PROJECT NAME: 11th Avenue Senior Housing

PROJECT ADDRESS: W. 11th Avenue at Yates Street
               Denver, Colorado 80204

PROJECT OVERVIEW
11th Avenue Housing LLC (11AH) seeks an allocation of Low Income Housing Tax Credits to facilitate the development and construction of a 58-unit, affordable, senior project currently named 11th Avenue Senior Housing. When completed, the project will provide seniors with an affordable, high quality housing choice just one block from the Sheridan Station on RTD’s West Rail line, which is scheduled to open in spring 2013. The project is a joint partnership between Rocky Mountain Mutual Housing Association, dba Rocky Mountain Communities (RMC) and Lynn Crist of The Morrison Group (TMG), with each sharing development oversight and ownership. Once constructed and in operation, it will be professionally managed by RMC’s established property management arm.

11th Avenue Senior Housing should be considered a strong candidate for an award of LIHTC credits for four compelling reasons. First, it represents an innovative joint partnership between a non-profit and for-profit developer to take advantage of their respective areas of expertise while giving both access to the limited pool of tax credit resources, thereby expanding the tax credit pie. Second, it provides a significant number of units at a Denver TOD for a relatively low amount of LIHTC credit, thereby giving CHFA more bang for its buck as it tries to make the most of this limited, valuable resource. Third, it meets an identified need for affordable senior
hanging in area ripe for redevelopment and with significant pent-up demand for age-restricted units, ensuring long residing seniors can remain in the neighborhood that will rapidly undergo change as the Light Rail line opens for business. Fourth, the project is in complete alignment with the goals and vision of the Sheridan Station Area Plan and further represents a unique type of TOD in that its zoning does not require ground floor retail. This will allow the design to focus on the surrounding community assets of Dry Gulch Park and an established neighborhood to create a welcoming, transitional space to link residents of the property and of surrounding homes with both old and new amenities, which is exactly what the Sheridan Station Area Plan seeks to achieve.

**PROJECT STRENGTHS**

TOD – The selected project site is located 1 block from the Sheridan Street light rail station and two associated bus lines planned for the station (Routes #9 & #51). The high frequency #9 bus line runs just one block away on 10th Avenue and numerous other bus lines will be accessible just 4 blocks away on Colfax Avenue, thus residents will have access to a full array of transportation options. **A UNIQUE DENVER TOD** – Current CM-X-5 zoning allows this TOD project to have different design when compared to other TOD sites, since there is no requirement for ground level retail. As such, the property has the opportunity to provide a contextually fitting transition from the rest of the residential neighborhood to Dry Gulch Park and to the new light rail Sheridan Station. When completed, the project will be in stark contrast to the current vacant, overgrown lot and will stand as an inviting, transitory development to link a once declining neighborhood with the exciting revitalization expected with the arrival of the West Line.

**JOINT PARTNERSHIP BETWEEN NON-PROFIT AND FOR-PROFIT ENTITIES** – This project benefits from an innovative joint partnership between a non-profit and for-profit developer, both of whom bring their own expertise, perspective and commitment to senior housing to make 11th Avenue Housing a solid investment. This support is further enhanced by the involvement of land experts at Urban Land Conservancy who have lent their expertise and financial support to the land acquisition and corresponding due diligence process.

**SENIOR FOCUS** – The project will serve senior residents and is located in a PMA with a very large number of older, low-income households and strong pent-up demand for age- and income-restricted living quarters. Both development partners have experience with developing and operating senior projects, thus they are familiar with the physical unit needs and the types of resident services that will appeal to our prospective residents.

**PROXIMITY TO AMENITIES FAVORABLE TO SENIORS** – The project site is immediately adjacent to Dry Gulch Park and will host a public access path to the park’s walking and biking trails, thus senior residents will be able to access the park from right outside their front door. The site rates
a walk score of 57, deeming it “Somewhat Walkable” even before the arrival of Light Rail and anticipated commercial redevelopment. There is easy access to retail (Walgreens, Family Dollar and King Soopers are all less than one mile away), services (Westside Family Health Center at 11th & Federal; new Library under construction near Federal & Colfax; Barnum & Rude Recreation Centers are all within 2 miles of the site) and transportation (Sheridan Light Rail Station, multiple RTD bus stops). In addition, a new public community garden has been added ¼ mile northeast of the property at W. Wells Place and Utica Street.

**POTENTIAL PROJECT WEAKNESSES**
The market study noted that vehicular access to the site is slightly limited because West 11th Avenue is not a thru street and tenants will not be able to access the property directly from Sheridan Boulevard. In fact, the site enjoys an extraordinary level of quiet given its proximity to such a major thoroughfare specifically because it is accessed from quieter feeder streets and sits immediately adjacent to a park. We believe this limited access may be seen as an amenity for the senior residents since they will not have to worry about high speeds and volume right outside their door, yet they will still have immediate, easy access to transportation and services. While direct access to Sheridan is limited, it should also be noted that drive-by exposure is still very good because the site remains clearly visible from Sheridan Boulevard.

**PROJECT LOCATION**
The site for the 11th Avenue Senior Housing project contains approximately 36,000 SF and sits in an established area of west Denver, at the end of 11th Avenue just east of Sheridan Boulevard. It is clearly visible from Sheridan Boulevard but is accessed from quieter feeder streets and sits immediately adjacent to Dry Gulch Park. The proposed development site is rectangular and currently sloped with native grasses.

The three adjacent but separate site parcels were purchased on behalf of 11AH by The Urban Land Conservancy on July 5, 2012. The three sites will be combined into one parcel and leased to the partnership on a 99-year land lease, with one 99-year extension. The use of the site for 58 affordable senior residential rentals and their associated indoor and outdoor common space is allowed by right of the existing C-MX-5 zoning.

The site sits within Census Tract 9.04, which is a Qualified Census Tract as it includes a predominantly low- to moderate-income residential community developed primarily during the 1950’s and 1960’s and maintains a poverty rate of 33.1%. The immediate surrounding neighborhood includes single-family and multi-family residential land uses. Within a one-mile radius of the site are numerous retail shopping sites including Family Dollar at 10th & Sheridan, Walgreens at Colfax & Sheridan, King Soopers at 17th & Sheridan and Target at 10th Avenue & Sheridan. Other nearby businesses include a gas station with convenience store at 10th Avenue & Sheridan, two 7-Eleven stores, a Pawn Shop, a liquor store, barber shop and carniceria.
Additional retail and service locations are anticipated with the opening of the Sheridan Station in 2013 or 2014.

The project will share its northern border and nearly 300 feet of frontage with Dry Gulch Park and thus have immediate access to the park’s trails, facilities and open space. After discussions with Parks and Recreation officials from the City and County of Denver, an agreement was reached to provide public access to the park along the northern edge of the project site as part of the site development at the owner’s expense, thus the site will also serve as an inviting, important conduit for residents living south of 11th Avenue to the open space as well as to the Sheridan Light Rail station.

**DESCRIPTION OF PROJECT: BUILDING TYPE, AMENITIES AND SERVICES**

The building as proposed will be 5 stories, consisting of a 1st level concrete podium under 4 levels of wood frame structure above and containing 58 total units. There will be 37 one-bedroom units averaging 628 square feet and 21 two-bedroom units averaging 860 square feet. Also included in the site plan are 54 on-site parking spaces, 10 more than Denver’s 44 required spaces, with additional nearby street parking readily available.

All units will have standard amenities, including full kitchens and bathrooms, walk-in closets, air conditioning, garbage disposals and dishwashers, as well as in-unit washers and dryers. The building will have management/leasing offices, a community room and a fitness room, the latter two of which could be combined for large community meetings. Two of the 58 units will be designed to be “Type A” fully compliant ADA units.

The 11th Avenue Senior Housing project will be constructed to meet or exceed the green development requirements of CHFA, based upon the 2013 Enterprise Green Communities criteria. Green building construction techniques will be followed and green materials will be utilized throughout. Inside the units, all appliances will be ENERGY STAR-labeled and all installed light fixtures will be ENERGY STAR-qualified. Water conserving toilets, showerheads and faucets will be installed and low VOC paints and sealants will be utilized. Outside, we will employ water efficient landscaping and irrigation and energy efficient site lighting to minimize light pollution. All Green Communities efforts will be coordinated through Humphries Poli Architect, who has extensive experience with the green design criteria.

Furthermore, the development team is pursuing opportunities to work with Group 14, a recognized leader in energy tax credit financing and design, in order to identify potential tax credit sources and design elements that will enhance the project’s energy efficient elements above and beyond the Green Communities requirements. It is expected their efforts will allow the project to improve efficiencies without significant budget impact.
Services will be provided on-site by various third-party service providers such as Innovage at no additional cost to residents. These services will include healthcare coordination and transportation. Special efforts will be made to introduce residents to the transportation options available with the arrival of Light Rail by using “Light Rail Coaches” to accompany residents through the process of ridership and ease their comfort levels so they can more fully take advantage of this nearby resource. Likewise, each resident will receive a copy of a specially created Neighborhood Services Handbook to summarize the various types of community services readily available in the near vicinity. A sample copy of the Neighborhood Services Handbook is attached.

**TARGET POPULATION AND RENT LEVELS**
The project is designed to serve Senior Citizens aged 55 and over with a proposed AMI breakdown as follows:

<table>
<thead>
<tr>
<th>Unit Style</th>
<th>30% AMI</th>
<th>40% AMI</th>
<th>50% AMI</th>
<th>60% AMI</th>
<th>TOTALS</th>
<th>% OF UNITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bedroom</td>
<td>6</td>
<td>12</td>
<td>2</td>
<td>9</td>
<td>37</td>
<td>64%</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>4</td>
<td>6</td>
<td>3</td>
<td>16</td>
<td>21</td>
<td>36%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>10</td>
<td>18</td>
<td>5</td>
<td>25</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>% OF UNITS</td>
<td>17%</td>
<td>31%</td>
<td>9%</td>
<td>43%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**DESCRIPTION OF FINANCING**
Financing to cover the $10.9 Million development budget for 11th Avenue Housing will come from a variety of sources to leverage the original capital investment by Urban Land Conservancy to purchase the land. These expected funding sources and their associated timelines are as follows:

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>AMOUNT/TERMS</th>
<th>STATUS/COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban Land Conservancy – Land Contribution</td>
<td>$350,000</td>
<td>Land is owned by ULC and will be leased to the partnership. ULC has also tapped into sources that have funded some due diligence and pre-development costs of the partnership.</td>
</tr>
<tr>
<td>City &amp; County of Denver – HOME Loan</td>
<td>$0</td>
<td>OED is aware of the development plans and finds it to meet their priorities and outcome goals. They anticipate an application and would be amenable to providing “gap” support.</td>
</tr>
<tr>
<td>Colorado Division of Housing – HOME Fund</td>
<td>$0</td>
<td>DOH has indicated they are anticipating an application for loan funds (if needed) upon award of tax credits and is interested in partnering in affordable TOD projects with</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>NeighborWorks</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Permanent Loan</td>
<td>$1,650,000</td>
<td></td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>$244,000</td>
<td></td>
</tr>
<tr>
<td>Construction Loan</td>
<td>$7,000,000</td>
<td></td>
</tr>
</tbody>
</table>

**FINANCING & CONSTRUCTION TIMELINE**

With a LIHTC award in this round, the development team would expect to have a reservation of credits by May 2013. A screening process of potential tax credit syndicators would follow, to conclude with the selection of a partner and closing of the partnership by December 2013. Concurrent with the syndicator selection, we will seek a general contractor to work with through the development of construction drawings and seek to have these approved by the Planning/Building Department by November 2013. Construction would start shortly thereafter in December 2013 with an anticipated 10 month schedule and construction completion/Placed-in-Service date occurring in August of 2014. We will allow for 5-6 months of lease up after construction completion, reaching stabilization in February 2015. Following cost certification, we would submit our Final LIHTC application for 8609s to CHFA in May or June 2015.

**RESPONSE TO NARRATIVE QUESTIONS:**

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

The project should be a strong candidate to receive tax credit award because it meets the following guiding principles:
• **To support rental housing projects serving the lowest income tenants for the longest period of time;**
  The development will provide 58 affordable rental apartments targeted to low-income seniors. Over 15% of the units will be targeted to seniors earning 30% of the Area Median Income, a level which is usually only found in projects with a homeless focus. The project developers will comply with this affordability for 15 years and will commit to extending serving these very low income seniors for an additional 25 years. As a non-profit partner whose mission is to develop, own and manage affordable housing to help individuals succeed in life and build strong communities, Rocky Mountain Communities will ensure that the property continues to serve the needs of the lowest income households well beyond this 40-year period. Additionally, the covenants associated with the Land Lease run for a period of 99 years ensuring that this property will continue to serve the low-income senior population in this area for decades into the future.

• **To support projects in a QCT, the development of which contributes to a concerted community revitalization plan;**
  The project is located in a QCT and within the boundaries of the Sheridan Boulevard Station Area Plan developed in conjunction with RTD’s Light Rail expansion. The Sheridan Station is considered an Urban Neighborhood station type and thus seeks compact mixed-use residential nearby that will “increase the population base and support retail neighborhood uses”. Moreover, the station goals include a desire to seek “opportunities for new development that will increase housing supply and diversity and preserve affordable housing stock in the area”. In addition to the housing goals, the Sheridan Station Area Plan seeks to develop improved access to Dry Gulch Park and to develop north-south intersecting bicycle routes to the Lakewood/Dry Gulch Trail. Given this project’s size, density, income- and age- restrictions, as well as its established plans to provide a public access 10’ wide bike/pedestrian path to Dry Gulch Park, it is in complete alignment with the vision and goals of the Sheridan Station Area Plan and will be a pioneer and catalyst in making the vision a reality.

• **To provide opportunities to a variety of qualified sponsors of affordable housing, both for profit and non-profit;**
  This project represents an innovative collaborative effort between a non-profit entity with a 20-year history in serving lower income families in Colorado and commitment to affordable housing, Rocky Mountain Communities, and The Morrison Group, a for-profit developer with a proven track record in housing, including the highly successful senior project, Apartments at Yale Station, completed in 2011. It has been further supported by Urban Land Conservancy, who has contributed their own extensive experience in land evaluation and acquisition as well as capital commitment to purchase the land on behalf of the joint partnership. It builds upon each partner’s areas of expertise and
commitment to housing, creating a sound partnership to serve seniors and give each access to the limited pool of Low Income Housing Tax Credits, thereby expanding the impact beyond a single, stand-alone developer.

- **To distribute housing credits to assist a diversity of populations in need of affordable housing, in this case, senior citizens;**
  This development will provide 58 units of housing dedicated to senior communities and will be designed to meet their specific needs. Moreover, it is located in a neighborhood with a significant senior population and will provide those who want to remain in the neighborhood with a higher quality option for housing than is currently available. Because the property will have 10 units reserved for seniors earning no more than 30% of the Area Median Income, it will serve the needs of the lowest income seniors as well those with slightly higher incomes, thus it will also house a diversity of income levels.

- **To support the new construction of affordable rental housing projects, as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those at risk of converting to market rate housing;**
  The development as proposed will result in new construction of high quality, low income, affordable rental housing specifically reserved for seniors. Much of the existing stock of lower-end housing in the area has fallen into disrepair and is at risk of gentrification to be purchased and redeveloped to serve middle and upper income families or individuals with market rate housing. This development will help to preserve affordability for seniors in an area where they may have lived the majority of their lives thus far, yet where they might be at risk of being pushed out just as the neighborhood is redeveloped and improved.

- **To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of the project and its viability as a qualified low income housing project throughout the credit period;**
  The 11th Avenue Housing project is seeking approximately $16,500 in credits per unit, which is in line with the average $16,300 and $16,700 in credits per unit awarded to other City of Denver TOD projects in Rounds 1 and 2 of 2012, respectively. This represents a request that is similar to the average cost per unit for both Rounds 1 & 2 for Denver TOD awardees. This allocation of tax credits may be leveraged against a variety of other funding sources and combined with a reasonable budget and developer experience with adhering to a budget, all of which should contribute to ensured success. The result will allow 100% of the units to be restricted for very-low and low income senior residents who are most in need of quality housing options in this area.
2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

Similarly, the project is in sync with the following 2013 QAP priorities:

**Targets Seniors** – From its conception, this project has been envisioned as a project to target individuals and families aged 55 and over, in line with the missions, goals and past experience of both development partners. The senior focus has played into the site selection near a transportation hub and other amenities, with the objective of providing seniors already living in the area with a quality, affordable housing alternative and addressing the significant level of pent-up demand for these types of units.

**Transit Oriented Development (TOD) Site** – The site easily qualifies for the Transit-Oriented Development priority because of its proximity to Mass transit and services. It is located just 1 block from the Sheridan Boulevard Station of the West Line corridor, which is scheduled to open in the spring 2013, and 1 block from the high frequency #9 bus line. The project will also contribute to the level of urban density and mixed residential/commercial developments proposed by the Sheridan Station Area plan and requested by neighborhood residents.

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

a. **MARKET CONDITIONS** – Prior & Associates was commissioned to draft a Housing Market Study according to CHFA requirements, which was completed in June 2012 and updated in February 2013. This study established a PMA from Sheridan Boulevard east to Interstate 25 and from Alameda Avenue north to 29th Avenue. It found an overall vacancy rate of 0.8% in February 2013 for the 8 LIHTC properties, however among surveyed age-restricted LIHTC and subsidized properties the overall vacancy rate was slightly higher at a 1.6% (2 vacant units) and there were waitlists between 6 and 60 applicants, indicating strong pent-up demand for age- and income-restricted units in the PMA. The two senior LIHTC projects in the PMA had the longest wait list and these waits should only get longer with nearly 60 senior renters per year moving into the PMA and no other age-restricted units in the development pipeline. Moreover, it found rents to be stable to increasing, with increases over the last six months according to surveyed property managers.

The market study indicates that this project will need to capture 17.8% of the PMA’s size and income-qualified renter households to maintain full occupancy with existing properties. Such a capture rate should be deemed attainable when considering that many of the existing properties in the PMA are older, lower quality yet maintain low vacancy rates. The unit mix for 11th Avenue Senior Housing is weighted toward 30%,
40% and 60% AMI levels with only 5 units at the 50% AMI level. The existing capture rate of 50% units in the PMA exceeds 30% therefore; we have added a small number of these units in our project. The 60% AMI units in 11th Avenue Senior Housing, however, are not underwritten at maximum rent levels and could be lowered even further if needed to capture tenants in the 50% AMI level. This is because the proposed financing structure does not currently require gap funds. The City of Denver and CO Division of Housing have both indicated that they would support the project if a gap occurred. With these funds we could lower the 60% AMI rents if necessary.

b. **READINESS TO PROCEED** – The proposed project exceeds threshold requirements evaluating readiness-to-proceed in that it is already zoned CM-X-5, which allows our proposed usage for senior housing with associated amenities. All wet and dry utilities are available to the site within 50’. Preliminary approval has been obtained by the City of Denver Planning, Fire, Wastewater, Surveyor, Public Works and Denver Water. Significant progress has been made on a permanent storm water management solution; however it remains the only city approval still outstanding. Denver Parks & Recreation has already approved our request to build and permanently maintain at our cost, a 10’ wide public access sidewalk/bike path running north-south along our east property line then north into Dry Gulch Park to connect the park’s existing paths with the surrounding neighborhood.

The site has already been secured by ULC with an executed Land Lease in place outlining the development and ownership process. We have completed both Phase I and Phase II Environmental studies, both of which show no issues requiring further action. Schematic drawings for architectural design are complete and included with this application, and have provided a basis for a third party Cost Estimate from Palace Construction.

c. **OVERALL FINANCIAL FEASIBILITY AND VIABILITY** – The project is requesting the minimal amount of tax credit necessary for financial feasibility. Tax credit pricing has been estimated at $0.90 for this preliminary application. Should final pricing come in at a higher rate, the gap of funding may be reduced and the level of tax credits required may be reduced even further. In contrast, should the tax credit pricing be lower at closing, CDOH and the City of Denver have committed to support gap financing for this project.

No waivers to any underwriting criteria are being requested, even though proposed rents for the 50% and 60% AMI units are below the maximum allowable rents and thus should support quick lease-up and 100% occupancy. With strong pent-up demand for
age- and income-restricted dwellings in the PMA and no other new projects in the development pipeline, rents are only expected to face upward pressure. Consequently, it is reasonable to anticipate that management could raise rents to maximum allowable levels while maintaining similar occupancy levels, which would further contribute to the project’s overall financial stability.

d. EXPERIENCE AND TRACK RECORD OF THE DEVELOPMENT AND MANAGEMENT TEAM – Rocky Mountain Communities was founded in 1992 and since then has worked to provide attractive and affordable communities and support services for more than 10,000 families in 7 locations throughout Colorado, from the Western Slope to Fort Morgan to central Denver. Today, RMC properties are home to nearly 2,500 individuals including 81 seniors at Meeker Commons in Greeley. The RMC portfolio includes 3 properties financed through tax credits, including the 104-unit Meeker Commons which was a new construction project. All properties in the portfolio are performing well and maintaining strong occupancy levels, in part because of RMC’s established and vibrant resident support programs.

Richard Taft has served as RMC’s President/CEO since January 2012 and was brought on board in part because of his solid background in commercial and residential development projects. This experience includes 10 years as a licensed architect running his own firm and another 10 years running his own and others’ Real Estate Development companies. Mr. Taft’s development company, Peregrine Property Trust, was a pioneer in non-profit/for-profit joint ventures, co-developing the 65-unit Sheridan Ridge Townhomes in Arvada, which was awarded LIHTC credits in 2002.

Lynn Crist founded The Morrison Group in 2003 to build upon her own broad development experience and since then has been extensively involved in a variety of high profile, successful development projects around Denver. Most recently, she worked with Mile High Development on the $12 million, 50-unit senior affordable LIHTC rental project completed in July 2011 at the Yale Light Rail Station.

Rocky Mountain Communities Property Management arm manages 1,036 units in Denver, Grand Junction, Greeley, Westminster, Clifton and Fort Morgan, including 936 units owned by RMC directly. These include 553 tax credit units, thus RMC-PM staff has extensive experience with LIHTC and other affordable housing financing requirements including resident screening and certification, audits, reporting and inspections.
Likewise, Humphries Poli Architects has extensive experience in tax credit residential and multi-use developments and has been deemed a leader in combining architectural design excellence with cost effective tools to help affordable developers meet their tight budgets. Initial cost estimates for the 11th Avenue Senior Housing project have been provided by Palace Construction, who brings notable expertise as a general contractor for tax credit residential developments. Both professional organizations are also well versed with Green Communities design and construction requirements.

**e. PROJECT COST REASONABILITY** – 11th Avenue Senior Housing benefits from the experience of an established non-profit developer, Rocky Mountain Communities, and The Morrison Group, a for-profit developer with recent senior development experience at Yale Station. Combined, these partners have been responsible for constructing 219 affordable units. Their successful projects have a basis in thoughtful design processes to meet user need while controlling costs upfront. Thorough oversight during construction will seek to anticipate issues with potential cost impact and limit the number of change orders by proactively recommending alternative solutions to problems as they arise while ensuring quality is not compromised.

**f. PROXIMITY TO EXISTING TAX CREDITS** – The established PMA includes 8 other Tax Credit developments containing 1,073 income-restricted units. Three of these properties are age-restricted with 190 units and one of those three offer deep subsidies to seniors. The 11th Avenue Senior Housing property would compete most directly with 126 existing, comparable senior LIHTC units at Casa Dorada and Casa de Rosal. Both are within 0.4 miles of site and remain in above average condition since they were built in 2005 and 2009 respectively. Both maintain lengthy waiting lists and have very low vacancy levels indicative of strong pent-up demand for additional age- and income-restricted units.

One additional LIHTC project was recently completed within the PMA. It is 100% occupied and its 101 units are targeted to homeless and families so it will not compete directly with the 11th Avenue Senior Housing. Another planned 80-unit LIHTC development within the PMA received tax credits in the July 2012 allocation round, however since it will also target families it will not provide direct competition.

**g. SITE SUITABILITY** – The proposed site taps into an area ripe for redevelopment and reserves it for low income seniors into the future, while the neighborhood undergoes inevitable changes with the arrival of Light Rail. Upon completion, it could conceivably provide the first new age-restricted development to open near the Sheridan Station and
along the West Line. With the opening of the West Line, this location will be less than 15 minutes away from downtown Denver, the Auraria Campus and St. Anthony’s hospital and will have access to countless locations around Denver via light rail and/or bus service. Furthermore, the site has no environmental issues and has ready access to all wet and dry utilities.

4. JUSTIFICATION FOR WAIVERS
No waivers of any underwriting criteria have been requested.

5. MARKET STUDY ISSUES
The market study prepared by Prior & Associates supports the proposed development of the project as an age- and income-restricted, affordable LIHTC property. Identified project strengths include proximity to the future light rail station, good visibility from Sheridan Boulevard and competitive or superior condition, amenities and unit sizes when compared to existing properties in the area. The report identified only one potential weakness, slightly limited vehicular access; however this may turn out to be strength when considering the senior population may prefer the lower volume and speeds of a residential street to that of a busy thoroughfare like Sheridan Boulevard.

6. ENVIRONMENTAL REPORT ISSUES:
There are no environmental issues associated with the site, as all potential issues identified in the Phase 1 and Phase 2 reports have been addressed.

7. LOCAL SUPPORT FOR THE PROJECT
The project has already received strong support from the Registered Neighborhood Organization, Villa Park, and has the support of Councilman Paul Lopez, who represents the district. Neighborhood representatives have indicated a strong desire for more retail to support more employment opportunities and believe higher density projects such as this one will help to encourage the arrival of such retail. Moreover, there is strong support to turn the long-vacant site into a vibrant, productive, welcoming gateway to the new transportation hub at the Sheridan Station.

8. ACQUISITION/REHAB PROJECTS
Not Applicable.

9. ADDITIONAL DOCUMENTATION:
The following attachments are included as part of our narrative:

- Neighborhood Services Handbook
Project Name: 40 West Residences

Project Address: 5830 West Colfax, Lakewood CO

The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project’s strengths and address its weaknesses. It must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc.

Strengths

- **The location, which is on the largest major transportation corridor in the city, Colfax Avenue, and less than one half mile away from the new West RTD Line.**
- **The confirmed need for housing for singles and seniors housing in Lakewood, as identified by both the City of Lakewood HOME/CDBG plan and the market study.**
- **The design and housing use is in sync with the City of Lakewood area plans including: West Colfax Action Plan, West Colfax Avenue Corridor Reinvestment Plan, Lamar Street Station Area Plan and the 40West Arts District Design & Mobility Concepts.**
- **Additionally, the change in the city-wide zoning to allow this project without additional required public hearings is in place for this site as of April 1st, 2013, as confirmed by the zoning letter from the City of Lakewood signed by the mayor.**
- **Architectural plans are at the critical "design development" stage, which has allowed the project to get "hard bid" numbers.**
- **The site plan has moved through the city of Lakewood Community Development and is in compliance with the new zoning and design requirements, as also identified in the city of Lakewood letter.**
- **The General Contractor who was selected by competitive bid during February, is an award winning company, that has received Five ACE Association of General Contractors Awards for projects in the state of Colorado. The Cornerstone Residences at St. Francis Center development completed by Archway Housing received an ACE award for "social purpose" housing in 2010.**
- **Neighbors are open to this housing as witnessed by a series of presentations and meetings with the two registered neighborhood groups: Two Creek Neighborhood Association and the**
West Colfax Community Association, of which Archway Housing is a member. They are particularly anxious to see the current "blighted" and abandoned, boarded up structure from this formerly foreclosed motel office removed and they are pleased about the population we intend to serve.

- A weakness may be only that of availability of tax credits and timing of development, with completion of the Lamar St Station development still in progress, however, the market study shows pent up demand even with the inclusion of Lamar Station.

Project Description

Archway Housing & Services, formerly Rocky Mountain HDC, Inc, is a faith based non-profit housing developer with an extensive history of serving homeless and low income individuals who reside at its housing developments. Archway Housing is requesting an allocation of 9% LIHTCs for a new construction of a 60 unit multifamily project, to be known as 40 West Residences. 40 West Residences will be located at 5830 West Colfax in Lakewood, Colorado, less than a ½ mile to the new Lamar Station on the RTD West line.

This innovative project will serve a range of populations including low and very low-income veterans, a critically underserved population in the Denver Metropolitan area. Archway Housing will target 25% or fifteen (15) units for veterans. The property will focus on mainstreaming the veteran population with households from a wide variety incomes and populations. 40 West Residences will have units affordable to households with income from 30% to 60% AMI. The transit oriented nature of the development will make it very desirable to a range of households.

40 West Residences will have 54 one bedroom units and 6 two-bedroom units, with one two-bedroom unit set aside for the property manager. The ground floor will have a common space with a community kitchen for resident meetings, financial literacy, and life skills training. There will also be a property manager's office, two conference rooms, a computer room, a TV room and an exercise room, in addition to a separate office for outside service agencies to provide case management and counseling.

Location

40 West Residences is located at 5830 West Colfax Avenue in Lakewood, near Sheridan Blvd. It is in close proximity to services including community, retail facilities, health and veteran services. There is a grocery store and retail services at 19th and Sheridan, a new public library planned near West Colfax and Irving, a urgent care center and health care services at Perry and 17th, a senior center at 1580 Yarrow, and several large parks all in close proximity.
New sidewalks will be installed along the Colfax frontage and along Gray St to the south, connecting the property to the pedestrian grid and linking public spaces, open spaces and adjacent development. The property is well situated on the West Colfax corridor connecting downtown and west Denver and is within ½ mile to Interstate 25 and less than a ½ mile from the Lamar Light Rail Station. It is also served by high frequency bus service along Colfax and bus service along 14th Avenue, Sheridan Blvd, and Federal Boulevard.

- The project location has excellent visibility, and is located .47 miles from the Lamar Station, served by the West Line of RTDs light rail system, as well as by high frequency buses at stops within a block of the site. The site is within a 15 minute public transportation commute to downtown Denver or the Federal Center. The site could serve over 70,000 college students at the Auraria Campus and other local colleges.
- The West line light rail and subsequent/concurrent redevelopment of the Lamar Station area, the development of the 40 West Arts District, and a focus on rezoning and redevelopment by the City of Lakewood along West Colfax Avenue are all marvelous opportunities to locate a property in an area of transition. As redevelopment occurs along West Colfax Avenue, West 14th Avenue, West 13th Avenue and surrounding streets, the project site will have better transit access, walkability, bicycle access, and upgraded neighborhood appeal. Development of income restricted housing in transitional areas of change within a TOD district is an opportunity to increase marketability and occupancy at the property and assure that affordable housing is represented in TOD districts as the system is built out.

**Type of Construction and Project Amenities**

The building will be constructed on a concrete podium, with a three storied wood structure above. The building façade will be constructed using ground faced masonry veneer and a glass storefront on the first floor, and cementitious panels with aluminum on the upper floors. The roof will be flat. The building will have interior corridors and two elevators, secure exterior doors, and tuck under parking for tenants. 40 West Residences will be a compact development, with 60 units on less than one acre. Additionally, 40 West Residences will have an outdoor patio, roof deck patio and community garden and an exercise room to encourage healthy habits.

40 West Residences will incorporate features of universal design and visitability. Visitability is a design approach that integrates some basic accessibility features into all newly-built housing. It is important for those who may from time to time need to use wheelchairs or other adaptive equipment. Visitability will make dwelling units relatively easy to adapt in the future, allowing current residents to remain in their homes as they age, or experience decreased mobility, rather than being forced to move as more
features become necessary to maintain independence. Since they are included during design and planning, these features are cost-efficient and provide advantages to non-disabled consumers as well.

Security will be provided by electronic proximity access cards and there will be closed circuit cameras recording tenant and visitor conduct on the property, as well as a part time "front desk" staff, to make sure the building is secure.

There will be adjacent parking and covered bike racks available. The property manager will be onsite throughout the week and there will be a live-in maintenance person who addresses repairs as they occur 24/7. Each residential floor will have a laundry room with 3 washers and dryers, a trash chute, a small community or game room. The building will have a community room, library, computer lab and kitchen. There will be two central elevators. Outdoor spaces will include a rooftop garden and a community patio and garden.

**Unit Amenities**

All units will have the following amenities:

- Mini-Blinds
- Self-Cleaning Stove/Oven
- Carpet
- Dishwasher
- Refrigerator
- Disposal
- Microwave
- Central Air Conditioning
- Cable TV Hook-Up
- High Speed Internet Hook-Up
- Units will have a coat closet

**Proposed Tenant Population**

There will be 54 one bedroom units and six two bedroom one bath units at the property. Three units will target households at 30% AMI, nine units at 40% AMI, 42 at 50% AMI and five at 60% AMI. One two bedroom unit will be reserved for a resident manager. Rental rates include all utilities.

The 15 units targeted to formerly homeless veterans are primarily one bedroom units, targeting 30% (3 units), 40% (8 units) and 50% AMI(4 units), and one two bedroom unit. Archway Housing and Services plans to provide service referrals to tenants at the property through their Archway Family Services
program. Archway Housing’s services staff work with tenants to create self-sufficiency plans, and coordinate access to other community resources. Archway has collaborative partnerships with Rocky Mountain Human Services, Jefferson Center for Mental Health, the US Veterans Affairs office, InnovAge, and other supportive service organizations. Tenants will be able to access services offered by these agencies through these collaborative agreements. Because the number of veteran units is limited the building will operate more like family affordable housing and will offer veterans a normalized living environment.

The new units at 40 West will be available to the over 7,000 income qualified households in the Primary Market Area (PMA) including small families, single people and seniors. The market study has documented that the market area has significant pent up demand and the new units will be very competitive with the amenity package and all utilities included.

**Unit Mix and Income Set Aside**

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Gross Area</th>
<th>Unit Count</th>
<th>Total Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>1BR-A</td>
<td>620</td>
<td>48</td>
<td>29,760</td>
</tr>
<tr>
<td>1BR-B</td>
<td>564</td>
<td>6</td>
<td>3,384</td>
</tr>
<tr>
<td>2BR-D</td>
<td>903</td>
<td>3</td>
<td>2,709</td>
</tr>
<tr>
<td>2BR-E</td>
<td>813</td>
<td>3</td>
<td>2,439</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>60</td>
<td>38,292 (12,764 per floor)</td>
</tr>
</tbody>
</table>

**Set Asides and Residents Served**

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>30% AMI</th>
<th>40% AMI</th>
<th>50% AMI</th>
<th>60% AMI</th>
<th>Sub total</th>
<th>% of TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1BR</td>
<td>2</td>
<td>8</td>
<td>40</td>
<td>4</td>
<td>54</td>
<td>90 %</td>
</tr>
<tr>
<td>2BR</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>10 %</td>
</tr>
<tr>
<td>sub total</td>
<td>3</td>
<td>9</td>
<td>42</td>
<td>5</td>
<td>59*</td>
<td></td>
</tr>
<tr>
<td>% of TOTAL</td>
<td>5%</td>
<td>15%</td>
<td>71%</td>
<td>8%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*One additional two-bedroom unit will be unrestricted for resident manager

**Green Perspective:**
40 West Residences will include the following green measures:

- Incorporate universal design in 15% of the dwelling units
- Will be designed and engineered to accommodate a possible future photovoltaic system.
• Advanced water-conserving appliances and fixtures will be installed,
• Appliances will be ENERGY STAR.
• The site will achieve an additional 15% reduction in energy use in its whole building energy performance above baseline building performance.
• 40 West will use energy star-compliant roofing and is anticipated to be R-48.
• The walls are scheduled to be R-21, and
• The foundation is anticipated as 2 inch thick EPS at R-6.
• The project will use wood products of at least 25% by costs that are engineered framing materials that do not include urea formaldehyde-based binders.
• All interior paints, primers, adhesive and sealants will have no or low VOC.
• Construction will follow a waste management plan that reduces waste by at least 25% by weight through recycling, salvaging or diversion strategies.

40 West Residences will comply with the mandatory technical requirements of the Green Communities Criteria, with the exception of individual metering of the units. Individual Monitoring system will be installed instead to monitor energy consumption. Individual metering is not feasible due to the extra construction costs ($100,000). In addition, Archway wishes to ensure residents do not risk having their utilities shut off due to lack of payment. Archway will develop a resident manual and conduct tenant orientation to the green building features and will participate in a project data collection and monitoring system for energy usage.

The project, an adaptive Reuse Site, will exceed the density of 15 units per acre and is located within .5 miles walk distance of combined transit services.
Archway has reached out to all possible sources and has found great support for this new project. Archway has been in contact with the Division of Housing and has been encouraged to apply for grant funds for this project. Archway will apply for these funds as soon as we have an award of LIHTCs. DOH will not accept applications without an award of credits.

Additionally, Archway has met with Jefferson County staff who presented our request for funding for a HOME grant to the Jefferson Community Development Advisory Board (CDAB). The Jefferson CDAB recommended to the Jefferson County Board of Commissioners on February 26th, 2013 approval of the request of $274,850.00 for construction costs. The Jefferson County Board of Commissioners approved the request that day and has sent it on to HUD for final approval, which is anticipated to occur in April 2013. This is a significant show of support for the project as Jefferson County does not receive a large amount of HOME funds annually.

We are very pleased to be working with First Bank on the debt for the project. They are extremely easy to work with and can also sponsor our AHP application to the Topeka Federal Home Loan Bank. The AHP application to Topeka is due in mid-April and awards are typically made in the fall. Archway has a strong record with FHLB Topeka and this project should compete well.
The Richman Group has offered a very competitive equity letter after reviewing preliminary numbers and Archway is enthusiastic about this new partner.

**Timeline**

- **Application to CHFA for LIHTC**: March 1st, 2013
- **Application to FHLB for AHP**: April 15, 2013
- **Award of Credits**: May 15th, 2013
- **Jefferson County Award**: April 2013
- **Planning approvals**: Summer 2013
- **Application to DOH**: June 1st, 2013
- **DOH award**: July 9th, 2013
- **Closing**: September 2013
- **Construction start**: Oct 2013
- **Construction completion**: Oct 2014
- **Placed in Service**: November 2014
- **Lease up /Conversion**: April 2015

**Service Provision**

Archway Housing will manage the housing development. A part time dedicated service coordinator will be allocated to the project, and will coordinate with Rocky Mountain Human Services, Jefferson County Mental Health, Veterans Affairs and other supportive services organizations in the metropolitan area, ensuring the residents will receive a full continuum of service supports, based on an individualized evaluation of their needs. The support staff and resident will jointly create a plan to realize goals for self-sufficiency or support a plan already in place with an "outside" service provider, and develop strategies for overcoming personal barriers.

Archway Housing & Services, will work closely with:

- Rocky Mountain Human Services (Homes for All Veterans Program),
the Department of Veteran Affairs,
the Community Resource & Referral Center,
the Homeless Veterans Reintegration Program
the local Public Housing Authorities
Emergency overnight shelters for women, including the Delores Project and the Gathering Place
Homeless Outreach Team

Rocky Mountain Human Services and Jefferson Center for Mental Health, with whom Archway is collaborating, has each received a Veterans Affairs grant to provide outreach, case management, and access to community resources, including employment services to veterans. Participants, either prior to obtaining housing, or once they are housed, will work with Archway’s service coordinator to develop a plan to ensure that they will maintain housing stability and retain their housing. It is Archway Housing & Services’ goal that the residents will have an independent living environment with service enriched housing. Additionally, by offering a more normalized setting, veterans will have role models for housing stability within the development.

Veterans will be assisted in accessing the Homeless Veterans Reintegration Program, the Department of Labor program for veteran job training and the placement of veterans in appropriate employment opportunities. Archway will also work with its collaborative partner, Rocky Mountain Human Services in providing veterans with vocational services.

To serve the unique needs of the veterans residing at 40 West Residences, Archway Housing will work closely with veterans, assisting them with accessing services specific to their needs. The Veterans Administration Regional Office is located at 155 Van Gordon St in Lakewood. There is both a VA Outpatient Clinic and numerous service organizations located at the VA Regional Office, including American Legion, Blinded Veterans of America, Colorado Veterans Affairs, Disabled American Veterans, Paralyzed Veterans of America, Veterans of Foreign Wars. The VFW Service Office assists veterans with housing needs, helping them maintain their housing. And as stated earlier, Archway will connect veterans with the Peer Support Specialists at the Veteran Affairs Community Resource and Referral Center.

Because the proposed 40 West Residences is on the bus line and the light rail West Line is within 1/2 mile of the development, residents will be able to secure transportation to their place of employment.

In addition, the narrative should address the following:
1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:
   - 40 W will serve the lowest income tenants for the longest period possible.
   - Archway Housing and Services is a qualified non-profit sponsor of new construction housing.
   - Veterans have been identified as a population greatly in need of housing and currently underserved by the housing options in Metro Denver. 40 W Residences aims to house Veterans in a mainstream setting. The property will also serve low income seniors a population in need.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:
   - 40 W Residences is a TOD development.
   - The project will be located in a PMA meets the criteria for pent up demand.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:
   a. Market conditions:
      - As noted the market conditions are very strong. The property will meet demand in the PMA for new affordable rental housing. Vacancies at comparable properties are 2.0%, and the market rate vacancy rate is 2.3%. Vacancy rates have stayed low in the area for the past two years. Jefferson County rents increased 12% between the 4th Quarter of 2010 and 3rd Quarter of 2012, and one bedroom rents increased 14% during the same time period.
      - A mix of one and two-bedroom units targeting households from 30 – 60% AMI will meet the needs of one to three person households in the area, which make up over 90% of all renters in the PMA.
      - The capture rate of 8% for the property indicates strong demand for both the proposed property and the Lamar Station property currently under development within the PMA.

   b. Readiness-to-proceed: Where are you in the process with plan approval etc –
      The planning process is moving along well and as designated in the letter received from the City of Lakewood on February 20, 2013, the site "will have a zoning designation of Mixed-Use General Urban as of April 1st, 2013. The 40 West Residences has recently completed the Preplanning Stage of the City's Development Review Process. Staff's initial review indicated support of the preliminary site plan and proposed use of a four-story residential building at 5830 W. Colfax Ave."

   c. Overall financial feasibility and viability:
      The project is very strong financially. We already have a commitment from Jefferson County for almost $275,000. Additionally the State Division of Housing supports the project and will welcome an application once we have an award of credits. First Bank
has provided a very competitive offer for the debt on the project as well as offering to sponsor an AHP application. This project should score well with AHP as it serves very low income households and has a special needs component that is backed up by service MOUs. Additionally, Archway has a long funding relationship with AHP and has won frequent awards. Our equity letter is very competitive. The rents are supported by the market study and the operating expenses have been underwritten conservatively.

d. Experience and track record of the development and management team: Archway Housing has successfully developed five new construction multifamily housing and recently purchased a sixth site, a foreclosed multifamily complex with use of NSP funding. All sites serve families earning 30 to 60% AMI. Archway Housing’s Executive Director has been involved in affordable housing for over 25 years and has a assembled an in-house staff with both knowledge and skills in the development and operations of affordable housing. In addition, Archway has formed an outside development team with demonstrated experience in funding and design of quality affordable housing.

Joyce Alms-Ransford, Executive Director has worked in affordable housing for over 32 years with expertise in administration, management, resident/community relations as well as affordable housing development. Ms. Alms-Ransford joined Archway Housing & Services in March 2000 as a consultant and permanently in September 2000. She is responsible for the management and oversight of Archway Housing and Services and its housing development and family services activities. Prior to joining AHS, Ms. Alms-Ransford served as the Director of Housing for the Colorado Coalition for the Homeless (CCH). Ms. Alms-Ransford was responsible for managing the housing development activities of CCH, including activities related to SRO, Section 8, rental assistance programs, affordable housing developments, Lowry Transitional Housing and other related projects. Ms. Alms-Ransford is responsible for project financing and funding to include grant writing and evaluation processes for selecting a development team and for financial pro-forma and analysis. Ms. Alms-Ransford provides expert supervision for property management to include all lease-up activities. Prior to joining CCH in 1993, Ms. Alms-Ransford served as the Development Coordinator for the Neighborhood Reinvestment Corporation. In this capacity, Ms. Alms-Ransford was responsible for the organization and community development of The Greater Denver Mutual Housing Association (now known as Rocky Mountain Communities). Ms. Alms-Ransford previously worked for the Denver Housing Authority where she managed and coordinated the Section 8 program as well as housing planning activities. Ms. Alms-Ransford has demonstrated a high level of success with Section 8 and other related rental assistance programs. To date, Ms Alms-Ransford has been responsible for an
addition of 363 units of affordable mixed-income housing to the Archway portfolio with an additional 50 units in the planning process.

In sum, Joyce Alms-Ransford has created, including the AHS properties, over 600 new units of affordable new construction or rehabilitated housing (Forum Apts, Denver, CO; Loretto Heights, Arapahoe County, CO; Concord Plaza, Lakewood, CO; Xenia Manor, Denver, CO).

**Teresa Vaughn, Housing Development Manager** is an attorney with extensive experience in affordable housing developments. She has worked for Archway Housing and Services for seven years, assisting in housing development and asset management. She was the former Director of Public Housing for Bellingham Whatcom County Housing Authority, Bellingham Washington. Her past experience includes employment as a CHFA staff person with experience in asset and contract management and employment with Supportive Housing and Homeless Programs, State of Colorado, Department of Human Services, as a Resource Developer and Section 8 Auditor. She has also worked with the Colorado Coalition for the Homeless in the Education and Advocacy Department, focusing on fair housing issues. She will be assisting in the housing development process, in addition to assisting in securing funding for current and future affordable housing developments. Ms. Vaughn is also responsible for any compliance and contractual issues arising from the developments.

**Susan Vaho, Housing Services Manager.** Susan Vaho has been an active volunteer working with marginalized populations for over 30 years beginning with her Peace Corps service in 1981. She has held positions where she has been responsible for the oversight of affordable housing programs at both CHFA and the Denver Housing Authority. In addition, she has worked as a case manager for homeless women at The Gathering Place and The Delores Project. Ms. Vaho received her teaching license in 2007 and taught for 5 years at a charter high school that served special populations. She recently returned to Archway Housing and Services where she serves in a multitude of capacities. She oversees the management of Archway’s real estate portfolio and assists with Volunteer Coordination and Family Service Resources. Her duties include auditing program compliance with federal and state housing programs, creating systems to manage data, and training on-site staff. Her continued work with The Delores Project provides Archway with a unique perspective on the needs in the community related to housing and individuals experiencing homelessness.

Accounting for the financial transactions of Archway Housing & Services is done by Archway’s in-house accountant **Joyce Modrak**. Ms. Modrak not only handles the financial transactions for Archway Housing, she also handles the financial transactions of
the five LIHTC developments where Archway serves as the managing general partner. She has been an accountant for 30 years and with Archway for two years.

Development Team

Sarah Batt has been active in the affordable housing arena for almost 20 years. She has worked as a developer for non-profits and housing authorities as well as holding positions as affordable housing lender and syndicator of LIHTCs. She has been consulting to a variety of non-profit and housing authority clients for the past 7 years putting together funding applications of all kinds as well as acting a project manager for affordable housing transactions.

William Callison, an attorney with Faegre, Baker, and Daniels will serve as our attorney in tax credit matters. He has over twenty five years experience in affordable housing, low income housing tax credit, and limited partnerships and limited liability companies. He was the tax credit attorney for Archway's LIHTC properties, Arapahoe Green, Willow Green, Cornerstone Residences, and Sheridan Ridge.

VTBS Architects, with offices in Denver and San Diego, California, will be Archway Housing's architect. Gary Praeger, lead architect of VTBS, was the architect on the Archway's Willow Green and Cornerstone Developments. VTBS also worked with Alms-Ransford on the design and project management of the CCH SRO, The Forum Building, as well as both the Renaissance at Loretto Heights and the Renaissance at Concord Plaza. VTBS will serve as overall design consultant and architectural services as well. Mr. Praeger is the architect for 40 West Residences, Willow Green 2, and Greenleaf Apts.

Steve Plutt, CPA been the Accountant for Archway Housing & Services for two years. He is the current owner of Dazio & Plutt, LLC and has significant experience in LIHTC financial matters and has been the lead account for Archway's LIHTC financial compliance. His past experience includes being the Chief Financial Officer at EAGLE-Net Alliance and Manager of Budgetary Services at Denver Public Schools.

Board Experience Relevant to Development and Construction

Archway Housing's Board President, Robinson Lapp was a developer in the 1970s for Mountain United Church Housing, a sister organization to Archway Housing & Services. Paul Herskowitz is also a board member with experience in LIHTC development, as an employee with Simpson Housing. Clark Smyth, Second Vice President of Archway was a commercial real estate developer prior to his retirement. Board Treasurer Jeff Jones is familiar with the development process in his employment as an oil and gas company official. David Nestor was instrumental in the development of the first Archway LIHTC
property, Foothills Green. The newest AHS Board Member with development experience is Mary Anderies, who is a private development consultant, working with many small non-profit organizations throughout HUD Region 8, primarily on development of HUD 202 and 811 housing projects.

e. Cost reasonableness:
The costs for this project are very reasonable. Our TDC per unit is less than $193,000 while our per unit hard costs are $139,000. The intent of the design is to create the most energy efficient site as possible. With input from the design consultants under the architectural firm, greater efficiencies in systems operations have been already been identified. With the General Contractor in place, there is already a "pre-construction review" phase planned to allow for closer review of the design and potential value-engineering savings.

f. Proximity to existing tax credit developments:

- The inventory of existing LIHTC units in the PMA are predominately in older buildings that were purchased and rehabilitated using tax credits, and which are not comparable to the subject property. Belmar Groves and the Timberleaf Apartments have both been updated in the past 10 years, and are included in the comparables analysis, thought their design, location, and construction make them less comparable to the property than others outside the PMA.
- There has been little new development in the PMA, either of income restricted rental developments or market rate housing. The proposed property will help fill a need for newer units with more amenities than other existing properties offer.
- LIHTC properties in the PMA are charging the maximum tax credit rents, indicating a strong market in the area.
- MetroWest’s Lamar Station project is proposed to come on line this December. It does have better access to the light rail station and slightly better amenities. However, the market study does note that even with the addition of these 100 units, the market area can still easily absorb the additional units proposed by 40 West Residences, especially since the 40 West units will not come on line at earliest late 2014.

g. Site suitability:
- Archway Housing selected this location for this project due to its reasonable land costs enabling Archway the opportunity to build affordable housing on this site. Its location on Colfax and proximity to public transportation, services, and commercial development offers the residents of 40 West Residences to connect to community services and employment opportunities. The property was foreclosed over a year ago when the property was unable to sell in the open market. Archway saw the potential that the site
could offer both as a TOD site and to meet an unmet need for singles or seniors housing, which is why they moved forward quickly to gain site control using a Mile High Community Loan Fund bridge loan.

- Merely upgrading the neighborhood, by removing the blighted and abandoned structure and building a new modern structures that covers nearly an acre of land will spark the continuation of economic development from other land owners along the Colfax corridor.
- The project location has excellent visibility, and is located .47 miles from the Lamar Station, served by the West Line of RTDs light rail system, as well as by high frequency buses at stops within a block of the site. The site is within a 15 minute public transportation commute to downtown Denver or the Federal Center. The site could serve over 70,000 college students at the Auraria Campus and other local colleges.
- Abundant shopping, recreation, and educations opportunities are within .5 miles – 1.0 mile of the site.

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:

      40 West Residences is asking for a small DDA credit boost of just over 7%. This request is largely to do with the applicable percentage being so low (7.43%) . This project has great community support, and is bringing over $1.2 million in soft sources to the project. Additionally, Archway has done an excellent job containing costs on the project. The project has relatively high operating expenses to do with the level of service they want to provide and the tenancy. This makes it challenging to take on high levels of debt. They are underwriting the project conservatively to create a strong project that will be sustainable for the next 40 years.

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

   The market study was extremely positive. The one weakness mentioned is that the area is in transition. This is true and 40 West Residences hopes to be a part of that positive transition. If the area was already stable the land price would have likely been outside of Archway’s reach.
We feel like getting into this area now was a great opportunity for Archway and 40 West. The other weakness is that access to the site by car from the west is limited. With all the transportation options available at this site this does not seem like a huge concern but Archway will monitor the issue to see if it negatively impacts residents. Finally the market study references the Lamar Station Housing development. As discussed above, Archway is well aware of the Lamar Station project and thinks it will be a great project for the neighborhood. However, the market study shows that there is significant pent up demand for both projects and we feel 40 West is serving a slightly different population.

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 only major environmental issue is the "blighted structure" on the site, which has asbestos containing materials. As the removal and remediation of that structure is fairly minimal cost, this seems like a reasonable activity to undertake in order to create this newly constructed housing community.

7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):
   Staff has undertaken outreach over the last six months to the West Colfax Business Improvement District in Denver, the two neighborhood organizations: Two Creek Neighborhood Association, the oldest registered neighborhood organization in Lakewood; and with the West Colfax Community Association, which encompasses a much broader area focused "business district" down Colfax into Lakewood, as well as the 40West Arts District.

   The financial support that is part of this effort includes the recommendation from the new "funding collaborative" known as the Jeffco-Lakewood HOME Consortium, which has resulted in a recommendation for funding of HOME dollars. AHS staff also contacted the Metro West Housing Solutions (MWHS) about the availability of both Property Tax Exemption through a "special limited partner" designation and the potential for housing vouchers from this entity. Property Tax Exemption is supported by the MWHS staff and will be determined in the next Board Meeting of the MWHS in late March. Housing Vouchers are not available at this time from MWHS.

You may also provide additional documentation that supports your narrative by attaching it to the narrative or submitting it on a CD. Each supporting document should briefly describe what is contained in the attachment.
Example 1: Additional documentation to support the Market Conditions Criteria could be labeled to as follows: *Attachment Market Conditions* or *Market Conditions.pdf*, etc.

