduce our irrigation needs at the property by landscaping with native Colorado vegetation.

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 project is urgently needed within the Veteran community and has been contemplated since the closure and redevelopment of Fitzsimons Army Base started many years ago. Community stakeholders specifically require our intended use for a continuum of residential housing and care for Veterans and their immediate family members in an interconnected campus on the site. There has been tremendous community and political support to bring this much-needed supportive housing project for Veterans into being at Fitzsimons as embodied in House Bill 16-1397 signed into effect last June by the General Assembly and Governor. The Bill emphasizes the urgency of the proposed housing and calls for expeditious development of homeless housing for Veterans as originally intended at the site. The Fitzsimons State Veterans Living Center Site Advisory Group comprised of Veterans, VA staff, county commissioners, municipal and state stakeholders have worked at encapsulating the vision for incorporating permanent supportive housing for Veterans at the southern portion of the site. CCH has been working with all stakeholders to refine the vision for project and is honored to build on all the groundwork and make the much-needed housing a reality.

The proposed project has wide support from the State and local community. The Colorado Division of Housing (CDOH) is supportive of the project and CCH has applied for an award of 59 PSH Project Based Vouchers in conjunction with our LIHTC application (see attached Letter of Support). The support and cooperation of CDHS as a partner in developing the proposed housing at their site has been remarkable as well and would not be possible without their land donation (see attached Letter of Support). We have preliminary met with City of Aurora’s Deputy City Manager and staff as well as President of the Fitzsimons Redevelopment Authority, both important stakeholders and we found both very enthusiastically in support of this much needed project (see attached Letters of Support).
Project Name: Villas at Mesa Ridge

Project Address: 0 Cross Creek Ave Fountain, CO 80817 / SE of Mesa Ridge Parkway & Fountain Mesa Road

1. Executive Summary:

Zimmerman Properties, LLC (ZP) is excited for the opportunity to present CHFA with 9% Low Income Housing Tax Credit application for Villas at Mesa Ridge which will be a newly constructed 60-unit, 3-story elevatored building designed to serve seniors, aged 55 and over. The design of Villas at Mesa Ridge will afford residents the opportunity to enjoy nearby amenities, various activities in a community setting while having the opportunity to age in place. Villas at Mesa Ridge is located off Cross Creek Road just east of Fountain Mesa Road.

Unit amenities will include full-size Energy Star appliances, washer and dryer, ceiling fans, walk-in closets, and balconies. Residents will have access to several community spaces including a fitness room, a library, game room and community room with kitchenette. The community room will also function as the resident’s wellness area for blood pressure checks, consultations, etc. from service providers within the community. Villas at Mesa Ridge has partnered with the Fountain Valley Senior Center to provide services to the residents including transportation, meal services, well checks and many educational classes. Villas at Mesa Ridge will also pay for each resident to be a member at the senior center. The 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 to age in place.

Villas at Mesa Ridge will be built on 3.98 acres, providing our residents with plenty of outside green space. A scenic outdoor BBQ and picnic area provides residents with plentiful opportunities to enjoy the outdoors. 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. Along with many amenities and necessities within walking distance to Villas at Mesa Ridge, the direct public transportation stop gives the residents access to several amenities in the area.

Along with committing to be a smoke-free building and environment, Villas at Mesa Ridge will also be meeting or exceeding Enterprise Green Communities standards.
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 be surfaced parking with 116 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 if so desired.

In addition to Low Income Housing Tax Credit Equity, financing for the project will include utilizing a permanent loan from CHFA, conventional construction loan, and deferred development fee.

Villas at Mesa Ridge aims to provide housing for much of the AMI population, serving seniors 55 and over. Unit mix and AMI levels are shown below:

<table>
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<th>Total # of 1 Bedroom Units</th>
<th>Total Units</th>
<th>Total Tax Credit Units</th>
<th>Total Market Rate Units</th>
<th>Total 30% AMI Units</th>
<th>Total 40% AMI Units</th>
<th>Total 50% AMI Units</th>
<th>Total 60% AMI Units</th>
<th>Total Market Rate Units</th>
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<td>6</td>
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<td>3</td>
<td>12</td>
<td>6</td>
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ZP has a proven track record of providing exactly the type of housing a community not only desires but needs. After many conversations with the City of Fountain it is abundantly clear affordable housing is a top priority in the city. The site chosen is fully supported by the City to serve seniors. With many amenities close to Villas at Mesa Ridge, ZP feels that residents will have the opportunity stay active and thrive in their community. With transportation passing the project over 30 times a day, seniors will have every opportunity to enjoy access to their surrounding activities, loved ones, medical care, grocery, and many other amenities.

One of the guiding principles of Villas at Mesa Ridge is inclusivity. With a broad range of tenant population demographics, opportunities for all seniors is fostered.

We are very excited to continue our strong relationship with the City of Fountain in the future as well. With over 80 seniors and over 200 family names on the Housing Authority waitlists, ZP plans to stay on the forefront of providing safe housing in the City. We feel, as CHFA does, providing distribution of housing credits across the state is paramount. With this city experiencing progressive growth inside the Colorado Springs MSA, the timing of building new affordable housing is perfect and warranted. Fountain has never received a low income housing tax credit project for seniors.