Example 2: Soft funds documentation to support that amount of soft funds listed in the Application can be secured could be labeled as follows: *Attachment Overall Financial Feasibility and Viability* or *Overall Financial Feasibility and Viability.pdf*, etc.
Project Name: East Animas Village Apartments

Project Address: 3190 E. Animas Village Drive, Durango, CO

1. Request Statement

East Animas Village Apartments LLC (EAVA) as Applicant and Solvera Advisors LLC (Solvera), as Sponsor/Managing Member, request a reservation of $843,736 in 9% Low Income Housing Tax Credits (LIHTC) which will be exchanged for cash equity in the 50-unit, new construction family affordable rental housing property known as East Animas Village Apartments (AVA). The property is located within the city limits of Durango, La Plata County, CO.

2. Project Summary

a. Ownership Structure: EAVA is a Colorado chartered Limited Liability Company and the ownership entity of AVA. Solvera will be the Managing Member. No Investor has been chosen at this time.

Solvera is a for-profit affordable housing developer who is committed to assisting, supporting and building the capacity of non-profit affordable housing organizations and housing authorities in under-served areas of the State of Colorado. Pursuant to this mission, Solvera has entered into a Development Agreement with La Plata Homes Fund (LPHF), a non-profit, Community Housing Development Organization (CHDO) located in Durango. This Agreement stipulates that LPHF will be admitted to the AVA ownership entity as a Special Limited Partner/Member. LPHF will assist in certain planning, development, fund raising and operating functions, will receive cash compensation totaling $50,000 and a Right of First Refusal to acquire AVA, pending typical approvals associated with this type of change in control. AVA will neither seek nor be provided real estate tax exemption from this arrangement.

b. Location: AVA is located at 3190 East Animas Village Road (32nd Street and East Animas Village Road), Durango, La Plata County, CO.

c. Land: The land is controlled through a Purchase and Sale Contract dated January 28, 2013 between Solvera and the Seller, Seven Ventures, LLC (see attached copy of the contract).
The following is a list of nearby services, stores, etc.:

<table>
<thead>
<tr>
<th>Facility</th>
<th>Mileage</th>
<th>Facility</th>
<th>Mileage</th>
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</thead>
<tbody>
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<td>Child care</td>
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<tr>
<td>Elementary School</td>
<td>0.9</td>
<td>Albertson’s Grocery</td>
<td>1.0</td>
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<td>Urgent Care Center</td>
<td>1.4</td>
<td>Rec Center</td>
<td>1.5</td>
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<tr>
<td>Boys and Girls Club</td>
<td>1.6</td>
<td>Middle School</td>
<td>1.6</td>
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<tr>
<td>Senior Center</td>
<td>1.7</td>
<td>Library</td>
<td>2.5</td>
</tr>
</tbody>
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d. **Site Plan:** See attached exhibits. The site, also known as Phase 7 of the East Animas Village Planned Development (EAV PD), is the last phase to be completed of the eight phase planned development. EAV PD was approved by the City of Durango on April 30, 2003. All other phases are completely built out and operational. All infrastructure assets are currently available to Phase 7, including City of Durango water and sewer, public electric and natural gas utilities, and are subject only to usual tap fees and permits. The site is zoned for as many as 90 multifamily units and as much as 2,500 sq. ft. of commercial space. Solvera anticipates a two-phase build out of EAV PD Phase 7 with an initial 50 unit affordable multifamily building, designed for attachment by a second phase building of as many as 40 units. There is no commercial space planned within this LIHTC application, nor does EAV PD require any commercial space to be developed at this time. As planned, current City parking requirements will be met. Phase 7 is bounded by 32nd Street on the north (including fire department station and to be built bus stop), by commercial businesses on the east, by two Volunteers of America (VOA) owned and operated Section 202 multifamily senior rental buildings on the south, and by East Animas Village Drive on the west. EAV PD is subject to an HOA agreement calling for maintenance of certain common areas, etc. AVA will be a participant in the HOA, and the annual cost has been included in the Operating Expense budget.

e. **Construction type:** AVA will consist of a single, three story wood frame dual elevator building, with a double loaded corridor and ‘fob’ controlled entry/access. Construction will be wood frame over a post tension slab on grade with a skin comprised of an aesthetic mix of brick, stucco and HardieBoard siding. The roof will be flat with a rubber membrane surface over wood sheeting supported by pre-engineered, high snow load area, wood trusses. Windows will be vinyl, dual pane, Low-E, energy efficient and include vertical window blinds. Floor coverings will include laminate flooring in the living areas and bathrooms, and carpet in bedrooms. All units will feature wood cabinets, laminate countertops, low flow plumbing fixtures and Energy-Star rated
appliances including a frost free refrigerator, electric range with self-cleaning oven, dishwasher, disposal, microwave oven, and in-unit, full size washers and dryers. The HVAC system will be an individual Aqua-therm gas forced air heating system with central air conditioning. Construction will include completion of all interior roads and water detention requirements, certain exterior common area amenities and the parking related to the Phase I.

f. **Environmental Efficiencies:** The building will be designed to be energy efficient and comply with the Green Communities program. The building will be physically situated and architecturally detailed to take advantage of passive heating and cooling opportunities. The building enclosure will be energy efficient with Energy Star windows and doors, a heat reflective roof coating, R-30 insulation in the attic, R-20 will insulation in the walls, and R-14 insulation at the foundation. Energy Star appliances will include in unit clothes washers, dishwashers, refrigerators, bath fans and air conditioning. Heating and cooling equipment will all be sized according to best practices and balanced for the most efficient operation. All lighting and light fixtures will be Energy Star. To encourage residents to conserve energy all utilities will be individually metered for each unit. Further, AVA will go through a planning/GREEN charrette sponsored by LPHF.

g. **Building(s):**

(1) **Number:** One building will be constructed containing 50 one and two bedroom units, two elevators, common area, ‘fob’ controlled access and ample storage.

(2) **Parking:** A total of 108 parking spaces including 8 handicap parking spaces will be provided at AVA Phase I. These figures meet local requirements. Further, on the north side of the building, carports will be constructed to help alleviate the potential effects of ice.

(3) **Unit Type and Mix:** AVA will contain 25 one-bedroom/one bath units and 25 two-bedroom/one bath units. AVA will include a minimum of one fully accessible ADA unit.

(4) **AMI Mix:** AVA will serve individuals and families with 5 units at 30% Area Median Income (AMI); 15 units at 50% AMI; 30 units at 60% AMI.

(5) **Amenities:** AVA will provide a very competitive amenities package:
Unit Amenities include central air conditioning, porch or balcony, walk in closets, ample closet space and additional storage, window coverings/blinds, E-Star refrigerator and dishwasher, stove/oven, garbage disposal, microwave ovens and in-unit E-Star clothes washer and dryer.

Project Amenities include ‘fob’ controlled access entry, clubhouse/community room, business center with wi-fi and computer availability, two elevators, picnic/BBQ areas, community garden, and the property will be served by an on-site manager and maintenance staff.

(6) Services, if applicable: LPHF works in concert with and coordinates with other City and County agencies and non-profit organizations that provide resident services including, but not limited to, job protective services, adult protective services, financial assistance, and other social support and counseling services. These organizations include, but are not limited to, Housing Solutions for the Southwest, Volunteers of America, Women’s Resource Center and the Southwest Center for Independence, who has provided a letter of support and agreement to provide services.

(7) Financing Structure including all Federal, State, Local support: AVA will be financed by a commercial bank permanent loan, equity from the 9% LIHTC, funds from the Colorado Division of Housing, a reasonably sized deferred developer fee, and owner equity.

3. Guiding Principles

• To support rental housing projects serving the lowest income tenants for the longest period of time: Solvera, as Sponsor/Applicant, commits to maintain 100% of the units at 60% AMI or less, including 20 of the 50 units (40%) at 50% AMI or less, for a minimum of 40 years.

• To provide for distribution of housing credits across the state: La Plata County is located in the southwestern portion of the State of Colorado, where no LIHTC allocation has been made since 2006.

• To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit: Solvera is a for-profit affordable housing developer who is committed to assisting, supporting and building the capacity of non-profit affordable housing organizations and housing authorities in under-served areas of
the State of Colorado. This focus is accomplished by contracting to have the partner organizations participate in the development and operations processes from the outset of the project including contract for the Right of First Refusal for the non-profit to acquire the property.

• To distribute housing credits to assist a diversity of populations in need of affordable housing, including homeless persons, persons in need of supportive housing, senior citizens, and families: AVA will be the first property in Durango to offer affordable family rental units with elevator service in the building. Through LPHF, the community has identified this service specifically to serve many individuals and families that appreciate and/or need this amenity. Further, LPHF works with the local human service providers (see list above) to accept appropriate residents who would benefit from all AVA amenities.

• To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those at risk of converting to market rate housing: AVA will provide 50 new construction affordable rental housing units to Durango, La Plata County, CO. Durango/La Plata County has not had a 9% LIHTC allocation awarded since 2006. Further, the AVA Market Study highlights the need for additional units.

• To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections: See details listed below.

• 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: AVA utilizes 9% LIHTC, including the CHFA Discretionary Boost, as the project’s primary financial resource. The initial pricing of the LIHTC equity is estimated at $0.92 per LIHTC. This figure has been received from three different LIHTC investors. This figure exceeds CHFA minimum standards. The permanent loan has been sized at a maximum level that balances the percentage of 30% AMI units (10% of total units) and the attendant low revenue stream from these units with the estimated higher operating costs ($4,200 PUPA before Replacement Reserves vs. $3,900 PUPA, primarily due to the elevator maintenance and HOA costs). The resultant loan sizing creates a permanent loan financial coverage factor necessary for prudent operation over the first fifteen years. Further, with the inclusion of the CDOH funds, along with a deferred developer fee that can be repaid
with the first 10 years of the pro forma and owner equity, AVA is maximizing the available resources in order to minimize the utilization of the 9% LIHTC.

4. Housing Priority

- Counties with populations of less than 175,000: Based on the current Market Study for AVA, these additional 50 units will add much needed affordable rental housing stock to an ever growing rental housing ‘gap’ in Durango, La Plata County, CO.

In January 2013, LPHF and Solvera initiated discussions for Solvera to act as a ‘fee for service’ developer, and to assist LPHF to source/identify development opportunities, and to partner with them in the development of affordable rental real estate. By February 2013, the two parties had identified that Solvera should act as Sponsor/Developer for AVA, and that LPHF should act as a Special Limited Partner. Based on that decision, LPHF and Solvera executed their Development Agreement relative to AVA. As previously noted, this Agreement includes a Right of First Refusal for LPHF to acquire AVA on preferred terms and conditions, so as to assure AVA will remain an affordable multifamily rental housing property controlled by a non-profit organization.

5. Criteria for Approval

a. Market Conditions including any issues raised in the Market Study:

(1) AMI strata with Capture Rates in excess of 25%: Pursuant to the current AVA Market Study, neither the overall capture rate nor any of the individual AMI level capture rates exceed the 25% level.

(2) AMI strata with Capture Rate increase greater than 6%: Pursuant to the current AVA Market Study, no AMI strata capture rate or the AVA overall capture rate increases more than 6%.

(3) Point in Time Study for Homeless units: N/A

(4) USDA Study for Farmworker Housing: N/A

(5) In-migration as specified within the Market Study: N/A
Achievability of proposed rents within the PMA: Based on current AMI levels, AVA pro forma rents are 100% of the calculated 30% AMI and 50% AMI rents and are only 90% of the calculated 60% AMI rents. The pro forma rents are below current rents for comparable AMI and unit types, and are significantly less than market rents.

b. Readiness to Proceed including application timeline discussion:

1. **LIHTC Application Steps:** This application has met or exceeded the timeline criteria for this section.

2. **Post-LIHTC Reservation Approval Steps:** Land is controlled by Solvera through the Purchase and Sale Contract dated Jan. 28, 2013. Discussion with three lenders and three LIHTC investors corroborate the estimate to close both the construction loan and the LIHTC investment by Dec. 15, 2013. Based on this information, AVA should meet the Carryover application date of Jan. 15, 2014.

3. **Pre-Construction Steps:** Communications with two general contractors, including the general contractor who constructed the two VOA properties located immediately adjacent to AVA, corroborates meeting the Aug. 1, 2013 target. Because the architect and the building plans are very similar to other properties developed by current partners in Solvera, complete construction drawings will be completed within 90 days of LIHTC reservation award, and the local approval process would then have approximately 5 – 6 months for completion, a timeline that the local building department believes is very achievable. The land is currently zoned for the use intended, and no changes or exceptions are present.

4. **Construction Steps:** Permit processing is estimated at approximately 60 days after final approval, a timeline that local building department believes is achievable. Construction period of 12 months is typical for these building types. The timeline is set to allow all ‘dirt’ work and foundation work during the ‘summer’ months, thereby minimizing the effects of weather delays on the construction.

5. **Post-Construction Steps:** Solvera will be primarily responsible for monitoring construction progress, but will use a local architect to assist us. Solvera will be assembling the necessary information to submit the Place-in-Service Application
to CHFA by 30 days after construction completion/Certificate of Occupancy. Given the market and demand information assembled in the current Market Study, and the active ‘wait list’ managed by Housing Solutions for the Southwest, Lease Up/Stabilization estimate of six months appears achievable. Based on discussions with all lenders, no significant or unusual Permanent Loan Closing terms or conditions are expected, thus indicating that the Permanent Loan Closing timeline should be achievable. Solvera will manage all information and documentation to assure submittal of the LIHTC Final Application by the April 2015 target.

c. **Financial Feasibility including analysis of:**

(1) **AMI and Rent positioning:** Both Solvera and third-party Market Study analysis of the AMI targets and Rent Positioning indicate that AVA is very responsive to market needs, and the rents should be achievable within the market.

(2) **Vacancy Rate:** Both Solvera and third-party Market Study analysis of the Vacancy Rate indicates extremely low vacancy rates, which has led to increases in rents and further stress on limited income individuals and families. AVA will add 50-units of new affordable rental housing to help address that need. Further, in conformance with CHFA Qualified Allocation Plan (QAP) standards, the AVA pro forma uses the standard 7% vacancy rate, a full 5+ percentage points higher than current market vacancy levels.

(3) **Operating Expenses:** Operating Expenses have been estimated at $4,200 PUPA, $300 per unit higher than CHFA QAP standards. This increase was necessitated by higher estimated costs associated with the operations of an elevator serviced building and the estimate for HOA fees relative to the land.

(4) **Debt Service Coverage Ratio (DCR):** DCR on the 15 Year Pro Forma begins at 1.18:1 ratio and is estimated to increase over the first 15 years to a 1.25:1 ratio. This level of DCR creates a reasonable cushion for operations, allows for the CHFA QAP standard repayment of any Deferred Developer Fee within the first 10 years, and supports the risk associated with the very low rents on the 30% AMI units.

(5) **Absorption/Lease Up Schedule:** Based on the very low market vacancy rates, long affordable rental ‘wait lists’, competitive rents, and attractive project
amenities, both Solvera and the third-party Market Study analysis estimate lease up and stabilized absorption within 5 – 6 months.

d. Development/Management Team:

(1) **General Partner/Managing Member:** Solvera was founded to provide reliable, proven affordable housing development and financing expertise primarily to housing authorities and non-profit organizations seeking real estate development and finance assistance. Solvera, a newly formed enterprise comprised of the three individuals of MGL Partners, Greg Glade, Lisa Mullins and Mike Gerber, and Bob Munroe, formerly Manager of Commercial Lending with Colorado Housing and Finance Authority, has significant experience in the development and financing of affordable multifamily rental housing. Over the last 10 years, MGL has developed more than 1,200 multifamily units, including more than 800 affordable rental housing units. Please see the attached exhibit for a list of completed affordable rental housing projects by MGL.

(2) **Developer:** Solvera Advisors LLC.

(3) **Contractor:**

Mr. Mike Foutz  
FCI Constructors  
186 Moose Lane  
Durango, CO 81303  
970-259-8644

(4) **Management**  
Mr. Paul Malinowski  
Company: Pillar Property Services  
2420 W. 26th Ave., Ste. 480-D  
Denver, CO 80211  
303-477-5117

(5) **Consultant:** N/A

(6) **Legal Counsel:** Mr. J. William Callison  
Faegre Baker Daniels  
1700 Lincoln Street, Ste. 3200  
Denver, CO 80202  
303-607-3770
(7) **CPA:** Mr. Michael Morrison
Novogradac & Co.
246 First Street, Second Floor
San Francisco, CA 94105
415-356-8025

(8) **Architect:** Mr. Harsh Parikh
Parikh Stevens Architects
3457 Ringsby Court, Ste. 209
Denver, CO 80216
303-825-2596

(9) **Environmental/Phase I Preparer:** Mr. Roger Azar
Navant Group LLC
Denver, CO 80206
720-431-5678

(10) **Capital Needs Preparer:** N/A

(11) **Cost Estimate** FCI Constructors (see above)
Preparer:

(12) **Green Consultant:** Parikh Stevens Architects (see above)

**d. Cost Reasonableness Analysis:** Based on the construction ‘hard cost’ estimate provided by FCI Constructors, said estimate reviewed and analyzed by Solvera staff, and based upon recent experience of FCI in constructing a similar building in Durango, this estimate is considered reasonable, including prudent contingency allowances.

Overall, AVA has slightly higher costs typical of the Durango area due to higher land costs ($20,000 per unit), costs of shipping in materials to the Durango area, and a reasonable allowance for anticipated materials price increases. Solvera believes these estimates will hold from the time of an approval of LIHTC reservation to the construction start February 2014.

**e. Proximity to existing LIHTC properties and Community Outreach Discussion:** Per the Market Study, there are five existing LIHTC properties in the primary market area.
Overall, the Market Study indicates that AVA will compete very favorably with these properties in terms of amenities, unit types, AMI and rent levels, and location, and that all the properties have very low vacancy levels with wait lists.

Solvera and LPHF have already met with VOA and other neighbors in the immediate area, as well as three other local non-profits. The communications were centered on explanation of the AVA concept, invitation to participate in the design charrette, and an open dialog concerning the impact of this property and our desire to include all our neighbors in the planning and program development. Solvera and LPHF staff will continue these meetings if awarded an LIHTC reservation.

f. Site suitability and environmental issues discussion: Pursuant to the Market Study analysis, the site is completely compatible for the intended use.

AVA has conducted a Phase I review and supplemental testing based on the findings of the Phase I report. Because of the property’s prior use as an auto salvage yard from the 1960’s to 1980’s, the Phase I determined that additional testing was necessary to ascertain the potential of environmentally unsuitable spillage at the site. Based on the findings of the supplemental testing, a ‘no further action’ report was issued. Copies of both the Phase I and the supplemental testing report are included in this application.

Pursuant to the Planned Development Agreement dated April 30, 2003 and in full force today, AVA is properly zoned and approved for this multifamily use. Solvera has met with the City of Durango Planning Department three times to discuss the overall development plan for AVA. These meetings included confirmation of the status of the PD Agreement, confirmation that, as currently planned, nothing in the AVA plan requires a waiver or exception decision by the City of Durango Planning Dept., review and comment on the timeline outline for final approval of construction plans and specs, final parking count, permitting process, and other matters of importance to the City. Based on these meetings, Solvera has received letters of support from the City and believes its Application Timeline estimate of final Construction/Design plan approval by the City of Durango by Dec. 2, 2013 to be achievable.

6. Waiver Request:
   a. CHFA Discretionary Boost:
      This application requests an approximate 25.44% CHFA Discretionary Boost based upon the following:
(1) current rents at the 30% AMI level just cover estimated Operating Costs and, therefore, these units do not generate any Net Operating Income to support a permanent loan;
(2) higher costs of development, specifically the cost of the land, associated costs of materials, materials shipping and construction in the Durango area;
(3) slightly higher operating costs for the elevator serviced building and HOA fees.

7. Strengths and Challenges:

**Strengths:**

a. Vacancies at other LIHTC properties are low, especially in 1 bedroom units.
b. Market vacancies are currently extremely low (1.5%) and this vacancy rate has been 5% or less for two years.
c. Market rents are slightly higher than calculated 60% AMI 2 bedroom rents.
d. Capture rates are moderate and will increase less than 6% at all AMI strata and the overall capture rate, including AVA, stays moderate at 19.35%.
e. Income targeting at AVA is responsive to market need.
f. No other new construction LIHTC multifamily projects are planned in Durango.
g. The bedroom mix at AVA is responsive to market need and differentiates AVA from other LIHTC properties.
h. AVA will have the only elevator serviced LIHTC family property in Durango, and this feature will appeal to a broad spectrum of residents who are not served anywhere with this amenity.
i. The site is located on a primary public transit route connecting AVA to Ft. Lewis College and Downtown Durango with service running every 30 minutes.
j. Overall development team has substantial experience developing LIHTC multifamily properties including experience in the southwest and western slope of Colorado.
l. Pursuant to the recently approved La Plata County Housing Action Plan (see attached), AVA provides significant support to the ‘need to increase below-market-rate rental housing.’
m. Emphasis on Housing Priority that serves counties with less than 175,000 in population including partnering an experienced development team with a local non-profit or housing authority to help build their capacity and long-term ownership of the affordable multifamily property.
Challenges

a. AVA has a relatively low walk score. This issue is mitigated by the 2013 scheduled road improvements along 32nd St. from Main to Florida including sidewalks and bike lanes, the location of the bus line, the availability of certain local shops and service, including health care, within very short walking distance, and by the emphasis and attention that Solvera and its property management company will place on monitoring the needs of the resident population.

b. The third-party Market Analysis identifies that 15 parking spaces will be in the north shadow of the building, and that ice may be an issue. While the potential for ice danger is well-known in Durango, this issue will be mitigated by the use of carports covering those parking spaces, site planning accentuating optimal water drainage, and the emphasis and attention of Solvera and its property management company and maintenance staff will place on monitoring this situation.

c. The Market Analysis identifies that certain features at AVA will be appealing to seniors, but that the presence of seniors may discourage younger residents from leasing at AVA. Solvera, LPHF, local non-profits, and the City of Durango are all supportive of AVA and its amenity and potential resident mix including the presence of seniors. This property has been conceived with substantial input from the community, and designed to meet community need. There are at least two other properties (one in Delta and one in Cortez) that have a significant population of seniors living side-by-side with families. And, while the building design is different at these locations, the amenities at AVA and the emphasis and attention that Solvera and its management company will place on creating a vibrant and inclusive resident community will be a positive mitigant to this potential issue.

d. The Executive Director of LPHF will be moving to a new position at CDOH. Solvera has been aware of this circumstance for some time. In the earliest meetings with LPHF, planning for this potential change has been part of the overall project ownership considerations, with Solvera emerging as the best party to sponsor and apply for the LIHTC reservation. Solvera has met with the LPHF Board, and discussed their commitment to AVA and the ongoing growth of LPHF. The Board is significantly engaged and supportive of both endeavors. (see attached letter) Further, Solvera has met with LPHF founding management and organizational consultant, Mr. Peter Werwath. Mr. Werwath and Mr. Bob Barron, both previously with Enterprise Community Partners, have extensive experience and are under consulting contracts
with LPHF to assist the organization during this transition. Solvera believes this situation will be temporary, and that the commitment by the community to continue the good work of LPHF will be sustained.

MGL Developers – Completed Affordable Housing Projects

1. Westmeadow Peaks Apartments - 215 units
   Colorado Springs, Colorado
   *Developed while at Black Creek Communities but owner of part of general partner owner
2. Paloma Villas I - 44 units
   4200 Morrison Road, Denver, Colorado
3. Paloma Villas II - 36 units
   3901 Morrison Road, Denver, Colorado
4. Towne Center Apartments - 94 units
   Thornton, Colorado
   *Acquisition/rehab in partnership with Adams County Housing Authority
5. Villas at the Sloans Lake - 63 units
   1551 Wolff Street, Denver, CO
6. Paloma Villas III - 50 units
   4225 Morrison Road, Denver, Colorado
7. Los Altos de Alameda - 50 units
   5100 Alameda Road, Denver, Colorado
8. Villas at the Bluff - 48 units
   Bluff Street, Delta, Colorado
9. Brubaker Place - 50 units
   2001 East Empire, Cortez, Denver
10. Nebo Villas - 50 units
    12005 E. 13th Ave., Aurora, Colorado
    *Under construction – estimated completion date 1/1/2013
11. Westminster Commons - 130 units
    3180 W. 76th Ave., Westminster, Denver
    * Acq./rehab in partnership with Volunteers of America. Under construction – estimated completion date Nov. 2013
Project Name: ARTSPACE LOVELAND LOFTS
Project Address: 140 WEST THIRD STREET, LOVELAND, CO 80537

The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project’s strengths and address its weaknesses. It must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc.

A Snapshot of the Arts Industry in Loveland
Loveland’s rich arts history can be traced to 1972 when Bob Zimmerman began casting bronze sculpture at his foundry – Art Castings of Colorado – and began attracting sculptors and foundry workers to this town at the foot of the Rockies. By 1984, the arts had become a significant industry, prompting the community to host the first Sculpture in the Park, an outdoor sculpture show and sale intended to showcase Loveland’s growing crop of artists.
This year, Loveland will celebrate the 30th anniversary of that first show and again play host to America’s largest outdoor sculpture show weekend. Held annually in August, three events – Sculpture in the Park, Loveland Sculpture Invitational, and the Arts & Crafts Festival – attract more than 50,000 visitors over a three-day period.

Still home to Art Castings of Colorado, one of the premier bronze sculpture foundries in the nation, Loveland’s creative sector now features a second foundry, Bronze Services; and a host of ancillary sculpture molding and finishing operations. The City’s creative sector now employs more than 2,400 people, nearly 8% of the total workforce.
Loveland was the first municipality in the state of Colorado to enact an Art in Public Places program in 1985, and received the Governor’s Arts Award for Community Excellence in the Arts in 2008. The City’s downtown cultural assets include the newly expanded Rialto Theater Center and the Loveland Museum/Gallery, as well as a number of creative sector businesses including Interweave Press, a leading fiber arts magazine publisher, three dance studios, graphic design firms, architects’ offices and numerous galleries and sculpture studios. The newly opened Artworks Loveland Studios, a project of Loveland’s Erion Foundation, provides 18 studios and career development programs for working artists across the street from the Artspace Loveland site.

Downtown Loveland has played host to a number of signature cultural events including national exhibits at the Loveland Museum/Gallery featuring Chuck Close, Dorothea Lange, and the artistry of Bud Shark’s printing studio. The Museum attracts nearly 50,000 annual visitors. In the past year, four contemporary art exhibitions - Love + Light, glass.fiber.stone, Install, and Assemble - occurred at the Loveland Feed & Grain featuring local, regional and national artists and attracting more than 1,000 visitors to each event’s inaugural weekend. The second annual Love + Light exhibition took place February 14-16, 2013 and was met with great success, attracting more than 1,000 visitors and ringing up more than $17,000 in sales for the participating artists.

See Addendum A-Loveland Area Arts for a comprehensive list of arts organizations.

Leveraging the Arts

To build on the arts and cultural assets in Loveland, the City of Loveland’s 2005 Master Plan addressed the need to develop arts incubators and support for innovative businesses. To
that end, the *Downtown Strategic Plan and Implementation Strategy* (approved in 2009 as an amendment to the 2005 comprehensive plan) aims to position Downtown Loveland to “attract private investment in the Downtown, enhance the arts and culture, and contribute to the broader economy of Loveland.”

Following the guidance of the 2005 Master Plan, the City of Loveland has demonstrated its commitment to supporting and expanding Loveland’s artists and creative industries through the establishment of the Office of Creative Sector Development. This new city agency is charged with “creat(ing) a vital art-related economy in Loveland, Colorado by facilitating the growth, development and retention of the Creative Sector including: artists, businesses and organizations.”

Additional community cultural initiatives have demonstrated commitment to these goals to-date including the 2012 completion of the Rialto Theater Center addition, planning for the next Loveland Museum/Gallery expansion, and the remodel of the 1935 Pulliam Community Building.

On December 3, 2012, CHFA hosted the CHFA Community Roundtable for Northern Colorado at the Loveland Public Museum. Following the roundtable discussion, Artspace was fortunate and grateful to have Jaime Gomez, Tasha Weaver, Mike Pacheco, and Masouda Omar walk the Feed and Grain site and learn about the neighboring arts district and related economic development efforts from Loveland’s Mayor, Cecil Gutierrez. This was an opportunity to demonstrate the community success that our team will leverage with affordable housing for artists and their families.
Artspace Loveland Lofts
The desire to develop the site of the historic Loveland Feed and Grain Building into an arts campus to anchor the creative market found in Loveland’s downtown core is an example of the community’s commitment. Phase one of the Artspace Loveland arts campus project will consist of 30 units of permanently affordable live/work spaces for income-eligible artists and their families—the Artspace Loveland Lofts. Phase two will be the preservation and adaptive re-use of the Feed and Grain as a community arts center. The public courtyard that will link the Feed and Grain and the newly constructed affordable, multifamily housing property creates opportunities for outdoor gatherings, art exhibits, small performances, and more. As a key component of Loveland’s Downtown Strategic Plan, this transformational project will provide much needed affordable housing in Loveland’s downtown, increase its residential density, and bring additional visitor and community traffic to the site, thereby serving as a major catalyst for other downtown revitalization efforts.

See Addendum B-Downtown Loveland Strategic Plan.pdf

In 2009, due to Artspace’s expertise and understanding of the impact of the arts on the economic and cultural vitality of communities across the country, Novo Restoration and the Erion Foundation organized and financed Artspace’s initial Preliminary Feasibility Visit to Loveland to begin the process that could lead to a mixed-use live/work project in Loveland’s downtown core. After meeting with more than 50 artists and community leaders in five separate focus groups, Artspace found sufficient local interest and resources to recommend further study of the Loveland artists market.
In 2010 Artspace conducted a formal creative sector market survey, targeting artists, arts organizations, and residents of the City of Loveland and Northern Colorado. The Erion Foundation and Novo Restoration funded this market survey, in collaboration with the Community Foundation of Northern Colorado, the City of Loveland, and Mueller & Associates. More than 410 artists and 114 arts organizations and creative businesses responded to the survey demonstrating a high level of interest. Of the 410 artists, 139 (34%) expressed interest in relocating to a live/work arts facility in Loveland’s downtown core and 188 (46%) expressed interest in renting work-only studios; only 83 respondents (20%) were not interested in new space.

For comparison, Harvester Artspace Lofts is located in Council Bluffs, Iowa. While the city is approximately 7% smaller than Loveland (based on population), 41% fewer artists responded to the market survey and 25% fewer artists were interested in space. In spite of that, the Council Bluffs project is currently at 97% occupancy (only one of the thirty-six live/work units is currently available.). Based on this and similar experiences in our other properties, our team is confident that we will successfully and consistently lease each of the 30 live/work units we propose for Artspace Loveland Lofts while positively impacting the lives of the artists and the community as a whole.

See Addendum C-Loveland Arts Survey Executive Summary.pdf The full report is available upon request.

**Project Strength: Artist and Community Impact**

While Artspace has more than 32 affordable properties in successful operation across the United States, the organization wanted to understand the metrics of this success in terms of
artist impact, community impact, and sustainability. From 2009 through 2011, Metris Arts Consulting conducted an in-depth examination of five Artspace projects: the Northern Warehouse Artists’ Cooperative (St. Paul, MN), the Tilsner Artists’ Cooperative (St. Paul, MN), the Traffic Zone Center for Visual Art (Minneapolis, MN), the Tashiro Kaplan Artist Lofts (Seattle, WA), and the Riverside Artist Lofts (Reno, NV). The three Minnesota projects are among Artspace’s earliest efforts and therefore address questions of long-term impact and sustainability.

Metris’ findings are based on more than 90 interviews with artists, business owners, government officials, and arts organization representatives, complemented by arts tenant surveys; analysis of changes to artist household income and socio-economic data (census, American Community Survey, County and Zip Code Business Patterns, etc.); and analysis of property value impacts. The examination resulted in two detailed reports: *How Artist Space Matters* (March 2010) and *How Art Spaces Matter II* (July 2011). Each report is available online at http://www.artspace.org/media/reports.html, and concisely outlined below for convenience.
The results of the studies suggest that art spaces benefit artists by:

1. Providing space that meets residential and professional needs at affordable rents.
2. Catalyzing an arts community to become more than a sum of its parts.
3. Increasing artistic production.
4. Enhancing the professional reputations of individual artists, and in some cases their income generated through art activity.
On a larger scale, **art spaces benefit communities by:**

1. Animating deteriorated historic structures and/or underutilized spaces.
2. Bringing vacant and/or underutilized spaces back on the tax rolls and/or boosting area property values.
3. Fostering the safety and livability of neighborhoods without evidence of gentrification-led displacement.
4. Anchoring arts districts and expanding public access to the art.
5. Attracting additional artists, arts businesses, organizations, and supporting non-arts businesses to the area.

A general overview of the research has also been compiled. See *Addendum D-Taking a Measure of Creative Placemaking.*

Artspace strives to continue working with each partner community in order to reach these transformational results. Our projects are more impactful than traditional affordable housing
projects as our work addresses a variety of challenges: affordable housing, creative placemaking, and economic development.

Loveland’s growing list of arts and cultural assets combined with the City’s vision for downtown to remain the cultural heart of Loveland and be revitalized as a pedestrian-friendly area with shopping, restaurants, cultural facilities, employment, and housing makes Loveland an ideal community for a successful Artspace Project. As Loveland’s Downtown Strategic Plan gains traction, and development grows downtown, the Artspace Loveland Lofts project and its commitment to maintaining affordable artists housing in perpetuity will mitigate the impacts of gentrification on those artists currently living in the downtown core.

The housing program of Artspace properties reaches beyond the walls of the rental units to positively impact the lives of the residents as well as the surrounding community. Efforts are made to connect the creative class to the greater community for the purpose of providing opportunities for collaboration, education, and awareness. For the City of Loveland, these opportunities will lead to positive community impact, increased economic development opportunities, and heightened interest in additional private and public investment Downtown.

Artspace Loveland is already making positive contributions to Downtown Loveland’s vitality and will continue those efforts throughout 2013 – 2014. In the Meantime, a temporary art gallery located in the former offices of the Feed and Grain, will be open every weekend and feature curated, rotating gallery shows to draw new visitors to the Artspace Loveland site and to the Feed and Grain. A room in the gallery will feature displays of both the history and the future of the Feed & Grain, including the plans for Artspace Loveland Lofts and the public plaza.
“Arts @ the Feed & Grain” an effort to animate the Feed and Grain with arts and community events is a finalist for the prestigious ArtPlace America grant program. A pending application to the National Endowment for the Arts’ Our Town grant program also supports “Arts @ the Feed & Grain.” If awarded later this year, the ArtPlace and Our Town grants will help fund arts and community programming at the Feed and Grain and provide additional funding for the first phase stabilization of the building. In any case, Artspace Loveland will collaborate with local artists to produce six annual community arts and history events at the Feed and Grain, drawing more traffic and building community support for the project.

Education and history are integral to the Artspace Loveland project. The site’s proximity to the Loveland Integrated School for the Arts (LISA) program in Bill Reed Middle School will provide many opportunities for arts education at the Feed and Grain with resident artists, for students from some of Loveland’s most culturally diverse and income-challenged neighborhoods. This May, Arts @ the Feed & Grain is planning an exhibit titled “Collections,” featuring student photography as well as historical photos from Loveland and around the world. “The Feed & Grain Memories” project will involve students in the collection of artifacts and oral histories documenting the Feed & Grain’s central role in the founding of Loveland. To encourage long-term youth involvement, we are working to organize a student corps of volunteers who will help with everything from staffing art shows to working in the community gardens planned for the Artspace Loveland site.

**Project Strength: Artist and Community Involvement**
Over the last three years, Artspace met with a variety of individual artists and toured their studios; visited local arts and cultural facilities including the Art Castings of Colorado bronze-casting foundry; and hosted several public meetings in which artists and representatives from arts organizations and interested businesses participated. Artspace gathered information from potential future building users and attendees were able to keep up-to-date on progress and comment on design.

(*left*) Public Meeting, November 10, 2011; 100+ attendees

Regular key-stakeholder meetings took place to keep those who initially invited Artspace to Loveland well informed about project progress. Loveland’s Senior Planner, Mike Scholl, attended several of the design team’s meetings to assist in guiding the project and ensure alignment with the Downtown Strategic Plan. The design team also met with the City’s Concept Review Team (CRT) followed by six additional meetings with the Planning Department’s Design Review Team (DRT) to work out site and utility-related issues early-on.

(*left*) Design Charette at KL&A in Loveland, September 30, 2011

Artspace Loveland Lofts City Council Presentation,
During the February 5, 2012 Loveland City Council Meeting, local artist and Artistic Director of In the Meantime Gallery, Megan Tracy, asked all the Artspace supporters in the room to stand up. According to one local business owner who attended the standing-room only meeting, “...As if on cue, the entire room snapped to attention.” That evening, City Council voted 9-0 in favor of committing an additional $300,000 low-interest loan and waiving an estimated $71,000 in construction material use taxes.

The aforementioned local community organizations contributed funds for both Artspace’s Prefeasibility Visit and the Arts Market Surveys. The City of Loveland has now committed over $850,000 towards the arts campus project. Recent pledges from individuals and the Community Foundation of Northern Colorado have brought the local philanthropic contribution to the entire Artspace Loveland project, including the Feed and Grain, to more than $650,000. Nearly all of those private pledges are contingent upon the project receiving low-income housing tax credits. Included is a State Historical Fund award of $200,000 to the stabilization of the Feed and Grain. Another $600,000 in project support is pending. Because
this project is located within a Colorado Enterprise Zone, any taxpayer who makes a charitable donation to support it may claim an income tax credit of 25 percent of the value of the contribution up to a maximum credit of $100,000. This tax credit provides a significant incentive for donors.

With those recent contributions, the housing piece of this project will be fully funded with the allocation of LIHTC. A local fund-raising committee is hard at work to raise the remaining funds needed for Phase 1 stabilization of the Feed and Grain.

Novo Restoration, Inc., a community-initiated, non-profit organization, originally established for the sole purpose of saving the historic Feed and Grain Building in downtown Loveland, now has hope that the Feed and Grain site will provide an opportunity for a creative arts hub to assist in bringing "significant new blood to the downtown area, shaping a new level of community commitment to and interaction with the downtown neighborhood." Marty Janssen, former President of the Board of Directors for Novo Restoration, Inc. continues, "But first, we must invest in and complete the housing element of this vision." Community interest in the Feed and Grain site played a role in the selection of this location for Artspace Loveland Lofts.

Jan Rosetta Schockner and Mel Schockner, a sculptor and a photographer living in Loveland, suggest, "...if we were young artists just starting out, the kind of affordable live/work space that Artspace builds for eligible artists would have been an immense help to us in launching our careers in the arts."
City Council Member and Director of Loveland Community Relations for the Community Foundation of Northern Colorado, Phil Farley, states, “The strong, visible support this Artspace Project has received from the local arts community, City Council, and the philanthropic community defines the broad based consensus that the Project should move forward.”

The energy continues with artist-led events planned at the proposed site to raise awareness and cultivate interest in the project. In February 2012, Love + Light, a contemporary light and art installation organized and curated by two young local artists, drew more than 1,000 people to the Feed and Grain in 17 ° weather to experience both the art and the historic building. In February of 2013, Love + Light proved to be a success again – drawing 1,000+ people, and selling over $17,000 in contemporary art work for the exhibiting artists.

In June, 2012, glass.fiber.stone, an art exhibit featuring 17 contemporary artists working in glass, textiles, stone sculpture and clay, drew more than 970 people to the Feed and Grain in triple digit heat. Demonstrating their commitment to community as well as to their art, half of the admissions fees to glass.fiber.stone were donated to the fire relief efforts in Larimer County.

“Arts @ the Feed & Grain” (AFG) is a partnership between the Community Foundation of Northern Colorado, the City of Loveland, Artspace Loveland and local artist Megan Tracy. “Arts @ the Feed & Grain” integrates three elements:

1. Programming: In 2013-14, Tracy will collaborate with local artists to organize six major art events that are expected to attract thousands of visitors to the Feed & Grain site.
2. Planning: In February 2013 Tracy established “In the Meantime”, a temporary arts center/gallery at the Feed & Grain. During 2013 – 1024 the gallery will use social media to host an interactive series of artist-supported community conversations about the future of the Feed & Grain.

3. Preservation: The stabilization of the historic, timber-frame facility, allowing the community to reclaim additional space within it in support of expanded artistic programming over decades.

Loveland residents, local artists and representatives from local and regional arts-related organizations, City leaders, and Loveland-based foundations continue to rally around the proposed Artspace Loveland Lofts project in many ways.

See Addendum F-Artspace Loveland Lofts Community Letters of Support.pdf

Project Strength: Campus Approach

After investigating nearly a dozen potential sites for the project, the property neighboring the historic Loveland Feed and Grain Building was selected due to its excellent proximity to the heart of downtown Loveland and its adjacency to the iconic historic granary that the community rallied to save only a few years earlier.

The adjacency to the Feed and Grain creates an opportunity for a mixed-use arts campus. As previously stated, general planning is under way to preserve and adaptively re-use the Feed and Grain as a community arts center in conjunction with the proposed construction of 30 units of new affordable live/work space for eligible artists. Listed on the Loveland Historic Register, the 1892 Feed and Grain is a tangible reminder of Loveland’s agricultural
beginnings. Its proposed re-use as an authentic center for a newly vital and creative
downtown Loveland has been applauded by City Council and community alike.

After reviewing the results of the arts-market surveys and speaking with a large number of
artists, future uses of the Feed and Grain may include studios, classrooms, gallery space, and
arts-related retail. In fact, a handful of local small business owners and entrepreneurs have
contacted Artspace and our local partners over the past few months interested in leasing
space in the Feed and Grain in the future. The courtyard between the Feed and Grain and
the newly constructed affordable, multifamily housing property creates opportunities for
outdoor gatherings, art exhibits, small performances, and more.

By creating a mixed-use arts campus, Artspace Loveland will more holistically celebrate and
build upon Loveland’s cultural heritage. The proposed project will transform a prominent
but neglected downtown city block into a community asset where the arts are a common
thread weaving together affordable housing, community programs, and creative
entrepreneurialism. **Artspace, the City of Loveland, and other community partners**
believe that creating space for a community of artists will be a catalyst for continued
downtown development, bring vibrancy and activity to the street, and increasing the
number of individual families living and working downtown.

As a result of the campus-approach, the attitude
towards the aesthetics of the residential component
will be clean and modern with a nod to the Colorado
mill vernacular. The goal is not to mimic, but rather to
complement the existing structure to create a single, cohesive arts campus.

\textit{(left) The Abo Group  Rendering, January 2012}

As clarification previously requested by CHFA staff, please note that the two components of the arts campus will be divided into two separate parcels during project construction – one for the residential component, one for the commercial component. Construction on each element will also be separate.

**Perceived Project Challenge: Demand for Affordable, Arts-focused Housing**

Artspace Loveland Lofts directly addresses “market areas of pent-up demand for affordable housing” in regards to CHFA’s 2013 QAP Priorities. According to the most recent data available and presented in the \textit{Third Quarter 2012 Colorado Multi-Family Housing Vacancy & Rental Survey} sponsored by the Colorado Division of Housing and Apartment Realty Advisors, the Fort Collins/Loveland market has consistently had the lowest vacancy rates of each of the twenty-one markets in the survey - as well as the Denver Metro Area- for the previous five quarters. This data provides evidence that the proposed Artspace Loveland property is located in a market area of pent-up demand for affordable housing.

Addressing the artist market specifically, Artspace typically uses a conservative 3:1 ratio in determining the number of affordable live/work units to be developed for artists. For example, ninety (90) eligible artists would need to respond favorably to the potential for relocating to an affordable, arts-focused property in order for Artspace to construct the thirty (30) proposed live/work units. In Loveland, the survey tallied one hundred thirty-nine (139) positive responses validating the market. By that measure, the market surveys
indicated that Loveland has sufficient income-eligible artists to support up to 46 units of affordable housing. Artspace has deliberately chosen to take a more conservative approach to this market and build 30 units.

Using the NAICS (North American Industry Classification System) to further demonstrate the strength of the arts market and growing number of “creatives” in Loveland, the Creative Sector in Loveland represents over 2400 jobs out of a workforce of 33,000 (nearly 8% of the workforce overall). This is 4x the national average and 2x the state average, and generates $100 million in payroll dollars annually.

Loveland’s recently established Office of Creative Sector Development (OCSD) is tasked with creating a vital arts-related economy in Loveland, by facilitating the growth, development and retention of the Creative Sector including artists, businesses and organizations. Major goals for OCSD include adding 250 new creative sector jobs and attracting 25,000 new arts-related visitors within the next five years. Visit the website for the Office of Creative Sector Development at http://www.lovelandarts.org/

**Perceived Project Challenge: Sustaining the Arts-focus**

The Artspace portfolio consists of approximately 1100 live/work units across the United States. Projects range from a 10-unit project in Fergus Fall, MN (population 13,138) to a 100-unit project in Santa Cruz, CA (population 59,946). Across the portfolio, Artspace projects have a 12-20% turnover rate compared to the average 30% turnover rate suggested by the Colorado Housing and Finance Authority.
The Tannery Lofts in Santa Cruz, CA demonstrates strong interest in affordable, arts-focused, live/work housing. When Artspace announced the date applications for the live/work units would begin to be accepted, the team stated in the notice that people would not be allowed to line up more than 24 hours before 8 AM on a Saturday when applications would begin to be processed. The six artists living onsite in a caretaker’s house flew into action when they saw that cars were starting to line up 36 hours before the event. The artists organized the line, made food, set up entertainment and generally made sure that everyone had a great time even in the rain. By the end of the event a community had formed and folks talked about how great it was to get to know their neighbors while camping out in the parking lot of their future home. The majority of these individuals are still living at the Tannery six years later.

(Left) Images from Santa Cruz

The most noticeable characteristics of live/work units desired by artists that differ from traditional affordable apartments are the minimum 10’-0” ceilings, large windows for maximum natural light, open and flexible floor plans, and larger than average units to provide work space that contributes to the overall affordability for the resident. These characteristics are common selling points for many market-rate apartments and condos on the market today.
Other features include reinforcement built into the walls of the extra-wide corridors so the artists are able to use the corridor walls for display space; deeper kitchen sinks to allow artists to clean tools with ease; and additional storage within each unit. None of these features are so out-of-the-ordinary that non-artists would feel uncomfortable or out-of-place living here. The most unusual feature is the lack of carpet in the entire building. Like the other finishes in the live/work units, the flooring is easily cleanable, durable, and promotes good air quality.

While Artspace and its partner/property manager—The Housing Authority of the City of Loveland—does not anticipate the artist market changing so drastically in Loveland that the arts-focus would be diminished, Artspace is confident that the property could also serve as comfortable and convenient affordable housing for the non-artist population. Considering the physical characteristics of our buildings, we would not anticipate any
physical conversion requirements that would be triggered by a shift in occupancy away from an artist population toward a more conventional rental housing population. Artspace has never had an issue with a lack of artist-occupancy, and therefore have never had to experience a conversion to non-artist housing.

Additionally, Artspace has the ability to assure lasting arts-focus because Artspace continues to own and operate each property the organization develops. An asset manager is assigned to each property and regularly participates in community engagement and outreach to maintain resident relationships and retention.

As an example of Artspace’s efforts to maintain sustainability, a study completed in March of 2012 takes a look into Artspace’s very first real estate development project, Artspace’s Northern Warehouse: 1990-2042. The report showcases Artspace’s long-term stewardship of the Northern Warehouse Artists’ Cooperative in St. Paul, a model for sustainability in creative placemaking. The Northern Warehouse has been a vital hub of the St. Paul arts community for the last 20 years, and was recently restructured to preserve affordability for the next 30 years—without ongoing fundraising. This is a model Artspace intends to replicate in each community where we operate live/work facilities.

See Addendum E-Artspace_NorthernWarehouse.pdf.

**Perceived Project Challenge: Per Unit Cost and Funding**

In an effort to reduce the per unit cost and the overall project cost, Artspace worked with The Abo Group (our project architects out of Lakewood, CO) and Deneuve Construction Services, Inc. (our general contractor out of Boulder, CO) to identify cost reductions that did
not detract from the quality of the project. By minimally revising the scope and finding a variety of creative alternatives, the team discovered cost savings that took us from $271,816 per dwelling unit in total development costs in Round 1 of 2012 to $245,845 in Round 2 of 2012. This round – Round 1 of 2013 – the per unit cost is at $252,407 per unit. This less than 3% increase reflects the significant increase in construction cost observed between now and the second round of 2012.

To ensure we are getting the very best pricing possible, Artspace asked another highly reputable general contractor that constructs affordable housing throughout the Front Range to put together pricing for the proposed project. The team completed the exercise in the same detailed CSI format that Deneuve previously prepared for us so we could compare numbers line-by-line. In the end, while the numbers were comparable, Deneuve’s numbers came in more affordably giving us reassurance that our numbers are reasonable. Because Deneuve has been working with our team since early 2011 and has a great deal of knowledge of the specifics related to the project, we are confident that the numbers are appropriate for a property of this quality, size, and downtown in-fill location.

After validating Deneuve’s pricing, Artspace examined other factors that are driving up our per unit costs as compared to other affordable housing developments. First, our property does not benefit from economies of scale. While creating 50, 60, or even 100+ units may be appropriate for a conventional affordable housing project on the edge of town, a project of this scale would not be appropriate in Loveland’s core – adjacent to single-family residential neighborhoods and located in the charming and historic downtown. The thirty affordable live/work units for artists and their families will contribute to the City of Loveland’s goal to
increase residential density downtown and contribute to Artspace’s goal to operate high, quality sustainable properties that improve the lives of the residents in perpetuity.

Second, while the larger than average live/work units may create extra up-front expenses, the very basic, high quality finishes used to complete the spaces offset the cost. Our plans are based on the function and quality of spaces rather than meeting minimum square feet requirements. This affords residents the space and flexibility they need to both live and work on their craft – allowing them to contribute to the creative economy that communities are valuing more and more. As previously mentioned, these spaces benefit the artist residents by: providing space that meets both residential and professional needs at affordable rents; catalyzing an arts community to become more than a sum of its parts; increasing artistic production; and enhancing the professional reputations of individual artists - and in some cases their income generated through art activity. These opportunities can lead to enhanced self-sufficiency and financial independence.

While these factors lead to higher costs per unit, the benefits to the residents as well as the community impact created has drawn over a million dollars in local philanthropic commitment to help offset the cost. Artspace Loveland Lofts will provide a conservative number of affordable housing units, and a community arts focus, as a result the project will also catalyze more redevelopment of the surrounding neighborhood. For example, the first phase of a non-residential arts complex known as Artworks Loveland, located across Railroad Street from the proposed Artspace Loveland Lofts site, opened in late 2011. The location was selected partially in anticipation of Artspace Loveland Lofts opening its doors and contributing the creative density of the neighborhood. Most recently, the Loveland Elks
Lodge has decided to stay in its location one block from Artspace Loveland and rehabilitate its historic 1920’s building instead of moving out of Downtown.

Because Artspace will not compromise the quality and amenities of our communities, our team has worked hard to secure non-traditional funding sources to offset the cost of the intrinsic values created by our properties:

- Predevelopment Funds, City of Loveland $335,522
- Subordinate Gap Loan at 1.75%, City of Loveland $300,000
- Predevelopment Grant, HACOL $50,000
- City CDBG $35,000
- Philanthropic Contributions $287,431

**LOCAL FUNDING SOURCE TOTAL:** $1,007,953

The local funding sources offset the total project cost by $1,107,953. If the total development cost was therefore reduced by $1,007,953, the per unit cost would be approximately $218,809. (Please note the City of Loveland also waived an estimated $71,000 in Construction Material Use Taxes to make this possible.)

**Perceived Project Challenge: Railroad Proximity**

While the proximity to the railroad did not raise any issue or comment in Round 1 or Round 2 of 2012, it is important to note that: special wall construction and windows have been specified to mitigate train noise for the residents; the City of Loveland is considering alternatives for future noise reduction strategies in downtown including quiet zones and
wayside horns; and Novogradac & Company, the market analyst for the project, states, "...we do not believe the railroad tracks will be detrimental to the value of the Subject, or negatively impact marketability."

Furthermore, Artspace currently has its third affordable housing project for artists under construction in Seattle, Washington. This fifty-one unit development will be located at the foot of the Mount Baker Link light rail station. Like the Seattle residents, the community of Loveland believes the accessibility to downtown activity and amenities far outweigh – what some would consider – any negative influences of the railroad.

**Detailed type of construction:** The four-story live/work apartment building will be built as Type 5A wood framed construction under the 2009 International Building Code.

The foundation is anticipated to be comprised of a 4” reinforced slab on grade supported by 10” x 56” concrete grade beams. The grade beams will bear on top of 18” diameter by 30’ deep concrete caissons.

The exterior walls will be 2x6 wood framed walls with 5/8” Type ‘X’ gypsum wall board on the interior and O.S.B. sheathing or exterior gypsum wall board sheathing on the exterior. The exterior walls will be filled with blown fiberglass insulation. Exterior cladding will be cement fiber lap siding, cement fiber paneling or metal paneling. Interior corridor walls will be 2x6 wood framed, 1-hour fire-resistance rated walls with resilient channels and batt insulation for improved Sound Transmission Classification.
The unit-demising wall will also be a 1-hour fire-resistance rated wall consisting of a double row of 2x4 wood framing with 5/8” type 'X' gypsum wall board on each side. Batt insulation will also be included in the wall cavity for improved Sound Transmission Classification. Interior bearing walls will be a 1-hour fire-resistance rated 2x6 wood-framed walls with Type 'X' gypsum wall board. Interior non-bearing walls will typically be 2x4 wood framed walls with Type 'X' gypsum wall board.

The floor/ceiling for levels 2-4 will be a 1-hour fire-resistance rated system consisting of engineered wood I-joist and 3/4" O.S.B. sheathing, and will have a 1 1/2" gypcrete topping with 1/4" sound mat. The ceiling will consist of 2 layers of 5/8" Type 'X' gypsum wallboard attached to resilient channels with 3 1/2" batt insulation draped over the resilient channels for improved Sound Transmission Classification and Impact Insulation Classification. Steel beams will be used where required by the structural engineer.

The stairwell walls and the elevator shaft will be constructed with 8”x8”x16” concrete masonry units.

The majority of the roof will be a flat roof consisting of wood trusses with level bottom chords and minimally sloped top chords, which provides built-in drainage and minimizes the need for sloped rigid insulation. The roofing membrane will be a TPO (thermoplastic polyolefin) membrane over a protection board on 1/2" O.S.B. sheathing. A few roofs will be pitched roofs using wood trusses with 1/2” O.S.B. sheathing and a metal roofing system. All roof cavities will be vented and contain R50 blown fiberglass insulation.
The interior drywall will be a level 3 finish. The first level flooring in the units and the corridors will be sealed concrete. The Lobby and the Flex Space will be stained and sealed concrete. The flooring for levels 2 - 4 will be Vinyl Composition Tile. The counter tops will be laminate, the cabinetry box material will contain No Added Urea Formaldehyde, and the doors will be wood slab doors.

**Population being served:** Artspace Loveland Lofts will provide 30 permanently affordable residential units to serve households between 30% and 60% AMI including three units (10%) at 30% AMI, nine units (30%) at 40% AMI, twelve units (40%) at 50% AMI, and six units (20%) at 60% AMI.

Because the focus of the proposed property is affordability, preference will be given to income-qualifying artists and their families. To be clear, the target market is low-income individuals who happen to be artists and NOT artists who happen to be low-income. Very few artists make 100% of their income from their craft, and therefore are artists, but also restaurant workers, retail workers, teachers, daycare providers, small business owners, etc. – same as the non-artist, low income population.

Sam Betters, ED of the Housing Authority of the City of Loveland, reported to Council on Feb. 5, 2013 that the current waiting list for HACOL units totals 3,200 families. He stated that, given that 8 % of the Loveland workforce is employed in the Creative Sector, one could reasonably extrapolate that more than 240 of those families already on their waiting list might be candidates for this project.
**Bedroom mix:** The bedroom mix at Artspace Loveland Lofts will include eight efficiency units at 682 SF, nine one-bedrooms units at either 892 SF (1 unit) or 1032 SF (8 units) – for an average one-bedroom unit area of 1016 SF, ten two-bedroom units at approximately 1126 SF, and three three-bedroom units at approximately 1383 SF. Each unit is considerably larger than comparable affordable and market rate units in the area in order to create live/work spaces for the residents.

**Location:** From Artspace’s initial visit, it was evident that the community preferred the downtown core for the project’s location because it aligns with the City’s goals to increase density, has historic significance, is in close proximity to a large number of services and amenities, and is located in an area with existing arts and cultural context. The market study supports the notion that the location is beneficial to the success of the project.

The 120-year-old Loveland Feed and Grain building adjacent to the site is recognized throughout northern Colorado as the birthplace of Loveland. Built in 1891-1892 by the Loveland Farmers Milling and Elevator Company, it replaced Loveland’s original grain elevator that was destroyed by fire.

According to the 2005 Historic Structure Assessment funded by the State Historical Fund, the Loveland Feed and Grain “is emblematic of Loveland’s agricultural heritage and has been a physical local downtown landmark for more than a century. It represents a major industrial operation in the heart of downtown Loveland.” Deliberately located adjacent to the original Colorado Central Railroad, the Feed and Grain provided ease of access for Loveland’s farmers to ship their products all over the country. This facility and its location in downtown Loveland demonstrate the importance of the railroad to the development of agriculture and its subsequent urban development in Colorado. With the loss of the Great
Western Sugar complex in east Loveland, and the demolition or destruction of most of Northern Colorado’s other mills, the Loveland Feed and Grain is one of the last remaining tangible links to Loveland’s and the region’s agricultural roots.

A combination of the historic authenticity of the Feed and Grain and convenient access to the rest of downtown has made this neighborhood a hub for creative activity including studios, galleries, sculpture foundries, arts-education programs, theaters, and more.

See Addendum G-Creative Hub Map.pdf for a sample of these creative organizations.

Most desirable is the accessibility to downtown amenities—an asset to the future residents. The excellent proximity to area employment centers, education centers, retail, entertainment, and public transportation will reduce the dependency on automobiles, contributing to an even more affordable and healthier lifestyle. The Local Amenities Map and Table found on page 18 of the housing market study (Application Tab 19) demonstrates the connectivity to these services and amenities including the Loveland Civic Center, a bank, pharmacy, medical facilities, grocery store, post office, police station, bus stops, open space, recreation/senior center, entertainment, schools, library, cultural facilities, and the rest of downtown Loveland. Most of these amenities are less than a mile away. The housing market study also discusses the strong demand for affordable housing for this defined primary market area.

**Building Amenities:** Each residential live/work unit will feature a flexible, open floor plan, 10’-0” ceilings, and large amounts of natural light. High-quality, durable surfaces are used to ensure long-lasting maintainability.
ArtSpace Loveland locality amenities comprise a business center, central laundry room, and off-street parking. Extra wide corridors, public balconies, and a large ground-floor...
community room provide space for residents to gather and collaborate. The courtyard to the east of the property creates opportunities for the greater community to host events, display art, and enjoy small performances.

Spinning Plate Artist Lofts, Pittsburgh, PA

**Services:** Sam Betters and his team at the Housing Authority of the City of Loveland will be both a special limited partner in the ownership of the Project and will also serve as the property management. The Housing Authority of the City of Loveland serves as a referral resource for supportive services including education and enrichment opportunities, credit counseling, health care resources, life skills development, childcare resources, employment and training guidance, and mentoring. Knowledge and access to these services will benefit future residents of Artspace Loveland Lofts.

Artspace Loveland is located adjacent to the Loveland campus of Aims Community College that also offers life skills and career-building classes as well as a range of educational
classes. The campus is two blocks away from Bill Reed Middle School, the hub for the Thompson R2 J school district's LISA program, the Loveland-Area Integrated School for the Arts, providing even more educational opportunities for resident families of Artspace Loveland.

The Loveland Community Kitchen and Meals on Wheels share a new purpose-built facility located two blocks north of the Artspace Loveland campus. The Community Kitchen provides prepared meals seven days per week to those in need of a hot, nutritious meal. The organization does not charge for meals, but does accept donations. “We do not ask any questions of our patrons... if someone comes to the Community Kitchen, they are eligible to dine with us.”

**Description of Energy Efficiencies:** Whole building energy modeling will be used to optimize the energy performance of the building with cost-effective strategies. The goal of the analysis will be to minimize energy costs for the residents as much as possible within the project's budget. For these units, lighting energy costs will be just as significant as space heating and cooling energy, and we anticipate focusing resources to reduce the lighting load as a strategy to most significantly cut energy costs. Energy Star rated fluorescent lighting fixtures will be used to provide illumination throughout as much of the residential units as possible. Energy Star rated units will also be cost-effective for appliances and toilet room exhaust fans. To reduce heating and cooling energy use, we will focus first on reducing loads with the building envelope. Insulation levels will be optimized, and high performance vinyl windows will be used. After reducing these loads as much as possible, we anticipate that a heat pump PTAC unit will be a cost-effective HVAC system choice. Whole building energy costs are likely to be reduced by 25% - 30% relative to the ASHRAE 90.1-2007 energy code.
Type of Financing

The following is a list of all financing sources including any local, state, and federal subsidies:

✓ Residential First Mortgage $811,816
✓ State HTF/HOME $300,000
✓ City Contract (dedicated to residential component) $335,522
✓ Other City Sources (low interest loan) $300,000
✓ HACOL grant $50,000
✓ City CDBG $35,000
✓ Philanthropic Contributions $287,431

In addition, the narrative should address the following:

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

1. GUIDING PRINCIPLES

(To support rental housing projects serving the lowest income tenants for the longest period of time): Artspace Loveland Lofts is a 100% permanently affordable, high-quality live/work community responding to some of the lowest residential vacancy rates in Colorado as well as to the City’s goal to increase housing in the downtown core. The new development will provide the permanently affordable residential units at 30-60% AMI. Artspace Projects, Inc. will not only develop the proposed Artspace Loveland Lofts, but the organization will also continue to own and operate the property to ensure affordability in perpetuity.
Artspace has partnered with the Housing Authority of the City of Loveland for local expertise in day-to-day property management.

The proposed AMI mix for Artspace Loveland Lofts is as follows:

- 3 units at 30% AMI 10% of total units
- 9 units at 40% AMI 30% of total units
- 12 units at 50% AMI 40% of total units
- 6 units at 60% AMI 20% of total units

30 units total 100% of units

(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 proposed site is not located in a QCT but this project is being supported by the City of Loveland because it will contribute to community revitalization.

(To provide for distribution of housing credits across the state): Artspace Loveland will be Artspace Projects, Inc.’s first project in Colorado and as such will serve as a model for other Colorado communities seeking to support their creative sector workforce and revitalize their communities.

(To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit): Artspace is America’s leader in arts-driven community transformation. With headquarters in Minneapolis and offices in Los Angeles, New Orleans, New York, Seattle and Washington DC, Artspace runs a network of 32 affordable arts facilities in 13 states. Representing a $500 million investment in America’s arts infrastructure, our facilities provide more than 1,100 affordable live/work units for artists and their families as well as a million square feet of non-residential space for artists, arts organizations and creative enterprises.

(To distribute housing credits to assist a diversity of populations in need of affordable
housing, including homeless persons, persons in need of supportive housing, senior citizens, and families): Artspace Projects across the United States serve as live/work space for all kinds of artists and their families.
(To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those at risk of converting to market rate housing): Artspace Loveland Lofts is a new construction affordable rental housing project that not only provides 30 new, high-quality live/work units, but also serves as a catalyst for creative placemaking - the economic development.

(To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections): Artspace Loveland Lofts aligns with a variety of CHFA’s Priorities and Criteria for Approval.
(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): Artspace has requested an appropriate amount of credit – well within CHFA’s cap. The over $1 million in local commitment and an additional $71,000 construction material use tax waiver has helped to offset the total development costs for the property.

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

2A. Housing Priority: Market Areas of Pent-Up Demand for Affordable Housing

As previously mentioned, Artspace Loveland Lofts directly addresses “market areas of pent-up demand for affordable housing” in regards to CHFA’s 2013 QAP Priorities. According to the most recent data available and presented in the Third Quarter 2012 Colorado Multi-Family Housing Vacancy & Rental Survey sponsored by the Colorado Division of Housing and Apartment Realty Advisors, the Fort Collins/ Loveland market has consistently had the lowest vacancy rates of each of the twenty-one markets in the survey - as well as the Denver Metro Area- for the previous five quarters. This data provides evidence that the proposed Artspace Loveland property is located in a market area of pent-up demand for affordable housing.

On Tuesday, February 12, 2013 during a Housing Forecast presentation in Loveland, Eric Thompson, President of The Group, Inc., real estate brokers and professionals based in Fort Collins, stated “a federal index of home price growths ranks Loveland-Fort Collins at number nine among 303 markets across the country.”

On Wednesday, February 20, 2013, Reporter Herald journalist, Craig Young, reports that “Loveland won the dubious distinction of having the tightest apartment vacancy rate among
six metro areas across Colorado at the end of last year." He continues, referencing the state Division of Housing’s fourth quarter report from 2012, “The Fort Collins-Loveland areas saw average rents increase 3.5 percent from 2011 to 2012, ending the year at $1,008.76 – the highest among the metro areas surveyed.” This compares to Denver’s average rent at $978, Pueblo’s average rent at $612.53, Grand Junction’s average rent at $659.02, Greely’s average rent at $692.24, and Colorado Springs’ average rent at $790.95.

The Colorado Housing and Finance Authority’s "2013 QAP Priorities" defines market areas of pent-up demand for affordable housing as “Submarkets where overall rental occupancy levels are above 95 percent for market-rate properties and 96 percent for LIHTC properties over three of the previous five quarters.” The aforementioned survey suggests the occupancy rates for Loveland (as a submarket of Fort Collins/Loveland) for the previous five quarters were as follows:

- 96.6% Quarter 3, 2011
- 94.7% Quarter 4, 2011
- 95.5% Quarter 1, 2012
- 96.5% Quarter 2, 2012
- 97.9% Quarter 3, 2012

The decreasing vacancy rates/increasing occupancy rates further demonstrate the need for additional affordable housing in this submarket.

2B. Housing Priority: Seniors

While Artspace Loveland Lofts does not specifically aim to be a senior housing project, the proposed property will provide amenities attractive and beneficial to seniors.
First, the design team looked at the project site, common spaces, and individual live/work units to create an environment in which the talents of people of all ages, ability levels, and backgrounds can come together, collaborate, and create. The seven principles of Universal Design were considered from the initial planning phases of the project. Examples of these seven principles include:

- Elements like smooth floor transitions at doorways and power doors at the building entrance are being used to accommodate a wide range of users with varying abilities and preferences and without stigmatizing any particular group of users. In addition, since the first floor is raised above grade, an additional elevator stop has been added for ease. *(Equitable Use).*

- Blocking will be installed in the walls to accommodate possible future grab bars. This will allow the building’s design to react to specific preferences and abilities *(Flexibility in Use).*

- The spaces are designed with an open plan in mind to keep the building function simple, intuitive and easy to understand regardless of user experience, knowledge, language skills, or capacity to concentrate *(Simple and Intuitive).*

- Signs with larger, light on dark contrasting letters will communicate necessary information in a clean, orderly, and effective manner regardless of sensory abilities *(Perceptible Information).*

- Lighting and occupancy sensors will be installed to minimize adverse consequences of accidental or unintended actions and help save energy *(Tolerance for Error).*

- Lever hardware on all doors and easy-to-grasp hardware on cabinets help building users live their lives efficiently and comfortably, with a minimum of fatigue *(Low Physical Effort).*

- The layouts incorporate what is believed to be the best configurations to maximize usability for everyone. The layouts were developed to allow for clear approach and maneuvering space while considering reach ranges and products developed with Universal Design in mind *(Size and Space for Approach and Use).*
More specific examples of Universal Design strategies incorporated into the design of Artspace Loveland Lofts are available upon request.

Second, the courtyard to be located between the Artspace Loveland Lofts and the non-residential uses of the proposed renovation of the Loveland Feed and Grain building, will provide an outdoor community amenity that will connect residents of all ages with each other, their neighbors, and the community as a whole. Whether it’s a small performance, an outdoor exhibit, or cup of coffee with a friend – the courtyard will offer a vibrant outdoor experience contributing to wellness and livability of the property.

Third, the proximity to community amenities and services is a benefit to senior residents. Located four blocks east of Artspace Loveland, the Loveland Civic Center is home to the Loveland Public Library, the Loveland City Hall and the Chilson Recreation/Senior Center.

The Chilson Senior Center offers an array of senior programs from health and wellness to senior sports to classes, special events, senior dances and day trips. Senior wellness and fitness offerings include individual use of the Recreation Center’s facilities as well as fitness classes, Silver Sneakers programs, aqua fitness classes and nutritional analyses.

Fourth, and possibly the most important, is the facilitation for collaboration and education opportunities between senior residents and those with fewer life experiences. Loveland’s mayor Cecil Gutierrez, a former arts educator, is enthusiastic about the proximity of Artspace Loveland to Bill Reed Middle School, home to the LISA (Loveland Integrated School for the Arts) program, and to Truscott Elementary, looking to the future when artists from Artspace Loveland will be able to serve as guest speakers or artists in residence for those students.
2C. Housing Priority: Transit Oriented Development (TOD) Sites

Transit Oriented Development offers economic, environmental, energy, and quality of life-related benefits for residents and other users due to the accessibility created to goods, services, job centers, and other amenities. While Artspace Loveland Lofts is not located within one half mile of a fixed rail station, the residents of the Artspace property will still experience this accessibility due to the residents’ ability to walk or bike to the downtown core. The excellent proximity and convenient connection to area employment centers, education centers, retail, entertainment, and public transportation will reduce the dependency on automobiles, contributing to an even more affordable and healthier lifestyle.

As previously mentioned, the Local Amenities Map and Table found on page 18 of the housing market study demonstrates the connectivity to these services and amenities including a bank, pharmacy, medical center, grocery store, post office, police station, bus stops, open space, recreation, entertainment, schools, cultural facilities, and the rest of downtown Loveland. Most of these amenities are less than a mile away.

In addition, the express bus service connecting Fort Collins to Longmont as well as connecting to the metro-Denver and Boulder RTD services (known as FLEX) secured funding to run through 2013. FLEX offers a regional transportation option appropriately scaled for these communities, and continues to gain popularity among commuters. Please click on the link below to the December 6, 2012 Reporter Herald article Fed funds plug FLEX gap for more information.


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

3a. Market Conditions:

(Occupancy/Vacancy Rates) According to the most recent data available and presented in the *Third Quarter 2012 Colorado Multi-Family Housing Vacancy & Rental Survey* sponsored by the Colorado Division of Housing and Apartment Realty Advisors, the Fort Collins/Loveland market has consistently had the lowest vacancy rates of each of the twenty-one markets in the survey - as well as the Denver Metro Area- for the previous five quarters. This data provides evidence that the proposed Artspace Loveland property is located in a market area of pent-up demand for affordable housing. Again, this survey suggests the occupancy rates for Loveland (as a submarket of Fort Collins/Loveland) for the previous five quarters were as follows: 96.6% in Quarter 3, 2011; 94.7% in Quarter 4, 2011; 95.5% in Quarter 1, 2012; 96.5% in Quarter 2, 2012; and 97.9% in Quarter 3, 2012. The decreasing vacancy rates/increasing occupancy rates further demonstrate the need for additional affordable housing in this submarket.

(Capture Rates) The capture rates presented by Novogradac & Company LLP have been deemed “reasonable,” indicating Artspace Loveland Lofts will be fully absorbed within one year of completion. In addition, the market study states “...given the demand for good quality affordable housing in the area, it is also very possible (Artspace Loveland Lofts) will be fully absorbed at a faster rate.

The Demand Estimate calculates a capture rate of 5.3, 18.0, 15.5, and 14.5 percent for the LIHTC units restricted to households earning 30, 40, 50, and 60 percent AMI. The overall capture rate is 15.3 percent – falling below the 25 percent maximum capture rate. This 15.3 percent capture rate is a 3.1 percent increase over the existing capture rate of 12.2 percent, and therefore meets the maximum 6 percent increase requirement outlined by CHFA.
Novogradac & Company LLP anticipates Artspace Loveland Lofts’ proposed rents to be achievable and suggest the rents “demonstrate a rent advantage over market rate comparables,” displaying a market advantage of between 15.2 and 62.6 percent over Novogradac’s concluded achievable market rents.

b. Readiness-to-proceed:

3b. Readiness-to-proceed:
A zoning verification letter from the City of Loveland’s Current Planning Manager has been provided and states that the proposed uses are permissible uses within the current zoning of the district.

Phase I and Phase II Environmental reports are complete. No further investigation has been recommended.

The schematic design package is complete.

The cost estimate from a third-party cost estimator is complete.

A capital needs assessment was not required due to the project being new construction.

c. Overall financial feasibility and viability:

3c. Overall financial feasibility and viability:
The time spent getting to know the City of Loveland, thoughtful site review and selection, good amount of investigative work with our design team (including civil, landscape, and environmental), continuous communication with the City of Loveland’s Planning Department,
and team-wide track record with affordable housing gives Artspace confidence in the overall financial feasibility and viability of the proposed Artspace Loveland Lofts project. Our budget was carefully created with our third party cost estimator, Deneuve Construction. Deneuve is familiar with the local building industry, and has been methodical and creative when considering alternatives that affect both upfront and operating costs related to construction.

The successful fundraising model that Artspace typically employs for our projects across the United States consists of 85-90% public sources and 10-15% private, philanthropic sources. Artspace’s ability to obtain national philanthropic grants leverages local support in the form of private gifts from individuals, foundations, and businesses in each community. Each deal is structured with a minimal first mortgage to sustain the projects without ongoing fundraising. In Artspace’s experience, the local philanthropic community has been willing to contribute more substantial, “one-time” capital gifts.

Philanthropic gifts, foundation grants, and previously committed City contributions combined with low income housing tax credits, other government subsidies, and manageable first mortgage create a solid list of sources in terms of project capital.

Both the housing market study prepared by Novogradac & Company and the Artspace arts market studies prepared by Swan Research support the demand for permanently affordable, multifamily housing with an arts focus near the downtown core of Loveland. Rent and vacancy reviews conducted by the Colorado Division of Housing acknowledge that the steadily increasing rents and decreasing vacancy rates for Fort Collins-Loveland are among the most problematic in the State. The fact that over one hundred (100) participants
attended the most recent Artspace-hosted public meeting at the Loveland Museum/Gallery shows us that Loveland is ready for Artspace Loveland Lofts.

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

3d. Experience and track record of development and management team

Artspace Projects, Inc.

Over the last three decades, Artspace has led an accelerating national movement of arts-driven community transformation by championing the once radical idea that artists living on the edge of poverty can leverage fundamental social change. Today we work with leaders across disciplines to engage the arts in agendas from job creation and transit-oriented development to cultural and historic preservation.

We have the hard-earned expertise necessary to create sustainable art spaces that catalyze change. We have brought our expertise to more than 300 cultural planning efforts. Artspace itself has developed and operates 32 arts facilities, a unique portfolio representing a nearly half-billion investment in America’s arts infrastructure.

Through third party research, we know our projects transform communities. Internally, they create affordable, appropriate space that allows artists and arts organizations to be more artistically productive and increase revenue, as well as to engage in and change political processes. We have consistently seen artist participation spur more inclusive decision-
making, a greater emphasis on green/sustainable efforts, and a healing of cultural rifts.

Externally, we foster the safety and livability of neighborhoods without gentrification-led displacement. We animate underutilized spaces, bringing them back onto the tax rolls and boosting area property values. We anchor arts districts, expand access to the arts, and attract artists, businesses and organizations to the area.

And, our projects are sustainable. Our earliest projects are now 20 years old, and they continue to meet the needs of artists and arts organizations while adding to neighborhood vitality without on-going annual fundraising.

While the arts and culture is our focus, affordability is our goal. Of the thirty-two (32) projects in our portfolio, twenty-six (26) are 100% permanently affordable residential projects focusing on 30-60% AMI. The remaining projects are non-residential commercial ventures that contribute to the vitality of their neighborhoods.

(Please see our Project Portfolio included as the last item in Tab 6 of the hard copy document set.)

**Housing Authority of the City of Loveland**

Given its long history for award-winning affordable housing projects, the Housing Authority of the City of Loveland (HACOL) was the logical choice for Artspace to enlist as both an equity and property management partner. HACOL has an excellent reputation of providing varied housing programs for low and very-low income families and has an excellent track record. In addition to serving as the management agent for numerous apartment
complexes, it has also handled the development and construction of a variety of major complexes.

In its capacity as developer of its own projects, the Housing Authority staff perform all the steps in the development process: site identification, market analysis, design, budgeting, obtaining the necessary zoning and financing (both construction and permanent financing), land development, hiring and overseeing the general contractor and on occasion, as the general contractor.

In addition, The Housing Authority of the City of Loveland is the sole 100% owner of HousingQuest Corporation, a Colorado corporation. HousingQuest will participate in the project ownership as its own co-general partner. The Housing Authority confirmed that HousingQuest is the special purpose entity in all of its tax credit housing projects, and that the state statute is clear in validating this approach.

In each of the thirty-two (32) completed projects, Artspace works with a local management company. Our in-house asset management staff works with each management company to pro-actively prepare for any non-traditional aspects of what is otherwise a relatively typical management process. The non-traditional aspects include the overlay of an artist preference in the leasing process and the effort to encourage self-governance for the artists themselves in collaborative work, curating gallery areas, etc.

Given its long successful history, we believe that the Housing Authority of the City of Loveland will be as successful with this process as our other management partners nationally. Bill Mague, Artspace’s Vice President of Asset Management, and Sam Betters,
Executive Director of HACOL, have already been in conversation related to the details of managing Artspace properties.

While Artspace is confident in its management partner, our continued involvement will be significant. Our in-house asset management staff will work with the Authority to ensure smooth budgeting, operations and resident outreach/communication. An Artspace staff person will visit the site quarterly, and spend additional time connecting the residents to the broader community through collaborations, partnerships, etc.

Barker Rinker Seacat/ The Abo Group/ KL&A
The design team has a proven track record of creating successful, sustainable, affordable housing projects.

In 2009, The Abo Group (formerly B+Y Architects), Deneuve Construction Services, and Group 14 Engineering worked together to design DHA’s final phase of their Park Avenue Redevelopment, Park Ave 5B. Construction on this project was completed in late 2010 and in late January of 2012, the 75-unit apartment building received LEED Platinum certification under the LEED for Homes Mid-rise Pilot Program. Recently The Abo Group along with Deneuve Construction Services, completed the design of High Mar, a 59-unit affordable housing project for Boulder Housing Partners. The Abo Group has also designed affordable and mixed income housing projects for New Town Builders: the 29th Drive Row Homes and the Central Park Rows. In 2000, The Abo Group also helped Forest City - Stapleton fulfill its commitment to workforce housing under Denver’s Inclusionary Housing Ordinance with the 80 unit Roslyn Court Project. The Abo Group has coordinated the design of the affordable live/work housing building with our cost consultant Deneuve Construction Services and with
our energy consultant Group 14 Engineering to ensure the most sustainable design for the best value.

KL&A Structural Engineers and Builders have provided structural engineering for several affordable housing projects. KL&A is working on the Denver Housing Authority’s first phase of the South Lincoln redevelopment; this project is currently under construction and anticipates achieving LEED Gold certification. They also worked on DHA’s Park Ave 3B project that achieved a LEED Gold certification. KL&A provided structural engineering for the Residences at Creekside, a 117-unit, senior housing facility for the Lakewood Housing Authority that was completed in 2010.

Multiple internal design meetings have taken place at KL&A's office that is only blocks from the site and City Hall. KL&A's presence in the heart of Loveland has allowed and will continue to allow the team to efficiently and effectively design and develop the project from a local base.

Barker Rinker Seacat Architects, the lead Architectural firm on the overall project, has managed the coordination efforts with the design team and the City of Loveland. Drawing on their past work experience in Loveland, BRS has coordinated multiple meetings with the City staff and the design team to ensure that the project is in compliance with City agencies' requirements and compatible with the City's vision.

See Addendum H – Team Resumes.pdf.

e. Cost reasonableness:

3e. Cost reasonableness
The gross square footage of the residential apartments is 30,035 SF. The common area is 7,858 SF, for a total of 37,893 SF. Including the common area in the denominator brings the total hard construction costs and total development costs down to $135/square foot and $200/square foot, respectively. Please note these numbers include a $130,317 contingency or approximately $3.44/square foot.

We believe our request for support from CHFA is compelling. The annual credit request is $559,944, or just over $18,600 per unit which falls within the range of projects that have been funded in the recent past. This request is well below the maximum credit award of $1,250,000. As we've demonstrated, any per square foot costs above and beyond typical CHFA amounts are being paid for from sources outside the Authority. These other sources, including significant City and local philanthropic dollars, are made available to this project given its multi-sector, broad-based appeal, for large, well-built housing units which combine live and work spaces within each unit.

f. Proximity to existing tax credit developments:

3f. Proximity to other tax credit developments

According to the market study provided by Novogradac & Company, six other low income tax credit developments exist within the PMA defined by Novogradac and approved by CHFA. Of the six, one is a mix of LIHTC and market rate units (Waterford Place). The six developments were built/renovated in 200-2002 (Brookstone Apartments I & II); 1975/1998 (Madison Avenue Apartments); 2002/n/a (Reserve at Centerra); 2002/n/a (Rock Crest); 1996/n/a (The Meadows); and 2004/n/a (Waterford Place.) It has been almost 10 years since the last LIHTC project was constructed in this PMA.
With a focus on the large arts community that exists in Loveland, the property will draw interest from a unique but prevalent target population, the creative sector workforce, limiting direct competition with other properties.

\[g. \text{ Site suitability:}\]

**3g. Site Suitability**

The property located adjacent to the existing Feed & Grain building is an ideal location for the Artspace Loveland Lofts affordable, multifamily development for the following reasons:

- Recent studies summarized by the Colorado Division of Housing demonstrate a growing demand for affordable housing in the Fort Collins-Loveland area as explained in the Criteria for Approval, Market Conditions above.
- Novogradac & Company, our the market analyst, makes an overall conclusion that “…the visibility, access, and existing surrounding land uses will enhance the marketability of the Subject.”
- The City, as part of its Downtown Strategic Plan, sees this site and this project as a primary catalyst in its redevelopment efforts in Loveland’s downtown core.
- The community at large has made it clear the project should be located in or near the heart of downtown to take advantage of the amenities and services within walking distance.
- The City has confirmed the site is zoned appropriately for the proposed uses, and participated in multiple Development Review Team (DRT) Meetings with the Artspace Loveland Lofts design team over the last few months to make sure concepts are aligned with City goals and standards.
- The depth of the market is exemplified in the *Survey of Artists’ Space Needs and Preferences*, the *Survey of Arts Organizations and Interested Businesses*, and the research conducted by the City of Loveland’s Office of Creative Sector Development.
The preservation and re-use of an iconic historic building which played a central role in the founding of Loveland will now play a transformational role in revitalizing Downtown Loveland and demonstrate that creative re-use of historic buildings can be a model for other communities in their own revitalization efforts.

The site is already hosting arts-related events including five art exhibits produced by local artists at the Feed and Grain in 2012: the “Love + Light” exhibition in February; “glass.fiber.stone” in June; “assemble” in August; “Install Loveland” in September; and summer Movie Nights and concerts at the Feed and Grain. Most recently, Love + Light 2013 attracted more than 1,000 visitors in one weekend. Four additional arts exhibitions are already planned for 2013.

Interest in the project grows with each additional event – an interim gallery, “In the Meantime,” will be open to the public every weekend to draw additional traffic and interest to the site; a Feed and Grain Memories project will be led by a local artist to collect and preserve historic mill artifacts and oral histories from worker and customers of the Feed and Grain.

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):

4a. Waiver of any underwriting criteria

Not applicable. Artspace Loveland Lofts does not require any waivers for underwriting criteria.
b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:

4b. Financial need for CHFA’s 130% basis boost

Artspace Projects, Inc. is requesting the basis boost for the proposed Artspace Loveland Lofts due to the unique location and nature of the project. While the location-related benefits are a plus in terms of quality of life for future residents, the challenges created by selecting an infill site rather than developing a greenfield site come with a cost. Land costs for infill projects are generally higher, infrastructure will need to be updated, and efforts will need to be made to disturb existing neighbors as little as possible.

In addition, the housing program of Artspace properties reaches beyond the walls of the rental units to positively impact the lives of the residents as well as the surrounding community. Efforts are made to connect the creative class to the greater community for the purpose of providing opportunities for collaboration, education, and awareness. For the City of Loveland, these opportunities can lead to community impact, economic development opportunities, and heightened interest in additional private and public investment.

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

5a. Issues raised by market analyst in the market study

No specific issues were raised by the market 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:

6a. Issues raised by environmental reports including mitigation plan

No specific issues were raised by the environmental reports.
7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

7a. Outreach Conducted

Artspace Loveland has utilized a variety of means to reach out to the artists and community of Loveland since being invited to Loveland in February 2009. During that first visit, we met with more than 50 artists, business people and community leaders to explore the potential of an Artspace Project for Loveland.

In July, 2009, Artspace met with City Council and held a community meeting to discuss Artspace publicly. In December 2009, Artspace and its partners hosted a public meeting to announce the launch of the surveys to test the market for an Artspace project. More than 100 people attended that meeting.

In January 2010, invitations were sent to more than 2500 artists, art students and arts organizations to take two market surveys, one for individual artists and a second for arts organizations and creative businesses, to further determine the market for an Artspace Loveland project. 410 artists and 114 organizations responded to the surveys. 34% of the responding artists, 139, indicated an interest in affordable live/work housing.

Artspace announced the results of those surveys in July, 2010 at the historic Rialto Theater to a group of nearly 200 artists and community leaders. To mark the conclusion of the surveys and to demonstrate a new use for the building, one of our local partners, Novo Restoration, hosted the Feed & Grain Invitational Art Exhibit at the same time.
Artspace formed a Partners Group consisting of the original partners who funded the pre-feasibility visit, the Erion Foundation and Novo Restoration and the partners who joined to fund the market surveys, the Community Foundation of Northern Colorado, Mueller & Associates and the City of Loveland along with other artists and community leaders. We meet and communicate regularly with the Partners Group to keep them informed of the project and to engage them as ambassadors for the project with their own community organizations.

Artspace returned to City Council in September, 2010, to propose a partnership with the City of Loveland for pre-development services to bring an Artspace project to Loveland. More than 100 artists and community members were in the audience to support the proposal that passed the Council by unanimous vote.

In November 2010, we hosted a community reception in Downtown Loveland and invited all survey takers and all of Loveland’s community arts organizations to learn more about Artspace and the project. More than 140 people attended.

In July 2011, Artspace hired a local liaison to provide regular contacts with City Council, City staff, the news media and the community at large. Our liaison coordinated with Novo Restoration to produce 6 community events at the Feed and Grain in 2011 including a volunteer work party, two arts events, two historic tours of the building, and a wedding. Attendance for those 2011 events totaled nearly 1,000.

After selection of the design team for Artspace Loveland in September 2011, we invited artists and the community to a design workshop in November 2011 to discuss community
visions and needs for an Artspace Loveland project. More than 140 people participated in the standing-room only session and gave their input into the design.

In December 2011, the design team presented their preliminary designs to the Partners Group, to City Council and City staff.

In 2012, Artspace Loveland began collaborating with Studio Blue Bird, an artist-run events producer to produce 4 new arts events at the Feed and Grain. The first of these, Love + Light, was held in February, 2012; more than 1,000 people stood in line in sub-freezing weather to tour this first time event – and to view the first public showing of the preliminary designs for the Artspace Loveland project.

In May, 2012, Artspace partnered with Novo Restoration to host the first “Memories of the Feed & Grain” community open house at the Loveland Library. Artspace is now partnering with artist Olivia Lowe to pursue this project to capture the memories of the workers, farmers and customers of the Feed and Grain before they are lost. Olivia will write a regular column in the local Reporter-Herald newspaper to report on what she is finding and to invite more community participation in the Memories Project and in Artspace Loveland.

In June 2012, Artspace co-sponsored “glass.fiber.stone.” another Studio Blue Bird production at the Feed & Grain which drew 1,000 people in 100-degree weather. All donations collected for this show went to benefit the victims of Larimer County’s High Park fires. Again, designs for the Artspace Loveland project were on display and literature about the project was handed out to all visitors.
In August, Artspace co-sponsored a Studio Blue Bird event, “assemble.” A one-day artists’ competition held on the grounds of the Feed and Grain which saw 13 artist teams create art from piles of “junk” supplied by local salvage yards, this event drew nearly 1,500 to the Feed and Grain. The designs for Artspace Loveland were on display and volunteers were on hand to distribute literature and answer questions about the project.

In September 2012, a conceptual art exhibition, “Install,” featured the work of 7 contemporary artists including four university faculty members from Fort Collins and Colorado Springs. Nearly 800 visitors attended that exhibit, including many art students of the faculty members who had not known about the Feed and Grain or Artspace Loveland.

On February 5, 2013, Artspace applied to the City Council for a long-term loan of $300,000 to fund the final gap in the Loveland Lofts, the housing piece of Artspace Loveland. A call for supporters resulted in a standing-room only crowd of more than 140, and in another unanimous vote by City Council in favor of the request.

In February, 2013, Love + Light was reprised, displaying the works of 13 artists. More than 1,300 visitors toured the show and learned about the Feed and Grain and Artspace Loveland. Nearly $17,000 in art was sold for the participating artists and more than 120 new names of people wanting information about Artspace Loveland were added to our mailing lists.

Artspace is now partnering with Studio Blue Bird on an ambitious and experimental new venture to draw even more traffic and support to the project and the Feed and Grain. “In the Meantime” gallery, a temporary arts gallery and history exhibit, will be housed in the
offices of the Feed and Grain while work on the new housing and on the Feed & Grain stabilization gets under way. “In the Meantime” will feature rotating exhibits of local artists as well as displaying the designs for Artspace Loveland and the Feed & Grain Memories project.

In addition, Artspace is collaborating with Studio Blue Bird to produce 5 more arts and community events at the Feed and Grain in 2013. They include: in May, “Collections,” an exhibit of local student photography and a collection of historical photographs from Loveland and the world; in July, “assemble,” a one day arts competition; in September, “Harvest @ the Feed & Grain,” in celebration of the Feed & Grain Memories project; in October, “The Loveland Art Studio Tour;” and in December, the 2nd annual “glass.fiber.stone.”

As part of its ongoing outreach efforts in Loveland, Artspace Projects maintains a website that links to activities and news about Artspace Loveland: www.artspace.org. Our partners in Loveland maintain the following social media sites: Artspace in Loveland Facebook group, 154 members; Loveland Feed & Grain Facebook page, 239 members and Novo Restoration Facebook page, 135 members; and the website www.lovelandfeedandgrain.com.

Since 2009, Artspace Loveland has been featured in more than 30 articles in local, regional, and Denver news outlets.

As part of our ongoing outreach efforts, we have more than 800 artists and community members on our mailing lists that receive periodic local email updates about the project. At each of our community and arts events, we actively encourage our visitors to sign up for
those updates and gain an average of 30 – 50 new names with each event. Visitors have signed in from more than 30 states and at least 6 countries in additions to the US

We continue to look for new ways to engage artists, students and the community in learning about and participating in all aspects of Artspace Loveland.

7b. Local Support for the Project

When Artspace was first invited to Loveland, locally-based Novo Restoration and the Erion Foundation – in collaboration with the Community Foundation of Northern Colorado, the City of Loveland, and Mueller & Associates – raised $55,000 to pay for a preliminary feasibility study and two arts-based market studies to determine whether or not an Artspace affordable housing project would be viable in the City of Loveland. Strong community buy-in was evident from the start.

Representatives from the local arts community, philanthropic community, City Council Members and other community leaders, and the general public regularly attended each community meeting hosted by Artspace. The goals of the meetings were to gather information related to needs and preferences of both Artspace Loveland Lofts future residents and the City of Loveland; and to share progress on the project. The amount of participation at these meetings, in some cases from more than 100 attendees, was impressive, especially for a community of this size.

The City of Loveland has been a terrific partner in the planning of the project. Not only have they contributed $550,000 towards predevelopment and infrastructure costs ($335,523 dedicated to the residential component, $164,478 dedicated to the stabilization of the historic Feed and Grain), but the City has also approved a conditional loan of $300,000 and
agreed to waive the construction material use tax for the project estimated at $71,000. The City of Loveland has also committed significant staff resources towards the advancement of the project, including the opportunity for the design team to work shoulder-to-shoulder with the City’s Plan Review Team. In addition, the City has approved additional local capital support in the form of a Community Development Block Grant.

Three philanthropic gifts have been pledged contingent on the low income housing tax credits being awarded - a $50,000 pledge from Paul and Teresa Mueller, a $150,000 grant from the Erion Foundation, and $200,000 from the Bruce and Muriel Hach Family Fund. Of the contributed $400,000, $287,431 has been dedicated to the residential component of the project – meeting the philanthropic goal set by the project’s Capital Campaign Committee.

The most compelling support comes from the artists themselves. Artspace has met with a variety of individual artists – either over a cup of coffee or visiting their studios. From the income-eligible artists - who are often also teachers, small business owners, restaurant and retail workers in the community – Artspace learned that potential future residents are excited about the idea of living in a creative community for collaboration opportunities and a chance to better tie-in to the arts scene in the City of Loveland. Affordable space to both live and work allows the artists to focus on their craft and helps individuals to more comfortably support themselves. From the more established artists, Artspace has heard how an affordable live/work opportunity could have made a difference earlier in their career in terms of financial support and a better quality of life.

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

You may also provide additional documentation that supports your narrative by attaching it to the narrative or submitting it on a CD. Each supporting document should briefly describe what is contained in the attachment.

Example 1: Additional documentation to support the Market Conditions Criteria could be labeled as follows: Attachment Market Conditions or Market Conditions.pdf, etc.

Example 2: Soft funds documentation to support that amount of soft funds listed in the Application can be secured could be labeled as follows: Attachment Overall Financial Feasibility and Viability or Overall Financial Feasibility and Viability.pdf, etc.

**PLEASE SEE TAB 6 NARRATIVE/TIMELINE FOR SUPPORTING DOCUMENTATION INCLUDING THE DEVELOPMENT TIMELINE, LOCATION MAPS, ADDENDA REFERENCED IN THE NARRATIVE, SCHEMATIC DRAWINGS, AND ENVIRONMENTAL REPORTS.**
Project Name: AUBURN RIDGE

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

Figure 1. View of the front entrance of Auburn Ridge (Rendering by Humphreys & Partners Architects, LP)

Development Overview and History
Auburn Ventures, LP, in partnership with Douglas County Housing Partnership ("DCHP"), proposes the construction and development of "Auburn Ridge", a senior affordable housing community located at 1033 Auburn Drive in Castle Rock, Douglas County, Colorado. Auburn Ridge will feature 90 newly constructed top-quality apartments for seniors, aged 55 and older, thereby fulfilling one of the major housing priorities as set forth in Section 2 of the Colorado Housing and Finance Authority ("CHFA") 2013 QAP. For CHFA’s convenience we have formatted the project highlights that specifically address 9% LIHTC Criteria for approval in bold & italics.

Auburn Ventures, LP is requesting an allocation of $1,250,000 of Low Income Housing Tax Credits. Following completion of the development, Auburn Ventures, LP, (DCHP is a special limited partner in Auburn Ventures, LP) will continue to own and operate the property as part of the Atlantic Development & Investments, Inc. portfolio of affordable housing communities.
Auburn Ridge will include 54 one-bedroom units and 36 two-bedroom units. The rent structure of the 90 units will be:

- $380 (1 bed) & $458 (2 bed) for 5 units at 30% AMI
- $526 (1 bed) & $633 (2 bed) for 21 units at 40% AMI
- $615 (1 bed) & $745 (2 bed) for 26 units at 50% AMI
- $765 (1 bed) & $865 (2 bed) for 28 units at 60% AMI
- $905 (1 bed) & $999 (2 bed) for 10 units at Market Rate

Residents of Auburn Ridge will have access to a variety of attractive amenities, which include, but are not limited to: a community garden, individual balconies with panoramic views of Castle Rock, a wifi-hotspot computer center, several gathering areas for social activities such as movie nights, and Wii games and general socializing. Units will be designed to the highest standard, and include features such as walk-in closets and vinyl tile floors that give a hardwood look. The construction and landscape design will focus on creating an aesthetically pleasing property appearance, while also emphasizing energy-conserving design elements in accordance with Enterprise Green Communities (“EGC”) Criteria.

Auburn Ventures, LP originally applied for Low Income Housing Tax Credits for Auburn Ridge in Round 2 of CHFA’s 2012 Tax Credit cycle last summer. It was a highly competitive application round. Although Auburn Ridge was not chosen as a recipient at that time, it has benefitted from the additional time to incorporate constructive feedback from staff at CHFA and the Town of Castle Rock for the improvement of the development plan. Over the past eight months, Auburn Ventures, LP has forged ahead with its development efforts, which include but are not limited to: 1) execution of a limited partnership agreement with Douglas County Housing Partnership, 2) engagement in additional neighborhood outreach efforts and establishment of a local Colorado office, 3) submission of an application for 26 Project-based Section 8 vouchers (“PBVs”) to the Colorado Division of Housing (“CO DOH”), 4) submission of a pre-application Green Charrette Grant, and 5) submission of two applications for Community Development Block Grant (“CDBG”) funding from Douglas County CDBG Board.

The partnership has acquired every piece of land necessary for the development of Auburn Ridge. The pro-rata cost for the 3.23 acres of land is approximately $216,000; however, the partnership is contributing the land at $100,000 (a $116,000 discount) in order to facilitate the development of the project. Additionally, all entitlements have been secured for the site (annexation, rezoning and final site plan approval) and construction documents were approved on February 19, 2013. Auburn Ventures, LP has maximized every opportunity available to it as a result of having more time to work on Auburn Ridge and, consequently, we believe that our
readiness to proceed is unparalleled. Upon an award of Low Income Housing Tax Credits from CHFA, site work will commence in spring of 2013, with the completion of construction by summer 2014.

The development of Auburn Ridge will successfully address the housing, social, and financial needs of the Town of Castle Rock, Douglas County, and the State of Colorado. Auburn Ventures, LP is confident that upon an award of 2013 Low-Income Housing Tax Credits from CHFA, Auburn Ridge will be an award-winning development for the Town of Castle Rock and Douglas County, as well as a welcomed addition to the CHFA affordable housing portfolio.

**Location**
The Auburn Ridge affordable community will be located at 1033 Auburn Drive in Castle Rock, Colorado. The Town of Castle Rock is the county seat of Douglas County, and is named after the prominent tower-shaped “castle” butte near the center of town. It is part of Colorado's Front Range Urban Corridor and is located approximately 28 miles (46 km) south of Denver and 37 miles (60 km) north of Colorado Springs. As of the 2010 census, Castle Rock had a population of 48,231, and town staff estimates that it reached its 50,000-resident milestone in 2012.

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

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

**Site Suitability**
The *site is highly suitable for the development of affordable senior housing*. The land for Auburn Ridge is located approximately 0.75 miles west of I-25, the state’s primary north-south corridor. The site sits atop a ridge southwest of the intersection of E. Wolfensberger Road and Auburn Drive. *A Phase I Environmental Report by Vann Engineering, Inc. (completed 5/9/12) raised no environmental issues with the site.*
Auburn Ridge will work with the naturally sloped topography of the 3.23-acres site by locating the three-story multifamily building at the lowest elevation of the site, and as far from the established single family neighborhood as possible. The site plan also proposes a maximum building coverage of approximately 25%, which is significantly less than the 40% allowed by zoning. The topography and limited building coverage help to preserve visual corridors for surrounding neighborhoods.

The site is currently surrounded by a church, single-family and multi-family housing, and vacant land zoned for commercial and multifamily housing.

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

**Senior Facilities**
The Castle Rock Senior Center is located less than four miles northeast of the site. The center arranges social activities for seniors; provides services including transportation, financial, and health; and holds special recreational events for seniors such as the Annual Golf Tournament at Red Hawk Ridge Golf Course.

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

Figure 2. Jessica Breen and John Cichon, principals of the development team, confirm the site's suitability during a site visit in spring of 2012. The distinct geographic formation from which the town derived its moniker, “Castle Rock”, is visible on the horizon.
**Medical Services**
The nearest medical offices can be found near the intersection of Plum Creek Parkway and S. Wilcox St., located less than 1.5 miles from the site. The nearest full-service hospital is the Sky Ridge Medical Center, located 12 miles north of the site.

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

**Recreation**
Castle Rock also offers outdoor recreation within the city, as well as beyond city limits. Located less than one mile east of the site, Rock Park features hiking trails and scenic views of surrounding Castle Rock, as well as Pikes Peak and the Front Range. Surrounding the Town of Castle Rock, there are two state parks, Roxborough State Park and Castlewood Canyon State Park, as well as Pike National Forest bordering the market area to the west.

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

**Proximity to Existing Tax Credit Developments**
With regard to proximity to existing tax credit developments, there are no existing senior apartment tax-credit properties in the Primary Market Area. Furthermore, at this time, there are no known tax-credit properties under development in the market area that are expected to be competitive with Auburn Ridge.

**Detailed Type of Construction**
Auburn Ridge will be a newly constructed garden-style apartment community located on a 3.23 acre site, with sweeping vistas of Castle Rock. There will be a total of 90 units contained within a three-story residential building. The total gross area of the building is 93,928 square feet, with 32,746 square feet of common space and 61,182 square feet of rentable area (54,571 square feet of which is low-income). As stated earlier, the development will include 54 one-bedroom units and 36 two-bedroom units, with three unit types: a 1-BR/1-BA unit at 605 square feet and
two types of 2-BR/1-BA units at 786 and 795 square feet. There will be five Type-A fully ADA Accessible units located on the first floor of the building.

Auburn Ridge will be constructed with type V-one hour wood framed building, 13R sprinkler system, with green features such as low-flow plumbing fixtures, low water use landscaping and incorporation of local building materials.

**Community Amenities**

Auburn Ridge will feature a community garden, a dog park, and 113 parking spaces (5 of which are reserved for handicap parking, and 8 of which are garaged). The building will feature light and airy hallways, and amenity areas that include a leasing office, clubroom, multi-media room, a computer room with single-cup coffee maker providing an internet café feel, fitness center, multiple sitting and reading areas, dining room with buffet area and seating for up to 44 residents at a time, mailroom, and a maintenance room.

**Apartment Amenities**

Each of the individual units will have vinyl-tile floors, with vinyl tile and formica counter tops in the kitchens and bathrooms, a combination heating, air-conditioning and water heater unit on the balcony, ceiling fans, walk-in closets; conventional oven/stove, microwave, refrigerator/freezer, dishwasher, disposal, and a balcony for upper level units or a patio for units on grade. Unit size ranges from 605 s.f. for one bedroom units, and 786-795 s.f. for 2-bedroom units. (Square footage is calculated in net conditioned area.)

**Conformance with Neighborhood Character**

The site for Auburn Ridge fronts Auburn Drive, a neighborhood collector street. Landscaping and a dog park will act as a natural buffer between that street and the building. There will be a specialty paved entry circle that connects the point of arrival to the community garden. Residents and guests will be welcomed through a two-story height lobby connected to a clubroom and leasing office, in order to create a lodge entrance feel. The angular layout of the building follows the natural shape of the land and thus maximizes the views of both the mountains and the community garden.

Auburn Ridge’s architectural design is compatible with the scale and vernacular style of nearby existing residential development: a simplified alpine style tailored to today’s attainable living. The building has been designed to incorporate materials, colors and architectural elements that are typical to the surrounding area and help to preserve Castle Rock’s distinct character. The generous landscaped common areas, including the community garden and dog park, contribute to a harmonious transition between neighborhoods.
The 360 degree architecture of the building utilizes siding, stucco and stone veneer. Architectural detail includes dormers and multiple gables with exposed cross-bracing and roof brackets. The focal point of the building is a stone veneer Italianate style cupola. The main entrance is accentuated with stone veneer columns supporting an open trust canopy. Covered balconies, stucco arches and window shutters add articulation and dimension to the building elevations. The detached garages, storage units and trash enclosures will be constructed with materials to match the main building. The vivid color palette of gold and auburn gives the development a warm and charming feel, like a sunrise atop a ridge.

**Energy Efficiencies**

Auburn Ridge’s Developer has a proven track record in developing energy-efficient affordable communities. Atlantic’s most recent senior affordable development, Ghost Ranch Lodge in Tucson, Arizona, received the Judges Award for Achievement in Sustainability by The National Housing & Rehabilitation Association, in conjunction with the National Trust Community Investment Corporation, at the 2011 J. Timothy Anderson Awards for Excellence in Historic Rehabilitation. Auburn Ridge will be developed and constructed to the same excellent standards.

Under the guidance of its sustainability consultant, C2 Sustainable Development Services, Auburn Ridge will follow the Enterprise Green Communities Criteria for sustainable development, and will include: advanced water conserving appliances and features, meeting the rigorous building performance standards of Energy Star version 3, Energy-star rated appliances, energy-efficient lighting, and low-water use landscaping.
A pre-application Green Charrette Grant was submitted by DCHP on behalf of Auburn Ridge in November of 2012 and a Green Charrette was held later that month with members of the development team and a representative of the Town of Castle Rock’s Planning Department at the Philip S. Milller Public Library in Castle Rock. By utilizing Energy Star version 3, the project will go not only beyond the energy code the project applied for permits under, but also beyond the new 2012 IECC the town is currently adopting. These standards require rigorous performance testing of the units to ensure they are as air-tight and energy efficient as possible. Auburn Ridge is breaking new ground in many ways in Castle Rock, and the Town’s Planning Commission noted that it is excited for the development of the Town’s first truly “green building”.

In essence, Auburn Venture, LP’s goal is to maximize energy-efficiencies in the development of Auburn Ridge, in order to create the most sustainable, cost-effective development over the long term.

**Population Served**

Auburn Ridge is designed for *seniors* aged 55 and older, with 80 of the units (88%) rent-restricted for seniors whose income is 60% or less of the AMI. The 90 planned units have a broad income mix, restricted at 30%, 40%, 50% and 60% AMI as well as senior market-rate units. *Since its application last year, Auburn Ventures, LP has increased the number of affordable units in its development plan from 72 to 80 units.*

Proposed rents at 30% and 40% are targeted at the maximum allowable, while 50% and 60% rents are targeted below the maximum allowable. Residents will pay electric and gas utilities and the rent structure of the 90 units will be:

- $380 (1 bed) & $458 (2 bed) for 5 units at 30% AMI
- $526 (1 bed) & $633 (2 bed) for 21 units at 40% AMI
- $615 (1 bed) & $745 (2 bed) for 26 units at 50% AMI
- $765 (1 bed) & $865 (2 bed) for 28 units at 60% AMI
- $905 (1 bed) & $999 (2 bed) for 10 units at Market Rate

Colorado Division of Housing has provided a letter of interest to provide up to 26 Section-8 Project Based Vouchers (PBVs) for elderly/disabled residents at the 30% and 40% AMI categories at Auburn Ridge, thereby fulfilling one of the major housing priorities for special needs populations as set forth in the Request for Applications announced by the Division of Housing in August 2012. Furthermore, Auburn Ventures, LP has contracted with the Englewood Housing Authority to provide HUD Section 8 Rental Assistance Certificate Holders (and public
housing entity waiting list applicants). Per Auburn Ridge’s agreement with Englewood, Auburn is mandated to give first priority status for vacant 30% units to the Certificate Holders.