ZP also understands the guiding principle of only reserving the amount of credit that CHFA determines to be necessary for the financial feasibility of Villas at Mesa Ridge. We feel our annual credit amount requested is feasible for the project to continue throughout the credit period, but also understanding and being a good steward of the valuable credit so other projects can flourish across Colorado.

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:
      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 10.2%. Capture rates at individual AMI levels are: 3.0% at 30% AMI to 11.2% at 40% AMI, 16.8% at 50% AMI and 4.6 at 60% AMI. The market analyst states the project would be full in 6-8 months.

      The comparable apartments in the market study had an overall vacancy rate of 1.7%. Given there are no comparable senior tax credit properties available in Fountain, and the existing senior tax credit housing projects in Colorado Springs have waitlist of 150 to over 300 seniors, shows there is a strong need for affordable senior housing in Fountain.

      Included with the application are signatures from over 150 seniors who attend activities at the local senior center, Fountain Valley Senior Center. This also shows the need and desire for more affordable options for seniors in the community.

   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 2019 with completion in April 2020.
      • ZP submitted the application to City of Fountain for Administrative Review so that plans can be reviewed.
      • ZP has a Development Review Team Meeting scheduled for June 28. The purpose of this meeting is to discuss next steps in the development process with several city departments.
      • Phase I Environmental was completed and no issues were found.
      • Schematic drawings have been priced and verified by third party cost estimator and found to be financially feasible.
      • ZP is working to close in and start construction in April 2019, 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, architects, third-party cost estimator and third-party consultant. The project will be very efficient with its design and costs; however, a basis boost will be needed to be financial feasible. ZP has developed over 100 deals and has never requested additional tax credits, due to our vetting process prior to application submission.

   d. Experience and track record of the development and management team:
      ZP commitment to build communities begins in the earliest planning phases and doesn’t end when construction is complete. ZP brings a unique, vertically integrated capability to every property, fully engaging with communities to provide comprehensive management for optimal efficiency, value, and resident satisfaction. Because we make a
long-term ownership commitment to every ZP development, our community partners enjoy the confidence we’ll be there to help make their housing programs successful for decades.

e. **Cost reasonableness:** Villas at Mesa Ridge construction costs are $190,197 per unit. The overall development costs are about $248,839 per unit. ZP, Zimmerman Properties Construction, and Dominion Due Diligence Group have verified the current budget as very reasonable considering the current construction environment. Over the past decade, Zimmerman Properties Construction, LLC has served as general contractor on more than 50 properties developed under Section 42 of the Internal Revenue Code utilizing low-income housing tax credits.

f. **Proximity to existing tax credit developments:** In Fountain there are no senior housing option but in the Primary Market Area (PMA) three projects exist:
   - 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

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. This site also has many amenities within walking distance including grocery, pharmacy, retail, restaurants and medical.

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 project is very efficient with design and cost but does need basis boost to be financial feasible. The boost is needed because of the increased construction cost and the decreased tax credit pricing.

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

   The market study found no apparent weaknesses for the project as conceived. In the primary market area the existing LIHTC senior housing projects have combined waitlist of over 500 seniors showing strong demand exists for this project.

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 our engineer, 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 $16,666 per unit. The City of Fountain owns the site we have under contract, so they have discounted land $250,0000 versus the appraised value to make the project more financially feasible again showing their support of this Project.

8. Community Outreach:

As evidenced by the provided letters of support and the feedback from the City of Fountain leaders, the community is very supportive of adding affordable senior housing in this location. The City of Fountain is extremely excited that ZP and CHFA would consider their community for this project. Our first contact with Todd Evans (Deputy City Manager) and Kimberly Bailey (Economic Development / Urban Renewal Director), the City of Fountain’s community and administration have been enormously supportive. ZP has encountered zero neighborhood opposition during this very positive process. Tangibly, CHFA can see through our collection of support letters and signatures, the Villas at Mesa Ridge is not only needed, but visibly wanted. From the reduction in land price approved by City Council, committing to implementing a direct public transportation stop, support from Fire and Police Chief’s, many city departments (listed below) and the vast support from the senior center community, the City of Fountain is very excited to welcome Villas at Mesa Ridge to the community.

- Mayor (Gabriel Ortega)
- Economic Development support (Kimberly)
- Housing Authority support (Katherine Roby) and waitlist
- Planning (Kristy Martinez, Director)
- Todd Evans (Dept City Manager)
- Norman Wodell (FVSC Board of Directors)
Project Name: Walnut Square

(1) Executive Summary

Saint Louis, Missouri based Green Street is proposing to develop Walnut Square, a 44-unit family project in the rural town of Elizabeth (pop. 1,693) which is in Elbert County (pop. 25,802). Elbert County has never received a LIHTC award and there is a limited supply of competing rental product, all of which are fully occupied. Capitalizing on the unmet need for quality affordable housing, Green Street will develop Walnut Square at 120 East Walnut Street, a 1.58-acre vacant site which is not in a QCT. Until ten years ago, the site was occupied by the town’s only mobile home park. The mobile homes were removed for market rate condos that were never built. Located along Highway 86, the town of Elizabeth is 34 miles southeast of downtown Denver and 35 miles northeast of Colorado Springs.

Designed to support family/workforce housing, the property will contain 24 one-bedroom, 10 two-bedroom units and 10 three-bedroom units with 9 units restricted to residents earning at or below 30% AMI, 4 units at 40% AMI, 4 units at 50% AMI, and 27 units at 60% AMI. Green Street will provide 78 surface parking spaces and ten attached garages for the two-bedroom townhomes for a total of 88 parking spaces (2.0 spaces per unit). The parking ratio meets the town’s zoning ordinance for parking.