Auburn Ridge’s tenant mix will have a diverse income range and will include 10 senior market-rate units. The decision to incorporate senior market-rate units into the development occurred during the preliminary stages of the development process. Since the beginning of 2012, development team members have been in dialogue with representatives from Town and County, the Douglas County Housing Partnership, and residents of Castle Rock. These discussions revealed that there was a gap in the market not only for affordable senior units, but also for reasonably priced market rate senior units. Our market study analyst at the Highland Group provided quantitative data to support this qualitative observation in its market study:

“…a great need for reasonably-priced market-rate senior apartments, as there currently are none offered in the PMA. The closest rental apartment option for seniors is independent living offered by Spectrum - Lincoln Meadows, with required high service levels and relatively small unit sizes. Lincoln Meadows is not considered competitive with or comparable to [Auburn Ridge]. Rents for Lincoln Meadows start at $2,675 for 1-BR units, and $3,590 for 2-BR units. The new Bonaventure continuing care community, now under construction in Castle Rock, will offer 1-BR independent living units starting at around $2,500 per month.” (p. 8)

This gap in the market, combined with the high cost of developing in Castle Rock and Douglas County, confirmed the development team’s belief that the inclusion of senior market-rate units was the most appropriate unit mix for an affordable senior development in this location.

This decision is supported by The 2009-2013 Consolidated Plan Douglas County CDBG Program, which notes: “it is extremely challenging to develop in this County without having multiple funding sources in place. It is difficult to build multifamily residential developments that serve persons/households in the 40-80% of AMI. Even the 60-80% AMI developments have to include market rate units within their development in order to be financially feasible” (p. 94).

Again, the market study for Auburn Ridge confirmed the appropriateness of including senior market-rate units, noting “The planned unit mix, offering many 50% AMI and 60% AMI units, as well as reasonably priced market-rate units, is a good fit for this market area” (p. 64).

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

Auburn Ridge will also be built with the needs of disabled residents in mind. Five "Type A" fully handicap accessible dwelling units will be built per the Fair Housing Act and the 2009 IBC. This represents more than 5% of the total number of dwelling units in the project. All handicap elements will be installed in these units at first construction, including those for sensory impairments. The balance of the units shall be "Type B" Adaptable units per the Fair Housing Act and the 2009 IBC. All common areas of the facility will be designed to meet ADA for public accommodations.

Interior common amenities at Auburn Ridge will be designed to enhance a sense of community for residents. Residents will enjoy a spacious two-story community room with computers and Wi-Fi, seating, and a café bar, providing a space for residents to socialize; a media center with theater-style seating, a flat screen TV, and Wii; an exercise room including free weights, exercise machines, and floor/class space; a club room on the 3rd floor which includes a kitchen, seating area, and a game table. Reading areas and lounges will be located in the western wings of each floor adjacent to the second elevator.

Finally, outdoor amenities at Auburn Ridge will include a community garden, dog park and picnic area, security system, a limited number (8) of garage parking spaces, and a community patio. The site will be connected to public sidewalks at several locations, connecting it to the wider neighborhood and enhancing a sense of community within the Town of Castle Rock.

**Services**

While Auburn Ridge is designed for seniors seeking to live an independent lifestyle, the community’s management company, Celtic Property Management, LLC (Celtic), will provide a variety of supportive services to residents. The specific in-house support services we will provide include, but are not limited to: an ADA accessible shuttle van, resident service coordination, on-site health classes, coordination with an on-site visiting nurse, food bank coordination, and laundry service coordination.

Through Celtic, Auburn Ridge will promote the social integration of Auburn Ridge residents within the wider Castle Rock community. A number of community organizations are excited for the proposed development including the Castle Rock Senior Center. The Castle Rock Senior Center provides a number of services and activities for seniors in the area, including a local shuttle service, financial advice, and health services.
On-site staff will be equipped to provide support to our residents, some of whom may be disabled or otherwise require assistance with the activities of daily living (e.g., managing finances, health matters, etc.). Celtic will also make referrals to outside agencies and services that may contract separately with residents (e.g., transportation, home health, housekeeping, food delivery, rehabilitation, etc.). Finally, Celtic will provide a part-time driver for the ADA shuttle van dedicated to residents of Auburn Ridge.

Additional optional services will include door-to-door trash service, and a Movie Member annual membership, which grants access to all movies made available by management for home use.

**Auburn Ridge’s Response to Market Study Recommendations**

The market study for Auburn Ridge noted that given Castle Rock’s non-urban character, there is a lack of local public transportation. Concerns about transportation were also raised by CHFA during our review in summer in 2012 and the Town of Castle Rock Planning Commission. The market study recommended that we work with the Castle Rock Senior Center to arrange transportation. We have exceeded this recommendation and intend to **provide a fully accessible ADA shuttle bus** dedicated for use by residents at Auburn Ridge. This service will be free of charge to residents and will provide them with transportation services in and around town. It is a support service that is designed to meet the needs of residents who are disabled or need assistance with the tasks of daily living, and/or for those who cannot afford to own a vehicle. Castle Rock’s mayor, Paul Donohue, described this decision on the part of Auburn Ventures, LP as “commendable” at our Town Council Hearing review of our Final Planned Development on January 22, 2013 (the FPD was approved by a vote of 7-0 by Town Council that night).

The market study recommended that the partnership raise the rents to the maximum LIHTC rents, given that other properties are able to attain the maximum rents. However, we respectfully disagree with this recommendation and have decided not to raise rents in order to maximize affordability and ensure long-term viability of the asset. Our rationale for doing so is that if there is a downturn in the rental market or an increase in operating expenses in the future, then the partnership can appropriately adapt to the market to ensure the long term viability of the Property. This conservative approach to rental limits has been successfully executed by our team in past affordable development communities and is supported by our equity investor, which earns our team the highest equity pricing.

The market study also recommended that garages be included on site. Since our first application, we have added eight garages and storage space to the site, which our market study
Finally, the market study recommended Auburn Ventures, LP “should plan for a leasing rate of 10 to 12 units per month (factoring in pre-leased units), or a lease-up period of 7.5 to 9 months after opening to fill its 90 units” (p. 49). Atlantic Development & Investment’s affiliate management company, Celtic Property Management, LLC takes an aggressive approach to marketing and leasing. For example, Atlantic’s most recent senior development was 100% pre-leased prior to being placed in service and was fully occupied on the date that Certificates of Occupancy were issued. Auburn Ventures, LP expects Celtic to apply this same approach to the leasing of Auburn Ridge. Specifically, management anticipates pre-leasing 50 to 60 units during construction with the expectation that the building will be fully occupied within three to four months after opening (i.e. by the end of autumn of 2014). To achieve this, Celtic will hire a dedicated site team in order to make one-on-one client visits, issue print and internet advertisements, and advertise through the Castle Rock Senior Center and Douglas County Housing Partnership. We do not anticipate any difficulty with lease-up and already have a growing waiting list.

**Auburn Ridge Fulfills one of the Major Housing Priorities as set forth in Section 2 of the QAP**
Auburn Ridge will feature 90 newly constructed top-quality apartments for seniors, aged 55 and older, thereby fulfilling one of the major housing priorities as set forth in Section 2 of the QAP.

**Auburn Ridge is Consistent with the Guiding Principles in Section 2 of the QAP**
Auburn Ridge meets a number of the guiding principles set forth in Section 2 of the Qualified Allocation Plan (QAP).

First and foremost, Auburn Ridge will provide housing that serves the lowest income tenants for the longest period of time. Auburn Ventures, LP is committed to targeting 5 units at 30% AMI in Auburn Ridge, 21 units at 40% AMI, 26 units at 50% AMI, and 28 units at 60%AMI, for a total score of 71 under the Low-Income Targeting Category. While 10 of the units at Auburn Ridge will not be rent-restricted, the partnership plans to rent these units for less than the market study’s recommendation (“$1,000 to $1,100 per month for 1-BR units and $1,200 to $1,300 per month for 2-BR units” p. 5), meaning that they will still be attainable for local residents. Furthermore, Auburn Ventures, LP has entered into an agreement with the
Englewood Housing Authority to provide HUD Section 8 Rental Assistance Certificate Holders (and public housing entity waiting list applicants) with first priority status for vacant 30% units (see PHA Agreement with Englewood Housing Authority in Tab 14). Finally, Auburn Ventures, LP is committed to extending the 15-year compliance period by an additional 25 years for all rent-restricted units, a total 40-year affordability period, which is the highest possible score of 38 points for extended low-income use under the 2013 QAP.

The development of Auburn Ridge will also successfully contribute towards a distribution of housing credits across the state. Castle Rock has never had a 9% competitive tax credit allocation. Additionally, affordable housing allocations of any type (including 4% deals) in Douglas County are infrequent because of the high costs associated with developing in this area of the state. An award of 9% competitive tax credits to Auburn Ridge will address the pent up demand for desperately needed affordable housing in a market area that has previously been overlooked by developers.

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

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

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

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

Auburn Ridge Meets the Criteria for Approval in Section 2 of the QAP
Market Conditions
Douglas County has the second highest growth rate in Colorado for individuals aged 65 and older (a 178% increase from 2000 to 2010). As the market study for Auburn Ridge noted:
“There will be even greater demand for affordable senior apartments within Douglas County during the next 15 to 20 years. When the 97 units at Reyn Rock and Oakwood were built, the entire age 65+ population of Douglas County was less than 3,000, yet the age 65+ population had increased by more than 10 times to nearly 35,000 by 2010...[It is projected] that the age 65+ population in Douglas County will grow to nearly 60,000 persons by 2025”. (p. 4)

The development of Auburn Ridge successfully addresses this identified community housing priority for Douglas County as set forth in The 2009-2013 Consolidated Plan Douglas County CDBG Program, which notes that the “primary barrier to fair housing choice in Douglas County is a lack of affordable housing” (p. 95). Seniors in particular are identified as a population with special housing needs: “[There is a] shortage of affordable rental housing for income-qualified renters...seniors...have significant unmet needs related to both housing and supportive services”. (p. 123 emphasis added)

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

This strong demand for senior housing was reflected in the market study’s capture rate analysis for Auburn Ridge submitted last summer. The Market Study Update (see attached), indicates that this demand has continued to grow:

“First, regarding strength of demand, the overall required capture rate is very low, with updated demographics indicating even greater numbers of qualified households. The overall capture rate decreased from the June 2012 study, from 5.1% to 3.1%. By AMI category, capture for 30% AMI is 3.9%; 40% AMI is 11.0%; 50% AMI is 10.7%; 60% is 11.1% and market-rate is 0.4%.” (p. 3)

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

Ready-to-Proceed
The Auburn Ridge development is ready to proceed following an award of LIHTC from CHFA.

Castle Rock Town Council unanimously approved the annexation and re-zoning of the land for the development on December 11, 2012 by a vote of 7-0. The land for the site is zoned Multifamily-1 (MF1) within the recently approved Auburn Ridge Planned Development (PD).
MF1 allows for the construction of age-restricted, independent senior living facilities, with a density of 28 dwelling units per acres, a maximum building height of 45 feet (excluding architectural elements), and 40% maximum building coverage.

*Castle Rock Town Council unanimously approved the Final Planned Development (FPD) site plan for Auburn Ridge on January 22, 2013 by a vote of 7-0*, confirming that the site plan complies with the zoning regulations and development standards of the Approved Auburn Ridge Preliminary Site Plan and Planned Development Zoning regulations. The Planning Commission report noted that Auburn Ridge’s FPD “Protect[s] the Town’s natural beauty, ridgelines, and scenic views” and “Supports[s] the development of Castle Rock as a self-sufficient community” (p. 3). Town staff confirmed that Auburn Ridge “meets the Town Identity and Community Planning Cornerstones of the Town’s Vision 2020 and the land use goals and policies of the 2020 Comprehensive Master Plan” and that the “age-restricted facility is an important housing type that will serve residents 55 years and older...[and] meet the needs of seniors of varying income levels” (p. 4). The parking requirements for MF1 require 1 parking space per dwelling unit plus 1 space per 5 dwelling units for guest parking. The 113 parking spaces provided at Auburn Ridge exceed this parking requirement.

*Construction documents were approved on February 19, 2013 and we anticipate pulling permits immediately upon an award of LIHTC. We have also formed a Colorado-based general contracting firm, Regis Construction, Inc., which is licensed by the Town of Castle Rock. We have been bidding the project to local subcontractors since December, and an independent third party construction cost estimate has been completed by PWN Architects and Planners.*

**Financial Feasibility and Viability**

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

We have maximized the financing potential of the property, thereby minimizing the total need for tax credits. We have a financing commitment for the construction of the project from National Mortgage Investors, LLC in the amount of $16,321,000 and an equity commitment of $11,624,997 from Alliant Capital, Ltd., our tax-credit investor.

Due to the number of partnerships we have previously closed with our tax credit investor, Alliant Capital is prepared to purchase a ninety-nine and nine-tenths percent (99.98%) limited partnership interest in Auburn Ridge upon receipt of the tax-credits at a purchase price which is
at the high end of the national tax credit spectrum (93 cents per tax credit dollar), thereby giving greater leverage to the state’s tax credits, and keeping rents more affordable.

The $1,708,900 Developer Fee and $644,832 Contractor overhead and profit amounts are both within their respective permissible percentages as outlined in the 2013 QAP (these fees were automatically calculated in the CHFA 2013 LIHTC Application on the Contractor-Developer Fee Limits Worksheet). It should be noted that the $644,832 overhead and profit amount is a reduced fee in conformance with the requirements of the QAP to counteract the identity of interest between Auburn Ventures, LP and the contractor Regis Construction, Inc. (The initial 8% contractor fee under the CHFA 2013 QAP ($859,776) was reduced by $214,944 to comply with the 6% identity rule).

The $100,000 land cost is not a profit to Auburn Ventures, LP or any affiliate including Atlantic Development & Investments, Inc., and the pro-rata cost for the 3.23 acres of land is over $200,000. The partnership is providing the land at a discount in order to facilitate the development; further evidence of our commitment to Auburn Ridge.

Auburn Ridge’s per unit hard cost of $132,023, and total development cost of $181,343 per unit are below the 221d4 HUD basis limits. **The costs are considered reasonable** when compared to other tax credit developments, particularly given the considerably high costs associated with completing developments in Douglas County, and have been verified by an independent third-party, PWN Architects and Planners.

The development team has identified its sources of funding for the project that make the project **financially feasible**. We have firm commitments for both the construction and permanent financing on the project. Additionally, we have a firm commitment from our equity investor, and have chosen to defer 18.81% of the developer’s fee. The financing structure is as follows:

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<th>Source</th>
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<tr>
<td>1st Mortgage from NMI</td>
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<tr>
<td>Colorado Division of Housing HOME</td>
<td>$406,000</td>
<td>Letter of Interest Received</td>
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<tr>
<td>Douglas County CDBG</td>
<td>$200,000</td>
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<tr>
<td>GHFA Green Charrette</td>
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<tr>
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<tr>
<td>Deferred Developer Fee</td>
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</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$16,320,914</strong></td>
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</tr>
</tbody>
</table>
The high cost of developing in Douglas County is the primary justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis. The 2009-2013 Consolidated Plan Douglas County CDBG Program, noted that “it is extremely challenging to develop” in Douglas County (p. 94). Additionally, the project is not financially feasible as a non-competitive 4% deal.

At this time Auburn Ventures, LP is not requesting any waivers for 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).

Furthermore, the Douglas County Housing Partnership (DCHP), a Multi-Jurisdictional Housing Authority, is materially participating in the design and development of the project as a special limited partner in the ownership of the development (see attached organizational structure for Auburn Ridge, letters of support from DCHP, and limited partnership agreement between Auburn Ventures, LP and DCHP). DCHP has been in existence for ten years and functions primarily to assist first time homebuyers with down payment assistance. DCHP also has also acquired one senior affordable housing complex of 64 units in Castle Rock (Oakwood Apartments), which is currently managed by Ross Management, and is a minority owner in two other apartment buildings. DCHP’s role as Special Limited Partner and co-owner means that Auburn Ridge will be exempt from real estate taxes, further ensuring the financial viability of the development.

We are committed to the tax credit program and to the individuals it serves. Our commitment is that upon receipt of a tax credit reservation, we will do everything in our power to deliver the Auburn Ridge as promised and when promised. We believe that Auburn Ridge will be another exemplary addition to the Colorado Housing and Finance Authority’s portfolio.

Community Outreach and Local Support for Auburn Ridge
Auburn Ridge has a substantial amount of community support both in spirit as well as in the form of financial subsidy.

Neighborhood Support
Neighborhood meetings were held on June 6th and 7th, and September 17th 2012 with all HOAs and homeowners within a 600 ft. radius of the site at a local restaurant, Castle Café, on Wilcox Street in Castle Rock. At these meetings, representatives of Auburn Ventures, LP and DCHP presented an overview of the development, including its affordable nature, conceptual
site plans, building elevations and photo simulations to demonstrate how the site will be developed and buildings oriented in order to minimize impacts to the nearby residential areas. We have received numerous letters from the community supporting our development and highlighting the need for senior affordable housing in Castle Rock.

Approximately 50 local residents attended these meetings and expressed support for the development of Auburn Ridge. The development team has responded to positive feedback from the community. For example, in direct response to the community’s desire for more information, we created a webpage outlining the features of Auburn Ridge that is updated as the development progresses (http://www.atlanticdev.com/locations/development-pipeline/234-auburn-ridge) and also established a monthly email newsletter to everyone who supplied their email addresses in order to keep them up to date on the development team’s progress.

In one follow-up email to the meeting, a local resident wrote: “It was so good to see a project with the good of the community at heart.” We have received many letters, phone calls and emails from local residents in support of Auburn Ridge, and based on interactions with the town and residents, we are informed that this high level of local support is unprecedented.

**Town Support**

The development team is currently preparing an Attainable Housing Fee Reduction Request to the Town of Castle Rock to reduce the impact fees for the affordable portion of the development. Preliminary meetings with Town Council Members and the Castle Rock Economic Development Council have indicated support for the project and this application will be submitted by March 2013 for Review by the Development Services Department and then Town Council approval. The Town has worked with us to expedite annexation, rezoning and Final Planned Development approvals. Their support is evidenced by their unanimous approval of the annexation and re-zoning of the land for the development on December 11, 2012 by a vote of 7-0, and their approval of the Final Planned Development on January 22, 2013 by another unanimous vote of 7-0. Furthermore, our partnership with DCHP strengthens our application for this fee reduction, as DCHP is the Town of Castle Rock’s primary resource for working on attainable housing efforts (the Town of Castle Rock is one of the local government members of the DCHP and a party to the Intergovernmental agreement that established the DCHP).
**County Support**

Auburn Ventures, LP’s partnership with Douglas County Housing Partnership shows the high level of support at the county level for Auburn Ridge. The development team has held meetings with Jennifer Eby and Tina Dill of Douglas County CDBG, and successfully presented to the CDBG Advisory Group on August 24, 2012. We have subsequently applied for CDBG funds and received our Letter of Interest from the Douglas County CDBG Board that they are willing to support Auburn Ridge as it successfully addresses an identified community housing priority for as set forth in The 2009-2013 Consolidated Plan Douglas County CDBG Program, which notes that the “primary barrier to fair housing choice in Douglas County is a lack of affordable housing” (p. 95). Seniors in particular are identified as a population with special housing needs: “[There is a] shortage of affordable rental housing for income-qualified renters...seniors...have significant unmet needs related to both housing and supportive services”. (p. 123 emphasis added)

**State Support**

Finally, we have submitted a Green Charrette grant pre-application to CHFA as part of their “Green Communities Initiative” and held a green charrette in November 2012. Immediately following receipt of LIHTC, we will apply to the Colorado Division of Housing for $406,000 in HOME funds, and we have already received our letter of interest from the Division of Housing for these HOME funds as well as 26 PBVs for elderly/disabled residents.

The partnership applied for the 26 PBVs to the CO DOH primarily due to the highly competitive nature of the aforementioned subsidies (HOME, CDBG, Town Waivers, etc.), as well as timing concerns related to the various funding cycles. The added subsidy to operations that these units would provide, will allow us to take on a higher amount of primary debt and ensure that Auburn Ridge would still be able to operate with so many 30% and 40% AMI units. Additionally it would provide additional relief to the tenants of these units as they would only need to provide a rent payment equal to 33% of their gross monthly income, rather than potentially paying more to meet the fixed rent rates.

The strength of our organization is unparalleled and we believe that it will allow us to successfully complete the Auburn Ridge development in Castle Rock, an area where local developers have previously found it difficult to develop due to higher than average costs and NIMBY-ism. Along with our special limited partner, DCHP, Auburn Ventures, LP has built strong relationships with the Town of Castle Rock and Douglas County over the last year and has been told by those in the local municipalities that they have never witnessed such enthusiasm for a LIHTC project before. (For evidence of Local Support, please see attached Exhibit A “Local...
Support Letters” from local residents, Castle Rock Senior Center, Castle Rock Economic Development Council, Douglas County Housing Partnership and Douglas County CDBG).

Experience and Track Record of the Development and Management Team
Auburn Ventures, LP is part of the Atlantic Development & Investments, Inc. family of affiliated companies, headed under the direction of Mark Breen. Since 1986, Mark has been involved in the development of over 3,500 LIHTC units across the country. Atlantic is dedicated to developing high quality, affordable communities that stand the test of time. Our winning formula includes innovative designs, value engineering, attentive construction management, quality contracting and a unique ability to adapt to the complexities of any development. Atlantic’s affiliate, Glennmark Construction, Inc., has been a leader in the development of affordable housing communities, and its relationship with National Mortgage Investors, Inc. ensures that construction and permanent financing are in place and firmly committed at the time of application.

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

Our successful balance of equity and debt financing has earned the trust of some of the country’s premier investment partners. Among those we’ve attracted include nationally known sponsors of affordable housing, several publicly held corporations, including insurance and utility companies and select regional banks. Alliant Capital is one of the premier syndicators in the country. Our 25 year relationship with Scott Kotick at Alliant Capital provides a strong foundation and ensures that we will receive our equity on time. This financial footing ensures a strong foundation for each of our community developments. The breadth of knowledge and experience we have in the field of affordable housing together with our financial strength ensures that Auburn Ridge will be successful over the long term.

The key to the strength and success of the Atlantic business model lies in the fact that our team has worked together for such a long period of time. This holistic approach to doing business emphasizes the importance of long-lasting relationships and the value that is added when the various individuals composing a development team that are normally disparate are brought
together to function more efficiently as a whole. Our development, construction, and management affiliates are all co-located in the same building, meaning that we can look to other members of the development team for assistance or support at any time of the day and meet face-to-face at a moment’s notice. This vertical integration allows us to get the job done more efficiently than other developers. We deliver our LIHTC communities on time and have more “skin in the game” than any other developer, often guaranteeing the financing and construction completion of our projects in order to accelerate the development process for our investors. This type of business model adds value to the finished product; in particular, the synergy it produces allows us to complete developments more quickly than our competitors and is highly attractive to our equity investors. Our investors know that we are able to respond more quickly than others to their construction, management or development needs due to our ability to have direct oversight over each of these constituent elements. As such, we are able to attract the highest equity pricing in market and build superior affordable communities that stand the test of time. In essence, the efficiency of our development, construction and management organizations, and our willingness to stand by our properties, helps to maximize tax credit dollars. Today, Atlantic Development & Investments, Inc. is one of the nation’s most successful LIHTC developers. (Please see Exhibit B “Atlantic Reference Letters”)

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

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

Regis Construction, Inc., a newly-formed Colorado-based construction entity with an office in Denver will be the general contractor for Auburn Ridge. Regis, proudly a woman-owned business, is an affiliate of Four Leaf Construction, Inc. (successfully constructed 14 LIHTC communities throughout the United States). The principals of Regis and Four Leaf are currently finishing 5 LIHTC acquisition/rehabilitation projects. Most importantly, Regis has committed to
the work exclusively on the Auburn Ridge construction engagement to ensure its timely and successful delivery to CHFA’s portfolio.

Regis, together with PWN and C2 Sustainability, will ensure that Auburn Ridge is designed and built to Enterprise Green Sustainability Criteria. Regis Construction, Inc. is working diligently with the Castle Rock Economic Development Council to connect with a number of local businesses (e.g. subcontractors, suppliers, etc.), and an invitation to bid was sent out in December 2012. We are currently reviewing bids from local subcontractors who are all eager for Auburn Ridge to be awarded tax credits. The continued success of the Atlantic business model, which Regis follows, has been directly attributable to our ability and willingness to work with local businesses, subcontractors and suppliers. We are in the process of developing similar long-lasting relationships with local subcontractors in Colorado, and have established an office in Denver in our efforts to further build our presence in the state. (Please see Exhibit C “Work with CO-based Development Team Members, Subcontractors, and Suppliers”).

Finally, Auburn Ridge will be managed by Celtic Property Management (Celtic), LLC. Celtic’s principal team of owners, company managers, and officers has a combined experience of more than 80 years in all aspects of multi-family and affordable housing properties. As of February 1, 2008, Celtic assumed full-time management responsibilities for 1,150 units of affordable multi-family housing in 10 communities. Since its establishment in 2008, Celtic has tripled its portfolio to include more than 3,500 units in over 30 properties across the country. This includes management of six senior rent-restricted properties, and five 100% Project-Based Section-8 properties (two of which serve elderly and/or disabled residents). Celtic’s properties are held to the highest standards and compliance is overseen by our in-house compliance department. Our Chief Operating Officer and designated broker, Tina Beland, recently obtained her broker’s license in Colorado and is currently managing an ever-growing waiting list for Auburn Ridge comprised of individuals from the community who have spontaneously called or emailed asking about the development, and requesting to be placed on its wait list (there are currently ten names on this list).

**Closing**

For the last 15 months we have demonstrated to CHFA, Douglas County, the Town of Castle Rock and the community that all of our commitments have been fulfilled. Affiliates of Auburn Ventures, LP have invested over $1,000,000 and have engaged a workforce to make Auburn Ridge a reality. Furthermore, we have delivered everything that we have promised to date. With CHFA’s award of tax-credits, we will continue to show our commitment.
Auburn Ventures, LP is committed to commence construction no later than spring 2013 and shall be complete with construction in the summer of 2014. Essentially, we will be the first to commence construction and the first to complete construction for the 2013 tax-credit year. Our affiliates have never had to return any credits to any state for failing to complete a project on time. All of this speaks to the dedication, commitment and experience we have in the field of affordable housing. We believe that no one else can make this commitment, and as such we respectfully submit that everyone will benefit from an award to the development of Auburn Ridge.

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

Project Address: 6166 West Tenth Street, Greeley CO

The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project’s strengths and address its weaknesses. It must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc.

Project Description
Chinook Wind Apartments is a proposed 60-unit accessible, affordable senior rental development to be located on an approximately 2.0-acre parcel south of 10th Street near the new King Soopers Grocery store in Greeley’s North Gate Village. The residence will include the physical spaces and social supports to allow low-income seniors and frail elderly residents to age in place in a setting that promotes individual control, autonomy, choice and dignity. The project is being developed by Accessible Space, Inc. (“ASI”), one of the premier developers and operators nationally of affordable, service-enriched housing for people with physical disabilities, including the frail elderly.

Physical Description
The wood frame, four-story building will include 46 one-bedroom (642 SF) and 14 two-bedroom (855 SF), accessible, adaptable apartments as well as community and supportive service space. Resident units will include dishwashers, washer and dryer units, ceiling fans, patios or balconies and ample storage space.

A minimum of 20% percent (12) of the resident units will be fully wheelchair accessible (Type A) for low-income seniors with physical disabilities. Wheelchair accessible features in the Type A units will include wheel-in showers, adjustable closet shelves, roll-under counters and vanities, accessible ranges/stovetops, in-wall ovens, and accessible outlets and light switches throughout including kitchen counter-edge outlets and counter edge oven light/fan controls. All of the resident units will be equipped with adaptations for persons with sensory impairments (hearing and visual.)
The building is designed with a central main entrance and includes central common spaces on each floor with two wings of residential units branching off the midpoint. The “Hands-Free” secure entry system includes an electronically controlled vestibule with exterior sliding doors that activate from the outside by proximity reader. Once inside the vestibule, controlled access through the main entry sliding door is activated by long-range card proximity from a distance up to two feet only for residents and authorized persons who have assigned electronic proximity cards that can be worn or attached to wheelchairs for “Hands-Free” entry. The controlled access will require guests and visitors to use the telephone entry system inside the vestibule to contact residents who can activate the secure entry door and permit access into the building via their telephones.

The entry opens onto the lobby area with an oversized glass elevator that will act as a noteworthy design element. The oversized elevator will be large enough to accommodate two large wheelchairs and additional ambulatory persons, and is large enough for use by emergency medical response teams, including a stretcher/gurney if the need arises.

Both sides of the central elevator open to a large community room with open kitchen. This striking two-story community space will highlight the central glass elevator and wrapping monumental staircase leading up to the second floor. The multifunctional space will offer a place for residents to gather and socialize around communal meals and events. Additionally, there is a conference room and offices on the first floor for property management and outside service staff to meet with residents as needed.

The second floor also contains an office suite that will be used for service provision. ASI is in the process of identifying an outside service provider that will occupy the office suite rent free and provide services and referrals to residents (discussed further below). The third-floor community room includes a large space for a library and computer room. Both the third and fourth floors will have a therapeutic spa room. These spas are similar to commercial Jacuzzis and are very popular with seniors in ASI’s other buildings. The fourth floor community space will include an exercise room with equipment and mats for stretching along with a therapeutic spa room adjacent. All of the community space is centrally located in keeping with ASI’s mission of being culturally sensitive to serving the frail elderly and minimizing the distance they have to travel in the building to access these spaces.

Outdoor spaces will include extensive landscaping, patio and sitting areas with accessible picnic tables, benches and barbeques. There will also be two raised vegetable/flower beds for use by the residents as well a pedestrian path connecting to the City of Greeley pedestrian trail system.
Service Provision

Chinook Wind Apartments will be a service-enriched, independent living senior housing community that will meet the individual needs of residents as they age in place. In keeping with ASI's philosophy of self-reliance and consumer choice, eligibility for, or selection of, available supportive services is not required as a condition for housing eligibility. However, if individuals indicate a need for services during the interview process or anytime during their residency, on-site staff will assist residents with planning, coordinating and implementing the needed services for which they may be eligible for within the community. Information regarding community resources, supportive services, and social/recreational activities will also be made available and provided to applicants and residents, and on-site staff will assist residents as needed with placing calls and completing necessary paperwork to apply for services for which they may be eligible.

As part of the service plan, a directory of agencies, organizations and other community resources will also be available and provided to applicants and residents. The directory will provide information concerning the supportive services and social/recreational activities available to seniors and persons with special needs within Greeley and Weld County. Ross Management is highly experienced in meeting the unique and special needs of seniors, and will assist applicants and residents with this process, as well as work with specific providers to coordinate the provision of services as incoming residents plan their move. As part of the service plan, residents will also be welcome to provide staff with emergency contact information in the event of a medical emergency or other urgent situation. An emergency contact card will be provided to all residents who wish to provide this information that can be used by staff to contact family members, case managers, doctors, pharmacies, etc. in the event of an emergency. Staff will also assist residents with organizing an optional “well-check” program for participating residents to hang a card outside of their apartment doors by a specified time each morning to indicate that they are safe and well. Participating residents who do not hang their cards by the specified time will be checked on to make sure that they are ok.

To further ensure resident safety and provide another level of reassurance and security, Chinook Wind Apartments will install and provide an emergency call system available to all residents free of charge. Each resident will be issued a waterproof, wireless emergency pendant that will alert a 24 hour monitoring service when the pendant is activated, which will then alert local first responders of an emergency call at the property. To accommodate residents with restricted use of their hands or other mobility challenges, adaptive pendants will be provided in place of the standard emergency call pendants.

In addition, ASI is currently engaging in preliminary discussions with several local senior service providers in Greeley/Weld County to provide on-site and off-site services, including information and referral services within Chinook Wind Apartments. Free rent of fully furnished office space, including wiring for telephone and broadband internet connections will be reserved for one or
more of these providers. Furthermore, as ASI continues to grow within Colorado and the Southwest, they are currently planning to hire a regional management representative that would also office at Chinook Wind Apartments. When implemented, this position could be made available on a part-time or fill-in basis to serve as a liaison and an additional resource for residents.

ASI is fully committed to the long-term success of Chinook Wind Apartments and allowing residents to remain as independent as possible while they age in place. To support long-term residency, it is critical that residents have both “accessible” housing to accommodate their changing special needs, maintain their mobility and help ensure their safety, and “affordable” housing to provide more financial stability, food security, and the ability to engage in life-enriching activities. In addition, the availability of a wide variety of services, providers, and access to social/recreational activities will serve to ensure that access to the right type of service(s) at the right time is feasible. Below is a comprehensive list of the services currently available to seniors within the Greeley/Weld County community:

- Meals on Wheels of Greeley and Weld County
- Weld Food Bank
- Greeley-Evans Transit - provides origin-to-destination, round-trip Paratransit Service, Evening Demand Response Service, and Sunday Call-N-Ride Service for persons who qualify as defined by the Americans with Disabilities act of 1992, and those who are age 60 and older.
- Rehabilitation and Visiting Nurse Association (RVNA)
- Senior Resource Services programs including: Senior Yellow Pages, Free transportation to medical appointments, hair appointments, grocery shopping, etc., Special Friend Program: Volunteers provide transportation to the Doctor's and Dentist's offices and grocery shopping.
- Greeley Senior Activity Center with Programs Including: Special Events, Travel Programs, Sports & tournaments, Classes that range from fitness, AARP Driver Safety Program, computers, woodworking, ceramics and more. Crafts and Games: Bingo, cribbage, scrabble, pitch, pinochle, bridge, etc.

ASI has secured memorandums of understanding for provision of services from Greeley Evans Transit, Rehabilitation/Visiting Nurses Association, Banner Home Care, Caring Hearts and Weld County Department of Human Services. These organizations provide a variety of services, and they are eager to be a part of this collaborative effort and service enriched setting that Chinook Wind will bring to Greeley.

Additional information on opportunities for education and activities that enhance the quality of
life will be provided by a published monthly newsletter and by posting activities available in the community on a central message board. Topics of education may include information on safety, health care, diet and nutrition, agency and vendor service presentations, and employment and volunteer opportunities.

Both the on-site property manager and the service providers will organize activities of interest to residents, including neighborhood watch groups, bookmobile services, organized shopping trips or deliveries, and socialization or recreation including birthday parties, drop by coffee areas, pot-luck and barbeque dinners, card and game nights, exercise programs and crafts.

Soon after the building opens, ASI staff will meet with residents to establish a Resident Council. Resident participation in the Resident Council is not required, although it is encouraged. The Council may plan and coordinate building activities and community room use for both entertainment, social and educational purposes. Resident participation in decisions affecting their daily activities creates a sense of self-determination and community. Many residents may choose to volunteer their services and will provide valuable services to the community and the development.

Development Green Components
As an experienced developer and advocate for green building design, ASI has an excellent record of utilizing construction and design techniques that are sensitive to the use of green building materials during construction, providing efficient use of energy during and after completion and preserving natural pervious landscape while incorporating industry leading standards for site and building wheelchair accessibility. In addition to the energy conservation methods noted, ASI will design the development for registration with Enterprise Green Communities.

The Chinook Wind Apartments will be a certified EnergyStar-rated development. The building will include high efficiency heating and cooling equipment, including gas-fired hydronic heat, EnergyStar appliances, low-E vinyl thermal pane windows, high R-value wall and attic insulation, and large display thermostat controls. The building mechanical systems are set up to easily measure gas, electric and water usage for ongoing monitoring and reporting of energy use. The development will promote sustainable building techniques through the use of low- and no-VOC paints, carpeting, padding, and adhesives, and formaldehyde-free particle board and will promote water conservation with low-flow fixtures.

Target Population
The Chinook Wind Apartments will be restricted to residents age 55 and above. Fifty-nine (59) of the units will be low-income tax credit eligible and income-restricted to residents at or below
40% and 50% of AMI. The rents will range from about $467 to $591 for a one-bedroom unit and $560 to $753 for a two-bedroom unit. Tenants will pay for electricity only. One unit will be set aside for on-site management.

<table>
<thead>
<tr>
<th>Unit Mix</th>
<th>1br</th>
<th>2br</th>
<th>Total units</th>
<th>Total sq ft</th>
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<tr>
<td>est. s.f.</td>
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<td>855</td>
<td></td>
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<td>50%</td>
<td>11</td>
<td>4</td>
<td>15</td>
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<td>50% PBV</td>
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<tr>
<td>40%</td>
<td>20</td>
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<table>
<thead>
<tr>
<th>Employee unit</th>
<th>1</th>
<th>1</th>
<th>855</th>
</tr>
</thead>
</table>

The development has also received an award of 20 project-based Housing Choice Vouchers from the Greeley-Weld Housing Authorities, which will allow the development to target and serve extremely low-income and frail seniors who ordinarily cannot afford to live in tax credit housing.

**Site and Neighborhood**

The Chinook Wind Apartments will be located on a vacant parcel west of 6616 10th Street between 63rd Ave. and 71st Ave. in Greeley, about 5 miles west of downtown.

Directly adjacent to the site is ASI's Twin Rivers Apartments project, which is anticipated to be complete in May 2013, ahead of schedule. Twin Rivers will be a 17-unit accessible, affordable apartment development for very low-income adults with physical disabilities. Twin Rivers and the proposed Chinook Wind Apartments will have a connecting drive and sidewalks.

The site is located nearby pharmacies, groceries, banks, restaurants and other amenities of interest to seniors. A new King Soopers Marketplace is located within 0.5 miles of the site. The King Soopers has groceries, pharmacy, ATM/bank, restaurant, home improvement items, kitchen and bath items, and personal items. Other amenities within 0.5 miles are two restaurants, a fitness center, dental clinic and a post office. Within 1.1 mile are medical clinics, shopping, convenience store/gas station, pharmacy, two banks, hair salon and a public library.

Poudre Valley Health Care, Inc. has begun development of a new emergency care and surgery center on the property directly adjacent on the west side of the site. The new Poudre Valley Health Care development will be a comforting next-door amenity for the senior residents and especially those with physical disabilities.
The residents of the Chinook Wind Apartments will have access to the Greeley-Evans Transit (GET) System. GET offers fixed route service, a Paratransit Dial-A-Ride service, and Evening Demand Service. It provides origin-to-destination and door-to-door transit service for persons who qualify as defined by the Americans with Disabilities act of 1992 and those who are 60 and older. Seniors (age 60 years or more) receive a reduced rate.

The GET System Fixed Routes include the Red bus route that has a stop near the King Soopers Marketplace. This bus stop will provide the building’s residents access to many locations in Greeley via accessible transportation. ASI is also working with GET to see if they would consider a bus route closer to the future 77 housing units in the two ASI developments. The slight detour has the benefit of also being beneficial for customer pick-up and delivery at the emergency medical clinic and at King Soopers.

### Financing

<table>
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<th>Amount</th>
<th>Source</th>
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<td><strong>$11,148,728.00</strong></td>
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The proposed financing for the Chinook Wind Apartments will include the following:

- Conventional construction and permanent debt and equity- ASI has a strong long term relationship with US Bank. They have provided very comprehensive offer letters on both debt and equity and the deal has preliminary committee approval. The Bank is very excited about the project and having one entity for both debt and equity will offer some economies of scale to the project that are very compelling.
• HOME funds from the City of Greeley Urban Renewal Authority (GURA)- ASI has an award from GURA for $550,000 in HOME funds. This is a significant show of support from the City of Greeley considering the limited amount of federal funds they have to award annually.

• Colorado Division of Housing (DOH) award of HOME Funds- ASI has a good relationship with the Division who has supported every one of the previous ASI developments in Colorado. DOH has welcomed ASI and their experience in providing service enriched housing in Colorado. We will make full application to Division of Housing in June after we have confirmation of the award of LIHTC and will present to the July State Housing Board. We believe the project will compete well as it meets many of DOH’s criteria for funding such as serving very low income households and seniors.

• And, Deferred Developer fee of just over 20%. We have deferred as much fee as we can and still be able to pay it off before year 13.

The estimated total development cost is just about $11.15 million, or about $186,000 per unit.

Based upon successful applications for funding in 2013, the Chinook Wind Apartments will close and start construction in approximately October 2013 with construction completion in October 2014 and 100% lease-up in May 2015.

About ASI
ASI is a national, nonprofit organization that provides accessible, affordable housing, assisted/supportive living and rehabilitation services to income qualifying adults with physical disabilities, brain injuries and seniors including the frail elderly. Incorporated in 1978, ASI developed the nation's first supportive housing project with shared personal care services for individuals with severe physical disabilities. Today ASI is the largest provider of HUD Section 811 accessible, affordable housing in the nation and currently operates with an annual budget of $33 million and employs over 550 people.

ASI has significant experience in both accessible housing and senior housing; the company has developed 146 supportive housing developments in 31 states. Twenty-two of these developments are senior apartment properties, developed between 1999 and 2012, with 790 total units. ASI has successfully developed and owns one 60 unit LIHTC project in Henderson, Nevada (Coronado Drive). On June, 27, 2012, Coronado Drive Apartments was nominated by the Nevada Housing Division for the National Council of State Housing Finance Agencies (NCSHA) Annual Awards for Program Excellence under the “Special Needs Housing” category.
ASI currently operates three supportive housing developments in Colorado including Fox Run Apartments in Greeley. Fox Run Apartments was made possible through funding grants from the U.S. Department of Housing and Urban Development Section 811 Program, the Greeley Urban Renewal Authority HOME Program and the Colorado Department of Local Affairs, Division of Housing. As noted above, Twin Rivers Apartments, located directly adjacent to ASI’s proposed Chinook Wind Apartments, is anticipated to be complete in May 2013.

In addition, the narrative should address the following:

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

   - This project will be serving the lowest income tenants for the longest period of time. The set aside for this project is all 40% and 50% AMI units. However we have an allocation of project based vouchers from Greeley/Weld Housing Authorities that will enable us to serve very low income seniors (likely less than 30% AMI). ASI has selected the longest extended low income use of 40 years.
   - This project will provide for a distribution of credits across the state. The last award in Greeley was 2006 and that was a 4% LIHTC project. The most recent award of 9% credits in Greeley was 1997. Prior to the 2012 round 1 award in Windsor for a family project, the last year 9% LIHTCs were awarded in Weld County was 2005.
   - This project provides opportunity to a qualified sponsor of affordable housing. ASI is a well respected national non-profit developer of supportive housing.
   - This project will provide new accessible, affordable and supportive housing for seniors,
   - This project creates 60 new units of senior housing in a market where very little development has occurred over the past decade.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:
   This project will provide high quality affordable, accessible housing with services for seniors.
3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

a. Market conditions:
   As the market study shows, the demand in the area is great because there has been very little senior affordable housing built in the Greeley market over the past 10 years. Our overall capture rate is 7.3%. The market study states that ASI’s product will stand out as high quality with a strong amenities package on top of being affordable.

b. Readiness-to-proceed:
ASI has done much of the necessary work to move toward closing on this project soon as we have an allocation of credits. Our development and finance team has been assembled; all funds except DOH have been applied for and received. On the construction approvals front we have completed the City of Greeley Planning Department “Scoping Review” including:

- Submittal of project site plans, floor plans and building elevations for determination of compliance with City Zoning, Planning and building regulations.
- Receipt of City Planning Department comments and incorporation into the plan review submittals
- Receipt of Planning instructions for Building Permit approval of the plan depicted 1:1 parking ratio that outlines documenting the Owner’s experience with this type of project demonstrating that the 1:1 parking is sufficient as well as noting on the Building Permit submittal drawings that a waiver of parking requirements is requested based on the documented Owner’s senior housing experience, the project’s close proximity to retail shopping, service providers, and health-care facilities, and as part of the criteria meant to satisfy Green initiatives including reduced impervious coverage and a site location where residents have access to alternate means of transportation. In addition to the aforementioned, ASI will include commentary from a consulting traffic engineer to provide additional support for the Owner’s anecdotal data.

There are no additional City of Greeley Planning approvals nor formal City of Greeley Planning Commission approvals required for this project because the development was confirmed as a conforming use in the Planning Department “Scoping Review”. This means that City Planning has reviewed the site plans, floor plans, and building
elevations for general conformance and compliance with City of Greeley zoning, planning, and building code requirements.

Once the project receives finance approvals, the architectural and engineering drawings can be completed, enabling the project to proceed through the final building permit approval process. The schedule for the entire process is approximate 18 weeks and includes design, engineering and building permit approval.

This project has completed a considerable amount of the work necessary to close on financing and begin construction. We are ready for a fall closing and have budgeted for winter conditions so that construction can carry on through the winter. The local support for this project has been so significant, we hope to be able to capitalize on all the commitments we have received from GURA and GWHA in order to bring these much needed units online.

c. Overall financial feasibility and viability:
ASI has garnered much of the necessary financial support including:
• We have a commitment of significant HOME funds from the city of Greeley Urban Renewal Authority.
• We have been approved by the Greeley/Weld Housing Authorities (GWHA) for 20 project based section 8s.
• GWHA has also generously agreed to partner with ASI to provide property tax exemption to the project. This has a huge impact on our ability to make this project feasible (property taxes were estimated at $40,000/ year) and we are very grateful to GWHA to agreeing to partner with us.
• We have been in close communication with the Division of Housing about this project and they are very supportive. They know ASI well and have financially supported all previous ASI developments in Colorado.

Developing high quality affordable housing in Greeley is a challenge. The costs are the same as any other part of Colorado as are the expenses but the rents are low. Nonetheless, this project works because of the commitments of soft funds from the state and city as well as the project based section 8s and the award of property tax exemption. The support from the local community has made all the difference.
d. Experience and track record of the development and management team:

ASI has significant experience in the development and operation of both accessible housing and senior housing; the national nonprofit organization has developed 146 supportive housing developments in 31 states since 1978. Twenty two of these developments are accessible, affordable senior apartment properties, developed between 1999 and 2012, with 790 total units.

With funding reductions to the HUD 202 and 811 programs, ASI is incorporating additional affordable housing finance tools, including Low Income Housing Tax Credits to serve its target populations. Building on a strong foundation of successful development and ongoing compliance with governmental funding programs, ASI has recently completed and placed in service its first tax credit project. Coronado Drive Apartments is a 60 unit affordable senior housing development that opened in 2011 for seniors and seniors with disabilities. The financing for this project included ARRA Section 1602 Tax Credit Exchange Program funds from the Nevada Housing Division, 30 Project-Based Section 8 Vouchers from the Southern Nevada Regional Housing Authority, HOME funds from both the City of Henderson and Clark County, a Federal Home Loan Bank Affordable Housing Program grant, and conventional debt through the Idaho Nevada CDFI. In addition to Chinook Wind, ASI is currently pursuing tax credit financing for new senior developments in Great Falls, Montana and Clark County, Nevada.

In 2008, recognizing that they were relatively inexperienced in LIHTC development; ASI began working with a national LIHTC consultant with significant experience to help guide them. That consultant, Praxis Consulting Group, guided ASI on Coronado Drive Apartments and is assisting on all three of ASI’s current LIHTC initiatives including Chinook Wind Apartments. ASI is also working with an experienced local LIHTC consultant, Dwelling Development, LLC, to gain a better understanding of Colorado LIHTC development as well as a better sense of market conditions, development and operation expectations. [Note: On June, 27, 2012, Coronado Drive Apartments was nominated by the Nevada Housing Division for the National Council of State Housing Finance Agencies (NCSHA) Annual Awards for Program Excellence under the “Special Needs Housing” category].
The development team is largely made up of local, Colorado based, businesses with significant experience in LIHTC development including Dwelling Development, BC Builders, Faegre and Benson, and Ross Management.

The property manager, Ross Management Group, was founded in 1986, is based in Denver and manages over 2100 units of housing nationally. RMG specializes in the management of conventional, tax credit, affordable, and service enriched housing as well as senior properties. RMG has been awarded the National Affordable Housing Management Association's "Community of Quality Award for Exemplary Family Development" and HUD management agent of the year.

e. Cost reasonableness:

The costs for this project are very reasonable and much of that has to do with the design. Overall construction design is cost efficient given its basic rectangular designs resulting in limited or no wasted or unusable space. The first floor is slab-on-grade and walls, roof and mid-floor assemblies are wood and wood- truss construction recognized as the industry standard and most cost effective structure. There is no basement or underground parking structure that typically drives construction costs up. In addition, ASI was able to secure and eventually purchase the bank foreclosed site for Chinook Wind at a cost far below current market value.

f. Proximity to existing tax credit developments:

As noted in the market study, there is only one other senior LIHTC development in the PMA that does not have project based subsidy and that project was placed in service in 1997. All of the comparable properties from the study report a vacancy of 0% and most have waitlists demonstrating the significant demand for this type of affordable senior housing.

g. Site suitability:

The site is ideal from ASI’s stand point because they are building another project right next door and this provides for excellent linkages between the two developments. Additionally, the site is within easy walking distance of shopping
and medical services. The site design also connects a walking path to the City of Greely pedestrian trail system. The market study notes that the site does not have easy access to public transit but as part of the service coordination ASI plans to connect to Greeley Evans Transit which can address this issue.

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 first year debt service coverage is above 1.30 because as mentioned, the rents in Greeley are low and expenses are similar to other parts of the state. This leaves the project with a thinner margin between income and expense which is more rapidly reduced by 1% difference in income and expense. The project needs to start with a higher than average DSC in order to maintain 1.15 for the full 15 years.

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

The project does require that we request a boost of 20%. There are a number of factors that bring about this request. As mentioned, the Greeley market has very low rents but equally high construction and operating costs as the rest of the state. This means that the project is limited in the amount of permanent debt it can support. This creates a gap that we have filled through all potential sources and value engineered construction techniques. However, we still need the boost to make the project work. This issue is no doubt a factor in the lack of development in Weld County. It is a challenge to make the numbers work.

5. Address any issues raised by the market analyst in the market study submitted with your application:
None
6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

None

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

The project has significant local support from Greeley Urban Renewal Authority (GURA) and the Greeley/ Weld Housing Authorities. We have mentioned the challenges with developing in Greeley and GURA and GWHA are pleased to see this development coming to fruition as it will meet a significant need in the community. Greeley Urban Renewal Authority has committed $550,000 in HOME funds, a significant investment for a city that does not get a significant allocation of HOME funds. Additionally, Weld Greeley HA has agreed to project base 20 section 8 subsidies and partner to provide property tax exemption. They understand the challenges of developing in Greeley and see a genuine opportunity for their clients in this development. This will enable very low income, elderly currently on a waitlist for affordable housing or paying a significant portion of their income to live in high quality housing with services for an affordable rent.

You may also provide additional documentation that supports your narrative by attaching it to the narrative or submitting it on a CD. Each supporting document should briefly describe what is contained in the attachment.

Example 1: Additional documentation to support the Market Conditions Criteria could be labeled to as follows: Attachment Market Conditions or Market Conditions.pdf, etc.

Example 2: Soft funds documentation to support that amount of soft funds listed in the Application can be secured could be labeled as follows: Attachment Overall Financial Feasibility and Viability or Overall Financial Feasibility and Viability.pdf, etc.
**Project Name:** CityScape at Belmar

**Project Address:** 500 South Reed Street, Lakewood, Colorado 80226

**Characteristics of the project and why it should be selected above others for an award of credit.**

Metro West Housing Solutions’ (MWHS) CityScape at Belmar will provide high quality affordable and market-rate senior housing in Lakewood’s exciting downtown neighborhood. Belmar is a 22 block pedestrian district with an abundance of shopping, dining, entertainment and services. This 130-unit community will include many quality amenities for its residents along with the allure of the development’s location. With this development being the only senior housing and the only affordable housing development in the vibrant Belmar redevelopment, copious amount of interest and excitement have already been expressed.

CityScape at Belmar will provide 130 homes for households with a wide range of incomes in a very attractive, highly sustainable, cost-effective building. The development will deliver diverse amenities and services for seniors. Amenities will include a community room with a bistro and kitchen, a private dining room, fitness and wellness facilities, a movie theatre, billiards, community gardens and other welcoming outdoor gathering spaces. The building has been designed with ongoing health and wellness influences, from the building’s inviting stairwells for everyday use to multiple areas to socialize and build community. The indoor and outdoor spaces will flow together and encourage movement as well as serene opportunities. MWHS will provide a full menu of resident services, both through MWHS staff and through partnerships in the community. MWHS will partner with local groups to both bring services to the property and draw our residents out into the community.

MWHS has an extremely successful portfolio of senior housing. With each new development, MWHS strives to meet the needs and desires of not just the current generation of seniors, but of the people who will live in these communities for decades to come. As the Baby Boomers approach retirement, they are making it clear they desire a lifestyle connected to the community. They want to be in places that continue to provide activity and liveliness. The current generation of seniors points out to us the importance of living where they can access
services without needing to drive. Belmar meets these needs and desires, with its thriving culture, entertainment, shopping and dining. MWHS chose a site in Belmar specifically with the focus of providing housing in the heart of a vibrant community and by doing so will be able to offer the only affordable housing within the Belmar redevelopment.

**The applicant should document the project’s strengths and to address its weaknesses.**

The strengths of this project include:

- Location in Belmar. This New Urbanist redevelopment area and the surrounding community provide readily walkable access to a host of amenities, from shopping and dining to healthcare and cultural activities.
- Outstanding amenities in the development, both indoors and outdoors. The spaces will be both programmed and flexible. This will allow residents to immediately use the facilities and to develop the ongoing uses of the spaces in ways that they want.
- Diverse range of unit types and pricing, serving seniors from 30% AMI through market rate, with 25% of the units being reserved for households with Section 8. There is a mix of 1- and 2-bedroom units in varying sizes that the market study agrees is an appropriate mix.
- Superior unit amenities, including walk-in closets, balconies/patios and washers/dryers. The unit design builds on the very successful Creekside and Creekside West models and addresses comments residents have given at those locations.
- Highly sustainable – see description of energy efficiencies.
- Documented strong need for rental housing in area as shown in market study. The overall capture rate is 10.6%. The market rate units should have very high demand given the lack of moderately priced senior housing in this part of the metro area.