Four counties, including Elbert, utilize a public transportation system called Outback Express which allows residents to schedule rides at $0.11 per mile. The closest light rail station is 19.6 miles northwest of the property in Lone Tree. This highly desired development would be the first LIHTC project in Elbert County.

Green Street rezoned the site to a PUD zone in April 2018, which permits multifamily uses and accommodates the proposed plan. Once built, there will be three buildings: a 13,920 SF three story walk up building containing 24 one-bedroom apartments (Elbert Street Building), a 10,090 SF townhouse-style building containing 10 two-bedroom units with attached one car garages (Maple Street Building), and a 13,170 SF townhouse-style building containing 10 three-bedroom units (Walnut Street Building). The site will also offer a 700 SF community event room, a property manager/leasing office and a playground for tenants which compliments the large park across the street. Parking will be located at the center of the site and the buildings will face the streets and common areas.

Each unit will have central air conditioning, blinds, a coat closet, walk-in closet, refrigerator, stove/oven, dishwasher, garbage disposal, microwave, patio/balcony and in-unit washer/dryer. The one-bedroom units will have an exterior storage closet. Green Street incorporates green focused design and construction into all of its projects and will self-certify Walnut Square to the 2015 Enterprise Green Communities standards. All three buildings will be wood framed on concrete foundations with hardiboard siding. The three-story building will have an energy efficient flat roof while the two
townhouse buildings will have pitched composite shingle roofs. The townhome units will have private exterior entrances, while the three-story building will have entrances off of interior breezeways. There will be a community event room flexibly programmed for social use, classes and gatherings, and a kitchenette, as well as an onsite leasing/management office with computer access for tenant use. Green Street is working with the Youth Learning Center on a potential after school program which would be staffed by the Harvest Bible Church, which is located adjacent to the site.

The immediate neighborhood consists of established institutional, multifamily and single-family land uses. The adjacent streets experience low-volume traffic. A Safeway and a Walmart Supercenter are located within 0.6 and 1.3 miles respectively of the property. Across the adjacent streets from the property are the Elizabeth School District office, the Harvest Bible Church of Elizabeth, Running Creek Elementary School and existing residential neighborhoods. Countryside Village, a retail shopping area, is within 0.4 miles of the site and includes both regional and independent businesses (Bank of the West, USPS, a café, restaurants, and a salon). The closest convenience store/gas station is within 0.6 miles of the site. With the exception of a full-service hospital (the closest is in Castle Rock, 16 miles northwest of the property), a variety of social services are within 2 miles of the property.

CHFA will provide the federal low-income credits and the permanent loan, US Bank CDC will provide the tax credit equity and construction loan, the Colorado Division of Housing is interested in providing a soft loan, and the City of Elizabeth and Elizabeth School District have committed to providing a local contribution through local fee waivers and a lease for access to an underutilized school district parking lot located across the street from Walnut Square.

The proposed development will serve a wide swath of the community – from local retail employees, law enforcement and teachers to seniors that are looking to age in place. The proposal is consistent with both the City and County comprehensive plans and has received significant local support.

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

The 2017 population of Elbert County was 25,642 persons therefore, 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: The market conditions for Walnut Square are exceptional due to no existing LIHTC properties in the PMA, no other LIHTC projects in the pipeline, a 0% vacancy rate and a limited supply of traditional multifamily apartment projects in the area. The closet LIHTC projects are in Castle Rock and Parker (16-17 mi, 22-25 min drive). The high quality, modern apartments will provide a missing product type to potential tenants. A significant number of the nearby Walmart’s 150-180 employees live in neighboring Elbert or Kiowa and some commute up to 60 minutes. According to the 2015 Census, of all employed Elizabeth residents, only 7% are employed within Elizabeth and over 1,000 members of Elizabeth’s workforce live outside the town limits. The town’s lack of rental options and the commute times of some workforce members suggest that the PMA will attract renters from outside the PMA or owner households seeking more convenient housing options in town. A capture rate of 21.5% is required to obtain full occupancy, indicating the target market is underserved.
b. **Readiness-to-proceed:** Green Street is ready to proceed with development of Walnut Square. The site is zoned for the intended use, there are no environmental conditions to be addressed, and the architectural drawings have been priced. Financing and funding commitments from the sources identified in this application will be secured in an appropriate time frame. The timeline to building permit approval is approximately 180 days.

c. **Overall financial feasibility and viability:** Walnut Square is financially feasible if awarded an allocation of 9% LIHTC. Because this site is not in a QCT or in a DDA, a 4% option is infeasible. In addition to federal LIHTC equity, Green Street is assuming permanent loan proceeds, Colorado Division of Housing contingent note, and finally, deferred developer fee. US Bank CDC, 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.

d. **Experience and track record of the development and management team:** Founded over ten years ago, Saint Louis-based Green Street is a multifaceted development, consulting, and construction firm. The firm’s founder, Phil Hulse, has over 30 years of real estate experience. In that time, Green Street completed over $250M in real estate transactions in St. Louis and was chosen as Developer of the Year in St. Louis City five times. Green Street re-positions old properties, builds new residential and commercial, creates jobs, supports local businesses and creates safe, affordable housing for area residents. Joel Oliver, Green Street’s Vice President of Housing, has over a decade of affordable and market rate development experience, as well as LIHTC investing expertise from US Bank CDC. Other team members with significant LIHTC experience are; VP of Finance, Ron Kraus, who spent over 15 years as the CFO at Rise which is a non-profit LIHTC developer in Missouri and Illinois and Nicole Blumner who has a decade of experience at McCormack Baron and US Bank CDC.

ARCO Construction was founded in 1992 and has grown to become a leader in the design/build industry with offices in 14 major markets, including Denver, and has hundreds of employees nationwide. Throughout their 25-year history they have completed over 3,500 projects. As the 27th largest design/build general contractor in the United States, ARCO offers the strength and presence of a national builder with the personalized attention of a small company. ARCO's multifamily group has completed over fifty (50) projects totaling over $375M. ARCO is currently constructing a LIHTC project in Cincinnati and is preparing to break ground on developments in New Orleans and Aurora, Colorado.

Rosemann & Associates has had an active Denver office for the last 10 years. In that time, they have designed 10 multifamily and senior projects totaling over 1,300 units. Over their 30-year history they have become active in 25 states and have received over 150 awards recognizing everything from specific design features, community impact through design to economic development. ([http://rosemann.com/recent-awards](http://rosemann.com/recent-awards)).

Silva-Markham Partners is the selected property management firm. They possess over 100 collective years of property management experience, and have extensive knowledge of tax credit, conventional and commercial markets and submarkets along the Front Range in Denver, Aurora, Englewood, Centennial, Longmont, Durango and Littleton. The Silva-Markham Partners team consists of highly skilled and attentive members using efficient practices and solutions that they have gleaned from operating within the budget constraints of affordable properties. That knowledge and ingenuity is utilized on affordable and conventional product alike, using proven cost-reduction systems that positively affect NOI without sacrificing quality or service. Silva-Markham Partners’ growing multi-family portfolio is a combination of tax credit, senior and
conventional communities, with a wide array of funding programs, including Section 42, HUD, Bonds, CDBG and HOME.

Other experienced team members that bring significant depth of Colorado LIHTC expertise are: Ryan Jones, Shannon Cox Baker, Rubin Brown, Winthrop & Weinstine, Prior & Associates and US Bank CDC.

e. **Cost reasonableness:** The project costs for Walnut Square reflect current hard cost information and have been reviewed and verified by a third party, ARCO Construction. In order to account for the volatile commodities and labor markets, Green Street has included a 5.0% hard cost contingency by the owner and a 1.85% contingency by the GC. The construction costs for Walnut Square may be lower than comparably sized projects due the site’s rural location and its quality subcontractor community.

f. **Proximity to existing tax credit developments:** There is no LIHTC project within the PMA and none in the PMA’s development pipeline. The occupancy rates of non-tax credit rental units remained stable during the past year, as all 13 properties surveyed reported at or near 100% occupancy and LIHTC projects in nearby communities reported stable occupancy rates between 95-100%.

g. **Site suitability:** The site has good road access and is within 1-mile of an elementary school, middle school, high school, convenience store, neighborhood shopping center, library, government offices and a park.

(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**

Green Street is asking for neither a waiver of any underwriting criteria nor a basis boost.

(5) **Issues raised by the market analyst**

According to the market study, there are no issues or recommended changes for the proposed development.

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

No issues, mitigation measures or Recognized Environmental Conditions were raised in the Phase 1 ESA.

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

There are no extenuating circumstances that are driving costs upward.

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

Green Street has worked closely with the City’s Economic Development Director on numerous design iterations and has the Director’s approval for the plan that is being presented. The site’s rezoning underwent a public process and received no objections. The City has committed $200,000 of local contribution through the reduction of local taxes and fees.
Green Street has met several times with the neighboring church which acknowledges the need for the project. Green Street is continuing to work on a potential after school program which the church has initially offered to provide support with through volunteers.

Additionally, Green Street has met several times with the Elizabeth School District. To date, the School District sees the proposed development as an asset to the community as they lose many potential teachers due to the fact that there are limited quality affordable housing options. Green Street is working with the School District to lease a parking lot across the street from the site so that on-site water detention costs can be minimized.

Green Street has met several times with the County Manager and with the County Commissioners to educate them on affordable housing options in the County. The County is evaluating the opportunity to form an Elbert County housing authority so that they may potentially serve as a partner on the proposed project.

A project website was maintained at www.walnutsquareapts.com to keep the public informed as information was updated.
1. Executive Summary

a. **Project Description:**
   - 43 units (39 LIHTC and 4 market rate)
   - Age restricted to 55+
   - Located in a Qualified Census Tract
   - TOD Project: Less than ½ mile from Colorado Station Light Rail
   - Neighborhood is “Vulnerable to Gentrification” i.e. – high risk of existing resident involuntary displacement.
   - Mixed Income: serving 30%, 40%, 50% and 60% of AMI levels + market rate.
   - Land acquisition financed by the Enterprise Community / Denver Regional TOD Fund

b. **Construction Type:**
   - 4 story wood frame building classified as “Type VA” construction
   - Foundation: post-tensioned slab on grade
   - Roof: flat roof, single-ply PVC membrane system
   - Exterior skin: brick veneer and cementitious panels
   - Circulation: two elevators, two stair towers and interior hallways
   - Parking: surface parking with carports

c. **Population Served:**
   - Seniors aged 55 and up
   - Income ranges include: 30%, 40%, 50% and 60% of AMI levels + market rate.