Potential weakness of this project:

- The market study finds no weaknesses overall in the project (p. 63). The Site Location Analysis section, however, notes that “the subject is not highly visible from a major transportation corridor.” The study also notes that “its location within Belmar should more than compensate for this” and recommends strong signage to the extent allowed. MWHS will follow the signage recommendation.
- The market study also points out that the site is adjacent to two undeveloped lots in Belmar and goes on to state that the master developer of Belmar has a rigorous design review process. Those sites fall within the residential portion of Belmar and any development on them should be compatible with the CityScape development.
**It must include a description of the project as proposed**

**Detailed type of construction:**

- The building will be four-stories of wood frame construction above a concrete underground structured parking garage. The garage will encompass the entire footprint of the building.
- The roof will be flat with parapets and sheathed in a heat reflective white membrane surface.
- The exterior of the building will be clad in a combination of a painted direct applied cement-based panel, such as Hardy Panel, and integral color cement panel product, such as Swiss Pearl, applied in a rain screen application.
- All units will be accessible via an internal corridor and serviced by two elevators and 2 sets of stairs.
- The windows will be double paned vinyl in the residential units, and a combination of butt-glazed and aluminum storefront at the common areas.
- The units will have 9-foot ceilings, ceiling fans, air-conditioning, walk-in closets and washer/dryers.
- Within the units flooring will consist of carpeting in the bedrooms and vinyl plank in the entry, kitchen, living room and bathroom.
- The kitchens and bathrooms will include average to good quality fixtures, laminate countertops, and wood cabinets. The kitchen will be equipped with black appliances including a frost-free refrigerator, electric range/oven, dishwasher, and disposal.
- Packaged Thermal Air Conditioner (PTAC) units controlled by wall thermostats will provide unit heating and cooling.

**Population being served:** Seniors.

**Bedroom mix:**

<table>
<thead>
<tr>
<th>Size</th>
<th># Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>1</td>
</tr>
<tr>
<td>1BR/1BA</td>
<td>94</td>
</tr>
<tr>
<td>2BR/1BA</td>
<td>35</td>
</tr>
</tbody>
</table>

**Location:** 500 South Reed Street (at corner of West Virginia Avenue and South Reed Street) in Lakewood. This is in the Belmar redevelopment area.

**Amenities include:**

- Large community room with kitchen and bistro
- Private dining room for use by residents
- Fitness and wellness facilities
• Billiards room
• Movie theatre
• Large outdoor courtyard with seating areas, outdoor kitchen and other activities
• Community gardens
• On-site storage units
• In-unit washers/dryers
• Balconies
• On-site bicycle storage
• Underground and surface parking
• Trash chutes and recycling on each floor.
• Free wireless internet for residents

Services, if provided:

Metro West Housing Solutions provides resident services on-site at all of our properties. The property resource centers are staffed with Service Coordinators so that residents can conveniently access services in the place where they live. At our senior properties residents benefit from assistance with identifying, locating and acquiring the services necessary for them to age in place in their own homes. These services also assist in the housing transition and provide ongoing support and assistance addressing the many life changes experienced as we age. The services and activities at each development are tailored to the residents who live there and are adapted over time to continue to match the needs and requests of residents. For more information about services offered by MWHS, please visit www.mwhsolutions.org/mwhs_services.php.

Description of energy efficiencies:

MWHS’ thorough integrated design approach to sustainability focuses on the site, building, and individual apartment scales to maximize overall sustainability. Features are chosen based upon cost-effectiveness and payback for residents and the agency with the goals of reducing monetary costs and enhancing quality of life. By constructing this building on a previously developed infill site, the project is saving energy and limiting its carbon footprint. No infrastructure or services will need to be expanded and maintained for this development. The site’s exceptional proximity to bus service, sidewalks, and biking infrastructure further minimizes energy use as residents will be able to access jobs, entertainment, and community amenities without relying on the automobile. The building is oriented perfectly to take advantage of the sun. Its east/west axis takes advantage of the sun to naturally heat the building during the cold season and orients perfectly for potential future solar photovoltaic power. This axis will be preserved in perpetuity because a water detention pond and walking path abuts the property to the south. The building envelope is carefully designed to include the best combination of insulation and low-e windows to minimize energy use and costs. The building’s orientation allows for extensive daylighting, which when combined with an aggressive lighting schedule, occupancy sensors in common
spaces, and highly efficient fixtures and bulbs will greatly reduce overall lighting costs. All building systems and common space/apartment appliances will be highly efficient. The Green Communities checklist provides further details on specific features.

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

The following financing sources will be used:

- HOME funds from City of Lakewood/Jefferson County consortium
- HOME funds from Colorado Division of Housing
- EDA grant from Xcel Energy toward energy modeling
- Equity from Metro West Housing Solutions (including land and cash)
- Tax credit equity
- Mortgage
- Private foundations are being solicited for senior services programs support

**In addition, the narrative should address the following:**

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

   This property will make 7% of the units available for tenants at or below 30% of AMI, another 20% at 40% of AMI, and 21% at 50% of AMI (a total of 48% of units available to very low income households). There will also be 29 units at 60% AMI, giving the development a score of 73 points for Low Income Targeting. In addition, 25% of the units will have Section 8 assistance. MWHS’ practice has been and will continue be for households with Section 8 vouchers to occupy units above the 30% set-asides, thus assuring that households who are truly in need of the 30% units and have no subsidy will have access to those units. This property will agree to an additional 25 year commitment for the tax credit requirements - a total 40-year affordability period giving the highest possible score of 38 points for the application. The average affordable rents for this development are 50% AMI level.

   b. To support projects in a QCT, the development of which contributes to a concerted community revitalization plan

   N/A
c. To provide for distribution of housing credits across the state

N/A

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

The project sponsor is a public housing authority.

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

This property will focus on seniors.

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

This is a new construction property.

g. To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections

MWHS is requesting slightly below the maximum amount of credit allowed, which will provide 91 new affordable units. It is a large development that will greatly enhance Belmar as well as the entire southwest portion of the metro Denver area.

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

The per unit credit amount for our development is nearly 30% below the average per unit cost (approximately 5% below the average per affordable unit) for all of the 2012 new construction tax credit awardees. This development’s location in Belmar requires high development standards in order to be approved by the architectural committee of the master developer. The site requires an underground parking garage in order to fit the entire development. When those two factors are considered, the lower than average tax credits per unit that are being requested are a testament to MWHS’ ability to develop high quality housing at very reasonable costs. Given the amount of owner equity already shown to be needed for the development to work as a 9% deal, the amount of credit requested is as low as feasible and would not work at all as a 4% deal.
2. **Identify which housing priority in Section 2 of the QAP the project qualifies for (please select only one):**

This property qualifies for the Seniors priority. The amenities that will be provided are focused on the senior population that will reside at CityScape. MWHS will have a senior services coordinator on staff as described above.

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

   a. **Market conditions:**
      i. The overall vacancy rate in South Lakewood (defined by the Denver Metro Area Apartment Vacancy and Rent Survey as south of 6th Avenue) was 4.6% for the fourth quarter of 2012. Rents have increased over 13% in the past two years. The overall capture rate for the project is just 8.3% with existing properties and rises to only 10.6% when including the project. MWHS manages several of the tax-credit properties that are being used as comparables. Each of those properties is 100% leased with a waiting list.
      ii. With the market for home sales improving in the past year, there is likely pent up demand for seniors who have wanted to sell their homes and move into high quality senior housing. MWHS has received inquiries from numerous people about getting on the waitlist and planning to sell their homes prior to moving in.
      iii. In addition to the waiting lists for affordable apartment communities, MWHS has a waiting list of nearly 2,500 households, of which over 250 are senior households, for the Section 8 voucher program. The demand for affordable homes is far outpacing the supply and has been for many years.

   b. **Readiness-to-proceed:**
      i. The land is owned, free of debt, by MWHS.
      ii. The site is zoned for 154 units of residential multifamily, more than sufficient for this 130-unit proposal.
      iii. The Architectural Control Committee of Belmar has approved the design. This committee approves the design of all new construction within Belmar. Having committee approval is a prerequisite to submission to the city for site plan approval.
      iv. Carryover can be met by early 2014 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.
c. Overall financial feasibility and viability:
   i. This project, as conceived, has been tested and will not work with 4% Tax Credit financing.
   ii. All sources of funding are either available in the form of cash (owner equity) or by commitment (City HOME funds, debt and tax credit equity), except for the State of Colorado Division of Housing funds. If those funds are not available in full or in part, MWHS will increase its Owner Equity contribution to cover the shortfall.
   iii. No waivers from underwriting criteria are being requested. All CHFA required ratios and tests are met. Although 25% of the units are expected to be occupied by households with Section 8 vouchers, no reduction in vacancy rates or increase in rents is projected. Debt Coverage Ratios during the 15-year period are projected at 1.15:1 or higher.

d. Experience and track record of the development and management team:
   i. MWHS has a 10-year track record in Tax Credit Development. MWHS currently owns and manages 10 tax credit communities in the Denver metro area and all are performing well. The project team also has extensive experience. In most cases, team consultants have worked with MWHS on multiple tax credit developments.
   ii. MWHS has a mix of projects serving both families and seniors.
   iii. MWHS’ most recently received tax credit award has already met carryover and is well into construction. The Lamar Station Crossing should finish construction and open for occupancy in early 2014.

e. Cost reasonableness:
   i. Project costs are reasonable given the higher design expectations in Belmar and the need to build underground parking in order to fit on the site. As noted above, the tax credits being requested are approximately 5% below what was awarded for new construction developments in 2012.
   ii. The agency 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 for 2013.
   iii. This will be the third new construction tax credit development MWHS has done with this architect. The other developments have been well designed and still stayed within the budgets that could be supported through the financing mechanisms used.

f. Proximity to existing tax credit developments:
   i. There are 6 senior tax credit developments in the PMA. One of them is Section 8 subsidized. Three of the developments are MWHS properties and are 100% leased with lengthy waiting lists.
ii. None of the senior tax credit developments is to the south or west of the CityScape site. This is an underserved area for low to moderate income seniors in Jefferson County.

g. Site suitability:
   i. CityScape will be located in a residential district within Belmar, a 22-block, New Urbanist redevelopment project that has received national attention. Belmar has more than 80 shops, 17 restaurants, entertainment venues, two supermarkets, a pharmacy, two family practice medical offices, a walking trail and a park. Residents will be able to access all of these amenities without needing to drive.
   ii. This development will provide the only affordable housing in the Belmar redevelopment, which will have a total of 1500 residents at full build-out.
   iii. The site is adjacent to a park that also serves as the regional water detention. This will provide open space with a walking trail readily available to our residents.

4. Provide the following information as applicable:

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

      No waivers are being requested.

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

      This application includes a request for a DDA boost of 1.81%. With the boost, the requested tax credit amount is below the minimum. MWHS is committing $2.2M of its own funds as well as deferring $550,000 of the developer fee to make the development work with such a minor DDA boost.

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

   a. The market study is quite supportive of the development and raised no serious issues which cannot be readily handled. Overall the market study pointed out no weaknesses, but the Location Analysis mentioned:
      i. “The subject is not highly visible from a major transportation corridor.” However, the study also notes that “its location within Belmar should more than compensate for this” and recommends strong signage to the extent allowed. MWHS will follow the signage recommendation.
      ii. The site is adjacent to two undeveloped lots in Belmar. The study goes on to state that the master developer of Belmar has a rigorous design
review process. Those sites fall within the residential portion of Belmar and any development on them should be compatible with the CityScape development.

6. **Address any issues raised in the environmental report(s) submitted with your application:**

None.

7. **Describe and demonstrate local support for the project (including financial support):**

The project has received a HOME allocation of $750,000 from the Lakewood portion of the Jefferson County consortium. Xcel Energy’s local office awarded approximately $25,000 for energy-efficiency modeling through its Energy Design Assistance Program. MWHS is one of the program’s highest performers. The agency expects to receive approximately $500,000 from the State of Colorado Department of Housing.

MWHS has the support of the City of Lakewood to building affordable, senior housing in Belmar. The mayor and staff have been kept informed of the plans and are eager to see the development progress. The Belmar ACC has approved the design of the building.

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

N/A

The following attachments are included as part of our narrative:

- Letters of support
Project Name: Hatler-May Village

Project Address: NE Corner of Union Boulevard & Vickers Drive, Colorado Springs, CO 80918

Project Description:
Hatler-May Village is designed to provide an attractive, durable, economical and easily maintainable facility capable of providing quality senior housing and relevant social services. This three story wood frame constructed building, approximately 57,500 sq. ft., with a slanted roof will offer seventy-seven (77) one & two bedroom units, 702 & 955 sq. ft. respectively, for senior living serving 30-60% AMI levels, with five ADA units. The property will be developed and managed by Christian Church Homes, a 501(c) 3 nonprofit organization, serving Colorado Springs since 2005. This project will comply with all Fair Housing laws and address universal design ideals. Apartments will include a full kitchen, with refrigerator, microwave, range with ventilating hood, garbage disposal, large closets, in-unit washer/dryer, sink and storage. All units will feature cable TV, internet and phone service connections along with individually controlled heating & cooling units. Seventy Seven surface parking spaces are proposed on-site, achieving a 1:1 parking to unit ratio.

In addition to the living units, the facility will feature the following common amenities:

- Multipurpose community room with a Flat Screen TV, and kitchen equipped with stove, dishwasher and microwave for potlucks, social gatherings, educational activities and game area
- A porte-cochere entrance with lobby/lounge
- Large outdoor patio and raised planter boxes for residents gardens
- Fitness room, craft rooms and an aerobic studio
- Wi-Fi access throughout common areas of the building
- Social service office that provides privacy and discretion for residents
- Computer center to link seniors to technology
- Project design calls for 10% of property acreage as open space for use by residents
- Beautiful views of Pike’s Peak

The project is an infill urban site served by multiple neighborhood amenities and services. Amenities within a half mile radius include a community health center for seniors, grocery store, hair salon, cafes, public library, places of worship, a health club, medical clinics, and three public parks.

Hatler-May Village Strengths
1. Christian Church Homes has been serving the Colorado Springs community since 2005, and low-income seniors across the nation for over 50 years. Hatler-May Village extends this commitment by providing 77 more homes to low-income seniors.

2. Christian Church Homes has a strong commitment to offering a wide variety of support services for senior residents. Plans call for offering services that exceed those of typical tax credit apartments, such as: ongoing needs, assisting residents with SSI, Social Security and Medicare applications, providing health and wellness classes and supporting computer literacy and access. These services help to keep seniors living independently for longer, preventing premature institutionalization and unwanted hospitalization.

3. Hatler-May Village location includes: walkable amenities, an adjacent senior health center, visibility/drive-by from busy streets, easy access from I-25 and panoramic views of the Front Range.

4. As a not-for-profit developer Christian Church Homes has priced units at lower levels than is typical, in fulfillment of our mission of providing affordable housing for seniors. At all AMI levels, and for both 1-BR and 2-BR units, planned subject rents are lower than the comparable developments in the market area.

5. Hatler-May Village offers the largest units in the PMA, with 1-BR units up to 62 square feet larger than nearby competitive properties. 2-BR units are 170 to more than 200 feet larger than competing properties in the PMA.

6. The property will offer a strong mix of common amenities, comparable to tax credit properties in the primary market area, including a community room with entertainment kitchen, exercise room, social services office, raised-bed gardens for residents, and courtyard with picnic and BBQ area. These amenities encourage socializing and help prevent isolation and depression for seniors.

**Hatler-May Village Weakness**

Christian Church Homes experience with developing senior properties is that extra square footage in units is more important than balconies or patios. Therefore, this development does not incorporate balconies or patios for individual units. Given the preponderance of balconies and patios in newer tax properties, the units may be less marketable to some prospective residents.

**Bedroom Mix**

Hatler-May Village will have 58 one bedroom and 19 two bedroom units, please see the table below for a detailed unit mix:

<table>
<thead>
<tr>
<th># of Units</th>
<th>AMI Level</th>
<th>Description</th>
<th>Square Footage</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>60%</td>
<td>1 Bed, 1 Bath</td>
<td>702</td>
</tr>
<tr>
<td>42</td>
<td>50%</td>
<td>1 Bed, 1 Bath</td>
<td>702</td>
</tr>
<tr>
<td>9</td>
<td>40%</td>
<td>1 Bed, 1 Bath</td>
<td>702</td>
</tr>
<tr>
<td>3</td>
<td>60%</td>
<td>2 Bed, 1 Bath</td>
<td>955</td>
</tr>
</tbody>
</table>

**Affordability Mix:**
11 | 50% | 2 Bed, 1 Bath | 955
---|---|---|---
5 | 40% | 2 Bed, 1 Bath | 955

**Services Provided**

A comprehensive Social Services Plan is being developed for Hatler-May Village to provide life-enhancing services and activities for all residents, and supportive services for those who are frail or at-risk. This service plan will mirror Hatler-May Village’s sister property, Village at the Bluffs, which is also located in Colorado Springs and managed by CCH. Partnerships with local service providers have already been established through Village at the Bluffs and include: CU Aging Center; Care and Share Food Bank; Goodwill, Lions Club – Nob Hill; Meals on Wheels and a host of other providers that cater to the senior community.

An on-site Service Coordinator will be available to residents once operations have stabilized. CCH has a track record of providing resident-focused management and plans to provide the following services:

- Advocating for and empowering residents
- Provide ongoing assessment of needs
- Assist with applications for SSI, Social Security, Medicare or Veteran’s benefits
- Assist with transportation arrangements and support services provided in-home
- Provide social and recreational programming
- Provide wellness classes and health clinics
- Provide adult education classes
- Provide a resident handbook and green living guide
- Promote and support residents developing and engaging in an active resident council, resident newsletters, and other resident-produced materials
- Provide computer technology with Internet and educational programming

CCH is committed to incorporating computer technology in affordable senior housing as a means of promoting lifelong learning, reducing isolation, keeping seniors in touch with loved ones, and enhancing access to senior-oriented goods, services and information. CCH will furnish two or more computer workstations with appropriate operating systems, software, and internet access.

**Energy Efficiency and Green Building**

The building envelope, HVAC system, and lighting will be designed to maximize energy performance through the integration of:

- Increased building-envelope insulation to minimize energy loss
- Specification of Energy Star rated appliances and energy-efficient heating systems (including the potential use of a geothermal heat pump system)
- High-performing low-E windows
- Compact fluorescent recessed lighting and occupancy sensor switches.
The development’s unit design will utilize water-conserving features, which will translate into direct utility savings for our residents and lower infrastructure cost associated with stormwater management and water treatment facilities for the City of Colorado Springs. Water-conserving elements include:

- Toilets – dual-flush toilets and pressure – assisted toilets
- Showerheads – low flow
- Kitchen & bathroom faucets – low flow with aerators

In order to reduce the quantity of indoor contaminants, low-VOC (volatile organic compounds) paints, adhesives and carpet systems will be specified.

Type of financing
Financing proposed for Hatler-May Village is detailed in the Financial Feasibility and Viability section below. This development will rely on LITHC funding to cover a bulk of the costs along with a mortgage. The Colorado Department of Housing as well as the city of Colorado Springs have pledged support and will provide HOME Funds to fill the gap in financing not achieved through LITHC equity. Solar investment tax credits are also a source of funding with substantial cost savings for operating expenses.

Guiding Principles of the Qualified Allocation Plan:
Hatler-May Village supports CHFA’s guiding principles through:

- Distributing housing credits to assist a population in need of supportive housing, seniors.
- New construction of an affordable housing project
- Providing an opportunity to a qualified nonprofit sponsor of affordable housing
- Providing a distribution of housing credits

Priorities of the Qualified Allocation Plan:
Hatler-May Village supports CHFA’s following priorities:

- Providing housing exclusively for seniors that encompasses amenities that are attractive and beneficial to seniors. Amenities of units are tailored to address accessibility and visibility issues associated with seniors, providing a high comfort level of living.

- Frail seniors are “persons with special needs” who require supportive services to help maintain or increase independence. Programming administered through our on-site service coordinator will enhance frail seniors ability to maintain and increase independence (see Services Provided section above).

Market Conditions
The primary market area for Hatler-May Village is the Colorado Springs’ metropolitan statistical area. There are approximately 10,639 age 62+ renter households in the market area in 2013, with 2,943 of those income-eligible for proposed units. Currently there is capture rate of 6.8%, which is well below CHFA’s benchmark of 25%. Proposed units from Hatler-May Village will increase the overall capture rate to 8.9%, an increase of 2.1%, below CHFA’s maximum increase of 6%. The primary market area has a
great number of prospective residents (over 400) reported to be on waitlists at tax credit properties, as noted in our attached market study.

Readiness-to-proceed
Development of Hatler-May Village is ready to proceed based on the following items:

- Planning approvals are complete with the multi-family conditional use approved by the Colorado Spring Planning Commission on January 17, 2013 (see attached conformance letter)
- A Phase I Environmental assessment has been completed, indicating no areas of environmental concern onsite.
- Initial design plans are complete which detail elevations, floor plans and site layout (please see attached design plans).
- Site control is secured by a purchase option agreement (see attached purchase option agreement)
- A cost estimate from a third-party cost estimator is complete
- Development team is established with an architect, attorney, financial consultant, and contractor retained

Financial Feasibility and Viability
Several sources of funding are available for this project which makes it financially viable. A “basis boost” is requested for the tax credit equity based upon CHFA’s QAP guidelines (see support in section below). The structure of funding covers expected costs with this development. Moreover, Christian Church Homes has proven experience developing with LIHTC credits, completing a variety of projects on-time and within budget. Sources and uses of funding include:

<table>
<thead>
<tr>
<th>Sources of Financing</th>
<th>Amount</th>
<th>Uses of Financing</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Mortgage</td>
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<td>Land and Buildings</td>
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<tr>
<td>CDOH Home Funds</td>
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<td>AHP Grant</td>
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<td>LIHTC Equity Investment</td>
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<td>Professional Fees</td>
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<td>Soft Costs</td>
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<td>Deferred Developer Fee</td>
<td>$141,673</td>
<td>Developer Fees</td>
<td>$1,238,739</td>
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<td><strong>Total Sources</strong></td>
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<td>Permanent Financing</td>
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<td>Syndication Costs</td>
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<td>Project Reserves</td>
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<tr>
<td><strong>Total Uses</strong></td>
<td><strong>$12,493,967</strong></td>
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<td></td>
</tr>
</tbody>
</table>
Our existing facility, Village at the Bluffs, in Colorado Springs provided a solid basis for estimating operating expenses, due to its strong performance. Per unit per annum expenses total $4,315 and replacement reserves are $250 per unit.

Letters of support for each source of financing are included with this application.

**Experience and Track Record**

Hatler-May Village will be developed, owned, and managed by Christian Church Homes. Christian Church Homes (CCH) is a private, non-profit 501(c) 3, California corporation, whose mission is to “Provide Affordable Quality Housing in Caring Communities.” CCH currently manages 56 affordable senior housing apartment buildings in six states, providing over 4,700 units of service-enriched, quality affordable rental housing.

Moreover, CCH has owned and operated a 51 unit affordable independent senior apartment complex, Village at the Bluffs, in Colorado Springs for the last seven years. This property is a HUD subsidized (PRAC 202) property with all units leased at the 30% AMI level. Each unit has individual heat and air with residents responsible for electricity, cable/TV and internet. Amenities include: close shopping, parks, on-site laundry, activity programs and a van to take residents shopping and out for activities. A Service Coordinator is on-site during the week to assist residents when needed. And there is currently a waitlist of 95 individuals.

Christian Church Homes founder, Verlin Stump, developed one of the first federally subsidized senior communities in 1959 in Denver, CO, Campbell-Stone Memorial Residence. The first CCH affordable senior facility, Garfield Park Village in Santa Cruz, CA opened in 1964. Since then, CCH has developed a total of 26 facilities, including 21 funded by the HUD Section 202 Supportive Housing for the Elderly program. Christian Church Homes has served Colorado Springs seniors for over seven years in its Village at the Bluffs community. CCH is currently constructing or rehabilitating over 300 units for low-income seniors.

All but one of the facilities in the CCH family serve elderly residents, with almost 4,800 units reserved for low- and very low-income seniors. The residents range in age from 62 to over 100 years old, and reflect the ethnic, cultural, and religious diversity of their communities. Onsite Service Coordination and adaptable unit design exemplify CCH’s commitment to the ideal of empowering seniors to remain independent as long as possible.

Christian Church Homes, both in its employees and its developments, brings a deep and rich variety of development experience to our projects. The roster of principle CCH employees to be involved in Hatler May Village have over 70 years of combined experience in the development and management of affordable housing. This experience, in addition to that of our partners, gives a range of knowledge which is uniquely suited to meet the changing demands required for senior housing.

As a leader in publically-subsidized senior housing, CCH has a large portfolio of HUD’s commitment to senior housing programs, from Section 202 Supportive Housing for the Elderly, to Section 236, HOME, HUD-insured loans, Transfser of Physical Assets, and Project Based Section 8. Additionally, CCH has been
able to adapt to the regional funding environment by diversifying the portfolio of senior housing properties, including Low-Income Housing Tax Credits, State Finance Agency programs, Affordable Housing Program Grants, and the tax exempt bonds.

CCH’s current and recent housing development and management activities include:

**Low-Income Housing Tax Credits (LIHTC)**

- CCH has been awarded both 9% and 4% tax credit allocations. To date, CCH has been awarded over $38 M in tax credits for senior housing.
- CCH has been successful at using the LIHTC program for acquisition, preservation, and new construction.
- CCH has excellent relationships with the equity partners on all of the LIHTC properties.
- CCH has a strong track record of layering multiple financing programs to create and preserve affordable senior housing using the low-income housing tax credit program.
- CCH has never defaulted on a LIHTC project during the compliance period.

**U.S. Department of Housing and Urban Development (HUD)**

- CCH is the oldest developer of HUD Section 202 properties in Northern California.
- CCH has developed 21 Section 202 properties (both 202/Section 8 and 202/PRAC). CCH has built and manages 10 Section 236 senior properties.
- CCH has worked with public housing authorities to acquire project-based Section 8 vouchers for our senior properties and tenant-based vouchers for our senior residents. CCH is currently in the process of securing additional project-based Section 8 vouchers and tenant-protection vouchers for multiple properties undergoing rehabilitation.
- CCH has used Project Based Section 8 to leverage the financing resources for preservation of properties at risk of converting to market-rate housing.
- Over 30% of CCH’s properties utilized HOME funds for construction.

**Affordable Senior Housing Preservation and Rehabilitation**

- CCH is constantly seeking senior housing preservation opportunities, and is in the midst of seven active preservation projects for over 600 units of senior housing.
- CCH is active in preserving 20-30 year old HUD-assisted facilities with new HUD-insured mortgage financing that allows for moderate rehabilitation.

**Green Building and Sustainable Housing Design**

- CCH continues to keep up with the building industry in its capacity to implement green building materials and systems, along with overall sustainable housing design strategies, in all our projects (both new and old).
- Sierra Meadows, a LEED Gold property in Visalia, provides 43 units of senior housing in a building that performs 30% better than California’s rigorous Title 24 Energy Code.
- Harrison Street Senior Housing, in Oakland CA, is a Transit-Oriented Development (TOD) and a brownfield redevelopment in the heart of downtown Oakland. This project has an energy
efficient design, and is participating in the Build It Green GreenPoint Rated program and the California Multifamily New Homes program.

Cost Reasonableness
Hatler –May will cost approximately $163,000 per unit to develop at a total cost of $12,493,967 (including reserves and other soft costs). Although this cost is greater than the HUD Section 221 CHFA guideline of $11,930,077 (approximately $155,000 per unit), there is only a 5% percent difference in cost. The higher cost is due in part to inflation, which has driven material and labor costs higher. Furthermore, CHFA’s guidelines correspond to 2011 prices and present a two year gap for construction occurring in 2013. Given the stated facts, this project has an economical cost with a very efficient use of tax credits requested.

Proximity to Existing Tax Credit Projects
Six existing senior LITHC properties are known to be in the proximity of Hatler-May Village. However, only four of these properties are comparable to our development, since two properties only serve 0-30% AMI levels. The four comparable properties are Tamarac Senior Apartments, Village at Homewood Pointe, Wyndam Place Residences I and Wyndam Place Residences II, amounting to 240 units. Further information on the comparable properties is listed in the table below.

<table>
<thead>
<tr>
<th>Senior Property Name:</th>
<th>Village at Homewood Pointe</th>
<th>Tamarac Senior Apartments</th>
<th>Wyndam Place Senior Residences</th>
<th>Wyndam Place II Senior Residences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distance From Subject</td>
<td>6.2 miles</td>
<td>7.0 miles</td>
<td>7.0 miles</td>
<td>7.0 miles</td>
</tr>
<tr>
<td>Percent Vacant</td>
<td>1.4%</td>
<td>10.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Number on Waitlist</td>
<td>200</td>
<td>17</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td># of Units</td>
<td>70</td>
<td>50</td>
<td>72</td>
<td>48</td>
</tr>
</tbody>
</table>

Site Suitability
Hatler-May Village is an infill site situated in an established area of Colorado Springs, built in the early 1970s. The neighborhood predominately consists of residential uses, both multi-family and single-family, though there are some commercial properties along arterial streets. Major thoroughfares, such as Academy Blvd., contain a bulk of the commercial and retail space in Colorado Springs, especially larger scale office and retail buildings. Industrial activities are located away from the site in concentrated areas closer to Interstate 25. The nearest shopping center is located approximately 0.5 miles from the site along North Academy Boulevard, offering Target, Safeway, Big Lots, banks, coffee shops, and restaurants. Three miles to the northwest of the site is Chapel Hills Mall and features many popular national retailers.

As an easily accessible by car site, this will draw residents from throughout the city. Additionally, this is a “very walkable” site, with a walk score of 75. Considerable outdoor recreation opportunities nearby include: Keystone Park, George Fellows Park, Cottonwood Recreation Center. Significant public
transportation is not offered in the Colorado Springs area. Private transportation, paratransit, or other transportation services will be necessary to access significant shopping, services and recreation.

The site is in an area of Colorado Springs with gently rolling hills. Subtle slope variations exist onsite, but do not impact the design feasibility of the project. The general slope of the site is northeast to southwest, towards the intersection of N. Union Blvd. and Vickers Dr. Soil at the site is suitable for construction and there are no environmental concerns as reported in the Phase I ESA report (see attached Phase I ESA report). The proposed building will sit in the middle of the parcel and feature a retaining wall to accommodate grade changes on the eastern segment of the site. Utility stub outs are available at the street to connect electricity, cable, storm and sanitary sewer, and telecom services.

**Basis Boost Justification**

CHFA’s 2013 Qualified Allocation Plan allows an applicant to apply for a “basis boost“ in conjunction with tax credits necessary to develop a viable affordable senior housing project. Christian Church Homes is requesting a DDA boost of 30%. This “basis boost” will enable the project to seek less gap financing and enhance the overall economic feasibility of the project.

**Issues Raised by Market Analyst**

No major issues were raised by the market analyst. The only issue concerned not providing balconies/patios for individual units. Christian Church Homes experience with developing senior properties is that extra square footage in units is more important than balconies or patios. Therefore, this development does not incorporate balconies or patios for individual units. Given the preponderance of balconies and patios in newer tax properties, the units may be less marketable to some prospective residents.

**Environmental Report**

There are no environmental issues associated with this site, as reported in the updated Phase I ESA report (see attached report).

**Community Outreach**

Christian Church Homes has been in contact with neighbors and residents in the immediate vicinity of our project over the past two years. As a part of gaining Conditional Use approval for a multi-family use, CCH held community meetings (May 24th 2011 and January 9th 2013) to abreast residents of the potential development and to seek their input on design matters to mitigate any impact to traffic, field of view, safety, noise and variety of other issues. Additionally, a housing survey was distributed in the area with nearly 100 respondents. This survey and the subsequent focus group allowed CCH to hone in on the appropriate amenities and services to provide to residents.

Furthermore, CCH has the support of the Colorado Springs Housing Division related to receiving a grant to assist the project financially. The Colorado Department of Housing has also expressed their intent to match funds from the Colorado Springs Housing Division which are available through Home Funds. Letters of support from both organizations are included as part of this narrative.
Project Name: Mariposa IV Redevelopment

Project Address: 10th and Navajo (Southeast Corner)

The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project’s strengths and address its weaknesses. It must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc.

Project Overview

The Housing Authority of the City and County of Denver, Colorado (“DHA”) received a FY 2010 HOPE VI Revitalization grant award of $22 million for the South Lincoln Homes HOPE VI Revitalization Plan for the development of a total of 457 units of mixed income housing and mixed uses. The construction of 1099 Osage Apartments, funded in part by a 2009 ARRA/CFRC competitive grant award of $10 million which preceded the HOPE VI grant award, partially financed the 100-unit mixed-finance senior/disabled building that opened in January 2012. Mariposa Phase II started construction in March 2012 and is proceeding on time and on budget and is scheduled to open in July 2013. Mariposa Phase III closed in September of 2012 and is on pace to be completed by November 2013. The next Phase titled Mariposa Phase IV is the focus of this LIHTC application. Community stakeholders re-branded “South Lincoln Homes” into “Mariposa” in 2010 to celebrate the planned revitalization.

Overall, the 17.5-acre South Lincoln Redevelopment will transition a 15-acre public housing site and adjacent 2.5-acres of vacant and underutilized land, into a mixed-use, mixed-income transit oriented community. The site is anchored by a light rail station, 10th & Osage, that provides a direct link to existing and future Regional Transportation District of Denver (RTD) FasTracks lines. Already, this development is seen as a national model for transit oriented development (TOD), exemplifying a new approach to urban infill development within the city of Denver.

Mariposa Phase IV Development Description

Mariposa Phase IV is the new construction project which will include 77 mixed-income (18 public housing/LIHTC, 34 Non-ACC/LIHTC and 24 market rate) units. The development will
include one three- and four-story building of wood construction over a concrete one-level subterranean garage. The four-story portion of the building will face 10th Avenue while the three-story portion of the building (designed to have a ‘residential’ street character) will front Navajo Street. Mariposa Phase IV will continue to act as a commercial promenade leading from the 10th & Osage light rail station to the Santa Fe Arts District, five blocks to the east. The building will activate the street with pedestrian activity and provide more ‘eyes on the street’ which will encourage more use of the 10th & Osage light rail station. The one and two-bedroom units will average 653 and 1,013 respectively with the two story, two bedrooms averaging 1,343 square feet.

The building will feature a cementous-fiber panel exteriors with brick accents, varied elevations and flat roofs. The apartment flats will have private entrances located on double-loaded interior hallways and the two-story units will have private exterior entrances. Parking (81 spots- above ground 19 spots, garage 62 spots) will be available at an on-site parking lot and underground parking garage on a first-come, first-served basis.

Each unit will have:
• Mini-Blinds
• Self-Cleaning Stove/Oven
• Carpet
• Dishwasher
• Refrigerator
• Disposal
• Microwave
• In-Unit Washer/Dryer
• Central Air Conditioning
• Ceiling Fan
• Cable TV Hook-Up
• High Speed Internet Hook-Up
• Patio/Balcony
Some units will have a walk-in closet and/or storage closet.

Mariposa IV will have the following common amenities, security features and tenant services:
• On-Site Manager
• Open Space
• Limited Access Entry (Elevator Building)
• Surveillance Cameras
The unit breakdown will be as follows:

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>Av SF</th>
<th># Units</th>
<th>Total SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1br</td>
<td>653</td>
<td>50</td>
<td>32,650</td>
</tr>
<tr>
<td>2br</td>
<td>1014</td>
<td>13</td>
<td>13,164</td>
</tr>
<tr>
<td>2br 2 story</td>
<td>1343</td>
<td>14</td>
<td>18,804</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>77</strong></td>
<td><strong>64,618</strong></td>
</tr>
</tbody>
</table>

Additionally, a computer room is available in a nearby building for the use of tenants of Mariposa Phase IV. Adult education classes, computer classes and job search assistance are also available at the Neighborhood Networks Center, which is located in Tapiz at Mariposa, the first phase of the redevelopment project.

**Set Asides and Residents Served**

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Public Housing</th>
<th>50% AMI</th>
<th>60% AMI</th>
<th>Market</th>
<th>Sub total</th>
<th>% of TOTAL</th>
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<tr>
<td>1BR</td>
<td>11</td>
<td>12</td>
<td>12</td>
<td>15</td>
<td>50</td>
<td>65%</td>
</tr>
<tr>
<td>2BR</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>12*</td>
<td>17%</td>
</tr>
<tr>
<td>2 story 2 BR</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td>14</td>
<td>18%</td>
</tr>
<tr>
<td><strong>sub total</strong></td>
<td><strong>18</strong></td>
<td><strong>16</strong></td>
<td><strong>18</strong></td>
<td><strong>24</strong></td>
<td><strong>76</strong></td>
<td><strong>31%</strong></td>
</tr>
</tbody>
</table>

*One additional two-bedroom unit will be unrestricted for resident manager

**Relocation**

As part of this phase of the redevelopment, 43 have been demolished; all those residents have been relocated. They have either been relocated to Tapiz (1099 Osage Apartments or Phase I of the redevelopment) if they meet the requirements of tenancy (elderly/disabled). Those who did not qualify to move to Tapiz were given other relocation options including to move to a vacant unit within South Lincoln or North Lincoln Homes, move to another DHA Public Housing unit, or be given a Section 8 voucher. Each household has a case manager and a relocation specialist who worked with them one on one to determine what they want and need for their household size. The project is bound by the Uniform Relocation Act of 1970. Qualifying residents will be given first right of refusal to move into the revitalized South Lincoln Homes if they are
temporarily displaced from the site. We have covered these relocation costs outside of the partnership as the relocation will occur before closing the partnership so the cost is not included in the LIHTC budget.

Our approach to adding units prior to demolition is the direct result of resident input on the South Lincoln Homes Redevelopment. Resident outreach over the last four years has shown that many residents of South Lincoln Homes do not want to be relocated out of the neighborhood. Therefore, DHA constructed housing (1099 Osage Apartments a.k.a Tapiz at Mariposa) prior to any demolition so that residents may be relocated to new units, adjacent to the site in vacated South Lincoln units or within the neighborhood if they so choose. Our efforts will prevent displacement and maintain the strong cultural ties that exist.

**Project Operating Subsidy for Public Housing units**

HUD reimburses operating subsidy based on actual expenses. The PHA subsidy is based on the project expense level (PEL) plus utility expense level (UEL—the expense level HUD thinks the building will need) minus the actual rents received. The PEL and UEL combined are estimated to be $354 per unit per month. The rent that tenants pay is approximately $125/month on average, resulting in an per unit payment per month of $479 ( $254 PEL+ $100 UEL + $125 tenant payment) The subsidies are not included in the rent for the LIHTC application for the PHA units. They are shown on the other income page as PHA subsidy. The PEL and UEL are calculated separately by HUD, but for purposes of this application, have been joined together. HUD re-evaluates the subsidy level every year, and the escalation of subsidy tends to follow the operating expense rate, not the rent rate.

**Green Component of the Development**

The comprehensive redevelopment of South Lincoln Homes, including Mariposa Phase IV, is focused on delivering exceptional environmental efficiency and energy performance. The development will reduce energy costs, generate resident and PHA energy savings, and reduce overall energy consumption. Additionally, the project will enhance many aspects of public health for our residents, including increased access to fresh fruits and vegetables; improved non-vehicular access routes such as bicycle, pedestrian and mass transit routes; the transformation from a public-housing site into a mixed-income environment; and improved access to community amenities such as the creation of a community resource center.
DHA’s development of the proposed project, as well as the entire redevelopment of the South Lincoln Homes, is acting as a benchmark project to demonstrate energy efficiency, healthy, safe living environments; lower utility costs; conservation of energy, materials and other resources; utilization of renewable energy resources; and the enhancement of the health of the local stormwater system.

Based on ASHRAE 90.1-2007, existing building survey data, and energy consumption calculation procedures, energy models comparing Mariposa Phase IV (which is targeting a LEED Gold certification level) will yield an approximate 40% reduction in energy consumption. The reduction in energy consumption will come from enhancements to the lighting/electrical systems, building envelope, daylighting features, enhanced windows and plumbing systems. More specifically, enhancements will be delivered by the following objectives:

- Energy Star appliances, LED and florescent lighting, electrical controls on lighting
- Exceptionally efficient building envelopes to include high performance windows, increased wall and roof insulation, and shading.
- Plumbing systems utilizing low flow fixtures.
- Smart HVAC systems that reduce energy reliance and increase tenant comfort.

DHA has a proven track record of green building, including energy saving rehabilitations and several LEED accredited new construction buildings (including a LEED-ND Gold certified plan).

The project will comply with Enterprise Green Communities Criteria and will implement several of the optional Enterprise Green Communities Criteria including:

- Smart site location (orienting the building to use passive solar heating/cooling),
- Compact development (density will be greater than 50 dwelling units/acre for the project site),
- Walkable neighborhoods (three connections will exist from the development to sidewalks in the neighborhood),
- Water conserving appliances and fixtures,
- Energy efficiencies; the project will employ PV panels as a renewable energy source to provide a portion of the project’s estimated electrical demand,
- Construction waste management,
- Recycled material content,
- Water-permeable walkways (at least 50% of the walkways will be water-permeable), and
- Reduction of heat-island effect.

**Surrounding Community**

The site is located just southwest of Downtown Denver in the La Alma/Lincoln Park neighborhood, a stable, well-functioning community, where services and community infrastructure already exist. The proposed development site benefits from nearby public facilities, shopping and cultural opportunities, and easy access to the entire metropolitan area. It is immediately adjacent to Lincoln Park, newly renovated La Alma Swimming Pool, and the 10th & Osage light rail station. Parks and recreational areas within 0.5 miles include Lincoln Park, Sunken Gardens Park, La Alma Recreation Center, Platte River bike path, and the Cherry Creek bike path. Public facilities within one mile include the Byers Library, West High School, Greenlee Elementary, Del Pueblo Elementary, Denver Health and Hospital’s main campus, and Community Challenge Charter School. Cultural facilities within one mile include the Denver Civic Theater, Phoenix Theater, Museo de las Americas, Aztlan Theatre, and Academia Internacional de Arte.

A major grocery store (King Soopers) includes a full service pharmacy and is within 0.75 miles and open 24 hours. There are eight (8) banks located within one mile of the site. Employment opportunities exist at Denver Health, and Auraria Higher Education Campus, and numerous retail locations. The heart of downtown is 1.5 miles away and easily accessible by light rail, bus, and bicycle. Bus service is available through RTD on the 9 route, within 0.25 miles of the site and routes 16, 30 and 36 within 0.5 miles of the site.

**Description of Financing**

The most significant award to Mariposa Phase IV is the highly competitive HOPE VI funds, prorated to $2,777,914 million for this phase. The South Lincoln Redevelopment competed against 36 other Public Housing Authority redevelopment proposals nationwide in the FY 2010 HOPE VI funding cycle and secured a five year funding commitment of $22 million. The HOPE VI dollars in this phase represents 15% of total development costs and is with a doubt the catalyst to DHA being able to secure other funds to make this development a reality.
The City of Denver has been very supportive of the complete redevelopment, committing to $4.6 million to all phases of which $800,000 is dedicated to this phase. The city will also waive the building permit fees, amounting in significant savings to the project and an additional way to support the project.

The Division of Housing committed funds to all phases of the redevelopment for a total of $2,370,000. An application for $530,000 for Mariposa IV will be put into the Division in the summer of 2013. Staff has spoken with DOH and they are excited to be a part of this project. This request should be well received by State Housing Board as it meets many of DOH’s “sweet spots” including very high leverage of other dollars, serving very low income households, green and transit oriented development. The Division previously supported Mariposa Phase II for $660,000 and Phase III for $580,000.

Colorado Health Foundation has also made a sizeable multiyear grant to support this innovative project. $147,600 is attributed to Mariposa IV and will cover a portion of the “active design elements” that will make the site more conducive to pedestrian activity.

DHA is making a program funds loan of approximately $312,000 to make the project feasible. Additionally, DHA is also deferring almost 24% of their developer fee. DHA has been working on this redevelopment for over five years and has committed significant staff time and energy to making a successful project.

DHA has a signed letter of interest from Enterprise Community Partners on the LIHTC equity side and Citi on the debt side. Enterprise and Citi are currently providing debt and equity on Mariposa Phases II and III so they well understand the complexities of underwriting this redevelopment and are committed to Phase IV.

### Project timeline

**Financial commitments**

- Construction loan: February 2013
- Equity: February 2013
- City HOME: completed
- State HOME: July 2013
- Zoning: completed
- Financial Closing: July 2013
- Construction Start: July 2013
• Construction Completed  November 2014
• Placed in Service   November 2014
• Lease-up Starts   August  2014
• Lease-up Completed   May 2015

In addition, the narrative should address the following:

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:
   This project provides rental housing to the lowest income tenants (public housing recipients) for the longest period of time.
   This project is being developed in a QCT and is part of a concerted revitalization plan (South Lincoln HOPE VI)
   This project is developing new affordable housing units.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for:
   Mariposa Phase IV is a Transit Oriented Development

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

   a. Market conditions:
      The existing LIHTC projects in the PMA are highly occupied with waitlists, indicating pent-up demand for quality income-restricted units like the subject. This, along with the projected renter household increase in the PMA over the next five years, suggests that the subject will be able to achieve its required capture rate.

   b. Readiness-to-proceed:
      This project is planning on closing within two months of hearing of the LIHTC award. DHA has submitted plans to the City of Denver for permits and expect to receive all permits by the beginning of July 2013. Planning a construction start in mid July 2013, the timeline shows a November 2014 completion date.

   c. Overall financial feasibility and viability:
      This project has significant leverage from other sources. All possible sources have been included in the financing of this project including HUD HOPE VI,
private debt and equity, the State of Colorado, City of Denver, Colorado Health Foundation and DHA itself. All sources except for DOH have been approved.

d. Experience and track record of the development and management team:
DHA is an experienced developer and has a strong development staff. They have shown consistent leadership in the development of affordable housing in the state of Colorado (see resumes of key staff under the applicant info/development team tab)

e. Cost reasonableness:
As mentioned below in our request for a basis limit waiver, this project does have some higher than average costs due to its location and type of development including:
   - Underground parking ($1,635,000),
   - Photo Voltaic ($313,500),
   - Site Preparation this phase has significant utility work to complete the necessary storm sewer, water/sewer and electric/gas utility reworking
   - Green HVAC upgrades, and
   - Making the streets more TOD friendly to connect the neighborhood to the light rail station including: bulb outs for better pedestrian crossing, defined parking areas, bicycle infrastructure (parking areas, safe shared travel lanes with autos, directions to bike paths) and pedestrian lighting.

f. Proximity to existing tax credit developments:
The primary market area has six existing LIHTC projects containing 525 units. Of these, two are family LIHTC projects with 49 units, three are senior deeply-subsidized projects containing 463 units and one is a family deeply-subsidized project with 13 units. The subject’s non-subsidized LIHTC units will compete directly with the 49 units that are targeted to households with incomes less than 60% of the area median income, but are not deeply-subsidized.

Mariposa II and III, which contain 60 deeply-subsidized units and 63 non-subsidized LIHTC units, are under construction. There are no other LIHTC projects planned in the primary market area. Completion of the subject and its second and third phases will increase the PMA’s inventory of non-subsidized 50% AMI units by 35 and its inventory of non-subsidized 60% AMI dwellings by 62. The surveyed LIHTC units were 1.6% vacant in February 2013, which is lower than the overall surveyed vacancy rate. All surveyed LIHTC projects maintained waitlists with ten to 50 applicants.
g. Site suitability:
The site is suitable in many ways - Mariposa Phase IV is the part of the redevelopment of an existing public housing site as a mixed use, transit oriented development and features an emerging walkable and bike-able, pedestrian oriented community with easy access to amenities, jobs and services for a spectrum of households at various income levels.

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):

Mariposa IV does not need a waiver of any of the underwriting criteria but does need a waiver of the cost basis limits. The project has some higher than average costs associated with it including:

- Underground parking ($1,632,870) consistent with maximizing the build out for affordable units at Transit Oriented Development sites,

- Photo Voltaic ($313,500) to capture as much of the sun’s energy as possible to provide long term operational sustainability of the project

While we understand this is not a standard request for CHFA to approve, we are only seeking a portion of these costs ($1,176,052) versus the entire budgeted amounts ($1,946,370) as a basis waiver request. We know that CHFA supports Transit Oriented Design development, and appreciate the recognition that CHFA has for the higher-than-average costs associated with TOD developments. We have been especially mindful of the Mariposa Phase IV budget and kept costs as low as possible in all areas of the design to support CHFA’s greater goal of maximizing affordable housing unit production throughout the state given such limited resources of funding.

While we are seeking this basis waiver above standard accepted construction/basis costs, we feel that the ability to leverage federal HOPE VI funds, provide affordable housing units (including 18 Public Housing units (in
addition to the LIHTC units) for households who earn an average of $10,000 annually) in a mixed-income community at a transit location will enable the LIHTC committee to approve the requested cost basis waiver. We are also not seeking the maximum credit amount as set aside in the QAP for this project annually.

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

Not applicable as project is in a QCT.

5. Address any issues raised by the market analyst in the market study submitted with your application:
The market study does not raise any issues however, the capture rate for the project exceeds 25% when calculating the capture rate for planned developments while not adjusting for any in migration of renter households. The market analyst concludes that the capture rate analysis underestimates the actual number of renter households that will be served by the property. The market analyst firmly believes that the capture rates are attainable because the project’s lower 60% rents will allow them to market to a larger income range and increase the number of eligible households. Additionally, existing LIHTC projects in the PMA have high occupancy and wait lists documenting pent up demand. Finally, the market analyst concludes that redevelopment of the area along with the proximity to transit will attract additional renter households.

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 noted.

7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):
There is tremendous local support for this project. We have discussed the financial support of the city, state and private sector above but since this redevelopment has begun local support has only grown as local residents, city officials, other non-profits, and news outlets have seen the remarkable changes that this redevelopment have meant for the community. Residents have seen that DHA has been good to their word and have held
countless community meetings to solicit feedback on upcoming phases and public amenities. DHA has given many tours and presentations of this project as it is held up as a model for mixed-income and mixed use redevelopment.

You may also provide additional documentation that supports your narrative by attaching it to the narrative or submitting it on a CD. Each supporting document should briefly describe what is contained in the attachment.

Example 1: Additional documentation to support the Market Conditions Criteria could be labeled as follows: Attachment Market Conditions or Market Conditions.pdf, etc.

Example 2: Soft funds documentation to support that amount of soft funds listed in the Application can be secured could be labeled as follows: Attachment Overall Financial Feasibility and Viability or Overall Financial Feasibility and Viability.pdf, etc.
Project Name: Montbello VOA Elderly Housing II

Project Address: 4355 Carson St, Denver CO 80239

The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project’s strengths and address its weaknesses. It must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc.

Development Overview

Project Summary

Montbello VOA Elderly Housing II (Montbello II) is a proposed new 50 unit LIHTC service enriched senior project in the Montbello neighborhood of Denver. Volunteers of America National Services (VOANS) will be the sponsor and developer; Volunteers of America Colorado (VOA-CO) will be the management agent and service provider. The site to be developed is 2.3 vacant acres appropriately zoned for the intended use.

The proposed site is adjacent to Montbello Manor, an existing 79 unit HUD Section 202 owned by VOANS and operated by VOA-CO. Montbello Manor opened in 2005 and has 100% project based rent subsidy; it primarily serves residents with incomes below the 30% Area Median Income (AMI) level. Montbello II will target residents between 30%-50% AMI. One of the interesting features of this proposed project is the opportunity to link an existing senior property with another new seniors

Figure 1: Montbello II Concept Site Plan
building. VOA-CO will be able to leverage off of its experience and staff at Montbello Manor which will benefit Montbello II. In addition to the new housing, the large vacant site presents an opportunity to create, a one acre outdoor garden/amenity area for use by residents of the proposed project and the existing building (see figure 1). About half of the new units would have a view of this outdoor amenity/garden area. We plan to fence the entire property, build a perimeter trail, and upgrade the landscaping of the existing building in effect unifying the site.

**Type of Construction**

Montbello II will be a new 4-story building with access via two elevators, two sets of stairs, and common corridors. The unit mix will include 38 one-bedroom units and 12 two-bedroom units. We plan on exceeding the building code requirement for the Americans with Disability Act (ADA) accessible units which is only one percent or one unit for a 50 unit project. The 4-story stick, Type V-A, frame wood structure will be built on a post tensioned slab on grade (see figure 2). Interior common areas will include: a management office, a computer center, a fitness room, laundry rooms, and a community room with a kitchen and space to host a variety of programs and activities for residents.

**Population Served/Bedroom Mix**

The proposed project will be restricted to senior residents age 62 and over, earning 30, 40, & 50% of the Area Median Income (AMI) or less. This age population was chosen for two primary reasons: 1) compatibility with the existing 79 unit HUD Section 202 (age 62+), and 2) to qualify for a long term property tax exemption which is available under Colorado statute for properties which serve residents aged 62+ and meet the ownership criteria. Estimated taxes without an exemption would be approximately 20,700 per year. This is based on the closest senior LIHTC property to Montbello II pays 25,267 in property taxes for 61 units (414 per unit).
### Population Served/ Unit Mix Chart

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>AMI</th>
<th>Square Feet</th>
<th>Number</th>
<th>Percentage</th>
<th>Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 BR/1BA</td>
<td>30%</td>
<td>625</td>
<td>4</td>
<td>8%</td>
<td>$438</td>
</tr>
<tr>
<td>1 BR/1BA</td>
<td>40%</td>
<td>625</td>
<td>8</td>
<td>14%</td>
<td>$584</td>
</tr>
<tr>
<td>1 BR/1BA</td>
<td>50%</td>
<td>625</td>
<td>26</td>
<td>52%</td>
<td>$730</td>
</tr>
<tr>
<td>2 BR/1BA</td>
<td>30%</td>
<td>875</td>
<td>2</td>
<td>4%</td>
<td>$525</td>
</tr>
<tr>
<td>2 BR/1BA</td>
<td>40%</td>
<td>875</td>
<td>2</td>
<td>4%</td>
<td>$701</td>
</tr>
<tr>
<td>2 BR/1BA</td>
<td>50%</td>
<td>875</td>
<td>7</td>
<td>16%</td>
<td>$876</td>
</tr>
<tr>
<td>2 BR/1BA</td>
<td>Manager unit</td>
<td>875</td>
<td>1</td>
<td>2%</td>
<td>Non revenue</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>50</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Population Served/ AMI Level Chart

<table>
<thead>
<tr>
<th>AMI Level</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>40%</td>
<td>10</td>
<td>20%</td>
</tr>
<tr>
<td>50%</td>
<td>33</td>
<td>66%</td>
</tr>
<tr>
<td>Manager Unit</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>50</td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Location**

The Montbello community is approximately 10 miles northeast of downtown Denver between downtown Denver and Denver International Airport (DIA). The property can easily be accessed via two interchanges off of I-70 at Peoria Street or Chambers Road.
Neighborhood amenities within a mile of the site include the Montbello Recreation Center, Denver Health Montbello Family Health Center, Denver Library, Village Place Park, Regional Transit District (RTD) Park-n-Ride and various places of worship. A RTD bus stop is directly adjacent to the property on Albrook Drive. The nearest full service grocery store, Safeway, is located 1.5 miles northeast of the property on Chambers Road.

**Unit Amenities**

The following amenities will be provided for in each Montbello II apartment unit (see figure 3):

- Walk in closets
- 9’ ceilings
- Carpet and vinyl floor coverings
- Wireless nurse call system
- Horizontal mini-blinds
- Stainless steel double bowl sinks
- Electric range with self-cleaning oven (including knobs at the front of range as an added safety feature for seniors)
- Dishwashers
- Range hood/microwave combination unit
- 18 cubic foot refrigerator/freezer

![Figure 3: Montbello II Unit Plan](image)

**Site Amenities**

VOANS applied to the Colorado Health Foundation for a grant to implement healthy living features and design elements that will encourage physical activity, better eating habits, continuous health learning, and community bonding. The following design elements will be incorporated into Montbello II to facilitate an array of healthy living programs and services:
<table>
<thead>
<tr>
<th>Design Element</th>
<th>Description</th>
<th>Benefits</th>
</tr>
</thead>
</table>
| Montbello Gardens    | The planned Montbello Gardens consist of a one acre area which includes picnic tables, a tool shed, greenhouse, mechanical composter, crusher fine garden trails, raised vegetable garden beds, fruit trees, and outdoor healthy living signage. | • Provides community space  
• Promotes physical activity and healthy living  
• Encourages social engagement  
• Access to nutritious food |
| Health and Fitness Trail | The Health and Fitness Trail is a quarter mile crusher fine loop around the 5.8 acre site lined with various health stations and outdoor healthy living signage.                                           | • Promotes physical activity  
• Encourages social engagement  
• Educates about healthy living  
• Hosts Community Walking Program |
| Indoor Fitness Facility | The indoor fitness facility will contain a variety of cardio machines and strength training equipment for the residents to maintain their active lifestyle when the weather doesn’t permit outdoor exercise. | • Provides community space  
• Promotes physical activity |
| Active Design Staircase | The Active Design Staircase will be a 4 story staircase visibly located at the entry lobby of Montbello II. The Active Design Staircase promotes walking between floors instead of using the elevator. This Active Design Staircase will include the following features: (1) be interactive to encourage everyday use, (2) be centrally located to increase use and visibility, and (3) include educational healthy signage to promote healthy living. | • Provides community space  
• Promotes physical activity  
• Encourages social engagement  
• Educates about healthy living |
| Enhanced Kitchen     | Montbello II's expanded kitchen will host nutrition programming focusing on educating the Montbello community about nutrition and healthy eating habits. The kitchen will have commercial grade appliances and a cooking island to accommodate educational cooking demonstrations. | • Provides community space  
• Educates about healthy living  
• Encourages social engagement  
• Access to nutritious food |
| Healthy Living Signage | Healthy Living Signage throughout the Montbello community combines education with the built-environment. Whether it is on the active design staircase or along the fitness trail, informative signage will foster a healthy living culture. An example of an outdoor healthy living sign could be, “By walking 4 laps (1 mile) you have burned xyz calories!” | • Promotes physical activity  
• Encourages social engagement  
• Educates about healthy living |
Service Coordinator

Volunteers of America Colorado will provide a suite of services and support which will be available to all residents through an on-site service coordinator. This position will be for 20 hours and compliment the 20 hour service coordinator position in Montbello Manor I in essence forming one full time service coordinator position to serve the two properties. The scope of services provided will include, but not be limited to, assistance with financial planning, accessing financial benefits, preventative health, obtaining health benefits, nutrition services, exercise planning, and healthy ageing in process. The Service Coordinator will work closely with the community partners below to deliver programming to the residents.

Community Partnerships The following Community Organizations have been identified and expressed interest in partnering with Volunteers of America to deliver programs and services at Montbello II:

- **The Colorado Health Foundation (CHF)** – We have applied for a 3 year service coordinator grant from CHF. If this grant is available, it will allow for additional resource dollars to emphasize healthy living. These programs will focus on fitness, nutrition, and chronic disease prevention and management. The Service Coordinator could organize a community walking program on the health and fitness trail modeled after The Arthritis Foundation's *Walk With Ease* Program.

- **The Center for African American Health (CAAH)** - CAAH has agreed to provide an educational programming series to residents on chronic disease management and health. CAAH provides classes, workshops, educational materials, inspiration and support. These programs will compliment VOA CO’s services. CAAH is very enthusiastic about our planned project. *(see CAAH support attachment)*

- **Denver Urban Gardens (DUG)** - DUG will provide technical assistance to residents and VOA staff in the development of Montbello Gardens, and then ongoing guidance and support to ensure sustainability of the gardens. Residents will have the opportunity to harvest and consume the fresh vegetables and fruits grown in the garden. *(see DUG support attachment)*

Energy Efficiencies

Montbello II will be designed with the following energy efficiencies and sustainable principals in mind:

- 2011 Enterprise Green Communities standards;
- Low flow plumbing fixtures;
- Energy Star-rated appliances;
- Large outdoor amenity garden area which will include vegetable gardens and fruit trees;
- Perimeter quarter mile walking path; and
- Provide for installation of roof top photo-voltaic (solar) panels. We would like to include this into the project and will explore it in more detail as we firm up our sources of funding and budget.

**Security**

The project’s security features will include:

- Controlled access system at the building entrance and emergency stair exits;
- Close captioned television video surveillance system; and
- Perimeter fencing around the 5.7 acre site. The fence will include an entry gate off of Carson Street for vehicular traffic and several controlled pedestrian access points. Only the cost of the fence around Montbello II is included in this proposal (budget).

**Financing**

Construction financing includes a $7,000,000 construction loan from Wells Fargo, $1,000,000 in HOME funds, the Colorado Health Foundation grant, and part of the LIHTC Equity. Proposed Permanent Financing as follows:

<table>
<thead>
<tr>
<th>Permanent Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funding Type</strong></td>
</tr>
<tr>
<td>Permanent Loan @ 5.25%</td>
</tr>
<tr>
<td>Deferred Development Fee</td>
</tr>
<tr>
<td>HOME Funds</td>
</tr>
<tr>
<td>HOME Funds</td>
</tr>
<tr>
<td>Foundation Grant</td>
</tr>
<tr>
<td>LIHTC Equity @ $0.91</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
</tbody>
</table>
In addition, the narrative should address the following:

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

   - **To support rental housing projects serving the lowest income tenants for the longest period of time;**
     
     100% of the units will be LIHTC for at least 40 years, including a set aside of 7 units at 30% AMI and 8 units at 40% AMGI for 40 years.

   - **To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit;**
     
     The sponsor, developer and management entity are nonprofit entities. The owner entity will have a general partner solely controlled by a non-profit.

   - **To distribute housing credits to assist a diversity of populations in need of affordable housing, including homeless persons, persons in need of supportive housing, senior citizens, and families; To support new construction of affordable rental housing projects;**
     
     50 new construction senior units will serve income levels between 30% to 50% AMI.

   - **To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections. 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 proposed financing reduces the credit request by including over $2.6 million from five non LIHTC sources.

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

   **Projects serving seniors should provide amenities attractive and beneficial to seniors.**

   The property will serve senior residents with a unique amenities and service package to support healthy living and aging in place.
3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

   a. Market conditions:

   The market study demonstrates both strong demand in the PMA for senior LIHTC units (99% occupancy rate), and increased demand likely, as PMA has been gaining an average of 144 senior (62+) renters each year. The market study concludes that Montbello II will help fill a ‘void’ in this part of Denver for income restricted senior units.

   b. Readiness-to-proceed:

   The site is owned by a VOANS subsidiary, and is appropriately zoned for the proposed development. Current zoning allows up to 86 more units, and infrastructure (streets/sidewalks/utilities/etc.) is already in place. On February 6, the development team attended a pre application concept meeting with the City of Denver Development Services. The Montbello II site plan was cleared to move to the next stage of the approval process, Formal Review.

   c. Overall financial feasibility and viability:

   The project meets or exceeds all of CHFA’s underwriting criteria with suitable allowances for reserves and hard cost contingency. VOA ensures for long term financial sustainability by conservative underwriting and a legal structure that allows for a permanent property tax exemption. The financing plan is dependent on securing soft sources and the CHFA permanent loan. If the Colorado Foundation Grant were not funded, the backup plan would be to find an alternate soft source and/or defer more of the developer fee.

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

   **Volunteers of America** owns and operates 18 properties in Colorado, including 6 senior LIHTC properties and 4 Denver senior LIHTC properties. The Volunteers of America housing platform combines VOANS’ national development capabilities and experience with Volunteers of America Colorado’s local expertise in property management and services. Volunteers of America, with a national portfolio of over 16,000 low income units, has been named one of the top nonprofit developers by Affordable Housing Finance magazine.

   e. Cost reasonableness:

   Volunteers of America has chosen to work with Shaw Construction on this application given its expertise and track record in building Low Income Housing
Tax Credit properties in Denver. Shaw estimates hard costs of $108 per square foot and $130 per square foot including all construction related costs. Total cost per unit is $211,600. These costs are in line with other new construction service enriched senior properties and includes development of the one acre outdoor amenity/garden area.

f. Proximity to existing tax credit developments:

There are no senior 9% LIHTC properties in Montbello; a 4% LIHTC senior property, Sable Ridge, is a mile east and has a strong, sustained occupancy of 50% & 60% AMI units.

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):

Waiver is Not Applicable – Proposal Meets All CHFA Underwriting Criteria

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

A basis boost of 119.46% is requested. Increasing the LIHTC rents and eliminating the service coordinator line in the operating budget would increase the first mortgage and eliminate the need for the DDA credit; however, these changes would sacrifice the deep targeting at 30% and 40% AMI and would compromise the quality of the services plan; without an on-site services coordinator, the property would not offer truly ‘service enriched’ housing.
5. **Address any issues raised by the market analyst in the market study submitted with your application:**

The market study raises 2 issues:

**(1) The site is on a minor street that has a low volume of passing traffic (p 15)**

The low street visibility will be mitigated by the site’s proximity to Montbello Manor which we expect to be a source of referrals. An aggressive marketing plan during lease up will supplement these efforts.

**(2) The capture rate for the 50% AMI units is 35.2% (p 2)**

The market study cites a strong and growing demand for senior LIHTC units in the primary market area, with a current occupancy rate of 99% (p 51). Almost all of the existing senior LIHTC units are at 50% AMI and 60% AMI, with almost no vacancies. This is a strong signal that Montbello II’s proposed unit mix at 30%, 40% and 50% is achievable without difficulty. Additionally, the 50% AMI rents have been discounted by 5%.

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

Not Applicable - Phase I ESA concluded no Recognized Environmental Conditions, and no further action was required.

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

A meeting was held with the residents of Montbello I to outline our proposed expansion plans at the property and solicit feedback. The residents were very enthusiastic about the project and the potential of the outdoor amenity area and gardens. Secondly, we met with City of Denver Councilman, Chris Herndon, who endorsed the project (see attachment). Finally, we met with City of Denver mayor, Michael Hancock, who was also very supportive of our plans to bring additional new affordable senior housing to a part of Denver that does not have many options.
8. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans and relocation plan (if applicable).  

Not Applicable

Summary of Strengths and Weaknesses

Strengths

1. Service Enriched Senior Housing with on-site service coordinator, who will manage a comprehensive programming package with special emphasis on Healthy Living.

2. Superior Common Area Amenities including community space, exercise room, a one acre on-site garden/recreation area, and a perimeter quarter mile walking path.

3. Community Partnerships - The Center for African American Health (CAAH) and Denver Urban Gardens (DUG) have agreed to work closely with Volunteers of America of Colorado to deliver a variety of engaging programs to the seniors.

4. Development Team/Financing Continuity – Since 2006, the applicant has successfully developed three other Denver LIHTC senior properties featuring VOANS as developer and Volunteers of America of Colorado as management agent/service provider. These projects also included the proposed permanent lender (CHFA) construction lender (Wells Fargo) and equity investor (NAHT).

5. Neighborhood Presence – For eight years, Volunteers of America has owned operated and provided services for Montbello Manor, which is adjacent to the proposed site. The sponsor’s familiarity with the Montbello neighborhood and senior market will benefit the proposed development during construction, lease up and operations.

6. Upgrade Montbello I – We believe the quality of life will be enhanced for the residents of Montbello I as the residents of this building will get the following improvements: upgraded landscaping around their building, fencing around their building, and access/use of the outdoor amenity/garden area.

Weaknesses

1. Relatively high capture rate for 50% AMI units – we expect that the high demand/1% vacancy for LIHTC senior units in Montbello, an aggressive marketing plan and a growing market for these units will mitigate this concern.
Project Name: Mountain Apartments

Project Address: 1580 & 1759 Florida Rd, Durango, CO

The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project’s strengths and address its weaknesses. It must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc.

In addition, the narrative should address the following:

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them: The project is truly a preservation project in that the owners have the option of taking the units out of the program. By preserving the project, it will continue to serve 56 low-income families, including 9 households with handicapped and/or sensory/hearing impaired persons, for 40 years. This project offers an opportunity to provide tax credits to a rural area that has not had a project in several years and has an urgent need to maintain its current affordable units.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for: While Durango does not have a formal concerted community revitalization plan, a recent La Plata County Housing Study clearly identifies a need for safe, affordable housing. The plan suggests that there are over 1900 renters who are cost overburdened (spending more than 30% of income on rent). The study shows an overall 3.8% rental vacancy rate and less 1% affordable housing vacancy rate, that in turn suggests that there is pent up demand for affordable housing in the community.

The expertise of the development team combined with strong cost controls will allow for the efficient use of tax credits. The cost estimation based upon RS Means...


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

a. Market conditions: Mountain Apartments has a capture rate of less than 25%. The project’s proposed rents set at or below the 50% AMI levels, are easily achievable in the PMA and in fact, close to the project’s current rents. The projects are currently fully occupied and maintain a waitlist without advertising.

b. Readiness-to-proceed: We are fully prepared to commence construction by 1/2/2014 and complete construction by the end of the 2014. We could start sooner if the “forward commitment” would allow. We have confirmed our financing and all the required documents and studies have been completed. We will prepare the USDA RD acq/transfer package so that we may achieve a timely review by RD.

c. Overall financial feasibility and viability: As stated above, we have a high level of confidence that we can obtain the funding sources required. The Developer has previously syndicated over 33 projects with Enterprise, has been a bank customer of CPB for 30+ years, has been an active developer in the 515 program since 1978, was the first private developer in the nation to receive HOME funds for a “for-profit” project and has experience in almost every affordable housing funding source available. The DCR demonstrates an ability to handle the debt required for the rehabilitation. The operating reserves are calculated at a higher than minimum level to account for USDA RD requirements. The project PUPA, though below the CHFA minimum, is based on multiple years of operating experience by the ongoing long-term management company.

d. Experience and track record of the development and management team: With nearly 80 projects under their belts, the development team has a long and successful track record of developing and operating LIHTC projects both in Colorado and the western USA. Likewise, the management team has an excellent track record of marketing and leasing LIHTC units.

e. Cost reasonableness: The project will be developed, designed and constructed by a team of experienced professionals that have worked on a vast number of affordable housing projects throughout Colorado and the western USA. This experience allows us to estimate costs with a reasonable degree of accuracy. We also utilize a fixed price lump sum contract that does not accommodate change orders, but will accommodate upgrades where indicated.

f. Proximity to existing tax credit developments: Because this project is a preservation project and the units are currently serving the affordable housing needs in the community, the acquisition/rehab will not negatively affect other tax credit developments.

g. Site suitability: The site is well situated and is close to schools, shopping and recreational facilities. The project fits in nicely with its surroundings as there are other apartment complexes on the road. The complexes have an adjacent bus stop so frequent and dependable public transportation is very convenient. The site has no environmental hazards nor is it located in
high traffic area or a flood zone. Even though the project is not officially in Durango, its location is closer and more convenient to downtown Durango than other current LIHTC properties.

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): Because the project has RD 515 rental assistance, rent is set based upon maintaining the approved budget. Thus, the 2% income growth and 3% expense growth assumptions in the pro forma analysis cannot accurately reflect the USDA RD budgetary process. Per CHFAs recommendation, we have selected the 100% Section 8 housing option, with the income and expense amounts increasing at the same rate. However, using this scenario, the project produces far more excess cash flow than would be allowed under the USDA regulations. To help clarify this point we have included the Development Summary and 15 Yr. Pro Forma under both scenarios. The project’s PUPA is below the minimum. However, we feel it is appropriate as the operating budget is based on historical actual budgets and development team insight and experience with post rehab budgets.

   A more detailed explanation of each of the requests is provided in the relevant tab and uploaded as an attachment.

   b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis: We are respectfully requesting a CHFA discretionary basis boost. The construction/expense/COLA in La Plata County are quite high and the project is not likely to be financially feasible and obtain USDA RD approval of the acquisition/transfer without a basis boost. Using 4% non-competitive credits would result in debt service and rents far beyond the regulatory constraints of the 515 program. Even regular 100% non-basis boost 9% credits at the proscribed 7.4% would result in debt beyond the 515 constraints. Therefore, we request a basis boost.

5. Address any issues raised by the market analyst in the market study submitted with your application: There were no significant issues raised that need to be addressed in the market 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: Likewise, the Phase 1 Environmental Report indicated that the project does not have any environmental hazards or concerns.

7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support): The entire development team met with Durango City/La Plata County officials and planning staff. They were receptive to the rehabilitation of Mountain Apartments and are eager to keep the project as affordable housing. Given that the other projects developed and owned by the applicant have been successful and built with high quality craftsmanship, the town is very encouraged that our development team is back developing in Durango. The planning committee did not anticipate having any concerns regarding zoning or building permit issues. It is our understanding through our discussions with County officials is that they would have gladly provided a letter of support if they did not have a stated policy of sponsoring only one project at a time per application round. Given the overwhelming need for affordable housing in Durango and La Plata County, we believe we have the support of the community even if their policies prohibit them from doing so formally. The project is not within the City of Durango boundaries even though it has a Durango mailing address. The City of Durango and La Plata County have one of the state’s strongest economic bases and has a huge pent up demand for housing. Durango and County officials agree that these projects, especially with rental assistance, should remain within the affordable tent. However, they do favor more and new units while also believing that current units should be rehabilitated and preserved.

8. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans and relocation plan (if applicable). Address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, nature disaster). This proposal is for the preservation, acquisition and substantial rehabilitation of Mountain Apartments (combining two projects previously known as Mountain Vista and Mountain Oaks) immediately adjacent to Durango in La Plata County. Mountain Apartments will have 58 units (18 one bedrooms and 40
two bedrooms) in six buildings. The substantial rehabilitation of this project will target accessibility/504/ADA issues, upgrade health and safety measures, achieve to 2013 standards Enterprise Green certification, upgrade major systems, including replacement of gas furnaces to high efficiency units, the addition of air conditioning, upgraded insulation and cememous siding, new highly energy efficient windows and totally modernize the interior of these dated units. In addition to completely renovated interiors, including all new Energy Star kitchen appliances and new low water use bath fixtures, tenants will benefit from many new amenities including air conditioning, dishwashers, garbage disposals, sport courts, enhanced and accessible playgrounds and picnic areas, and, to support the “No Smoking” policy, smoking huts, placed well away from buildings and playgrounds. The projects also have convenient transportation options as there is a bus stop at each complex.

The beneficiaries of the project will be 36 family households with incomes at or below 60% AMI, 12 family households with incomes at or below 50% AMI and 8 family households with incomes at or below 40% AMI. The two complexes have a combined total of 22 units of USDA RD 515 rental assistance and 5 tenants with PHA vouchers. These advantages allow the project to have 25 tenants at or below 30% AMI, 12 tenants between 30% and 40% AMI and 8 tenants between 40% and 50% AMI, for a total of 80% of current tenants under 50% AMI. Two units will be occupied by resident site and maintenance managers and those units will not be income qualified. The project will increase its current four units of handicapped accessible to seven units that are equipped to be handicapped accessible. Two additional units will be equipped for persons with sensory and/or hearing impairments. The first floor units, offices, laundry rooms, and playground/picnic areas are currently not, but will be made, accessible. The proposed rents will be set at $551 for the one bedroom units and $630 for two bedroom units. This amount represents a decrease for the tenants in the complex previously known as Mountain Oaks and an increase for the tenants in the complex previously known as Mountain Vista.

This is a substantially federally subsidized project with rental assistance and interest credit. We do not believe the 10-year rule applies. A copy of both complexes’ rental assistance agreement is attached.

The rehabilitation will be done in phases to allow for both an efficient construction schedule and to minimize tenant disruption. The overall plan will be to take all reasonable steps to minimize displacement as a result of the rehabilitation. No tenants will be required to move permanently unless they are over income at the time of acquisition and transfer of the project, or they decide not to reoccupy an available unit when the rehabilitation is complete. Temporary relocation will
be minimized to the extent possible by using vacant existing units within both complexes. All expenses associated with the temporary relocation of tenants will be paid for by the project from its development funds. We have estimated and budgeted for total relocation costs of $145,000 which represents an average cost per household of $2,500.

On completion of the rehabilitation, all tenants continuing to be income qualified and certified will be invited to move back into one of the newly rehabbed units. Twenty two (22) residential rental units will continue to have USDA-RD Section 515 Rental Assistance, and following rehabilitation will continue to be affordable for the tenants.

There are no obvious design flaws. Drainage problems at the Mountain Oaks complex will be addressed and corrected. The very extensive and detailed Capital Needs Assessment is included and need not be restated herein. The most recent capital expenditure on both complexes was replacement (partially insured) of the “T-lock” roofs that suffered terminal damage a few years ago.

Summary

Mountain Apartments of Durango is a true preservation applicant in a PMA that needs the project’s continued and upgraded existence in the affordable housing portfolio. The rehabilitation, done by one of Colorado’s most experienced and financially competent teams, will be very extensive and will give the consolidated property a new 40+ years of useful life. La Plata/Durango is one of Colorado’s strongest rental markets with 1900 rent over-burdened and LIHTC eligible households. This PMA needs significant attention both in maintaining and upgrading its rental assisted housing stock as well as additional affordable units. This applicant meets and exceeds almost every priority listed by CHFA’s QAP, meets and exceeds every approval criteria and the team has proven on past projects done in Colorado that it can perform on time, on budget, with high quality construction and ongoing, experienced management compliance.
You may also provide additional documentation that supports your narrative by attaching it to the narrative or submitting it on a CD. Each supporting document should briefly describe what is contained in the attachment.

Example 1: Additional documentation to support the Market Conditions Criteria could be labeled to as follows: Attachment Market Conditions or Market Conditions.pdf, etc.

Example 2: Soft funds documentation to support that amount of soft funds listed in the Application can be secured could be labeled as follows: Attachment Overall Financial Feasibility and Viability or Overall Financial Feasibility and Viability.pdf, etc.
Project Name: Oasis at Denver Garden Apartments

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

The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project’s strengths and address its weaknesses. It must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc.

Development Description

Community Housing Concepts Inc., a 501(c)(3) non-profit, is pleased to submit this application package to CHFA for 9% low income housing tax credits in the March 2013 competitive cycle for the proposed new construction of The Oasis at Denver Garden Apartments- a 50 unit housing development in Southeast Denver.

The project will constitute Phase II of Denver Garden Apartments, a 2010 LIHTC senior development owned and operated by this same development team. In fact, the impetus for proceeding with the construction of the Oasis project is the overwhelming demand for affordable senior housing at the existing Denver Garden Apartments project. Denver Garden is a highly successful 100-unit, senior LIHTC project on the property immediately adjacent to the site of the proposed Oasis project. Denver Garden has an almost four-year long wait list and 0% vacancy- the Denver Garden waitlist has been closed since October, 2010.

This project will result in 50 new one and two-bedroom units for low-income seniors at very affordable rents. The site is located in a QCT and rental housing options in the area are dated and limited. As indicated in the enclosed Market Study, there is an overwhelming demand for new units in this market area- especially for affordable two-bedrooms serving seniors. This new project will improve the quality and availability of needed affordable housing opportunities in Southeast Denver.

All units at Oasis will be restricted to residents aged 55+. Oasis will consist of the following unit mix and AMI designations:
Seven (7) two-bedroom/one-bathroom units (916 square feet)
  3 units @ 50% AMI  
  4 units @ 60% AMI  

Thirty-four (34) two-bedroom/one-bathroom (943 square feet)
  2 units @ 30% AMI  
  16 units @ 50% AMI  
  16 units @ 60% AMI  

Nine (9) one-bedroom/one-bath units (640 square feet)
  1 unit @ 30% AMI  
  4 units @ 50% AMI  
  4 units @ 60% AMI  

**Amenities**

Oasis will provide a number of amenities for the benefit of its senior resident population. Amenities will include a community room, fitness center, computer lab; laundry facility; onsite leasing/management office and maintenance area; and intercom electric entry. Each unit will contain a range/oven, refrigerator with icemaker, garbage disposal, dishwasher, microwave, washer/dryer hook-ups, blinds, ceiling fans and balcony or walk-out patio.

**Location**

The site is located along ample public transportation lines, including RTD bus line Route 11: Mississippi Crosstown that stops directly in front of the property and connects to both the I-25 / Broadway and Louisiana / Pearl RTD Light Rail stations. The site is in very close proximity to several other bus lines, including:

- 0.2 miles walk to Route 65: Monaco Parkway with service to the Stapleton Park-n-Ride and the Southmoor Light Rail Station.
- 0.3 miles walk to Route 83L: Cherry Creek / Parker Rd Limited (approx. 15 minute rush hour frequency) with service through Cherry Creek to Civic Center Station and to the Nine Mile Light Rail Station.
- 0.3 miles walk to Route 79L: Cherry Creek / Dayton Limited with service through Cherry Creek to Civic Center Station and to the Nine Mile Light Rail Station.
- 0.3 miles walk to Route 73: Quebec Street with service to the Stapleton Park-n-Ride, and the Belleview, Orchard, and Arapahoe Village Center Light Rail Stations.
Oasis will serve an acute need for affordable senior housing in Southeastern Denver. The future development site is located approximately 7 miles from the downtown Denver area at 6801 East Mississippi Avenue, and along with the existing Denver Garden Apartments, will be one of only two affordable senior properties within almost a four-mile radius. The market area contains only two additional comparable properties that are over four miles away. The enclosed Market Study indicates that all affordable senior units in the market area are fully occupied.

In addition to meeting distinct housing needs of the area, The Oasis at Denver Garden will nicely compliment and enhance the surrounding neighborhood in both look and feel. The site is in an established neighborhood, ideal for seniors with limited means, and with various community services within walking distance. These include: two supermarkets, both with pharmacies, a Walgreen’s four blocks away, banks, various retailers and restaurants.

In addition, just across the street, residents enjoy the Francis Jacobs Park and Garland Park. The Eloise May Library is just 1.5 miles east of the site and a nearby Russian Senior Services Center is located on the next block. The Rose Medical Center and Colorado University Hospitals are within 4 miles of the site, and the Zion Senior Center is located just over 5 miles from the site.

**Demand**

Through our experience with Denver Garden Apartments, we know that Oasis will primarily serve seniors in the immediate area of Southeast Denver and will provide a needed housing opportunity for the distinct elderly Russian population that call this area home.

Our decision to pursue a project that provides primarily two-bedroom units to serve a younger elderly demographic meets an important unmet housing need. The populous baby boomer generation is coming of age and is increasingly in need of affordable opportunities, especially given the trying economic times that have left so many unprepared for retirement, and unable to obtain meaningful work. This younger elderly age-group is more likely to require living accommodations suitable for a two-person (married couple) household, and will need two-bedrooms to accommodate their family. Oasis also presents a strong opportunity for members of the older elderly demographic who are in need of live-in or frequent in-home care from a family member or professional service provider. Affordable, two-bedroom housing options will provide affordable, comfortable living accommodations to such seniors with limited means who live independently, but who require in-home care.
Our housing goal is substantiated by the strong demand illustrated in our Market Study, which specifically identifies not only the need for additional senior housing, but specifically notes the high demand for two-bedroom units. Indeed, current residents and potential residents of Denver Garden frequently request two-bedroom units, which also dictated the proposed unit-mix of Oasis. Based on our experience with Denver Garden, we also believe the proposed AMI percentage/unit mix represents the demand and AMI percentages of the low income senior population in the surrounding area.

Oasis presents an opportunity for a strong, viable project that is able to keep rents extremely low. In fact, the proposed rents for this project fall well below the max LIHTC rents. All units, both one and two-bedroom, will be available at rents that are below the one-bedroom maximum LIHTC rent. Through our experience operating a number of senior complexes across the country, we know that seniors want and need two bedroom units, but seniors with limited means can rarely afford them. This project will fill this distinct need.

Financing

The proposed financing includes a conventional first mortgage through Citi Bank. Citi is the permanent lender on Denver Gardens and given the huge success of Denver Gardens, was eager to be involved with this new project. Included in this application package is an LOI for both permanent and construction financing from Citi. In addition, attached to this narrative is a letter of support from Brian Dale at Citi Bank.

We also have a long line of investors who are excited to participate in the project. We have received interest from several syndicators, and have included an LOI from City Real Estate Advisors in this application package. Due to the huge success of Denver Gardens, the tax credit investor for that project, WNC, is amongst those who are eager to participate in Phase II of the project. Attached to this narrative is a letter of support from Michael Byrd at WNC. We anticipate no issues securing the needed financing.

CHC has also reached out to both the Colorado Division of Local Affairs- Division of Housing (DOH), as well as the City of Denver Office of Economic Development (OED). Both have expressed strong support of the project and will accept applications for nearly $1 million in additional HOME funding to support the development. Both organizations have shared their interest in partnering on this important housing development via letters of interest provided in this application.
Local Support

In addition to the financial support of DOH and Denver’s OED, the project has been widely supported by the Denver City Council. In order to develop the proposed plans, the existing site recently underwent a rezoning process. The City Council voted unanimously to support the zone change request, and members were enthusiastic about and encouraged by our endeavor to utilize this site to provide new affordable housing opportunities in Denver.

Councilmember Charlie Brown represents this district, and has provided a letter of support expressing overwhelming support for the addition of 50 new units in his district to meet the area’s senior housing needs, as well as support for the project as a whole.

Project Design/Construction Type Summary

The five-story project design includes four floors of residential housing and one floor of commercial office space. Fifty units of senior housing and community/common space will be located on the first four floors. The office space will be located on the fifth floor. The cost of the fifth floor of this building is not included in the tax credit transaction. All costs associated with construction of the office space are separated from the residential costs as reflected in the CSI third-party cost estimate provided by Shaw Construction, which has been provided as a component of this application. The office space will be condominiumized and separately financed to be occupied by the corporate offices of Monroe Group, Steele Properties, and Community Housing Concepts. We have included debt and equity commitments for the office space as well as financing details in this application.

Monroe Group, Steele and CHC share a mission to increase and improve affordable housing opportunities across the country. The development and management team own and operate Denver Garden Apartments, and will have the same involvement with the rental units at Oasis. Given the collective work of these organizations, close proximity of its headquarters to Denver Garden and Oasis is natural fit. As described by Councilmember Charlie Brown in his letter of support, “the combination of affordable rental housing and office space for an operator of affordable housing communities is an ideal way to diversify the use of the lot and maximize the potential of this land area.”

The proposed project design is for the new construction of a wood frame over one level concrete podium structure with brick and cementitious panel siding, and vinyl windows for residential units. The building will total 74,897 square feet, including 64,882 square feet dedicated to the four floors of housing, common space, and community amenities. The fifth
floor office space will be comprised of 10,015 square feet of office space, as described above. The common feature design includes an equipped fitness center with rubber tile flooring and mirrored walls with a men’s and women’s locker room with showers, and a community room with full kitchen and equipped computer lab. The building will contain two electric traction elevators- one for residential use and one for office use. The office elevator may be used by residents after business hours. The development pricing includes installation of energy efficient appliances.

In addition, the narrative should address the following:

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

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

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

CHC has secured strong interest for participation from Denver’s OED and DOH in order to keep the rents as low as possible. Such additional sources allow us to offer the lowest possible rents while reserving only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period.
2. Identify which housing priority in Section 2 of the QAP the project qualifies for:

Oasis meets CHFA’s distinct priority of increasing quality affordable housing opportunities for seniors.

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

   a. Market conditions:

The Market Study included in this application indicates an overwhelming demand for one- and two-bedroom units at our proposed mix and affordability levels. In our PMA, the Market Analyst indicates that there are 2,600 age and income eligible renter households for the one-person units, and 1,184 age and income eligible renter households for the two-person units. There are only three senior properties in the market area, which include 335 senior units, all of which are 100% occupied. These senior properties include 248 one-bedroom units and 87 two-bedroom units. There are currently no available units in the PMA for the age and income eligible renter households identified above. The market analyst concludes that there is therefore a need for the proposed one-bedroom and two-bedroom senior units.

Of the occupied senior units in existence that serve our targeted demographic in the PMA, there is one two-bedroom in existence for every 13 qualified two-bedroom households. There is one existing unit for every 10 qualified one-bedroom households. Though this represents a strong demand for both one and two-bedroom housing options, there is clearly a disproportionate need for two-bedroom units. The proposed unit mix of primarily two-bedrooms at Oasis is designed to meet such market demand.

The capture rates calculated on page 8 of the Market Study are well within CHFA’s expectations for a strong project demand. The capture rate for all unit AMIs is well below 25%, and the increase between the existing capture rate and the rates required to absorb the planned units is a minimal amount of less than 6%.

Please refer to the Market Study’s market demand analysis for more detail.
b. Readiness-to-proceed:

Oasis demonstrates strong readiness to proceed in all areas:

**Financing:** The project has received commitments from a number of lenders and investors indicating a projected ability to meet the underwritten credit pricing. We do not anticipate any delays in securing the needed financing.

**Zoning:** The site is properly zoned for the intended use. The site was recently rezoned to allow for the desired unit number and amount of office space that the sponsor intends to develop. Included in this application is a zoning verification letter from the City of Denver, the approved PUD G #4 zoning code, and ordinance 592 authorizing the rezoning classification.

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

**Project Design:** The proposed plans meet all allowed uses and design standards, including meeting the minimum parking requirement of .75 per unit and 2 per 1,000 sq. ft. of office space. We do not anticipate requiring any design variance requests.

**Project Cost:** The cost estimate provided by Shaw builders confirms the feasibility of the project costs outlined in this application.

The development timeline provided in this application reflects the developer’s ability to move quickly to close and meet carryover by the end of 2013.

c. Overall financial feasibility and viability:

Oasis exceeds all of CHFA’s underwriting criteria, including a strong operating reserve, PUPA, and DCR. In order to contribute to the project’s ability to provide low rents to the target renter demographic, the project includes a deferred developer fee of $292,141, which can be paid by year 10.

**Site Control:** Community Housings Concepts is the applicant and sponsor of the Oasis project. CHC Oasis DG LLC will be the ultimate owner (of which CHC is the General Partner). We have submitted a purchase option for CHC Oasis DG LLC to acquire the site from CHC, which currently owns the land.
d. Experience and track record of the development and management team:

Community Housing Concepts and Steele Properties (developer) have assembled an impressive development and management team with abundant experience in affordable housing development and operations. CHC and Steele are well-underway on the new construction of Glenwood Green Apartments in Glenwood Springs Colorado, a 2011 LIHTC development. We anticipate project completion by fall of this year, and have already received interest from a number of potential renters. Steele has completed a number of successful LIHTC developments in the state of Colorado as outlined on the enclosed company bio. The following outlines the development team for this project:

Community Housing Concepts, Inc., Owner: Community Housing Concepts is an experienced owner and sponsor of affordable housing development, and takes pride in fulfilling its dedication to preserving, improving and increasing housing opportunities. CHC owns and operates eighteen affordable communities across the country and has shared a number of successful housing development partnerships with CHFA in the past. Please see enclosed resume included in the Development Team section of this application for more.

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

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

e. Cost reasonableness:

The per-unit project costs are comparable to standard building expenses in the City of Denver.
f. Proximity to existing tax credit developments:

There are no tax credit developments currently under construction in the PMA. Oasis will be one of only four existing senior LIHTC developments- all of which are 100% full.

g. Site suitability:

As described above, the proposed site is ideal for this type of development and the addition of 50 housing units. CHC already owns the land and has provided an option for the proposed owner, CHC Oasis DG LLC, to purchase the property. The location next door to the existing Denver Gardens, already owned and operated by this development team, is a logical choice as both properties will benefit from the economies of scale of operating two properties next to one another. The property will also expand the already tight-knit elderly community at Denver Garden.

The location, along a number of transit lines and only five minutes from Cherry Creek, where there is currently a market development boom, would make this site an ideal location for a market-rate development. However, given CHC’s commitment to affordable housing development, and the fact the CHC is the current lot owner, this site is the perfect opportunity to increase Southeast Denver’s affordable housing stock amidst rampant market rental development in nearby neighborhoods and throughout the city.

4. Provide the following information as applicable:

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

The Oasis project does not require any waivers of CHFA’s underwriting criteria.

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

The Oasis project is located in a QCT and does not require CHFA’s DDA boost.
5. Address any issues raised by the market analyst in the market study submitted with your application:

The market analyst has not identified any issues with this development. In fact, the market analysis shows strong demand for the proposed units as described above.

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

There were no issues raised in the environmental report submitted with our application.

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

Enclosed in this application are letters of support from Councilmember Charlie Brown, the Colorado Division of Housing, and the Denver Office of Economic Development, with whom the project has been discussed at length and received overwhelming support.

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

N/A

You may also provide additional documentation that supports your narrative by attaching it to the narrative or submitting it on a CD. Each supporting document should briefly describe what is contained in the attachment.
Attachments:
Development Team Bios
Letter of Support from Councilmember Charlie Brown
Soft Funds Documentation from DOH
Soft Funds Documentation from OED
Certification of Consistency with the Consolidated Plan
Letter of Support from Citi Bank
Letter of Support from WNC
Project Name: Residences at Panorama Pointe Phase II

Project Address: West 83rd Way and Alcott Street in Westminster, CO

The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project’s strengths and address its weaknesses. It must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc.

Project History and Description:

Panorama Pointe Senior Campus is a truly unique development comprised of five components designed and built for the senior population. The campus delivers two section eight communities, one market rate cottage home community, a Low Income Housing Tax Credit (LIHTC) apartment home community and a senior center/club house. Residences at Panorama Pointe Phase II is the second phase of Panorama Pointe’s 2009 senior LIHTC housing development and is the final capstone piece of the greater Panorama Pointe Senior Campus. Panorama Pointe Phase I was closed and constructed in 2010. It was leased in 2011 and is currently a strong performing property with a very long waiting list (380 names). Phase II is the new construction of 36 one- and two-bedroom units and will fulfill the surrounding community need for affordable and modern housing for seniors in a gracious and social environment. The development fulfills the need for affordable senior housing and also provides its residents with lifestyle amenities located in an ideal and scenic location. M.E.M Westminster Property LLP, the current landowner, is a private development partnership between Stephen F. Elken, owner of Elkco Properties Inc., Lee Mendel, and Neal A. Mendel, owners of Mendel Development Company.

Construction:

The proposed apartment building will be a rectangular building, oriented north to south on a 1.32 acre parcel. The building will be a 36-unit senior apartment building with one-bedroom/one-bathroom and two-bedroom/one-bathroom units. Apartments will range in size from 625 square feet to 830 square feet. The building will be four stories over a parking garage with one central elevator. The building footprint will be approximately 8,600 square feet per floor with a total residential square footage of approximately 34,000 square feet. The parking garage will be approximately 10,000 square feet and contain 19 parking spaces, the electrical room, elevator equipment room, a maintenance room, and
storage room. There will be an additional 33 surface parking spaces on the site totaling 52 parking spaces.

The units themselves will feature:
- Patio/balcony for each apartment
- Energy Star washer and dryer
- Individually-controlled heat and air conditioning
- Window coverings
- Full electric kitchens with self-cleaning range, Energy Star dishwasher and refrigerator

**Population and Bedroom Mix:**

Residences at Panorama Pointe Phase II will be a 36-unit senior apartment building with 20 one-bedroom/one-bathroom units and 16 two-bedroom/one-bathroom units. All units will be Type B accessible with one of each unit type designated as Type A fully accessible. Six units (17%) will be available for residents with an Area Median Income (AMI) of 30% or below, ten units (28%) for 40% AMI, eight units (22%) for 50% AMI and twelve units (33%) for 60% AMI. This provides an overall capture rate of 12.4%.

**Location:**

The project will be located on the Panorama Pointe Senior Campus. The site has beautiful panoramic views of the mountains to the west, southwest, and northwest and the Denver skyline to the southeast. Major arterial roads, including Federal Boulevard to the west and 84th Avenue to the north, as well as existing public roads, border the property. Residents will enjoy the meandering walkways, gardens, club house/senior center, and its close proximity to a large city park (Cobblestone Park), which is a block from the site. The campus has a series of walking paths that connect all of the buildings on the campus (including the proposed) directly to the park which features additional walking paths, play equipment for children and grandchildren, a pond, benches, and shade structures. Also immediately adjacent to the site are St. Anthony’s North Hospital, Rocky Mountain Primary care professional building, and dedicated open space. Two grocery stores, banking facilities, and pharmacies are within half a mile of the site.

**Project Amenities:**

The apartment community will feature a café/great room with a wet bar, a reading lounge, a computer room for resident use, a fitness area, and activity and media room. Exterior amenities include landscaping and planted flowerbeds with a gazebo, sidewalks and walking paths with benches located along the perimeter, and a patio with picnic tables and BBQ grill. The apartment will also encourage healthy living with a non-smoking environment and exercise classes.
The project can promote healthy living and environmental sustainability with its walkability to a large city park and easy access to a number of services including grocery stores, pharmacies, retail shops, restaurants, and medical offices.

In addition, the residents are adjacent to the 8,500 square foot City of Westminster Senior Center. This building is leased and managed by the developers and the proposed development will have access and use of the building and the activities, services, and programs organized by the developers and their staffs, including but not limited to:

- Exercise Area
- Gathering space/great room
- Media center
- Kitchen
- Large outdoor deck
- Business office
- Ice cream parlor and socials
- Monthly potlucks
- Weekly bingo and card games
- Weekly coffee klatches centered on current events
- Free blood pressure testing (monthly)
- Out to Lunch Bunch (limited transportation and car pooling coordination)
- Monthly crafts
- Weekly health and wellness programs
- Quarterly lectures

**Services:**

Management will provide the following services, included in rent:

- Full-time campus manager will ensure the effective operation of the property.
- Management will facilitate residents’ access to additional services and resources offered by local senior services providers and resource centers.
- Campus manager and resident and management assistants will be responsible for providing and coordinating activities and services for the residents.
- Management will provide a full-time, on-campus maintenance person for upkeep and repairs to the facility.

**Energy Efficiencies:**

The construction of the building will comply with the environmental and energy conservation guidelines established by Enterprise Green Communities. It will use products that are extracted, processed, and manufactured within 500 miles of the project for a minimum of 50%, based on cost, of the building
materials’ value. It is also located in a Stage 2 Pre-Certified LEED for Neighborhood Development plan. In addition, the heating and air conditioning system will be a hydronic fan coil split system with energy efficient condensers for air conditioning of each unit and common area. Each apartment will have individual thermostats to control both heating and cooling, Energy Star appliances, and water conserving kitchen and bathroom faucets.

Panorama Pointe will also embrace a non-smoking policy, a policy that has been specifically requested by interested residents. Currently, in the Panorama Pointe Phase I development, only two out of 72 units have a preference for smoking in the building. The non-smoking policy planned for Phase II is not only beneficial for environmental sustainability, but is also supportive of the numerous residents using oxygen. In all, this policy aligns with the priorities of the Panorama Pointe Senior Campus. Property Manager Richard DeLong shared his direct experience toward this social trend citing that one out of every five applicants inquire and request a non-smoking community.

**Financing:**

To finance the $8 million project, the owners are carrying back a $250,000 subordinate note on the land and deferring a portion of their developer fee.

The applicant requests a 121% CHFA basis boost in annual credit. This request of an additional $105,899 of annual credits produces almost $1 million of additional equity. This boost is equivalent to the project receiving a 9% tax credit rate and is a necessary gap filler to offset the increased costs of the site’s difficult to build layout, the podium parking (approximately $680,000), and the green feature costs relative to the small number of units in the development (approximately $240,000).

One of the most challenging and yet inspiring parts about this phase of the Panorama Pointe development is that this parcel of land is the capstone of the development. However, being the last developed parcel has also made it the most constrained development project. Constraints have arisen through the evolution of the project over time. For example, in a desire to provide as much convenience as possible for the senior portion of the development, the development team assigned additional land to the parcel used for the City’s Senior Center, providing needed additional access and parking. Increasing the Senior Center’s parcel has created the need for Panorama Pointe Phase II to develop some of its parking underground; a small price to pay for the benefit provided to the community through the City’s Senior Center.

Also adding complexity to the project, the remaining parcel being developed for the Residences at Panorama Pointe Phase II is the smallest of the divided parcels. This small area has therefore led to additional costs around the ingenuity needed to design the most effective use of the space and still meet planning department requirements.
On February 1st, CHFA received 15 letters of intent for new construction senior projects, each with an average annual credit request of $16,600 per unit. Panorama Pointe Phase II’s request for a basis boost totals $16,863 per unit, which is comparable to the average credit request.

In addition, the narrative should address the following:

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

   Residences at Panorama Pointe Phase II meets a number of the guiding principles in the QAP. Specifically, the project responds to CHFA’s guiding principles:
   
   - To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit
   - To distribute housing credits to assist a diversity of populations in need of affordable housing, including homeless persons, persons in need of supportive housing, senior citizens, and families
   - To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections

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

   Residences at Panorama Pointe Phase II responds to the QAP’s priority of:

   - Senior Projects serving seniors should provide amenities attractive and beneficial to seniors.

   The Panorama Pointe Senior Campus (including the proposed project) offers a full set of amenities that are attractive and beneficial to seniors to a community that has a demonstrated need of senior affordable housing. The campus has received awards for being responsive to senior needs and the first phase waiting list (380 names) clearly outlines the direct project need.
3. Describe how the project meets the criteria for approval in Section 2 of the QAP:

   a. Market conditions:

   Residences at Panorama Pointe Phase II is the next phase of an already existing fully leased and strongly performing senior housing development. Phase I’s full waiting list demonstrates a need in the market for additional housing options for the senior community in the area. Additionally, the site is located directly across the street from a full medical campus and immediately adjacent to one of the city’s senior centers making it an ideal location for the resident elders. The overall capture rate for the project is 12.4%, with capture rates of 1.4% for 30% AMI, 19.7% for 40% AMI, 24.2% for 50% AMI and 2.9% for 60% AMI. The developers anticipate complete lease up of the project within six months of construction completion.

   b. Readiness-to-proceed:

   The developers own the land, the project site is appropriately zoned, and the Planning Division of the City of Westminster staff is supportive of awarding the project Category E Service Commitments for the site’s water and sewer taps. The developer anticipates a smooth approval process for the site plans; such will be ready by October with construction and financial close in early November. The project is also ready to proceed quickly as a smaller build-out of only 36 units from the original agreement to build 60 senior units on the same site, thus reducing any additional negotiations with the community, zoning or permitting due to the smaller project plan.

   c. Overall financial feasibility and viability:

   Except for the tax credits, the project financing is in place. The development team has had conversations with multiple potential lenders and tax credit investors who are supportive of this project and foresee providing terms during the competitive process for financing partners to be held immediately upon award of credits. The developers are committed to the project as evidenced by their land carryback note to achieve the financing stack.

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

   **Developer Experience:**

   Mendel Development Company, owned by Lee Mendel and Neal Mendel, and Elkco Properties Inc., owned by Steve Elken, are the current owners of the land and will work together to develop the site. The developers have more than 60 years of combined
development experience using multiple means of financing (included 9% LIHTC). Between them they own and manage seven affordable housing projects in Colorado. The developers’ specific resumes and statements of real estate owned are included in the LIHTC application under Tab 15. In addition, the developer was a general contractor licensed in the state of Colorado for 35 years.

**Management Experience:**
The project will be managed by a joint venture between Elkco Properties, Mendel Management Company, and ComCap Asset Management Inc.

Mendel Management Co., a subsidiary of Mendel Development Company, has over five years experience managing LIHTC properties and also currently manages Section 8 properties in the Denver metro area.

Elkco Properties, similarly, has extensive experience and has managed a full senior campus of 289 units ranging from independent senior living to assisted living and also units serving seniors with dementia or Alzheimer’s, has managed 191 units of retirement housing, 44 units of Section 8 housing, 103 units in mixed-use settings, and a total of 1,580 general units. Elkco Properties continues to actively manage over 1,000 of these listed units.

In addition to this experience, the development team will be retaining ComCap Asset Management, Inc. for consulting services and to oversee and coordinate project preleasing and stabilization as well as all LIHTC compliance for the lease up and the first year of operations. ComCap, Inc. has in excess of 17 years experience working with LIHTC communities (12 apartment communities) of both 9% and 4% LIHTC.

e. **Cost reasonableness:**

   Residences at Panorama Pointe Phase II is expecting hard construction costs of approximately $140,000 a unit. Of this, almost $19,000 of the costs per unit is due to the increased expense of the podium parking feature. $121,000 is very comparable to the hard costs for an average LIHTC development.

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

   The project is adjacent to its first Phase, which is a high functioning tax credit project. Phase I is 100% occupied and has a full waiting list (over 380 names) and the synergy of the properties outweigh potential issues of adjacent location. Orchard Hill is another existing tax credit property serving 40% and 50% AMI senior tenants. Orchard Hill is 100% occupied and has a waiting list of 60 potential tenants. The Westminster
Commons project is not comparable because it has Project Based Section 8 vouchers for all units. There are no planned LIHTC properties currently under construction.

**g. Site suitability:**

Residences at Panorama Pointe Phase II is the last parcel of land to be developed on the Panorama Pointe Senior Campus. The site conveniently fits the planned 36 units and achieves 52 parking spaces by using a podium parking structure. This development will be the final capstone element for the campus completing the city’s development plan for this site.

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

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

   The developers are requesting waiver of the minimum PUPA underwriting criterion in the QAP. The QAP requires a $3,900 minimum PUPA, the Residences at Panorama Pointe Phase II anticipates a PUPA of $3,227. A full year of operations at Phase I indicates a PUPA of $3,240. The Phase I expenses vary from Phase II because the first phase was property tax exempt due to the participation of a housing authority in the GP structure. However, while Phase II will pay property taxes, Phase II will not pay an onsite manager, the savings of which cover the additional taxes. Due to the smaller size of the Residences at Panorama Pointe Phase II, the onsite manager for the market rate properties will be available to respond to residents needs, and the service coordinator in the City of Westminster’s senior building will also be available during the day to help coordinate activities and services for the Residences.

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

   Due to the complexity of using the remaining and smaller parcel of land for this capstone project in the Panorama Pointe development, the CHFA basis boost will allow the full development to come to completion while working seamlessly with the existing and successful properties. Therefore, the applicant requests a 121% CHFA basis boost in annual credit.

   As outlined above, the applicant requests a 121% CHFA basis boost in annual credit. This request of an additional $105,899 of annual credits produces almost $1 million of
additional equity. This boost is equivalent to the project receiving a 9% tax credit rate and is a necessary gap filler to offset the increased costs of the site’s difficult to build layout, the podium parking (approximately $680,000), and the green feature costs relative to the small number of units in the development (approximately $240,000).

CHFA received 15 letters of intent for new construction senior projects, each with an average annual credit request of $16,600 per unit. Panorama Pointe Phase II’s request for a basis boost totals $16,863 per unit, which is comparable to the average credit request.

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

The Market Study recommended that the developers include additional exterior amenities to the project. Patio seating and a BBQ area have been added per this recommendation.

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 revealed no evidence of any recognized environmental conditions or concerns with the property.

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

There is abundant community support surrounding this project due to the ongoing need for affordable senior housing in the area. Panorama Pointe Senior Campus started providing for seniors in 2001. Since then, the landowners have remained committed to providing ideal living and lifestyles for their residents. The Cottages at Panorama Pointe (a market rate parcel owned and operated by the development team) was recently awarded the Best Retirement Center in Westminster by the Westminster Award Program. In addition to community support, Panorama Pointe Phase II has received a letters from Congressman Ed Perlmutter and the Mayor of the City of Westminster offering full support of the project and the Resident Manger has also submitted a letter outlining the community’s interest and need for Phase II. These letters are attached.