d. **Bedroom Mix:**
   - 28 - 1 Bedroom/1 Bath Units at 741 square feet
   - 1 – 1 Bedroom/1 Bath Unit at 545 square feet
14 – 2 Bedroom/ 1 Bath Units at 1,008 square feet

e. Location:
  - 4101 E. Wesley Avenue in Denver
  - Closest major intersection is Evans and Colorado Boulevard
  - ½ Mile from Colorado Station (Colorado and Evans Light Rail)
  - Neighborhood designated as “Vulnerable to Gentrification” by City of Denver
  - Qualified Census Tract
  - “Very Walkable” (Walk Score of 82) with “Good Transit” (Transit Score of 58)
  - Proximate to shopping, services, recreation and religious venues

f. Amenities:
  - Project Amenities Include: Community Room/Coffee Bar, Library/Business Center, Fitness Room, Social/Movie Room, Outdoor Gardens, some surface carports.
  - Unit Amenities Include: 10’ and 9’ Ceilings, full size energy star kitchen appliances, in-unit washers/dryers, central air conditioning, walk in closets, step in showers with grab bars, universal design, private balconies/private patios;
  - Area Amenities Include: easy access to bus and light rail transit options, close proximity to shopping, restaurants and services, less than ½ mile from Schlessman YMCA.

g. Services (if provided):
  - Social/Recreational: Property staff will arrange a variety of activities for residents (BBQs, potlucks, holiday parties, education seminars).
  - Healthy/Wellness: Staff will assist residents to obtain services from outside senior and health services agencies such as specialized transportation, nutrition programs, health and wellness providers, senior centers and rec centers;
  - Cultural: Developer/owner will partner with ArtReach – a foundation that supports access to the arts and cultural programming for those with physical and economic challenges who would not otherwise be able to take advantage of such events.
  - Community Partnerships: The developer is in discussions with Clermont Park Retirement Community, located a few blocks southeast of the subject site, regarding partnerships on health, wellness, transportation and access to meals.

h. Energy Efficiencies:
  - Enterprise Green Communities: project will conform to the EGC 2015 Standard;
  - Xcel Energy EDA: project will participate in Xcel’s Energy Design Assist Program with the goal of reducing baseline energy use by at least 15%;
  - Further Energy Reduction Targeting: Project team has committed to designing and constructing a building that is projected to be at least 5% more efficient than what is required of the project by the baseline 2015 ECG Manual;
- **Renewable Energy**: Rooftop solar system;

i. **Type of Financing**:
   - **Land Acquisition Financing**: Site acquisition financing was provided by the Enterprise Communities Denver Regional TOD Loan Fund. The Fund provides financing for the acquisition of property alongside transit corridors for the preservation or development of affordable housing and community facilities.
   - **Project Financing**:
     - 9% Low Income Housing Tax Credits for the Equity
     - Conventional Construction Loan
     - CHFA Permanent Loan
     - Deferred Developer Fee Loan

j. **Subsidies**:

   The Enterprise Communities Denver Regional TOD Fund provided acquisition financing to purchase the property. The fund provides low-cost financing to acquire sites in the seven-county Denver Metro Area for the development of affordable housing. One of the conditions of the TOD fund is that the property must be within ½ mile of an existing or future fixed rail station or within ¼ mile of a high frequency bus corridor. This site meets both of these requirements.

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

   - None applicable.

3. **Identify which, if any, of the guiding principles in Section 2 of the QAP the project meets and how it meets them**:

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

     **Rationale**: The Project will provide apartment homes to persons in the 30%, 40%, 50% and 60% AMI categories. 12% of the Project’s apartments will serve persons at 30% of AMI, the lowest income designation. An additional 9% of the Project’s apartments will serve persons in the 40% of AMI designation. Last, the Project has agreed to a long extended low-income use timeline – 15 years of initial compliance plus an additional 25 years – for a total of 40 years. The Project’s overall point scoring reflects a commitment to serve very low income residents for a long period of time.

   - To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria

     **Rationale**: The proposed Project is located in a QCT.
• To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas

**Rationale:** The City of Denver is facing a critical shortage of affordable housing options. The proposed Project is located in a neighborhood designated as “Highly Vulnerable to Gentrification”, with existing residents being at risk of involuntary displacement. This Project would help keep many of the area’s existing seniors in their neighborhood.

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

**Rationale:** Wazee Partners, the Project’s Sponsor, prides itself on being a developer, owner and operator of high quality affordable housing communities. We are highly selective about which projects we pursue for 9% funding, and only seek to undertake projects with compelling characteristics.

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

**Rationale:** While there are many populations with critical need for affordable housing, low income seniors are a particularly vulnerable population. Many can no longer work and most rely entirely on social security as their only source of income.

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

**Rationale:** the proposed Project is within a ½ mile of the Colorado and Evans Light Rail Station and is also within 750 feet of high frequency bus service along Colorado Boulevard.

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

**Rationale:** This proposed new construction Project is located in a neighborhood designated as “Highly Vulnerable to Gentrification” by the City of Denver’s 2016 Gentrification Study, with existing residents being at risk of involuntary displacement. This Project would help keep many of the area’s existing seniors in their neighborhood.