The City of Westminster has shown financial support by waiving approximately $42,084 in park fees and $4,032 in land dedication fees.
Project Name: Prairie Sun Apartments Phase II
Project Address: 1001 Mountview Avenue, Fort Lupton, Colorado 80621

Characteristics of the Project
Prairie Sun Apartments II is a proposed multifamily development to be located adjacent to the south of the existing Prairie Sun Apartments. The first phase of the development, constructed in 2005, offers 50 one, two, and three-bedroom units. This phase will offer 6 one-bedroom units, 18 two-bedroom units, and 14 three-bedroom units.

Amenities include surface parking, community room, on-site leasing office, fitness center and a playground. Additionally, all units will have a range, dishwasher, refrigerator, ceiling fans, washer/dryer hookups, and central heat/air conditioning. The construction of the buildings will complement the surrounding neighborhood.
The units will be available to households earning 60 percent of the area median income or less. The units will be offered at approximately the following rental rates:

<table>
<thead>
<tr>
<th></th>
<th>30% AMI</th>
<th>40% AMI</th>
<th>50% AMI</th>
<th>60% AMI</th>
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<tr>
<td>1BR</td>
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<td>3BR</td>
<td>$440</td>
<td>$530</td>
<td>$675</td>
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These rents are below the maximum low income housing tax credit rents for each respective AMI level, and below Fair Market Rents.

Project costs will total approximately $5 million dollars, to be made possible by the equity generated from the sale of Low Income Housing Tax Credits, and a permanent/construction loan from a private lender.

The project developer is Garrison L. Hassenflu. Mr. Hassenflu is Managing Member of Garrison Community Development and Garrison Community Management Company. He has over twenty-five years of experience in development and has a portfolio of seventeen projects totaling approximately 800 apartment units that he has built and managed in the last twelve years.

Why Prairie Sun Apartments II Should be Selected for an Award

There will be an extensive amenity package and affordable rents offered at Prairie Sun Apartments II. It will be constructed with good quality building materials by a development team with a proven track record of success.

Weld County is currently experiencing an economic boom, especially in terms of job creation. Over 80 percent of all Colorado oil and gas production is located in Weld County. There are over 700 jobs in Fort Lupton, and an additional 150 will be added in the next year. Most notably, Halliburton, Legend Energy Services, and Weir Oil have expanded their operations to Fort Lupton in the last year. Various newspaper articles have been included to provide further information on these operations.

The apartment market in the Fort Lupton area is currently booming. An article published in the February 6-February 19, 2013 issue of the Colorado Real Estate Journal was titled *Apartments tight in NoCo; Greeley vacancy dives*. The article went on to state “From the first quarter of 2012 to the fourth quarter, Weld County’s vacancy rate nose-dived from 9.26 percent to 3.86 percent. ‘My understanding in talking to people in the market is that the people in the energy...
exploration industry are leasing some of those apartments and taking vacancy down,’ [Apartment Insights Cary] Bruteig said.”

The first phase of the development, Prairie Sun Apartments, has been experiencing the recent decline in vacancy rates first-hand. The property is currently 100 percent occupied and maintains a lengthy waiting list. There are 16, 47, and 19 households waiting for the one, two, and three-bedroom units, respectively.

Evidence of the demand for units in the Fort Lupton market is further evidenced by the market study completed by Lea & Company. The study indicated an overall vacancy rate in the primary market area of 2.07 percent, even lower than what Weld County is experiencing.

In comparison, another article published in the Colorado Real Estate Journal dated February 20-March 5, 2013 cited the overall vacancy rate in Denver at “4.9 percent, the lowest year-end performance in a dozen years.” The Denver market is obviously strong, but the Weld County market is even stronger.

Phase I of this project is the only 9% development to be awarded tax credits in Fort Lupton in CHFA’s history of allocations. With an extremely low vacancy rate and recent increase in demand due to the oil and gas industry expansions to the area, another allocation is desperately needed at this time.
The property will provide a social value to the area by offering social services to its tenants. Management foresees particular needs and has formed a partnership with organizations that have the experience to offer the services to the tenants. These organizations include, but are not limited to, High Plains Housing Development Corporation and Weld County Housing Authority. Ten (10) units are specifically set aside as special needs units. This is further discussed in the Services section.

**Detailed Type of Construction**

The project will be designed by E + A Architecture, St. Louis, MO, and will be constructed by Fauss Wygo Construction, an Omaha, NE company. The development will comply with all of the mandatory requirements of the Green Communities Criteria Checklist and will score a minimum of 35 points from the optional criteria.

The buildings have been designed while keeping in mind a priority to keep costs low. Further savings in the budget has been achieved by the fact it is the second phase of an existing development.

Following is a description of the buildings as designed:

- The buildings will be two story wood frame construction.
- All building roofs will be gabled with asphalt shingles. Shed roofs at the breezeway entrances will be a pre-finished standing seam metal panel.
- The exterior of the buildings will be clad in a combination of high quality, long lasting fiber-cement lap siding and trim boards.
- All units will be accessed through an open air breezeway with covered stairs up to the second level. Breezeway entrances at the ground level will be flanked by built up columns to enhance the residential feel of the building and define the entry points.
- The units will have ceiling fans and central heat / air conditioning.
- The kitchens and bathrooms in the units will include good quality fixtures, laminate countertops, and wood cabinets. The kitchen will be equipped with black appliances including a frost-free refrigerator, electric range/oven, dishwasher, and disposal. All appliances with be energy star rated.
As previously mentioned, ten (10) units at Prairie Sun Apartments II will be specifically set aside as special needs units. In conjunction with High Plains Development Corporation, Garrison Community Management, LLC strongly believes that efforts should be made to give residents of our developments necessary programs to prosper and move forward in life. We will ask for input of needed and wanted services through our Project Services Survey. We have identified services that we think may prove beneficial to the residents.

- Transportation Services – can provide rides to and from work as well as weekly trips for shopping.
- Substance Abuse & Mental Health Counseling – access to individuals with substance abuse and/or mental health issues.
- Family Counseling – access to counseling services; either individual or family.
- English as Second Language (ESL) – on-site ESL courses.
- GED Services – access to GED classes either on-site or within local community.
- Driver’s Education Classes – on-site Driver’s Training Courses
- Health Services and Screenings – access to health services and screenings; either on-site or within local community.
- Legal Services
- After School & Summer Programs for Children and Young Adults – on-site access to after school and summer programs.
- Computer Classes/Training for Adults – on-site access to computer classes and training.
- Financial Budgeting & Planning – on-site access to financial budgeting/planning courses.
- Food & Nutritional Services – learn nutritional eating habits and how to stretch your food dollars.
- Family Planning – access to family planning courses/activities either on-site or within local community.
• Parenting Programs - access to parenting programs/activities either on-site or within local community.
• Immigration Services – on-site assistance with citizenship, visa extensions, green card renewal, work authorizations, application for family visas, etc.
• Consumer Directed Attendant Services - in home personal care for adults with substantial physical disabilities that are able to direct their own care.
• In Home Care Program - providing homecare for people who cannot direct their own care
• Adaptive Equipment/Durable Medical Equipment - provides necessary adaptive equipment at little to no cost to people with disabilities through the In-Home care program.
• TAP Telephone Program - assistance and coordination with Missouri Assistive Technology’s accessible telephone program for people with hearing, vision, mobility and speech disabilities
• Institution Transitional Services - for individuals seeking to regain their independence from institutional settings. Independent Living Skills Training: trainings to include benefit management, budgeting, first aid, and self advocacy
• Peer Support - peer support options and social club activities, including a Women’s Social Group and a Men’s Social Group.
• Information and Referral Program - providing an extensive resource directory and provides referrals to individuals needing services not provided onsite
• Onsite Recreational activities – access to on-site recreational activities such as tournaments, bingo, canasta, bridge and exercise equipment.

Guiding Principles in Section 2
The project will qualify for several of the guiding principles listed in the CHFA QAP including:

1. “To Support rental housing projects severing the lowest income tenants for the longest period of time.” The rents at the project will be targeted to households earning 60, 50, 40, or 30 percent of the AMI, or less. Additionally, the owner has agreed to extend the period of affordability for at least 25 years beyond the initial compliance period.
2. “To support projects in a QCT.” The site is located in a QCT.
3. “To provide for distribution of housing credits across the state.” The development will be located in a rural area where there is a lack of supply of multifamily developments.
4. “To provide opportunities to a variety of qualified sponsors of affordable housing.” Garrison Community Development, LLC is experienced and qualified in developing LIHTC developments all over the Midwest and mountain states.
5. “To distribute housing credits to assist a diversity of populations in need of affordable housing.” The development will be offered to families with incomes of at 30, 40, 50, and 60 percent of the AMI or less. These families would otherwise experience a lack of good quality affordable housing.

6. “To support new construction of affordable housing projects.” The development will be new construction.

7. “To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval.”

8. “To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project.” The application and tax credit request will show only the amount necessary to develop and construct the development in an efficient and good quality manner.

**Housing Priority**
The housing priority in Section 2 of the QAP the project qualifies for is “market areas of pent-up demand for affordable housing.” As previously stated, the vacancy rates in the area are extremely low and the booming oil and gas industry has spurred an increase in demand. Additionally, Phase I of this project is the only 9% development to be awarded tax credits in Fort Lupton in CHFA’s history of allocations.

**Project Meets Criteria for Approval**
The development will meet the criteria for approval by providing a market study showing a demand for additional units in Fort Lupton. We have also demonstrated that we are ready to proceed with development immediately on approval of tax credits. We will be able to obtain environmental clearance, transfer the land into the ownership entity, and enter into firm commitments with the syndicator and lender. We have included material to demonstrate the experience and past successes of the development team. The construction cost breakdown completed by our general contractor has also been included to show cost reasonableness. As shown in the market study, the only other tax credit development located in the PMA is the first phase of our development. That property has been successful for us and has indicated a need for the further construction of units. Its success also provides information on the suitability of the site, as it is adjacent to the north of our proposed development.

**Justification for Waiver**
The project meets all of the CHFA underwriting guidelines, so no waivers are necessary.

**Justification for Basis Boost**
As detailed in the application, the project is requesting a slight DDA Basis Boost. Due to the high cost of construction in the area, it is necessary to include a basis boost in the financing structure to make it feasible. This ensures the ability to construct a quality development while offering rents at affordable levels.

**Market Study**
As shown in the market study provided by Lea & Company, there is a demand for additional units in Fort Lupton. The market study states, “There are no known weaknesses.” Following is a list of several of the strengths of the project:

1. The Subject’s unit mix and unit sizes are appropriate in the market. The Subject and other market properties in the PMA typically maintain stabilized occupancy levels. Prairie Sun Apartments I has waiting lists, which is an indication of strong demand.
2. The proposed rents are achievable and demonstrate a rent advantage for the Subject over market rate comparables.
3. The demand estimate indicates that there are sufficient income eligible households in the Subject’s PMA.

**Environmental Issues**
In the Phase I ESA report submitted by Pinyon Environmental, Inc., it was stated there are no existing environmental conditions.

**Community Outreach**
Phase I of Prairie Sun Apartments is known as a well-maintained and successful development in Fort Lupton. Through the development and successful operation of that property, we have maintained a good working relationship with the City and local government representatives. Additionally, Gary Hassenflu has conducted meetings with the City of Fort Lupton, the Housing Authority of Weld County, as well as several area major employers in an attempt to garner support for the development. Letters of support follow this narrative.
Project Name:
Provincetowne Green II

Project Address:
408 Stoney Brook Road
Fort Collins, CO 80525

The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project’s strengths and address its weaknesses. It must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc.

In addition, the narrative should address the following:

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

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

The proposed project, Provincetowne Green II meets the criteria since it targets family housing residents in a range between 30% and 60% of the Area Median Income (AMI). Specifically 12 of the 66 units (18.1%) are targeted toward residents with AMI below 30%; 22 of the units (33.3% or 1/3) are targeted toward residents with income below 40% AMI; and 23 units (34.8%) are targeted to residents below 50% AMI. Therefore 57 or 86.2% of units are affordable to residents with incomes below 50% of the Area Median Income.
The project’s finances are structured to maintain rents at those levels for the foreseeable life of the project. To that end, the projects’ of CARE Housing have been able to maintain similar commitments on our other affordable housing projects.

Further, the project targets those often in most need of the support of affordable housing: working families with dependents, and/or persons with disabilities regardless of work status or dependents.

**To provide for distribution of housing credits across the state**

The location of this proposed affordable housing project is in the Northern Colorado/Northern Front Range Corridor. This is an area of great need for affordable rental housing as exemplified by the area’s extremely low vacancy rate of 2.4%. The low vacancy rate indicates that there is both a need and a market for more affordable housing, i.e. tax credit projects in the area. Greater distribution of tax credit projects is needed in the area.

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

The proposed project Provincetowne Green II provides an opportunity to CARE Housing to develop more needed affordable housing as a nonprofit sponsor. CARE Housing’s status as nonprofit seeks to create a greater balance between for profit and nonprofit sponsors of affordable housing in the Northern Front Range Corridor.

**To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those at risk of converting to market rate housing**

The development of Provincetowne Green II would support the guiding principle articulated by CHFA, which is the new construction of affordable rental housing.

**To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period.**
The Provincetowne Green II project is seeking only those tax credits needed. To that end, the project has applied for CDBG funds from the City of Fort Collins, is planning on seeking HOME funds from the City of Fort Collins when they become available in the fall of 2013 and will be seeking HOME funds from the State of Colorado, Division of Housing once a tax credit allocation is made. These funds will all serve to assure that no more than the amount of tax credits is used. Further, a deferred developer fee is provided which reduces the amount of tax credits needed.

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

   **Market areas of pent-up demand for affordable housing**

   **Primary market areas where the overall LIHTC vacancy rates are less than 4 percent and market rate rental vacancy rates are less than 5 percent for three of the previous five quarters.**

   The multifamily rental vacancy rates in Fort Collins were 2.4 percent in the last three months of 2012. The market rate rental vacancy rates were 3.4%, 4th Quarter of 2011; 3.4% in 2012 1st Quarter, 3.0%; 2012 2nd Quarter, 3.5%; 2012 3rd Quarter, 2.1%, per the Colorado Multi-Family Housing Vacancy and Rental Survey conducted for the Colorado Division of Housing.

   As mentioned in the market study, the 9 comparable properties with LIHTC restrictions reported only 18 vacant units among a supply of 785 units (a 2.29% vacancy rate) and nearly all of the properties are reporting wait lists.

   The 4th quarter Apartment Insights survey (50+ unit properties) shows that the 20 properties with rent restrictions in Fort Collins and Loveland have a combined total of only 47 vacancies among the 1,895 units (a vacancy rate of 2.48%).

   This situation was also articulated on February 20, 2013 in the *Fort Collins Coloradoan* newspaper article, “Renters feel squeeze of tight market with few options.”
3. **Describe how the project meets the criteria for approval in Section 2 of the QAP:**

   **a. Market conditions:**
   The Provincetowne Green II projects meets the criteria for approval as it applies regarding Market Conditions in that there is an extremely tight market with very low vacancy rates in Fort Collins (Please see Section #2 of this narrative). This condition is confirmed by CARE Housing’s own experience. CARE Housing alone has a waiting list of 399 potential residents, a very large number and one that indicates an extremely strong market and great need for the Provincetowne Green II project.

   **b. Readiness-to-proceed:**
   The project site of the Provincetowne is under control through ownership by the developer. In addition infrastructure to the site has either been accomplished or is contractually obligated to be performed. The Provincetowne Green II project has gained commitments for tax credit purchase from a syndicator, RBC Dain (the syndicator on Provincetowne Green); and for construction and permanent financing from a lender, Chase Bank.

   Allocation of tax credits would enable the process for development to move forward toward construction of the project.

   **c. Overall financial feasibility and viability:**
   The project is financially feasible based on the attached proformas. The total development cost is attainable through the sources articulated. The Operating proforma allows for income to meet expenses and further the Net Operating Income allows for the required Debt Service Coverage Ratio to be met.

   **d. Experience and track record of the development and management team:**
   The experience and track record of the development team is great. The developer, CARE Housing, has developed six other projects successfully utilizing Low-Income Housing Tax Credits. They are:

   **Greenbriar**
   400 Butch Cassidy Drive
   Fort Collins, CO 80524
   Completed in 1994
   40 Apartments of 2- and 3 – Bedrooms

   **Swallow**
   1303 West Swallow Road
Fort Collins, CO 80526
Completed in 1997
40 Apartments of 2- and 3-Bedrooms

**Eagle Tree**
6675 South Lemay
Fort Collins, CO 80525
Completed in 1998
36 Apartments of 2- and 3-Bedrooms

**Windtrail Park**
2120 Bridgefield Lane
Fort Collins, CO 80526
Completed in 2001
50 Townhomes of 2- and 3-Bedrooms
10 units designated for seniors

**Fairbrooke Heights**
1827 Somerville Drive
Fort Collins, CO 80526
Completed in 2002
36 Apartments of 2-Bedrooms

**Provincetowne Green I**
626 Quaking Aspen Drive
Fort Collins, CO 80525
Completion in 2012
85 Townhomes of 2- and 3-Bedrooms

All these projects are performing well financially, with an extremely high occupancy rate of close to 100% except for turnovers. There is a waiting list of 399 potential resident families.

Further, the Executive Director of CARE Housing has a great deal of experience and training in Low-Income Housing Tax Credit project development and management. His experience and qualities include: several years’ experience at executive and managerial levels with non-profit organizations, developing and administering local, regional and statewide housing programs and projects; developer of several affordable housing projects totaling more than 500 units, including projects serving low-income families, persons with disabilities and the homeless; record of success in securing public and private financial support for housing programs and projects, including several projects utilizing Low-Income Housing Tax Credits, HOME funds and other funds from government and private sources; experienced technical assistance provider; and a
demonstrated ability to build effective teams to work toward organizational and community goals. He has also completed the National Internship Program in Housing and Community Economic Development of the Development Training Institute and has served on the boards of directors of a number of organizations promoting housing and community development and lending.

The project consultants are Dan and Adam Morgan of Daniel G. Morgan and Associates. That Colorado-based firm and its principals have a fine reputation in tax credit project development in Colorado and elsewhere. It has worked on all of CARE Housing’s other tax credit projects, and CARE and Morgan Associates has established a long-standing and effective working relationship.

John Dengler of John Dengler and Associates, an award-winning architectural firm located in Fort Collins, Colorado serves as the project architect. Several affordable housing multi-family projects also have been successfully designed by the firm for CARE Housing, Catholic Charities, as well as for other non-profits with project locations throughout Colorado. The firm also promotes green and sustainable architecture.

**e. Cost reasonableness:**
Provincetowne Green II seeks to attain cost reasonableness through consult with the project architect, John Dengler, and Kevin Stearns at Delta Construction. The project seeks comparable value in construction labor and materials while also attaining a high level of “green” and sustainable building standards. The project does not utilize luxury standards but rather those that extend project and material life.

**f. Proximity to existing tax credit developments:**
As indicated, Provincetowne Green II is the second phase of the Provincetowne development. As such it is located in proximity to Provincetowne Green I. That project was able to lease-up earlier than planned and has an extremely high occupancy rate. Provincetowne Green II seeks to fulfill the commitment of CARE Housing to the City of Fort Collins to build a second phase of affordable rental housing on the south side of Fort Collins. In addition, the Provincetowne Green II site is located approximately one mile from the Eagle Tree development of CARE Housing. That project as well as Provincetowne I and the proposed Provincetowne II seek to address the need for affordable housing in the fast-growing southern part of Fort Collins. These projects serve as a counterpoint to the great level of new construction in the market rate housing sector.

**g. Site suitability:**
The site of Provincetowne Green II, in proximity to Provincetowne Green I, is an exceptionally suitable site. It addresses the need to develop and integrate affordable housing with a high level
of market rate housing. The site is now north of several blocks of housing developed over the last few years and serves as major element of affordable housing on the south side of Fort Collins.

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

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

      N/A

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

      We are asking for basis boost of approximately 18%. It is needed and justified because:
      
      i. Rising construction costs
      
      ii. Project consists of larger more energy efficient units than a typical multifamily development
      
      iii. Using the floating credit rate instead of fixed 9% rate

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

   The market study raises the issue of high capture rates. However that flies in the face of the market as described, where there is an extremely low vacancy rate in the Fort Collins area. To that end, Provincetowne I rented up ahead of schedule; CARE Housing has a waiting list of 399 potential resident families; and a new tax credit project under construction, Caribou II, is almost completely leased-up.

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

   No issues of concern regarding the proposed project were raised in the Phase I environmental study.
7. In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):

CARE Housing, as nonprofit developer, has a long standing record of working within various elements of the community. As part of this effort, CARE holds periodic community meetings. Two issues that are brought up are: 1- the difficulty in finding appropriate rental housing caused by the extremely tight market and low vacancy rate; and 2- the very high unaffordable rents charged for rental housing. Both of the factors support the need for the Provincetowne Green II project.

Further, the City of Fort Collins is supportive of the project and has actually encouraged CARE Housing to apply for additional funding through HOME in the fall of this year. The City of Fort Collins has also formally stated that the project conforms to its consolidated plan. The Colorado Division of Housing is also supportive of the project and anticipates HOME funding once tax credits are allocated.

In addition the Provincetowne Green IIs is the second phase of the overall Provincetowne development. To that end, CARE housing had made a commitment to the City of Fort Collins for development of both phases of the development. Provincetowne II stands to fulfill that commitment.

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

N/A

You may also provide additional documentation that supports your narrative by attaching it to the narrative or submitting it on a CD. Each supporting document should briefly describe what is contained in the attachment.
Example 1: Additional documentation to support the Market Conditions Criteria could be labeled as follows: Attachment Market Conditions or Market Conditions.pdf, etc.

Example 2: Soft funds documentation to support that amount of soft funds listed in the Application can be secured could be labeled as follows: Attachment Overall Financial Feasibility and Viability or Overall Financial Feasibility and Viability.pdf, etc.
Project Name: Redtail Ponds Permanent Supportive Housing

Project Address: 5046 Fossil Boulevard
Fort Collins, CO 80526

Project Overview
Redtail Ponds (the Project) will be a permanent supportive housing community with sixty (60) units on the site located at 5046 Fossil Boulevard in South Fort Collins. The Project is designed to meet the special housing needs of homeless individuals with disabilities, homeless veterans, and other low-income individuals. Onsite supportive services will be provided to help promote independence. Redtail Ponds is Larimer County’s first permanent supportive housing development. The local Homeward 2020 Ten Year Plan to End Homelessness identifies supportive housing as the critical tool to address homelessness in the community. Fort Collins Housing Authority (FCHA) has taken the leadership role in developing sustainable partnerships and funding sources to ensure the supportive housing project and the residents will be successful over the long term.

The program, design, location, and financing for Redtail Ponds are modeled on national best practices and based on the concept that combining services with housing for homeless individuals with disabilities will help promote stability and independence. The permanent supportive housing model is supported by local, state, and national funders because it has proven effective. Studies show that approximately 80 percent of homeless people with disabilities who are given the opportunity to move into supportive housing stay for a year or more, and many who leave progress to independent settings. Studies have also shown that supportive housing performs well compared to other LIHTC projects, and the model is financially solid according to Enterprise Community Partners, Inc and the Corporation for Supportive Housing.

Critical Timing
Timing for the development of Redtail Ponds Permanent Supportive Housing is now critically important in terms of utilizing the HUD Supportive Housing Program funding award for this project. FCHA successfully secured these highly competitive funds in the amount of $258,980 annually through HUD’s Continuum of Care grant process. The requirements for this funding are becoming more complex for communities which will make it more difficult to secure this type of funding in the future. Therefore, it is important to utilize these funds in a timely manner or risk losing them. While the HUD staff understands timing issues relating to receiving Low Income Housing Tax Credit funding, this grant will soon be in jeopardy. The contract expires in October 2013 and an extension will need to be granted to
maintain the funds. Because the initial year of these funds needs to be expended by 2016, if the project does not receive tax credits and initiate construction soon it is likely the funds will be reallocated to another project. Again, this funding is an annual amount and while subject to HUD annual renewals, projects of this type receive renewal funding before any new projects are funded.

The HUD award of these funds to Redtail Ponds speaks to the strength of the program design as well as the great need in Fort Collins. The HUD application process was extremely detailed, and the daily operations and programming of Redtail Ponds were spelled out in detail utilizing our national research, site visits and technical assistance from programs utilizing best practices and evidence-based models. Receipt of this award is a great coup for FCHA and our community. In addition to the HUD funding, the strong need for introducing this type of housing in the community highlights the urgency for which this development must begin.

**Location – Why Redtail Ponds? Why not downtown?**

The southern location of Redtail Ponds may have come as a surprise for some who associate homeless services and the homeless population with Downtown and north Fort Collins. Besides the convenient access to a high frequency transit system and the majority of supportive services being provided onsite, FCHA, along with local service providers, strongly believe the project location is ideal to promote independence and livability for residents. FCHA has sent staff and partners to visit best practice models in permanent supportive housing around the country. FCHA has seen firsthand examples of centralized and non-centralized developments, and the non-centralized model is strongly preferred for our community. Although metropolitan areas with extensive services in a concentrated location may not have the same benefits from separation, FCHA has learned from experience that providing a separation from the homeless concentration in our particular community has proven to be a healthier environment for the residents.

Although much of the homeless population congregates in the downtown area in Fort Collins, many of the service providers are actually scattered throughout the City (see table on page 5). For example, some critical services for our residents are located in North and South Fort Collins and will be directly accessible from Redtail Ponds by transit. In an effort to support and promote the City of Fort Collins goal to avoid concentration of poverty and services, FCHA chose to avoid northern and downtown locations and instead locate the permanent supportive housing development in a healthy stable neighborhood where the residents have access to transit, employment, goods, and services, thereby promoting a healthier community.

**Based on Experience**

For many years, FCHA operated a single room occupancy (SRO) residence on Linden Street in the downtown Fort Collins area within one block of the Open Door Mission’s overnight shelter and Jefferson Park, a well-known park in which the homeless congregate during the day. The residence accommodated 15 formerly homeless individuals. The location was also just a few blocks away from
Catholic Charities Mission, a homeless shelter and service provider. The location of this Linden Street SRO was problematic for the residents because it did not allow them to transition from the community of homeless individuals they formerly associated with. They often felt obligated to “house” their friends, who were still on the streets. This led to unauthorized people in the building and many behavior problems from residents and their guests. The location lent itself to residents remaining a part of the homeless community by hanging out with their friends at Jefferson Park. The police frequently are called to that area to break up fights, and write tickets for public intoxication and drug use.

Residents often talked about the pressure they felt to be loyal to their former community. Some were victims of being bullied or threatened if they didn’t provide “favors” to former friends such as allowing them into their units. There were also residents using the units to prostitute. Residents were also tempted to succumb to the negative behaviors of their peers who were just down the street.

The Linden Street SRO had many more compliance notices issued and evictions than the other two SRO’s that FCHA operates in locations further from the high concentration of homeless. The resident managers really focus on creating a new, positive community within the SRO’s and residents are much more likely to break ties with their former negative community if they are not living in the midst of it. The location was so problematic and the behavior problems so prevalent that FCHA decided to close the residence in October 2010.

The Redtail Ponds location is an ideal site that brings residents to the south side of the city where the number of homeless individuals is much smaller. There are many great business and community services for residents to access in close proximity to the site. Additionally, social service agencies and FCHA Resident Services staff will be providing services on site as needed. The location would break up the high concentration of homeless individuals in one area of the city and provide necessary distance and separation for individuals trying to make positive lifestyle changes.

It should be known that FCHA is not alone in deciding to locate permanent supportive housing outside of a downtown location where people most often associate developments for the homeless. The Corporation for Supportive Housing (CSH) provides national training, consulting, and assistance to supportive housing developers. Their website highlights successful projects from around the country that range from urban downtown locations to suburban sites, and everything in between. It is evident from the national models that each community is unique, and the appropriate location for these types of developments varies by community size, location, and specific homeless populations and needs. Although Colorado has seen successful examples of permanent supportive housing developments located in downtown areas nearby the concentration of homeless, it should not be considered the only successful model. FCHA has selected a location that is most appropriate for serving the homeless and low income residents specific to the Fort Collins community.

**Within ¼ mile (comfortable 10-minute walking distance) of the site:**
- South Transit Center – MAX Bus Rapid Transit line to downtown (2 blocks)
- Mason Trail - north/south route for cyclists and pedestrians, providing a direct link to major destinations, activity centers, and to the City's expansive trail network (1 block)
• Front Range Express Bus—regular hourly service Ft Collins – Loveland – Longmont (2 blocks)
• WalMart (direct access via Mason Trail) – includes grocery and pharmacy (0.2 mile)
• Numerous restaurant chains (Pizza Hut, Panda Express, Fazoli’s)
• Barber
• Church
• Redtail Grove Natural Area – Scenic 38-acre natural preserve
• Harmony Road – Enhanced Travel Corridor with extensive jobs, services, and entertainment

Within 1 mile of the site
• Spirit Crossing Clubhouse – Job Training, AA Meetings, Case Management, Physical Health Assessment
• Front Range Community College and Harmony Library – Education and GED classes
• Goodwill Store
• Target retailer
• Banking
• Drug Store and pharmacy
• Supermarket
• Numerous restaurant chains
• Sam’s Club

On Site and Off Site Services to be Utilized by Residents

<table>
<thead>
<tr>
<th>TRANSIT*</th>
<th>Proximity</th>
<th>Service every 10 min, 20 hrs/day</th>
<th>South Transit Center to Downtown Transit Center = 20 minutes</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAX - South Transit Center</td>
<td>0.1 mile</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FLEX Bus Stop @ College/Cameron</td>
<td>0.1 mile</td>
<td>14 buses/day</td>
<td></td>
</tr>
</tbody>
</table>

* Annual TransFort transit passes will be provided to all residents at Redtail Ponds. The cost is reflected in the Operating Expenses.

<table>
<thead>
<tr>
<th>ON SITE SERVICES</th>
<th>Agency</th>
<th>Access</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case Management</td>
<td>FCHA, Veteran Administration (VASH), and Touchstone Health</td>
<td>On site case managers; 1st floor office</td>
<td>Provide critical case management as part of supportive housing program</td>
</tr>
<tr>
<td>Job Training</td>
<td>Homeless Gear/Hand Up Cooperative</td>
<td>On site staff; 1st floor office and meeting rooms</td>
<td>Facilitate new jobs and help residents along the path to self sufficiency</td>
</tr>
<tr>
<td>Healthcare and Medical Services</td>
<td>Family Medicine Center (University of CO Health)</td>
<td>1st floor office and wellness room</td>
<td>Resident health screenings and possible clinical appointments</td>
</tr>
<tr>
<td>Mental Health and Substance Abuse</td>
<td>Touchstone Health Partners</td>
<td>On site case managers; 1st floor office</td>
<td>Assist residents experiencing mental health symptoms to overcome obstacles</td>
</tr>
<tr>
<td>Community Gardening</td>
<td>FCHA and Homeless Gear/Hand Up Cooperative</td>
<td>On site garden and classrooms</td>
<td>Micro-business enterprise potential; job-training; horticulture therapy</td>
</tr>
<tr>
<td>OFF SITE SERVICES*</td>
<td>Agency</td>
<td>Location/Access</td>
<td>Distance/Time</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------</td>
<td>----------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Food Stamps 1 x year</td>
<td>Larimer County Dept of Human Services</td>
<td>North (bus)</td>
<td>MAX Bus (every 10 min); transfer to #8 (every 30 min. <strong>29 minutes one-way</strong></td>
</tr>
<tr>
<td>Other Medical Services 4 x year/as needed</td>
<td>Sunrise Clinic</td>
<td>Loveland</td>
<td>FLEX Bus (hourly) <strong>14 minutes one-way</strong></td>
</tr>
<tr>
<td>Salud Clinic</td>
<td>North (bus)</td>
<td>MAX Bus (every 10 min); transfer to #8 (every 30 min). <strong>29 minutes one-way</strong></td>
<td></td>
</tr>
<tr>
<td>GED/Educational As needed</td>
<td>ELTC, Adult Center Learning</td>
<td>Downtown</td>
<td>MAX Bus (every 10 min) <strong>20 minutes one-way</strong></td>
</tr>
<tr>
<td>Education As needed</td>
<td>Front Range Community College and Harmony Library</td>
<td>South (bus)</td>
<td>MAX Bus (every 10 min); transfer to #1 (every 20 min) <strong>7 minutes one-way</strong></td>
</tr>
<tr>
<td>Additional job readiness, social skill building, mental health resources As needed</td>
<td>Spirit Crossing Clubhouse</td>
<td>South (walking distance)</td>
<td><strong>12 minute walk</strong></td>
</tr>
<tr>
<td>Groceries weekly</td>
<td>Walmart</td>
<td>South</td>
<td><strong>7 minute walk via Mason Trail</strong></td>
</tr>
<tr>
<td>Foodbank of Larimer County – FC**</td>
<td>North (bus)</td>
<td>MAX Bus (every 10 min); transfer to #8 (every 30 min). <strong>28 minutes one-way</strong></td>
<td></td>
</tr>
<tr>
<td>Foodbank of Larimer County – Loveland**</td>
<td>Loveland – south (bus)</td>
<td>FLEX Bus (hourly) <strong>20 minutes one-way</strong></td>
<td></td>
</tr>
<tr>
<td>Senior Center monthly</td>
<td>City of FC - gym, library, education</td>
<td>Midtown (bus)</td>
<td>MAX Bus (every 10 min); transfer to #7 (hourly) <strong>15 minutes one-way</strong></td>
</tr>
<tr>
<td>Employment Monthly/as needed</td>
<td>Larimer County Workforce</td>
<td>Downtown (bus)</td>
<td>Max Bus (every 10 min) <strong>20 minutes one-way</strong></td>
</tr>
<tr>
<td>Pharmacy As needed</td>
<td>Walmart</td>
<td>South (walking distance)</td>
<td><strong>7 minute walk via Mason Trail</strong></td>
</tr>
<tr>
<td>Dental Clinic annual</td>
<td>Health District of N Larimer Co. – Family Dental Clinic</td>
<td>North (bus)</td>
<td>MAX Bus (every 10 min); transfer to #8 (every 30 min). <strong>29 minutes one-way</strong></td>
</tr>
<tr>
<td>Prescription Assistance quarterly</td>
<td>Health District of N Larimer Co.</td>
<td>North (bus)</td>
<td>MAX Bus (every 10 min); transfer to #8 (every 30 min). <strong>29 minutes one-way</strong></td>
</tr>
<tr>
<td>Clothing quarterly</td>
<td>Good Will</td>
<td>South (bus)</td>
<td>MAX bus (every 10 min) + 9 min walk <strong>11 minutes one-way</strong></td>
</tr>
</tbody>
</table>

*All off site services are accessible from the site by bus with no more than 1 transfer needed. The majority are located within 1 block of a bus stop.**Case managers and staff may organize trips to the Food Bank and/or pick up items monthly for residents.

NOTE: For able-bodied residents, all off site services are easily accessible via **bike path/bike lanes**. Fort Collins is one of the most bike-friendly cities in the nation.
Health Care On Site
In addition to the mental health services being provided by FCHA’s partner, Touchstone Health Partners, another critical component to the stability of supportive housing residents is access to medical care. Homeless persons face many barriers to accessing health care while living on the streets and high incidents of medical conditions, including diabetes and high blood pressure, are common. In an effort to reduce the costs from emergency room services and bring medical services to this high need population, FCHA is developing a partnership with Family Medicine Center of University of Colorado Health (formerly Poudre Valley Health) to bring medical services to the site. The medical services would be offered at certain days and times where residents could be evaluated by a physician or other medical provider and individualized health plans can be made for disease management, testing for symptom investigation or simply preventative health care. Tables, supplies, and medical equipment could be stored in the wellness room. This exciting partnership to provide another critical resource on site at Redtail Ponds should greatly improve the health and stability of the residents.

South Transit Center (under construction)
The site is less than 2 blocks from the future South Transit Center, a high frequency bus station, currently under construction to be operational in 2014. The South Transit Center will be a hub for many routes, including the MAX BRT line (see below). The new facility will offer high quality amenities for riders as well as expand bus system coverage and connections. The South Transit Center will provide riders indoor and outdoor shelter, a large waiting area with TV monitors, automatic audio and visual travel information announcements, a customer service desk, restrooms, and a snack bar. It will also provide a Park-n-Ride with over 150 spaces, bike parking, and connection to the Mason Trail.

Mason Express Bus Rapid Transit (MAX) coming 2014
The Bus Rapid Transit Corridor, known as MAX (Mason Express), will run on a dedicated transit-only guideway linking downtown, CSU, Midtown, and South College. It is expected that many of the residents of Redtail Ponds will use MAX with buses arriving at ten to fifteen minute intervals throughout the day and most of the night seven days/week. For persons with disabilities, TransFort provides Dial-A-Ride to and from the site. Annual TransFort transit passes will be provided to each Redtail Ponds resident.
Partnerships and Support

The project has received broad community support as it is directly in alignment with city stated goals, including City Plan Fort Collins (February 2011) and the 2010-2014 Fort Collins Affordable Housing Strategic Plan. These goals and policies reflect the entire Fort Collins community as well as the local leadership’s commitment to reducing homelessness and serving the needs of the community. Local business has also come together to support this project. New Belgium has awarded FCHA a $50,000 local grant as this project embodies so many of their values (see Letter of Support attached), and the South College Business Association (See Letter of Support attached) has come together to favor the permanent supportive housing model as the most effective tool to address homelessness in our community.

FCHA is committed to community outreach and neighborhood engagement. Over the last several months FCHA and surrounding office park owners met to discuss ongoing concerns about the location of the Project. The various discussions led FCHA to make a decision to relocate the project to an adjacent vacant parcel that is outside of the Cameron Park Owners Association. Both FCHA and the Cameron Park owners agreed the new site would provide a more suitable location for the project. The 3.1 acre site is closer to the South Transit Center with better access from College Avenue, and it allows the building to be located further away from the railroad. It also provides the opportunity for a more compact and efficient site plan, better utilizing an infill property and making a stronger project economically. The new site remains within the General Commercial and TOD Overlay zone district. FCHA was able to generally transfer the original building footprint and design to the new site without sacrificing views, outdoor courtyard space, or parking. The decision to move sites ended up being a win-win-win for FCHA, the community, and the future residents.

Program Overview

Redtail Ponds will include 54 one-bedroom units averaging 500 square feet and 6 two-bedroom units averaging 750 square feet. All units will be independent living apartments. The new construction four-story development will be consistent with Fort Collins’ General Commercial zoning for the site. A portion of the first floor will be used as office space for property management, supportive services, and visiting medical clinic staff, as well as communal space for the residents. Surface parking will be located in front of the building. The respected design-build team of Studio Completiva and Fransen Pittman General Contractors has joined FCHA in conceptualizing the development and estimating the costs of completion.

FCHA is a leader in affordable housing development and progressive programs that provide housing and prevent homelessness including Single Room Occupancy, Community Dual Disorders Team program, Mainstream Vouchers, Veterans Administration Supportive Housing and the recently funded and highly competitive award of 50 Family Unification Vouchers. FCHA has also been an active leader in the creation of community-wide efforts including the Murphy Center for Hope, Pathways Past Poverty, and Homeward 2020.
FCHA and VA Partnership
FCHA has been successfully working with the Cheyenne Veterans Administration (CVAMC) since 2009 and is currently administering 85 VASH vouchers throughout the community. See Tab 16 for a detailed letter from Vanessa Stapert, CVAMC HCHV Coordinator. As indicated in Ms. Stapert’s letter, the collaboration between CVAMC and FCHA is successful for many reasons. VA case managers have frequent and ongoing communication with the FCHA HUD-VASH administrators to collaborate regarding referrals, paperwork, and monitoring of our Veterans’ success. There is a seamless process in Fort Collins of identifying eligible Veterans, from outreach to lease up to maintaining permanent supportive housing. This is evidenced by northern Colorado being excused from a state sponsored event (Rapid Results Boot Camp) last fall targeted to enhance VA/PHA collaborations and strategies to sustain successful working relationships. The partnership is also supported by the joint involvement in many community efforts, such as Homeward 2020, the North Front Range Continuum of Care, and linkages with other social service agencies.

Target Population

| 40 units | 0-30% AMI, homeless individuals with disabilities |
| 6 units  | 31-40% AMI |
| 14 units | 41-50% AMI |
| **60 units total** |

The forty (40) units for 0-30% AMI will be specifically designated for homeless individuals with disabilities. According to the March 2010 Point-In-Time (PIT) survey, there were about 518 homeless persons and 617 persons initially documented as at risk of being homeless in Fort Collins. Among this population, 58 were found to be chronically homeless. It is commonly accepted that this type of data grossly underestimates the true size of the homeless population. A new initiative, Colorado Counts, is using a different approach to quantify and understand the homeless population. This effort uses the Vulnerability Index and Registry Week to reach out to the homeless population directly rather than through the service providers. As expected, the Fort Collins Registry Week Survey illustrated the undercounting that occurs of this population in the standard PIT approach. Based on the PIT estimates and Survey Week undercounting findings, there are now estimated to be a total of about 1,400 to 1,500 persons that are homeless in Fort Collins throughout the year. It is commonly found that the risk to meet the housing, medical, and nutritional needs of individuals is greatly increased for those with disabilities. Based on the percentage of homeless reported to be living with a disability, it is estimated that there are between 377 and 725 homeless persons with at least one disabling condition.

Bedroom Mix
54 One Bedroom Units
6 Two Bedroom Units
Amenities
All units will have standard amenities including full kitchens and bathrooms, closets, air conditioning, telephone and CATV wiring, and appliances, including garbage disposals and dishwashers. The building will have laundry facilities on each floor, two community rooms with a common kitchen, a wellness room, fitness room, library, computer room, secured bike storage, video surveillance systems, secured access, elevator service, and exterior gathering areas. The large community room will have an attached kitchen for community meetings and gatherings, and a smaller community/dining room that can also be used as a conference room. In addition, a 500 sf, core and shell commercial kitchen space is provided for future tenant/partner.

The courtyard area will be surrounded by a perimeter fence. It will also contain a patio area, shelter with tables, community lawn, bocce court and landscaped gardens. A gravel trail wanders through the landscaped area for walking and exercise opportunities. There is also a “smoking room” on each floor with outside patio/deck access for residents located at the south end of the east wing of the building. The common spaces include a community room, sitting area, computer room, multi-purpose room, exercise room, and wellness office. Each floor will have a distinct common space for residents to enjoy.

Land will be held for a future community garden/urban agriculture component for residents to utilize personally and also receive job training and work experience in coordination with the on-site commercial kitchen. A partnership with Homeless Gear/Hand Up Cooperative, a local non-profit providing career counseling, job training, and supportive employment to homeless individuals, has been developed for the Project to create an agricultural business that would consist of an outdoor garden as well as a greenhouse. The labor to grow the produce would be completed by the residents and the fruits and vegetables could then be sold on the open market.

Redtail Ponds Site Plan
Detailed Type of Construction
The construction type is V-A, four-stories of woodframing above a post tension slab foundation. The building consists of four program components: residential dwelling units, communal amenity spaces, supportive programming spaces, and a (future) commercial kitchen component. The building will be 51,572 gross square feet. A community outdoor recreational space will be constructed with the interior courtyard facing South and East. A (future privately funded) community garden will be located west of the building. Access to the bike trail and open space to the West and South will be provided.

Building configuration is primarily a skewed 4-story ‘L’ shape with 1 story protrusion to the West at the ground floor level which houses some of the supportive programming spaces. The central entry and circulation core is included for a higher level of finish than the remainder of the building. It will consist of storefront glazing and Sandstone masonry elements with roof overhang weather protection elements. The structure will be approximately 46’ in height.

Levels 1-4 will be R-2 occupancy with 1 hour fully automatic sprinkler (NFPA 13) throughout. There will be 1-hour horizontal separation between levels throughout the building and 1-hour rating at demising walls between the residential units.

Energy Efficiencies
The Project is expected achieve a minimum of 69 points under the Enterprise Green Communities Guidelines by utilizing various green building techniques, including compliance with Energy Star Highrise guidelines, energy efficient appliances and lighting, and smart meters to track energy usage. The building will be designed to accommodate the installation of PV and solar hot water panels in the future.

Landscaping will include mostly native xeriscaping, rain gardens, and a minimal amount of turf. Native habitat will be emphasized compliment the nearby Redtail Grove Natural Area. Site lighting will be energy efficient and designed to minimize light pollution. In estimating the project cost, FCHA considered all strategies for the mandatory and identified optional criteria. Though only schematic design has been completed at this point, FCHA estimates for an Enterprise Green Communities compliant project is realistic and attainable.

Supportive Services
On-site support services will be provided by FCHA, Touchstone Health Partners, the VA and University of Colorado Health to help residents with a healthy transition from the streets to a home. Supportive housing combines housing with services that help people who face the most complex challenges to live with stability, autonomy and dignity. A great deal of work has gone into the sustainability of service providers.

For many individuals who have been homeless and/or who have special needs or disabilities, affordable housing combined with supportive services has proven to be the link to stability and an enhanced quality of life. A hallmark of supportive housing is the ability to adapt services to meet the various needs of tenants. Services are intended to maximize residential stability, quality of life, choice, and
independence among tenants. Services need to maximize each tenant’s ability to be self-sufficient; be appealing and easily accessible; and must be individualized, flexible, and adaptable.

The goals for the supportive services are

- Maintaining housing stability among tenants who were once homeless
- Increasing participation in job training and rates of employment
- Increasing participation rates in substance use and mental health treatment services
- Increasing the number of tenants who have improved physical health

Helping tenants remain housed and meet occupancy requirements is of central importance. Staff will focus on tenant recruitment and selection, rent payment, lease compliance, maintaining an apartment, skill development, recreational activities and moving on from supportive housing.

The role of supportive services staff in recruiting and selection tenants is to help determine if applicants can meet the obligations of tenancy with the supports available. Interviews with potential tenants will be conducted focusing on the ability to abide by the terms of the lease including housekeeping and ability to live in the apartment complex.

Supportive housing tenants typically have very low incomes. Paying rent can be a challenge on a limited or fixed income, especially if unanticipated personal needs arise or a crisis occurs. One example of a personal need would be medication which can be a major expense on a fixed income. Support services staff will assist residents in utilizing programs in the community they may qualify for such as prescription assistance. Staff will also assist residents in applying for income assistance programs such as Supplemental Security Income/Disability or Aid to Needy Disabled to determine if they qualify. Strategies to help ensure that the rent is paid range from representative payee arrangements to less intensive interventions such as budgeting assistance.

Leases and house rules describe expectations for behavior. Repeated violations are grounds for eviction. Examples of violations include nonpayment of rent, disruptive behavior, and repeated conflicts with other tenant. While these are problems that require the involvement of property management staff, supportive services must also focus on these behaviors and the underlying issues that put the individual’s continued tenancy in jeopardy. For some tenants it is necessary to provide instruction about how to maintain their units. Individual premises may become a health or safety hazard due to a lack of cleaning or the accumulation of “stuff”. Staff can also act as mediators or problem solvers to try and resolve disputes tenants may have with one another. Partnership between property management and supportive services staff will be a critical component to the effective management and implementation of programs.

Activities that bring tenants together and promote the development of relationship and mutual aid are important. Working with people in groups is also an efficient method for providing a service or teaching a skill. Classes and workshops provide opportunities to learn new information and skills on topics such
as cooking, yoga, nutrition, job skills and financial literacy. Classes and workshops involve diverse groups, and they can be adapted to a wide range of interests and abilities. These types of activities are usually time-limited and often involve guest lecturers and instructors.

Recreational activities provide many positive impacts. Physical benefits include improved physical and mental health. Social benefits include promoting stewardship, volunteerism and reducing crime. Recreation brings neighbors together, encourages safer, cleaner neighborhoods and creates a livelier community atmosphere. Providing opportunities to foster relationships with and among tenants enhances the overall stability of a supportive housing project. Recreational activities both on and off site are an important component of supportive housing. Support services staff will coordinate and organize regular opportunities for recreation.

Staffing and Supervision
Each PSH resident needing services will be assigned a case manager who will design a program for each resident to help them achieve long-term stability and self-reliance. This may include basic services, such as guidance for cooking and cleaning, or complex services, such as accessing treatment for substance abuse and mental health issues, applying for a job or obtaining healthcare benefits. FCHA will also secure on-site services for veterans, provided by the Veteran’s Administration (VA), in conjunction with their Veterans Affairs Supportive Housing Project Based Housing Choice Vouchers (VASH) vouchers.

The service operations will be patterned after successes of the FCHA and local mental health agencies in providing permanent housing for formerly homeless individuals and in helping persons with co-occurring mental health and substance abuse disorders. For almost two decades, FCHA has operated a Single Room Occupancy (SRO) program, which provides 42 units of permanent housing to formerly homeless individuals in Fort Collins with limited case management and supportive services. In 2008, FCHA joined with Mental Health Connections, Touchstone Health Partners and Larimer County Corrections to provide scattered site tenant based rental assistance, case management and therapeutic services to persons dually diagnosed with mental health and substance abuse disorders. These programs employ national best practices through harm reduction and evidence-based supportive housing to reduce hospitalizations, alcohol and substance use, arrests and incarcerations and help residents retain stability in housing. The proposed project will expand on and learn from the successes and challenges encountered by these programs.

A key practice in supportive housing is that supportive services staff work in partnership with property management staff to meet the needs of tenants. Careful selection, training, support and supervision of staff ensures staff knowledge of tenants’ special needs and issues and encourages staff to develop solutions that are effective for each tenant. Staff will have a presence on-site 24/7. Positions and primary duties include:

- **Program Director/Supervisor** - (1.0 FTE)
- **Case managers** – (FCHA 1.5 FTE; Touchstone 0.75 FTE; VA 0.3 FTE)
- **Case Aide** - (0.5 FTE)
- **Overnight and Relief** – (2.0 FTE)
- **Front Desk** – (1.0 FTE)
As further explained on page 19, the cost of providing supportive services has been separated from the operating expenses. The HUD grant will offset 100% of the annual cost of the FCHA supportive services program as outlined above. The salaries included in the operations budget are a Property Manager and 1.5 FTE Maintenance Staff. Please see Attachment 1 for a detailed supportive services budget.

**Type of Financing**

The approximately $11.67 million project will be funded with local, state, and federal grants, as well as low income housing tax credits. This includes the following:

- **City of Fort Collins CDBG** - $455,000 (committed 2012)
- **City of Fort Collins HOME** - $586,078 (committed 2012)
- **HUD Supportive Housing Grant** – $258,984 (committed 2012 and renewed annually)
- **New Belgium Brewing local grant** (committed 2012 for community garden project) - $50,000
- **Federal Home Loan Bank** - $400,000 (pending)
- **Colorado Division of Housing HOME** - $800,000 (pending)
- **FCHA will project base 40 of its Housing Choice Vouchers** (committed 2012)

FCHA will request $400,000 from the FHLB Affordable Housing Program in its spring 2013 round. Preliminary scoring easily exceeds previously funded projects. FCHA has been successful in obtaining FHLB funding for previous renovation and LIHTC projects and expects to receive an award by September 2013. FCHA also plans to request $800,000 in funding from the Colorado Division of Housing. CDOH has provided a letter of support for this project and ongoing support of FCHA development. CDOH acknowledged the anticipated funding application and indicated that the Project meets an identified CDOH Priority.

For the 40 units of supportive housing, FCHA has committed to project basing 40 Housing Choice Vouchers at Redtail Ponds. There are currently adequate vouchers available; however, FCHA has also submitted an application to DOLA for 20 project-based vouchers. If the 20 new vouchers are awarded, FCHA will only need to provide 20 of its own existing vouchers to the Project. FCHA has also requested to project-base 15 of its existing Veterans Affairs Supportive Housing Project Based Housing Choice Vouchers (VASH) that would be included in the 40 total project based vouchers. The benefit of the VASH vouchers is the guarantee of serving 15 homeless veterans as well as services being included with those specific vouchers provided by the VA. To ensure financial viability of the Project, there has been significant effort to ensure the commitment of vouchers to the Redtail Ponds development.
Qualified Allocation Plan (QAP) Guiding Principles

To support rental housing serving the lowest income tenants for the longest period of time.
Redtail Ponds embodies this guiding principle. The Project will be covenanted permanently affordable in perpetuity and will serve residents earning far less than 30% of the AMI. Income targeting for the project includes 100% of the units being restricted to very low income individuals at or below 50% AMI. Of these 60 units, 40 units (67% of the total) will be targeted to 30% AMI individuals, and 6 units (10% of the total units) at 31-40% AMI, and 14 units (23% of the total units) will be targeted to 41-50% AMI individuals. Many of the tenants for this project will be homeless individuals with little or no income.

To distribute housing credits to assist a diversity of populations in need of affordable housing, including homeless persons, persons in need of supportive housing, senior citizens, and families.
A credit award to Redtail Ponds will create a new permanent supportive housing community built to serve homeless persons. It will be the first and only project of its kind in Fort Collins and will fill a critical gap in the affordable housing market. The Project will promote inclusiveness by providing housing to a population that is often boxed out of mainstream housing.

To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those at risk of converting to market rate housing.
Redtail Ponds will add sixty, new construction, 100% permanently affordable housing units to the local housing market, which currently demonstrates need for new housing stock through an overall vacancy rate of 2.1%.