• 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
Rationale: The proposed Project is efficient with its tax credit reservation request. First, the Project is well below the Cost Basis Limitation approach to calculating the tax credit reservation. Second, The Project has more tax credits available to it under the Qualified Basis Calculation than are needed (in part due to the automatic 30% basis boost by virtue of being inside a QCT), so the project is only using as much tax credits as are needed pursuant to the Gap Calculation approach.

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

Rationale: The Proposed Project’s $1,197,715 in credit request is well below the maximum of $1,350,000.

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

- **Market conditions:**
  - Full occupancies for all affordable properties in the market.
  - 547 person waitlist for income-restricted units at the three existing tax credit senior apartment properties in the PMA.
  - Waitlist of 50 persons for the market-rate units at Residences at University Hills.
  - The addition of 43 more units will not negatively impact the occupancy of the existing properties.

- **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

- **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.
    - Commitments from companies the Sponsors have extensive relationships and business history.
  - CHFA SiMPLe permanent financing - provides more mortgage than conventional financing

- **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 close to 800 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.

- **Cost reasonableness:**

  The total project cost is $14,719,258 or $342,308 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.

- **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 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.

- **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
  - 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

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

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

6. 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.

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

The 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.

8. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:
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 the lumber and steel tariffs. These cost pressures aren’t unique to this project.

9. **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:

- **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.

- **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.

- **Denver Housing Authority** – Discussion with Debra Gray (Housing Programs Manager) about the project and waitlist agreement. Executed waitlist agreement included in scoring section.

- **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.

- **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.

- **Hope Fellowship of Christian Reformed** - Outreach with Michelle VandenBerg, the pastor of Congregational Life regarding senior church members potential housing interest.

- **City Council District 4 Representative Kendra Black** – Outreach meeting scheduled.

10. **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.
Project Name: Gateway North (Sun Valley)

Project Address: 1005 Decatur Street, Denver, CO 80204

1. Executive Summary:

Sun Valley Redevelopment:
Gateway will be a mixed-income and mixed-use housing development that launches the transformation of the Sun Valley (SV) neighborhood in Denver. Currently, a disconnected street grid and concentrated poverty isolate SV from economic opportunity and area amenities. As a result, SV has become the lowest income neighborhood in Denver with 80% of residents living in poverty. In 2016, Denver Housing Authority (DHA) was awarded a $30 million Choice Neighborhood Initiative (CNI) Implementation Grant from HUD for the Sun Valley Eco District (SVED) and DHA to implement the SV Neighborhood Transformation Plan. The resulting development plan includes the replacement of 333 obsolete public housing units with newly constructed, energy efficient developments on and off-site throughout the neighborhood. In total, the Plan will create over 750 mixed-income units in six phases. DHA will develop, own and operate three of the six phases, and the Gateway project is the first of these phases to be deployed. (See attached Sun Valley Redevelopment Addendum for more information).

Gateway:
Sun Valley stretches from I-25 on the east to Federal Boulevard on the west, Sixth Avenue on the south to 20th Avenue on the north. The Gateway site is located on the western side of the existing Sun Valley Homes (SVH) public housing site (see Neighborhood Map attached). It provides development at one of the major neighborhood entrance points along Federal Blvd. and helps establish and reinforce the important connection of 10th Ave. to the Platte River amenities. DHA is working closely with the City of Denver and the SVED to reconnect the street grid to provide better multi-model access for Sun Valley residents.

Gateway North will consist of 95 units at 30-60% AMI of which 43 will have project-based vouchers. Gateway North will include one-, two-, three-, four-, and five-bedroom units and AMIs from 30-60%. Average unit sizes are as follows: one-bedroom – 694 sf, two-bedroom – 888 sf, three-bedroom – 1515 sf, four-bedroom – 1646 sf, and five-bedroom – 1,873 sf. There are some variances in the square footage within similar unit types. This is primarily due to the design incorporating space into the unit that would otherwise be unused common space or create architectural challenges.
In-unit amenities include balconies, energy-star appliances, washers, dryers, dishwashers, garbage disposals, and linen closets. Project amenities include on-site leasing offices, off-street parking, enclosed bicycle storage, and community rooms, and 2,409 square feet of ground-floor project amenity space. In addition, residents will be able to access a healthy food market in nearby Gateway South, and community gardens will be created throughout the Sun Valley neighborhood for residents to grow their own food.

The project (along with all of SV) is truly a Transit-Oriented Development (TOD), located 0.3 miles south of the Decatur Federal light rail station of the West Line and directly adjacent to the high-frequency RTD bus stops on 10th and Decatur Streets. The project will be built to DHA’s strict sustainability goals and standards and all utilities will be paid for by the owner—continuing DHA’s equitable commitment to all mixed-income residents while implementing proven energy and water conservation measures, including resident green behavior training and monitoring.

Construction is expected to take place over 19 months. The project will consist of a six-story elevator building with a hardiplank and metal panel siding exterior with stucco and brick accents, varied elevation and a flat roof. The units will have entrances off of double-loaded interior hallways. Parking will be in surface spaces to the rear of the building. The building will face the street, while common areas will be interspersed in clusters throughout the site.

Resident services are a significant part of DHA’s operation. Residents with very or extremely low incomes often require more support to maintain quality of life and self-sufficiency than households with higher incomes. Therefore, DHA has mobilized staff and service partnerships to provide a suite of support for existing SVH and future Gateway residents, including: early childhood education and programming, employment and workforce development services, homeownership and financial fitness services, services tailored for senior and disabled residents, ongoing resident participation, information and referrals for other public benefits and community services, and recreation, wellness and educational programming provided both on-site and off-site at other DHA locations. Please see the Resident Services attachment for more details.

2. **Bond financing structure:**
   - Total bonds: $20,364,422
   - Construction Period Bonds: $20,364,422
   - Permanent Bonds: $11,469,000
   - Bond issuer: Denver Housing Authority
   - Lender and bond sale structure: private placement
   - Portion of bonds that will be tax-exempt: $18,250,000 or 90%

3. **Identify which, if any of the priorities in Section 2 of the Qualified Allocation Plan:**
   Gateway does not directly respond to any of these priorities.
4. Identify which, if any, of the guiding principles in Section 2 of the QAP the project meets and how it meets them:

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

43 of the 95 affordable units will be subsidized for the low income tenants in the community (almost all will be at 30% AMI or lower). DHA will commit to a total 40-year affordability period.

- **To support projects in a QCT, the development of which contributes to a concerted community revitalization plan as defined in Section 5.A 4, Primary Selection Criteria**

The project is located in a QCT (census tract 8.00). Gateway is helping to fulfill the community vision and development goals of the Decatur Federal Station Area Plan and the Sun Valley Transformation Plan adopted from many years of extensive community input.

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

The project is located in a redeveloping neighborhood in a large urban area, approximately 3 miles southwest of Downtown Denver.

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

Denver Housing Authority is a public housing authority and redeployed all available resources into other opportunities that either enhance or create new permanently-affordable housing and thriving communities.

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

Gateway North will include 21 three-bedroom units, 7 four-bedroom units, and 3 five-bedroom units to meet the need for affordable housing for larger very low-income families.

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

Gateway is 0.3 mile northwest of the Decatur Federal light rail station on the W line. Train service from this location is available to destinations to Downtown Denver, Golden and the
larger Metro-Region served by RTD’s FasTracks system. Two existing bus stops will also be replaced as part of the Project’s public right-of-way improvements.

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

Gateway is located in a neighborhood with a critical need for revitalization (as supported by HUD’s 2016 CNI Grant Award). The critical timeline for this project is particularly important for not only meeting the CNI Grant deadlines but to also minimize displacement of existing residents wishing to stay in the neighborhood throughout the redevelopment. DHA’s overall Housing Plan will also mitigate gentrification pressures that will likely result from large-scale investment in the neighborhood such as the Broncos stadium redevelopment as it plans to double the amount of permanently affordable units in the neighborhood.

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

The project is leveraging a significant amount of additional funds, including $2.5 million in Federal CNI Grant funds, $3.325 million of City/State funds, and approximately $2.75 million of DHA’s own program funds net of developer fee.

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

This project will provide 95 units of mixed-affordable housing to maximize replacement housing and minimize displacement of existing residents. In conjunction with Gateway South, it will provide a total of 187 mixed-income units to the neighborhood.

5. Describe how the project meets the criteria for approval in Section 2 of the QAP:
   a. **Market conditions:** 43 of the 95 units in Gateway North will have Project-Based Section 8 Vouchers (PBV). Although the capture rate for all LIHTC units in the PMA including the Gateway project is estimated at 41.2%, other data confirms strong demand for the project. The PMA has an overall vacancy rate of 1.7%. All surveyed LIHTC projects in the primary market area (7 properties) have historical occupancy rates at or near 100% and waitlists with 150 to 300 applicants, evidencing strong demand for the straight LIHTC units in the project. Existing LIHTC properties in the PMA report high levels of migration to the redeveloping PMA due to the access that the light rail service provides, and due to general affordable housing availability. New development in Sun Valley will create a new neighborhood that serves existing residents as well as drawing new residents from other parts of the Denver metro.
b. **Readiness-to-proceed:**

- The property is owned by the applicant.
- The site is correctly zoned with current design meeting all requirements.
- The design plans will be submitted on approximately June 27, 2018.
- The architect has been selected and is finishing the design for permitting. The financing RFP received responses in May and DHA is currently evaluating proposals. The contractor RFP is being prepared and will be issued in June.

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

DHA has extensive experience redeveloping public housing. Once developed, DHA will continue its operating track record while updating the housing and responding to the community’s needs.

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

DHA has recent, similar experience with large-scale neighborhood redevelopment with its Mariposa HOPE VI project. As the master developer for all nine phases of the 17-acre Mariposa redevelopment, DHA established the TOD plan via a community driven process, planned for all phases of housing design and construction, self-developed all rental phases and acted as land developer for all homeownership phases. DHA constructed 517 rental units and approximately 30,000 sf of commercial and community space at Mariposa. The rental housing program replaced all 229 public housing units while adding 176 workforce units serving 50-60% AMI and 112 market rate units. DHA partnered with Habitat for Humanity to construct six affordable homeownership units serving families at or below 80% AMI.

**Lessons Learned**

Through DHA’s long history of mixed-use LIHTC development there are many lessons that have been learned. While the list is long, a few examples include the following:

1. Commercial tenants require a different type of property management than residential clients. It is important to select a management company that has commercial property management experience. Off-street parking and parking available generally in the neighborhood is an important consideration of tenants and the ability to attract tenants.

2. At pet friendly projects, strategically locating pet waste stations and artificial turf to designate pet relief zones lends to community health. People tend to recognize and utilize the designated space and are more prone to pick up waste.

3. Selection of hardy, low maintenance landscaping provides for a more sustainable site. Maintenance staff are not necessarily gardeners, and being cognizant of which vegetation is less prone to trap trash, better able to hold up to abuse, and survive irrigation failures, etc. reduces operating costs.

4. Tried and true systems, while not as “glamorous” as new innovative systems, often prove to be the best for predictable life cycle costs and ensuring successful operation. Maintenance staff tends to have a higher comfort level, and thus can keep these systems running optimally.
5. Resident and community engagement is key to designing a successful project that fits the neighborhood context and fabric.

e. Cost reasonableness: The project’s construction and soft costs budgets have been developed using current, local data generated by the General Contractor and corroborated by other local construction information and informed by DHA’s recent development budgets. (See Cost Analysis attachment.)

f. Proximity to existing tax credit developments: There are several existing LIHTC properties in the project’s PMA in the Lincoln Park, Sloan’s Lake, Villa Park, and West Colfax neighborhoods. Avondale Apartments was awarded competitive tax credits in 2012 and includes 78 LIHTC units. Renaissance West End Flats was developed by the Colorado Coalition for the Homeless in 2012 and consists of 100 units that primarily serve homeless and very low income households. A 63-unit LIHTC development, Villas at Sloan Lake utilized competitive tax credits and completed construction in 2007. Townview Mutual, a 147-unit LIHTC development, was built in 1998 using competitive tax credits. Across I-25 in Lincoln Park, DHA’s Mariposa redevelopment received a five-year set aside of competitive tax credits and includes 229 public housing units, 176 straight LIHTC units, and 112 market rate units.

g. Site suitability:
   • Gateway will be the first DHA phase in the redevelopment of the Sun Valley neighborhood which will replace concentrated poverty and lack of neighborhood population with vibrant, financially feasible, mixed-income, mixed-use developments that offer replacement housing for all existing residents and attract many more varied households to the community.
   • Gateway is 0.3 mile northwest of the Decatur Federal light rail station on the W line. Train service from this location is available to destinations to Downtown Denver, Golden and the southern suburbs.

6. Provide the following information as applicable:
   a. Justification for waiver of any underwriting criteria:

DHA is requesting a waiver of the Cost Basis limitation on annual credit. One-third of the Gateway North project consists of three-, four-, and five-bedroom units, a unit mix specifically designed to accommodate the existing SV resident demographic and minimize the displacement of current residents (meeting much of the bedroom-for-bedroom replacement requirement of the CNI Grant Agreement). Please see the Cost Analysis attachment for detail regarding Gateway North’s per-unit costs.

The latest version of the CHFA application spreadsheet does not calculate any cost basis for 5-bedroom units. When the 5-bedroom Basis limit is estimated at the same increment as the 4-bedroom limit, the maximum annual credit under the Cost Basis test is approximately $1,346,121. The maximum amount of annual credit under the Qualified Basis and Gap tests is $1,431,220. DHA respectfully requests that CHFA waive any cost basis restrictions on the
Federal LIHTC calculation. DHA is submitting an application assuming this request is approved, which results in a federal credit request of $1,431,220. Additionally, Gateway North is below HUD’s TDC & HCC limits among other Safe Harbor thresholds required for the use of Federal Funds.

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

7. Address any issues raised by the market analyst in the market study submitted with your application:
New development in Sun Valley will create a new neighborhood that serves existing residents as well as drawing new residents from other parts of the Denver metro. Please see the Market Conditions (Section 5.a.) for more information.

8. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:
Phase I Environmental Site Assessments have been conducted by Weston Solutions, Inc. and found no Recognized Environmental Conditions (RECs) on either site. However, the reports did identify additional environmental considerations including the potential for hazardous building materials (asbestos containing material (ACM), lead-based paint (LBP), polychlorinated biphenyl (PCB)-containing equipment, mercury thermostats, and/or mold). The reports recommend ACM and LBP samplings and preparation and use of a Materials Management Plan in case impacts from on-site and/or off-site sources are encountered during redevelopment.

DHA is pursuing this additional sampling and such will be discussed with the selected financing partners during the due diligence and closing process.

9. Identify if there are any unusual features that are driving costs upward as well as if there are any opportunities to realize cost containment:
To create the strongest possible proposal, DHA has completed its investor and lender solicitation (under Federal HUD Procurement guidelines for RFP’s). DHA received 8 investor proposal and 12 lender proposals and is in the process of selecting its financing partners. DHA expects project synergy and cost savings by having the same LIHTC equity partner in both the 4% partnership and 9% partnership.

Per unit costs are higher for Gateway North due to one-third of the property consisting of three-, four-, and five-bedroom units.

10. In your own words describe outreach to the community that you have done and describe local opposition and/ or support for the project (including financial support):
DHA has been working for over ten years to develop the Sun Valley initiative, including hosting over 50 community meetings and having dialogue with all community stakeholders including over 2,500 residents, the school district, businesses, and city officials. The results of this process have directly informed the Sun Valley housing strategy. The Gateway development will be the
first step that furthers the desire of current residents for Sun Valley to become an economically diverse neighborhood.

11. 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).

This is a new construction project.