To provide for distribution of housing credits across the state.
Fort Collins and Larimer County have never received tax credits for this target population, which includes 40 units for homeless individuals with disabilities and 15 units specifically reserved for homeless veterans. The last time FCHA was awarded LIHTCs was in 2008 for the 82-unit Village on Stanford Acquisition and Rehab.
QAP Housing Priorities

**Homeless Persons**
The Project will provide supportive housing for at least 40 homeless individuals and deliver supportive services to help maintain and increase their independence. The Project will be Larimer County’s first permanent supportive housing community. An award of credits will ensure Fort Collins receives the necessary support to help address the growing homelessness issue. Partnership with the Veteran Administration, Touchstone Health Partners, University of Colorado Health, and the Homeless Gear/Hand Up Cooperative will provide additional supports and services to the residents at this location.

Although only one priority can be selected, Redtail Ponds meets additional housing priorities identified by CHFA, including *Persons with Special Needs*, and *Market Areas of Pent-up Demand for Affordable Housing*. 
Describe how the project meets the criteria for approval in Section 2 of the QAP:

**Market conditions**
Point-in-Time surveys, 100,000 Homes Registry Week, shelter numbers, and FCHA waiting lists confirm a critical need for supportive housing in Fort Collins. As the first permanent supportive housing development in Fort Collins and Larimer County, there are no competing properties in the region. The Market Study further demonstrates strong demand for the sixty (60) units and very low capture rates. Demand will be especially high with referrals from the from the Veteran’s Administration, shelters, Touchstone Health Partners, and outreach programs. In addition, the greatest housing need in the Fort Collins market is currently for 1-bedroom units.

**Readiness-to-proceed**
The proposed development meets and exceeds the readiness-to-proceed threshold with all operating sources of funding and over $1 million dollars in capital funding secured. FCHA has site control through a land contract and the “by-right” zoning allows for the proposed use. The site design and building has already gone through a preliminary conceptual review at the City of Fort Collins. The Phase I Environmental Study is complete which shows no further action is required. The funding sources, including LIHTC equity investors, have expressed strong interest to participate in the project. FCHA will be able to meet all the carryover requirements and secure tax credit commitments and financing soon after receiving a LIHTC reservation.

With appropriate zoning, funding and partnership commitments in place, interested equity partners, and broad community support, FCHA believes the project is more ready than a typical tax credit project at this stage and will therefore be able to begin construction very quickly.

**Overall financial feasibility and viability**
The project has leveraged multiple sources to ensure economic success, thereby requesting only the minimum amount of credit needed for the financial feasibility of the project. The financial structure is based on obtaining layered financing sources. The HUD CoC annual grant award of $258,984 will assure long-term operational feasibility as it will be renewed annually. The commitment of 40 project-based vouchers will further support the operations of Redtail Ponds.

The combined sources of funding are enough to meet the project’s expected costs.

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional Loan</td>
<td>$2,070,000</td>
</tr>
<tr>
<td>City HOME/CDBG</td>
<td>$1,041,078</td>
</tr>
<tr>
<td>DOH Home</td>
<td>$800,000</td>
</tr>
<tr>
<td>FHLB</td>
<td>$400,000</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>$289,446</td>
</tr>
<tr>
<td>LIHTC Equity Investment</td>
<td>$6,972,539</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$11,573,062</strong></td>
</tr>
<tr>
<td><strong>With DDA Boost</strong></td>
<td><strong>$11,669,733</strong></td>
</tr>
</tbody>
</table>
Experience and track record of the development and management team:
The Project will be developed and managed by the Fort Collins Housing Authority in partnership with the Villages, Ltd., a nonprofit organization that was formed to extend the capabilities of FCHA beyond the scope of federal programs. FCHA has 41 years of experience building and managing affordable housing developments, including experience successfully managing 130 apartment financed through the Low Income Housing Tax Credit program. Together the Development Team has experience with development, stabilized lease-up, and management of over ten (10) LIHTC developments throughout the state.

Development and Management Team
FCHA’s senior management is experienced in development and management of affordable housing. Executive Director, Julie Brewen has led FCHA for 13 years. Prior to this position she was the Executive Director of the Minot North Dakota Housing Authority. Ms. Brewen is a certified Public Housing Manager and has a great deal of experience with and knowledge of the acquisition, development and management of affordable housing. Chief Financial Officer, Duane Hopkins, joined FCHA in March 2010 to lead financial and business operations. Mr. Hopkins has over 25 years experience in top financial roles that include managing development and funding, financial recovery and operational restructuring. Portfolio Manager, Nancy Stafford, has extensive experience as a director of property management and as an asset manager. Her background includes work with both for-profit and nonprofit companies. She is a Certified Property Manager (CPM) through the Institute of Real Estate Management and a Housing Credit Certified Professional (HCCP) through the National Association of Home Builders. Chadrick Martinez, Development Director, has over 15 years of affordable housing development, acquisition rehabilitation and property management experience. Mr. Martinez is an expert in all areas of real estate development utilizing private and government financing opportunities and a skilled manager of the full range of construction processes. Kristin Fritz, Senior Project Manager, joined FCHA in October 2011. Kristin has ten years of city planning and project management experience. Her background includes work with small communities and large metropolitan agencies managing partnerships for affordable housing projects and sustainable development. She is a member of the American Institute of Certified Planners since 2007.

Supportive Service Experience
FCHA manages over 1,100 units of rent assistance from several sources, including Housing Choice Vouchers, project-based Housing Choice Vouchers, SRO Mod-rehab Section 8 funds, Tenant-based Rental Assistance obtained from the City of Fort Collins and Colorado Division of Housing's HOME funds specifically for our homeless programs, VASH Vouchers and Family Unification Program (FUP) Vouchers and services. FCHA’s Supportive Services team is lead by Michele Christensen, Resident Services Manager, who is a Licensed Clinical Social Worker, who has 8 years of experience at FCHA. FCHA has a great deal of experience providing supportive services to homeless and chronically homeless individuals through its SROs that have been in operation since the mid-1980s. FCHA has provided the "Housing Case Manager" for its collaborative Community Dual Disorders Treatment program which houses a minimum of 12 formerly chronically homeless, dually-diagnosed individuals with severe needs.
FCHA is proud of its outstanding reputation for providing varied housing programs for low and very-low income families and has an excellent track record. FCHA has sufficient capacity, financial stability and vast LIHTC experience to construct and manage the proposed project. See the enclosed FCHA Homeless Services Resume for additional FCHA experience providing homeless services.

Design Team
Studio Completiva was founded in 1995 with a dedication to design excellence and a deep commitment to affordable, multi-residential housing for a diversity of populations. The award-winning firm has as its core mission the development of affordable communities that bring a marked, positive impact both to the lives of the residents and the greater neighborhood. The firm has completed over 600 multi-residential units in Colorado and has extensive experience in tax credit residential development. Yong Cho has 20 years of design and construction administration.

Studio Completiva chose to partner with Fransen Pittman General Contractors for the first phase of design development and cost estimating for the Project. Studio Completiva and Fransen Pittman (FP) have previously partnered together on affordable housing and supportive housing projects, including the Salvation Army Harbor Light transitional housing development in Denver. FCHA has been impressed by Fransen Pittman’s ongoing passion and commitment to the project. The entire design team has been strengthened by the close coordination and partnership between Studio Completiva and FP.

Cost reasonableness
The total development costs for Redtail Ponds are approximately $11.67 million, which is $194,496 per unit. The total costs include $882,000 for the acquisition of a 3.12 acre parcel, averaging $14,700 per unit, which is reasonable for property within the TOD Overlay Zone. The costs also include over $800,000 in City tap and impact fees. Fee waivers for affordable housing at the City of Fort Collins have been reduced while fees have been increased, adding cost to development. The cost per unit is still $25,000 less than the average development costs per unit in the last tax credit application round. This is especially reasonable when taking into account rising construction costs since the last round. Redtail Ponds is requesting $12,807 per unit in tax credits. Compared to the 2012 tax credit requests, this is on the low end. The average credit per unit request in 2012 was $14,049 per unit.

Proximity to existing tax credit developments
There are no comparable permanent supportive housing projects within Fort Collins or Larimer County, the primary and secondary market areas for the proposed project. Significant analysis of the Market Area is included in the attached Market Study. The in-depth study points favorably to the success of this project. Demand is high with low capture rates based on best available estimates of the homeless population and 40% to 50% AMI population. As the first supportive housing development in northern Colorado targeting homeless individuals, Redtail Ponds should compete very well.

Site Suitability
See pages 2-6 of the Narrative for specific information about the site location and proximity to jobs, goods and services.
Waiver Justification

PUPA Explanation and Comparison

The $5,105 PUPA is competitive for an affordable housing development. The supportive services salaries and associated operations are not included in the annual operating expenses; however, the property management, maintenance and standard operations are all included.

<table>
<thead>
<tr>
<th>Redtail Ponds</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total # of Units</td>
<td>60</td>
</tr>
<tr>
<td>Per Unit Per Annum</td>
<td>$5,105</td>
</tr>
<tr>
<td>Services Salaries*</td>
<td>$4,137</td>
</tr>
<tr>
<td>Associated Operations*</td>
<td>$168</td>
</tr>
<tr>
<td>Operations w/ Services</td>
<td>$9,410</td>
</tr>
</tbody>
</table>

*See Attachment 1 - Detailed Services Budget

The PUPA excludes the supportive services salaries because the $258,984 HUD grant will offset 100% of the supportive services and associated operations costs. Both the cost of the services and the HUD grant income are excluded from the CHFA tax credit operations budget. The operations budget as shown can therefore more closely resemble a typical tax credit project. For comparison sake, at $9,410 with services, the Redtail Ponds development will be slightly less expensive to operate than national supportive housing examples. See Attachment 2 for additional documentation from the National Alliance to End Homelessness.

<table>
<thead>
<tr>
<th>Supportive Housing Examples</th>
<th>Operations w/Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCHA</td>
<td>$9,410</td>
</tr>
<tr>
<td>Portland</td>
<td>$9,870</td>
</tr>
<tr>
<td>Boulder</td>
<td>$10,097</td>
</tr>
<tr>
<td>Denver</td>
<td>$13,400</td>
</tr>
<tr>
<td>New York</td>
<td>$17,277</td>
</tr>
</tbody>
</table>

Source: Supportive Housing is Cost Effective. National Alliance to End Homelessness, January 2007

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

As a permanent supportive housing development, Redtail Ponds is designed to provide high quality energy efficient housing for some of our community’s most needy population, homeless individuals with disabilities. With construction costs escalating and credit rates low at 7.43%, a small DDA boost (1.39%) is needed to make the Redtail Ponds development economically feasible. If credit rates were at the full 9% this round, the Project would not need any DDA boost.
Address any issues raised in the market study submitted with your application:
FCHA concurs with the statements and recommendations made in the enclosed Market Study.

Describe and demonstrate local support for the project (including financial support):
See Tab 16 - Letters of Support and Tab 7 - Development Financing for letters of support and letters from project funders.

In partnership with City of Fort Collins, Homeward 2020, Touchstone Health Partners, the Veteran Administration, University of Colorado Health, Homeless Gear/Hand Up Cooperative, and numerous other partners, the Fort Collins Housing Authority has been building consensus around the Housing First model and the Project at Redtail Ponds for over two years. The support letters from widespread community organizations, businesses, and interests demonstrate broad based support and excitement for the Project. Community support has also translated into substantial funding commitments as demonstrated by the large amount of funding already secured for this project. Because of the current critical need to house this population, the community has stepped up to provide this broad based support.

To promote community awareness and participation, there has been ongoing communication with the neighborhood since the community workshops were held last year. The Enterprise Green Communities Charrette was also completed. Individual meetings were also held with neighboring office park owners.

In addition to the letters of support attached to this application, FCHA voluntarily hosted two successful public workshops with support from the City of Fort Collins Neighborhood Services. The first visioning workshop was held on May 9, 2012 where neighbors came to learn more about the project and ask questions. Numerous partners attended to demonstrate their support. The second half day workshop was held on May 16, 2012 where the public was invited to participate in the development of design concepts with the development team based on the outcomes of the Enterprise Green Communities Charrette. Again, neighbors, supporters, and partners, including City Planning staff, attended. City Planning staff have been very helpful in supporting the site selection and prior to the public workshops, FCHA spent months working closely with staff from the City Manager’s Office, Natural Resources, the Office of Sustainability, Advance Planning, Neighborhood Services and the Affordable Housing Board to build consensus around FCHA implementing the housing first model in Fort Collins.
Additional Documentation

1. FCHA Supportive Services Budget
2. “Supportive Housing is Cost Effective,” National Alliance to End Homelessness (Jan 2007)
Project Name: The Reserves at Westcreek

Project Address: NEC of Pine Lane and Cherry Creek Drainage
Parker Colorado

The Reserves at Westcreek is a proposed multifamily LIHTC development located at the northwest corner of 20 Mile Road and Pine Lane in Parker, Douglas County, Colorado 80138 and consists an approximately 6.0 acre site. The development will be comprised of 96 two and three bedroom units in four three-story garden-style buildings and one single-story clubhouse. The units will to be restricted to households earning 30, 40, 50, and 60 percent of the Area Median Income, or less.

1. Identify which Guiding Principles in Section2 of the QAP the project meets and why it meets them:

Listed below are CHFA’s Guiding Principles for the selection of projects to receive an award of tax credits.

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

The Reserves at Westcreek will serve a diverse socioeconomic population within the Town of Parker. Out of the total 96 units, ten units will be restricted to very, very low income individuals - 30% AMI; twenty units will target 40% AMI; thirty-four units will be restricted to 50%; and the remaining thirty-two units will be limited to 60% AMI. The units for all AMI levels will be mixed throughout the community without segregation based upon income. Additionally, all units, (both two & three bedrooms) will have identical amenities, square footage and design as well as easy access to the entire property.

None of the comparables in Parker offer units at the 30 percent AMI level, and only one comparable offers units at the 40 percent AMI level, which is Centennial East II.
See unit mix/rent table below.

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Number of Units</th>
<th>Size</th>
<th>Net Rents</th>
<th>Utility Allowance (1)</th>
<th>Gross Rents</th>
<th>2013 LIHTC Rents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2BR/2BA</td>
<td>5</td>
<td>987</td>
<td>$458</td>
<td>$68</td>
<td>$525</td>
<td>$525</td>
</tr>
<tr>
<td>3BR/2BA</td>
<td>5</td>
<td>1,170</td>
<td>$526</td>
<td>$81</td>
<td>$607</td>
<td>$607</td>
</tr>
<tr>
<td>2BR/2BA</td>
<td>10</td>
<td>987</td>
<td>$633</td>
<td>$68</td>
<td>$701</td>
<td>$701</td>
</tr>
<tr>
<td>3BR/2BA</td>
<td>10</td>
<td>1,170</td>
<td>$728</td>
<td>$81</td>
<td>$809</td>
<td>$809</td>
</tr>
<tr>
<td>2BR/2BA</td>
<td>17</td>
<td>987</td>
<td>$790</td>
<td>$68</td>
<td>$858</td>
<td>$876</td>
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<tr>
<td>3BR/2BA</td>
<td>17</td>
<td>1,170</td>
<td>$860</td>
<td>$81</td>
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<td>$1,011</td>
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<tr>
<td>2BR/2BA</td>
<td>16</td>
<td>987</td>
<td>$849</td>
<td>$68</td>
<td>$917</td>
<td>$1,051</td>
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<tr>
<td>3BR/2BA</td>
<td>16</td>
<td>1,170</td>
<td>$914</td>
<td>$81</td>
<td>$995</td>
<td>$1,214</td>
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<tr>
<td>Total</td>
<td>96</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Provided by Colorado Department of Local Affairs Utility Allowance Schedule dated 11/1/2012

Per local codes, ALL first floor units are ADA accessible/adaptable for persons with disabilities.

- To support projects in a QCT, the development of which contributes to a concerted community revitalization plan

The Reserves at Westcreek does not reside in a revitalization district or a HUD defined QCT, however, the site is situated on a vacant piece of land adjacent to Parker Adventist Hospital complex including the Colorado Childrens Med Group. The Town of Parker has experienced tremendous growth since the early 90’s and for those two decades has seen demand for ALL types of housing increase at a rapid pace. Strong occupancy rates combined with ideal access to E-470 & S. Parker Rd. (83 Hwy) gives The Reserves at Westcreek an opportunity to meet a much needed area of this community’s housing shortage. Additionally, this site has access to TOD via shuttle service.

- To provide for distribution of housing credits across the state

Overland Property Group & The Reserves at Westcreek development will assist CHFA in maximizing the total State-Wide allocation by bringing over 10 years of experience
of developing Section 42 apartments. The proposed design is one that OPG has successfully developed in other markets and has refined the construction budget to a point where the variables are very small. It is this efficiency of costs, ($100,000 per unit) which allows OPG to request a smaller allocation of 70% of the allowable maximum amount. By doing so, an additional $350,000 in credits can be allocated to other communities across the State.

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

Douglas County Housing Partnership, multi-jurisdictional housing authority, will be a valuable partner to The Reserves at Westcreek. The Douglas County Housing Partnership comprised of the jurisdictions of Castle Rock, Lone Tree and Parker and Douglas County is committed to serving eligible families and individuals by:

• Preserving and developing safe, secure, quality, affordable housing
• Provide housing choices for those who have few
• Enhancing the economic stability of Douglas County by providing housing opportunities and counseling services for those who are employed in the County
• Serving as a catalyst to promote self-sufficiency
• Creating partnerships to maximize available community resources

DHCP delivers these services with integrity and mutual accountability.

At the suggestion of DHCP, Overland Property Group has focused on targeting very low income families. Specifically, ten units will be targeted at the 30% AMI level.

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

The Reserves at Westcreek’s proximity to Adventist Hospital, a great school district, shopping, entertainment, walking trails and two major arteries creates a “magnet-like” draw for young couples, seniors on fixed income as well as families with children.

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

The Reserves at Westcreek will be new construction of affordable rental housing.

• To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections

OPG has successfully developed over 25 Section 42 properties in the Midwest. Since 2002, OPG has focused on MAXIMIZING State agencies allocation by improving on construction costs and efficiencies. OPG has tremendous buying power with suppliers, contractors and subs. As mentioned above, OPG has proforma’d a development budget @ $100,000/unit. This is a proven design and can be replicated with a high degree of certainty in Colorado. By doing so, OPG is requesting just over
$900,000 in credits, (-$350,000 less than maximum). The “Sources/Uses” table below depicts the use of funds and cost per unit.

<table>
<thead>
<tr>
<th>Sources and Uses</th>
<th>Per Unit</th>
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</thead>
<tbody>
<tr>
<td>Construction Loan</td>
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</tr>
<tr>
<td>Interest Rate Const.</td>
<td>4.50%</td>
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<tr>
<td>Perm Loan</td>
<td>$5,714,391</td>
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<tr>
<td>Interest Rate Perm.</td>
<td>6.00%</td>
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<tr>
<td>Amortization Period (yrs)</td>
<td>30</td>
</tr>
<tr>
<td>Equity Pricing</td>
<td>$0.95</td>
</tr>
<tr>
<td>Allocation (Max $1250000)</td>
<td>$905,474</td>
</tr>
</tbody>
</table>

- 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

At the suggestion of our consultant Daniel G. Morgan and Associates and utilizing OPG’s 10+ years of experience developing LIHTC housing, we have worked to reduce the development budget and operational costs of The Reserves at Westcreek. The focus on “credit per unit costs” has created a strong development budget without sacrificing project amenities, design or efficiency. We believe that our commitment to the efficient use of tax credits has benefited not only our Company but the State agencies that we work with in the Midwest.

2. Identify which housing priority in Section 2 of the QAP the project meets and why it meets them:

The Reserves at Westcreek will satisfy or exceed the requirements of 2 housing priorities from Section 2.

1 – “Market areas of pent-up demand for Affordable Housing”

The existing LIHTC properties in the Parker market exhibit high occupancy rates and waiting lists indicating demand for additional LIHTC units in the area. Further, the development will offer competitive amenities and an excellent location in an area experiencing rapid population growth.

The demographic data demonstrates that the PMA experienced a significant increase in population and total households from 1990 to 2000 and from 2000 to 2011 at 10.7 and 12.0 percent, respectively. Both the total population and total households are projected to continue to grow from 2011 through 2016. The area has been one of the fastest growing areas in the Denver MSA since 2000.
In 2010 the Town of Parker conducted an “in-flow : out-flow” study. Below reflects information on local area commute patterns. The information is from a database the Town subscribed to (ESRI-2010 Census Data) Interestingly, 60% of those working in Parker during the day commute from greater than 10 miles away!
Inflow/Outflow Report

Analysis Selection
Note: Overlay arrows do not indicate directionality of worker flow between home and employment locations.

- Employed and Live in Selection Area
- Employed in Selection Area, Live Outside
- Live in Selection Area, Employed Outside

Inflow/Outflow Job Counts in 2010

Inflow/Outflow Job Counts (Primary Jobs)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed in the Selection Area</td>
<td>9,477</td>
<td>100.0%</td>
</tr>
<tr>
<td>Employed in the Selection Area but Living Outside</td>
<td>8,313</td>
<td>87.7%</td>
</tr>
<tr>
<td>Employed and Living in the Selection Area</td>
<td>1,164</td>
<td>12.3%</td>
</tr>
<tr>
<td>Living in the Selection Area</td>
<td>17,904</td>
<td>100.0%</td>
</tr>
<tr>
<td>Living in the Selection Area but Employed Outside</td>
<td>16,740</td>
<td>93.5%</td>
</tr>
<tr>
<td>Living and Employed in the Selection Area</td>
<td>1,164</td>
<td>6.5%</td>
</tr>
</tbody>
</table>


Notes:
1. Race, Ethnicity, Educational Attainment, and Sex statistics are beta release results and only available for 2009 and 2010 data.
2. Educational Attainment is only produced for workers aged 30 and over.
Based on the low vacancy rate and presence of waiting lists at affordable housing in the Parker market, as well as the Demand Analysis, we estimate that The Reserves at Westcreek would reach a stabilized occupancy within seven to eight months of the development’s completion, which equates to a pace of 12 to 14 units per month.

Additionally, the development’s site location has TOD access through the town’s “Call-n-Ride” or “Park-n-Ride” system. Residents will have curb to curb service from their apartment to Lincoln Station.

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

   a. **Market Conditions:**

   The Market Study conducted by Novogradac & Company, LLP on February 25th, 2013 for Overland Property Group regarding the proposed Reserves at Westcreek was strong.

   Novogradac obtained historical information on market rate rents for properties
that were built between after 2005 in the Douglas County market area. The most recent information published and publicly available as of the date of their report is the third quarter 2012 data. According to this data the current average rent is $1,142.60 within Douglas County. They also obtained historical information on the average rent per unit for two and three-bedroom units within Douglas County from the third quarter 2009 to the third quarter 2012. This data is summarized in the table below.

![Average Rent Table](image)

According to the Apartment Association Metro Denver, the vacancy rate during the third quarter 2011 in Douglas County for two-bedroom/one-bathroom units was 4.7 percent, **compared to 3.4 percent as of third quarter 2012**. This clearly shows increasing demand in the market and the need for more affordable units in Parker.

**OVERVIEW OF TAX CREDIT CONDITIONS**

According to CHFA, there are several LIHTC developments within the PMA, which are listed in the following chart. All of the properties in the PMA are family comparables, and all are utilized as comparables in Novogradac’s report.

![LIHTC Properties in PMA Table](image)

As you can see there are **VERY FEW LIHTC** units that target 30-40% units in the PMA. **The Reserves at Westcreek has over 30% of the units targeted at the 30% (10) and 40% (20) AMI levels.**

**Vacancies and Waiting List**

The following table details vacancy levels and waiting lists at comparable
properties included in the market study. Notice that the vacancy rates range from 1.3 to 7.0% with a few waiting lists on the newer properties. The market average is 4.6% which indicates a stabilized market. However the two nearest apartments were 2.5% and 3.2% respectively.

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Centennial East I</th>
<th>Centennial East II</th>
<th>Lincoln Pointe Lofts</th>
<th>Parker Hilltop</th>
<th>Reserve at South Creek</th>
<th>Briargate on Main</th>
<th>Cherrywood &amp; Ranchstone</th>
<th>Stone Canyon</th>
<th>The Meadows at Meridian</th>
<th>Trailside Apartments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distance from Subject</td>
<td>3.5 miles</td>
<td>3.5 miles</td>
<td>4.8 miles</td>
<td>2.2 miles</td>
<td>2.9 miles</td>
<td>18 miles</td>
<td>0.9 miles</td>
<td>0.8 miles</td>
<td>4.2 miles</td>
<td>1.5 miles</td>
</tr>
<tr>
<td>Total Units</td>
<td>160</td>
<td>80</td>
<td>221</td>
<td>456</td>
<td>168</td>
<td>325</td>
<td>728</td>
<td>308</td>
<td>450</td>
<td>280</td>
</tr>
<tr>
<td>Vacant Units</td>
<td>11</td>
<td>1</td>
<td>10</td>
<td>32</td>
<td>8</td>
<td>13</td>
<td>43</td>
<td>10</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>% Vacant</td>
<td>6.9%</td>
<td>1.3%</td>
<td>4.5%</td>
<td>7.0%</td>
<td>4.8%</td>
<td>4.0%</td>
<td>5.9%</td>
<td>3.2%</td>
<td>2.7%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Inc. Restricted</td>
<td>11</td>
<td>1</td>
<td>10</td>
<td>N/A</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Studio</td>
<td>0</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>0</td>
<td>N/A</td>
</tr>
<tr>
<td>1BR</td>
<td>6</td>
<td>N/A</td>
<td>3</td>
<td>N/A</td>
<td>3</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>2BR</td>
<td>3</td>
<td>0</td>
<td>6</td>
<td>N/A</td>
<td>2</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>3BR</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>N/A</td>
<td>3</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>0</td>
<td>Yes</td>
</tr>
<tr>
<td>Waiting List</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

To summarize Novogradac’s market study:

- The Subject has excellent visibility from 20 Mile Road and Pine Lane. The views in all directions consist of vacant land. The Subject’s neighborhood consists primarily of newly developed commercial and medical uses in excellent condition.

- The Denver area appears to have been significantly impacted by the recession, as indicated by increased foreclosure rates, declining employment levels, and increased unemployment levels. Despite the downturn in the economy, the rental market still appears to be faring well.

- Market evidence shows that the Subject will offer a slightly higher percentage of two bedroom units and a significantly higher percentage of three-bedroom units.

- None of the surveyed comparables were completed in the last three years. Therefore we were unable to obtain absorption information for the market area. Based on the low vacancy rate and presence of waiting lists at affordable housing in the PMA, as well as the Demand Analysis, we estimate the Subject would reach a stabilized occupancy within seven to eight months of the development’s completion, which equates to a pace of 12 to 14 units per month, if the property is properly marketed and pre-leasing begins within two to three months prior to completion.

- The proposed in-unit amenities are similar to the majority of the comparables and superior to those that only offer washer/dryer hook-ups. The proposed community amenities are similar to the competition. The Subject’s unit sizes will be competitive.
in the market. We anticipate the Subject will compete well within the market, due to the rent advantage, location, target tenancy, and unit mix.

· The Subject’s LIHTC rents will offer an advantage over all of the market rate comparable properties within the market. The Subject will offer 30 and 40 percent AMI units, which are limited in the market. In addition, the majority of the surveyed LIHTC comparables have rents set at the maximum allowable levels at the 50 percent AMI level, whereas the Subject’s 50 percent AMI units are below the maximum allowable level. The Subject’s 60 percent AMI units are set below the maximum allowable level, similar to the comparables.

b. Readiness-to-proceed:

Overland Property Group has a purchase option with Vectra Bank who currently owns the site and surrounding commercial property. The construction documents are 95% complete since this is the same development OPG has developed in other markets. The final siteplan will need final approval from the Town of Parker however are service and utilities are stubbed to and in some case through the site. The Plans and Spec’s are in accordance with applicable governmental requirements, including but not limited to The Fair Housing Act, The Americans with Disabilities Act, State, City and Local Laws. An Engineer and reviewed the site and site plan and has met with local Planning and Zoning officials. The contractor has submitted a bid for the project and met with the City as well as local sub contractors.

OPG will be purchasing a “pad ready” site from Vectra. Zoning for multi-family apartments is in place and no further governmental approval or variance is required other than payment and issuance of building permits.

Letters of interest from Raymond James, Midwest Housing Equity Group (to name a few interested syndicators) have been obtained as well as construction and perm loans for the project and will be submitted to CHFA.

After receiving the allocation from CHFA, a negotiated selection process by OPG will determine the final syndicator and lender(s).

c. Overall financial feasibility and viability

According to numerous industry sources for multi-family apartment development in Kansas, Texas, Missouri, Iowa, Nebraska and Oklahoma, Overland Property Group is consistently a leader in efficient construction of affordable housing. Because we have built the same product over and over again, we have been able to hone-in on the costs and eliminate waste. We also have much larger “buying power” than most developers due to our continual demand for materials and our ability to keep contractors working throughout the year.

Our projected **hard cost of $98/sqft** should be seen as **VERY competitive in**
Colorado. By bringing an out-of-state developer like OPG into Colorado, CHFA will be able to witness how increased competition is good for the State. Other developers will need to sharpen pencils and become aggressive with contractors in order to eliminate the same costs that OPG has trimmed over the past 10 years. Lower costs mean “more bang for the buck” with the allocations across the State of Colorado.

OPG will have all loans, contingencies and reserve accounts fully funded prior to closing of the project partnership.

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

Developer –

Overland Property Group has been in business since 2002 and has developed over 1,500 units of both Affordable Housing and Market rate apartments for both Multi-Family and Seniors.

- Overland Property Group develops, owns and manages Senior and Multi-Family housing properties financed with HUD 221 (d)4 and Section 42 Tax Credit programs.

- Overland Property Group has over 10 years of apartment real estate development experience totaling $150 million.
  - Represents 25 developments in 18 communities and over 1,500 units.

- The Company is based in Topeka, KS and has offices in Overland Park, KS and Dallas, TX

Overland Property Group, LLC began in October, 2002, as Overland Ventures with the specific purpose of pursuing State and Federal Tax Credits for the development of affordable family housing and independent senior living projects throughout the Midwest and nationally. Since 2002, OPG has been awarded over $150 Million in State and Federal Tax Credits and over $30 Million in tax exempt bonds. These allocations have helped fund the construction of over 1,500 units for both market-rate & income qualified tenants across the Midwest.

Below is the Company’s development Footprint and Unit Production by Class
Overland Property Group has also been recognized by Kansas Housing Resources Corp. (KHRC) for its excellence in Affordable Housing development three times in the past 5 years.
Multi-Family PORTFOLIO

All Overland Property Group Multi-Family communities share one common theme; luxury. From saltwater pools to full featured amenity pavilions with movie theaters and workout facilities, OPG spares no expense to attract and maintain residents.
<table>
<thead>
<tr>
<th>Year</th>
<th>City/State</th>
<th>Name</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>Salina, KS</td>
<td>The Reserves at Prairie Glen Phase I - (LIHTC FAMILY) 100% Completed 100% Leased</td>
<td>48</td>
</tr>
<tr>
<td>2004</td>
<td>KC, KS</td>
<td>The Villas at Ridge Pointe Phase I - (LIHTC FAMILY) 100% Completed 100% Leased</td>
<td>40</td>
</tr>
<tr>
<td>2005</td>
<td>Salina, KS</td>
<td>The Reserves at Prairie Glen Phase II - (LIHTC FAMILY) 100% Completed 100% Leased</td>
<td>48</td>
</tr>
<tr>
<td>2005</td>
<td>Marquette, KS</td>
<td>Riverview Villas - (LIHTC FAMILY) 100% Completed 100% Leased</td>
<td>12</td>
</tr>
<tr>
<td>2006</td>
<td>Coffeyville, KS</td>
<td>Bella Rose Villas - (LIHTC SENIOR) 100% Completed 100% Leased</td>
<td>20</td>
</tr>
<tr>
<td>2007</td>
<td>Manhattan, KS</td>
<td>Highland Ridge - (LIHTC/Market FAMILY) 100% Completed 100% Leased</td>
<td>240</td>
</tr>
<tr>
<td>2007</td>
<td>Hays, KS</td>
<td>Stonepost Apartments Phase I - (LIHTC FAMILY) 100% Completed 100% Leased</td>
<td>32</td>
</tr>
<tr>
<td>2007</td>
<td>Liberal, KS</td>
<td>Flor de Sol Apartments Phase I - (LIHTC FAMILY) 100% Completed 100% Leased</td>
<td>32</td>
</tr>
<tr>
<td>2007</td>
<td>Olathe, KS</td>
<td>The Gardens at Creekside - (LIHTC/Market SENIOR) 100% Completed 100% Leased</td>
<td>144</td>
</tr>
<tr>
<td>2008</td>
<td>Hays, KS</td>
<td>Stonepost Apartments Phase II - (LIHTC FAMILY) 100% Completed 100% Leased</td>
<td>16</td>
</tr>
<tr>
<td>2008</td>
<td>Liberal, KS</td>
<td>Flor de Sol Apartments Phase II - (LIHTC FAMILY) 100% Completed 100% Leased</td>
<td>32</td>
</tr>
<tr>
<td>2008</td>
<td>KC, KS</td>
<td>Villas at Ridge Pointe Phase II - (LIHTC Senior) 100% Completed 100% Leased</td>
<td>15</td>
</tr>
<tr>
<td>2009</td>
<td>Dodge City, KS</td>
<td>The Reserves at Cimarron Valley Phase I - (LIHTC FAMILY) 100% Completed 100% Leased</td>
<td>32</td>
</tr>
<tr>
<td>2009</td>
<td>Hays, KS</td>
<td>Stonepost Apartments Phase III - (LIHTC FAMILY) 100% Completed 100% Leased</td>
<td>15</td>
</tr>
<tr>
<td>2010</td>
<td>Branson, MO</td>
<td>Bee Creek Apartments - (Market Family) 100% Completed 100% Leased</td>
<td>224</td>
</tr>
<tr>
<td>2011</td>
<td>Liberal, KS</td>
<td>Flor de Sol Apartments Phase III - (LIHTC FAMILY) 100% Completed 100% Leased</td>
<td>16</td>
</tr>
<tr>
<td>2011</td>
<td>Salina, KS</td>
<td>Heritage at Hawthorne Phase I - (LIHTC FAMILY) 100% Completed 100% Leased</td>
<td>32</td>
</tr>
<tr>
<td>2011</td>
<td>Liberal, KS</td>
<td>The Village at Liberal Phase I - (LIHTC FAMILY) 100% Completed 100% Leased</td>
<td>24</td>
</tr>
</tbody>
</table>
Overland Property Group has sufficient capacity and financial stability to construct and operate the proposed project as can be demonstrated by the financial exhibits attached to this narrative.

www.ovpgroup.com

Nonprofit Partner –

Overland Property Group and DCHP (Douglas County Housing Partnership) have joined together on The Reserves at Westcreek in an effort to maximize both organizations’ assets and skills. We are excited to partner with this local group and look forward to sharing in the success of this project.

The Douglas County Housing Partnership comprised of the jurisdictions of Castle Rock, Lone Tree and Parker and Douglas County is committed to serving eligible families and individuals by:

- Preserving and developing safe, secure, quality, affordable housing
- Provide housing choices for those who have few
- Enhancing the economic stability of Douglas County by providing housing opportunities and counseling services for those who are employed in the County
- Serving as a catalyst to promote self-sufficiency
- Creating partnerships to maximize available community resources

We will deliver these services with integrity and mutual accountability.

www.douglascountyhousingpartnership.org
Contractor –

Overland Property Group uses two primary General Contractors, Woodco Inc., from Republic Missouri and Haren Laughlin Construction in Lenexa, KS. Both have worked with OPG for the past decade and are experienced, well financed and bondable. Resumes are attached to this narrative for both contractors since the final decision on which contractor OPG will use has not yet been determined.

www.woodco.info
www.harenlaughlin.com

Architect –

Jones-Gillam-Renz has been the primary architect for OPG since it's inception. The building design we are proposing for Parker is the property of JGR and has proven to not only be an economical and efficient building design but has also been chosen as the 2008 KHRC Special Achievement award for design. JGR's resume and portfolio is attached to this narrative.

www.jonesgillamrenz.com

Management Company –

Weigand-Omega Management, Wichita, KS has managed 100% of OPG's affordable housing portfolio since inception in 2002 and will provide the management for The Reserves at Westcreek. With over 5,000 affordable units in their portfolio, W/O Management is well versed in all aspects of property management, including marketing, lease-up and compliance. A resume for Weigand-Omega is also attached.

www.weigand-omega.com

Consultant –

Daniel G. Morgan and Associates, incorporated in 1979, has assisted in the equity and debt financing for more than 135 LIHTC projects in AZ, CA, CO, IA, ID, MO, MT, NE, PA, TX, WA AND WY. The majority of the projects are located in Colorado. The equity investment exceeds $400 million, and includes projects with housing authorities, for-profit agencies with services for a wide range of clients.

www.jonesgillamrenz.com

Attorney –

The Law Offices of James M. Ramsey is a Kansas City law firm. It was formed in 1989 and is currently one of the top real estate transaction firms throughout the country. The majority of their practice involves the areas of renewable energy development, real estate development, tax exempt bond financing, partnership taxation and partnership law. The Law Offices of James M. Ramsey has represented developers across the country in various HUD multi-family apartment transactions including the low-income housing tax credit program, HUD
Mark-to-Market Restructuring Program, Transfer of Physical Asset packages, and many other real estate transactions with State Housing Agencies. Our practice has been involved in over 25,000 multi-family apartment units with a fair market value in excess of $1,000,000,000.00

www.ramseylawkc.com

Accountant –

Kennedy & Coe, Salina, KS. Founded in 1932, Kennedy and Coe has grown to become a top accounting and consulting firm, ranking nationally as a Top 100 firm. Employing more than 200 professionals, we provide services to clients across the nation from our offices in Kansas and Colorado, offering a "hands on" approach to business.

www.kcoe.com

e. Cost Reasonableness:

Woodco, Inc. was selected to perform the initial bid on The Reserves at Westcreek in Parker, Co. Woodco has built this same building and clubhouse in Manhattan, KS for our firm and has bid it for several other proposed developments across the Midwest. Working with Woodco, Jones Gillam Renz (architect) and the Engineer, OPG has found numerous areas to value engineer the project while preserving design characteristics, efficiencies and amenities.

OPG's hard cost / square foot is VERY competitive at $98/sqft.

The General Contractor, whether it is Woodco or Haren Laughlin, has built thousands of LIHTC units. Resumes for both are attached.
f. Proximity to existing Tax Credit developments:

According to the Market Study there are 5 LIHTC properties within a 5 mile radius of our site. However only 1 property is located in the Town of Parker, (Parker Hilltop 125 units). All of the LIHTC comparables were built between 1999 and 2008 and are in good condition. The Reserves at Westcreek will be in excellent condition upon completion and will be in slightly superior condition to all of the surveyed comparables.

g. Site Suitability:

As shown, the site is located in close proximity to local services including transportation, retail, and schools. The site is also located within walking distance of newly developed commercial, medical, and retail amenities. The Regional Transportation District (RTD) operates a fixed-route and paratransit transportation
The site is located within the Douglas County School District. Tenants at the Subject will send their children to Pine Lane Elementary School, Sierra Middle School, and Chaparral High School, all located within 1.8 miles of the site. The Douglas County School District is ranked number eight in the state, out of 123 school districts.

- The site is located in a neighborhood that is newly developed, and the majority of improvements are in excellent condition.
- The site is properly zoned for the proposed development.
- The site has good proximity to area employment centers.
- The site conforms to surrounding land use.
- The site has good proximity to public transportation, as well as services, such as retail, schools, and healthcare.

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

a. **Justification for waiver of any underwriting criteria** –
   We are not asking for a waiver of any underwriting criteria. The development has excellent projections and can fill operating reserves, maintain a 1.15 DCR, has sufficient replacement reserves and contingencies and a conservative vacancy rate.

b. **Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis** –
   This is not applicable nor needed for our development.
5. Address any issues raised by the market analyst in the market study submitted with your application.

The overall capture rate for the project is high in our opinion, (34.89%). It is important to realize that the tremendous growth rate in Parker, from 23,000 in 2000 to over 46,000 in 2013 (over 100% increase), is difficult to quantify in terms of “eligible renter households”. Factoring in the rapid growth of Parker combined with the lack of available LIHTC units in Parker, it’s easy to understand why there aren’t many “eligible renters”…they have no choice but to live elsewhere. The Town has supported this theory and we have witnessed it first hand by simply watching the southbound traffic heading into Parker on any given morning. OPG is comfortable with the capture rates based on experience in similar markets where very few affordable options exist. We believe the uniqueness of Parker’s housing demand and proximity to Denver clearly merits consideration when evaluating the chart below.

<table>
<thead>
<tr>
<th>DEMAND AND CAPTURE RATES</th>
<th>Page #</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
<th>60%</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Renter Households in Market Area</td>
<td>83</td>
<td>9,936</td>
<td>9,936</td>
<td>9,936</td>
<td>9,936</td>
<td>9,936</td>
</tr>
<tr>
<td>Unserved Households based on Size (if any)</td>
<td>83</td>
<td>3,654</td>
<td>3,654</td>
<td>3,654</td>
<td>3,654</td>
<td>3,654</td>
</tr>
<tr>
<td>Size-Eligible Renter Households</td>
<td>84</td>
<td>6,282</td>
<td>6,282</td>
<td>6,282</td>
<td>6,282</td>
<td>6,282</td>
</tr>
<tr>
<td>Percent Income Qualifying Households</td>
<td></td>
<td>2.85%</td>
<td>4.64%</td>
<td>6.31%</td>
<td>17.64%</td>
<td>23.95%</td>
</tr>
<tr>
<td>Income Qualifying Households in Market Area</td>
<td>87</td>
<td>179</td>
<td>292</td>
<td>396</td>
<td>1,108</td>
<td>1,505</td>
</tr>
<tr>
<td>In migration of Households (none per CHFA)</td>
<td></td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Total Qualifying Households/Demand</td>
<td>87</td>
<td>179</td>
<td>292</td>
<td>396</td>
<td>1,108</td>
<td>1,505</td>
</tr>
<tr>
<td>Existing Units</td>
<td>99</td>
<td>0</td>
<td>32</td>
<td>20</td>
<td>377</td>
<td>429</td>
</tr>
<tr>
<td>Capture Rate - Existing (existing units/qualifying households)</td>
<td>100</td>
<td>0.00%</td>
<td>10.98%</td>
<td>5.04%</td>
<td>34.02%</td>
<td>28.51%</td>
</tr>
<tr>
<td>Under Construction/Planned Units</td>
<td>99</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Proposed Projects</td>
<td>99</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Subject Units</td>
<td>99</td>
<td>10</td>
<td>20</td>
<td>34</td>
<td>32</td>
<td>96</td>
</tr>
<tr>
<td>Total Existing &amp; Under Construction/Planned Units</td>
<td>99</td>
<td>10</td>
<td>52</td>
<td>54</td>
<td>409</td>
<td>525</td>
</tr>
<tr>
<td>Capture Rate - Required (total units/qualifying HH)</td>
<td>100</td>
<td>5.58%</td>
<td>17.84%</td>
<td>13.62%</td>
<td>36.91%</td>
<td>34.89%</td>
</tr>
</tbody>
</table>
6. Address any issues raised in the environmental report(s) in the market study submitted with your application.

The entire site has undergone thorough environmental investigations by Pinyon. NO ISSUES were noted in their report dated February 15th, 2013.

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

Overland Property Group has been working with the Town of Parker since late summer 2012. We have discovered that staff, citizens and political leaders are very supportive of this project. The fact that Parker was not always as supportive of “low-income housing” is a refreshing change from the past.

Our firm experiences NIMBYism virtually everywhere we develop. However this site, which has proper zoning in place, is located near mostly retail and commercial development, has left us with zero NIMBY to date. We are always prepared for the eventual “angry neighbor” and have systems in place to work with them to get them the proper information on Section 42 housing. However, we just haven’t seen ANY opposition thus far.

Additionally our partnership with the Douglas County Housing Partnership has given us “local experience and assistance” in working with the housing needs of Parker. We have a letter of support from the Mayor of the Town of Parker as well.

8. For acquisition rehab... Not applicable to this development.
Project Name:  *Sable Ridge Apartments*

Project Address:  4203 Chambers Road, Denver, CO 80239

Project Description and Characteristics:

General:  *Sable Ridge Apartments* is a key residential affordable housing complex being developed for independent seniors. The project has been strengthened by increasing the building size, number of units, and adding and enhancing amenities. In addition, the market study has been updated. The changes address all significant comments received since the last submission and include:

- Added 10 units to increase the unit count from 50 to 60 and improved the mix of 1- and 2 bedroom units
- Increased the gross building square footage from 54,250 to 58,606
- Increased the size of 1-BR and 2-BR units by approximately 20 square feet and 70 square feet, respectively
- Added 25 carports and 12 storage units
- Increased the number of units with balconies or private patios to 54 (90% of the building); for the six units without balconies, there will be the option of free storage or parking space
- Covered the entryway
- Free wireless Internet in the building
- Added built-in microwaves to the unit amenities

Location:  Southeast edge of the Montbello neighborhood in Denver, Colorado, in a qualified census track. The project will have relatively quick and easy access to neighborhood serving retail and services, Denver International Airport (DIA), Fitzsimmons, Stapleton and Northfield.

Building Area:  58,606 sq. ft.

Land Area:  79,942 sq. ft.

Density:  32.6 DU/Acre
Construction Type: *Sable Ridge Apartments*, a new, four story, 60 unit slab-on-grade stucco and brick veneer over concrete and wood building, will provide both the permanent quality and flexibility that will allow it to stand the test of time. It architecturally complements the design of the adjacent *Sable Ridge Residences*, a 4% LIHTC property also developed by Kenneth A. Walker and Associates in 2003, which together will be enhanced by a planned connecting courtyard.

Tenants Served: *Sable Ridge Apartments* is an affordable, independent senior community. The unit breakdown addresses the strong demand for 1- and 2-bedroom units and the strong demand for lower rent units as demonstrated at *Sable Ridge Residences*, which offers 50%, 60% and 80% AMI units. Maximum monthly rents will comply with HUD LIHTC regulations.

Unit Size: 1 bedroom: 625-700 sq. ft.
2 bedroom: 808-881 sq. ft.

Unit Mix: | Unit type | Quantity |
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1 bedroom</td>
<td>37</td>
</tr>
<tr>
<td>2 bedroom</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
</tr>
</tbody>
</table>

Affordability Mix: | Unit type | 30%AMI | 40%AMI | 50%AMI |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 BR/1 BA</td>
<td>2</td>
<td>19</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>2 BR/1 BA</td>
<td>1</td>
<td>10</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
<td>29</td>
<td>28</td>
<td></td>
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</tbody>
</table>

Type of Financing: The project anticipates a combination of construction, permanent and equity financing sole sourced through its bank, with subordinate financing from the City of Denver and Colorado Division of Housing, as well as developer fee deferral. Letters and indications of interest have been received from all.

Unit Amenities:  
- Private balconies (47 units) and patios (7 units)  
- Individually controlled heating and air conditioning
• Well equipped kitchen featuring EnergyStar appliances, stove, self-cleaning oven, built-in microwaves, dishwasher, refrigerator, garbage disposals, and vented kitchen exhaust fans
• 9-foot ceilings with ceiling fans
• Hardwood, carpeted and tiled flooring
• Step-in showers

Exterior Common Amenities:
• Large courtyard adjacent to Sable Ridge Residences with picnic tables and barbecue
• Covered entryway
• Community gardens

Interior Common Amenities:
• On-site management
• Secured and accessible access
• Elevator
• Large community room with full kitchen, library shelving, dining room
• Media room with TV and game tables
• Fitness center
• Laundry room on each floor
• Vending court with drinks and snacks

Additional Options:
• Additional storage
• Carports

Strategies for Green Communities and Energy Efficient Design Standards:

Sustainability and efficiency have been established as priorities from the pre-development stages of Sable Ridge Apartments. Site selection takes advantage of access to existing infrastructure, community amenities and transit opportunities. The Development Team includes LEED accredited professional architect David Langley of David A. Langley and Associates and Spectrum General Contractors that employ LEED Accredited professionals for both project management and on site. Environmentally responsive construction includes:
  • Low emissions of volatile organic compounds (VOCs)
  • EnergyStar rated appliances, mechanical and windows
- Vented kitchen exhaust fans
- High performance lighting
- Insulated, double-paned low-e coating windows
- Water-Smart fixtures and water smart landscaping

**Guiding principles** in Section 2 of the Qualified Allocation Plan (QAP) that the Sable Ridge Apartments project meets and why it meets them:

- Supports rental housing projects serving the lowest income tenants for the longest period of time – longest extended low income use period selected
- Supports projects in a QCT, the development of which contributes to a concerted community revitalization plan – the project is consistent with the City’s consolidated plan and meets its housing priorities; it also addresses a mismatch between the income level and the higher AMI units currently offered in the PMA, as identified in the market study
- Opportunities to a variety of qualified sponsors – the developer is a for-profit entity
- The project provides housing for senior residents
- This new construction project produces additional affordable rental housing units

Consistent with at least the five listed we believe the project meets CHFA’s Guiding Principles. This new construction Sable Ridge Apartments project will support some of the lowest income tenants for the longest period of time as our mix serves 30%, 40% and 50% AMI, and also gives CHFA an opportunity to provide 9% Tax Credits in an area that has not been provided in the past. As a for-profit affordable housing developer with a proven track record in an existing 4% senior housing project adjacent to this development, we intend to continue to demonstrate our strong commitment to senior housing.

**Housing priority** in Section 2 of the QAP the project qualifies for:

_Sable Ridge Apartments_ is designed as a senior accessible building without a need for conversion in any unit, and with many amenities and services within the project and nearby.

**Criteria for Approval**

1. Describe how the project meets the criteria for approval in Section 2 of the QAP:
   a. Market conditions:
The project site is located in the Montbello area adjacent to the existing Sable Ridge Residences; a 4% tax credit property funded using Private Activity Bonds. Sable Ridge Residences was opened in 2003 and offers 61 total units: 22 units restricted at 50% AMI, 22 units at 60% AMI, and 17 units at 80% AMI. Under the current management company, which has operated the building since 2008, we have maintained full or nearly full occupancy over the last six years, typically with one or no vacancy. Units are filled quickly when there is turnover and vacancies have typically been in the market-rate (80% AMI) designated units.

The intent for the planned Sable Ridge Apartments is to address a strong demand from potential renters for units restricted at lower AMI levels than are currently offered and to respond to strong demand for additional 1 and 2 bedroom units, as Sable Ridge Residences has 18 only, 2-bedroom units.

Upon examination of the prior home location of its residents Sable Ridge Residences has drawn its residents as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within a 4-mile radius</td>
<td>54%</td>
</tr>
<tr>
<td>Other Denver Metro</td>
<td>38%</td>
</tr>
<tr>
<td>Other Colorado</td>
<td>4%</td>
</tr>
<tr>
<td>Out-of-State</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Over half of the Sable Ridge Residences residents lived within a four-mile radius from the property just prior to move-in. All but two of the 38% of residents drawn from elsewhere in the Denver metro area came from the east side of Interstate 25, between I-70 on the north and Iliff Avenue on the south, an approximate 10-mile radius. The in-migration that the developer is able to achieve is a benefit not only to Sable Ridge Apartments but also the Montbello neighborhood as a whole.

The overall capture rate for this project is determined to be 9.5%, with the 30% AMI being 1.0% and the 40% AMI at 9.5%. The capture rate for the 50% AMI units is 22.1% which is less than the 25% CHFA threshold. We strongly believe this rate is attainable because there are only 24 units restricted at 50% in the entire PMA currently. In addition, all but 2 of the existing 50% AMI units are in our own existing adjacent project, and with the number of inquiries we’ve had over the years we have a good sense of the demand at 50% AMI. Further, this is
a very low-income part of Denver with a great shortage of quality affordable rental housing units. The subject property will address these needs.

b. Readiness-to-proceed:
We already own the land and it is properly zoned for the project. Per the attached letters of interest and support, likely participation from the financial partners indicated, and our architect’s approved amended PBG, we are well situated to proceed; and anticipate being able to meet the tax credit program’s carryover requirements. We have an excellent relationship with the permitting agencies. Further, we have worked well with all members of our Development Team, including attorneys, contractors and consultants.

c. Overall financial feasibility and viability:
The project’s pro forma has been developed using the current Floating Rate APR instead of the 9% Fixed Rate. It is based in part on discussions with our anticipated financial partners and the letters of interest received and included with our Application. It provides for adequate reserves and indicates that the building meets the minimum debt service coverage requirements and developer fee payment from cash flows.

d. Experience and track record of the development and management team:
The Developer has been involved in real estate development for the past 30 years and has developed over 20 projects, including both residential and commercial. We have as many years in property management experience. We have assembled a team of professionals whose experience with the LIHTC program altogether we believe is adequate to ensure the success of the project. The Developer, Sable Ridge Development, LLC, is lead by the passionate, committed Kenneth A. Walker, which developed its 61-unit Sable Ridge Residences in 2003, located adjacent to the subject project. Sable Ridge Residences has been managed successfully by the developer’s property management division, Kenneth A. Walker and Associates. As noted in their resumes attached to the Application, our CPA firm, architects, consultants and general contractor all have significant experience with LIHTC developments.

e. Cost reasonableness:
Our project costs have been developed primarily based upon actual third party estimates and indications as well as comparison to recent projects. We believe
that our cost estimates as well as the amount of annual credit and credit per low income unit we are producing in the area are reasonable.

f. Proximity to existing tax credit developments:

The Clyburn at Stapleton, on the western edge of the market area, is a competitive tax credit-funded senior apartment property; Sable Ridge Residences, adjacent to the subject project, is a 4% non-competitive senior apartment property.

g. Site suitability:

*Sable Ridge Apartments* is the next phase of Sable Ridge Plaza, a 13.5 acre planned mixed-use development. *Sable Ridge Plaza* includes diversified housing stock with neighborhood serving retail and services in a safe and inviting environment. Services and amenities appropriate for the population served include:

- **Transit:** Adjacent local bus route servicing neighborhood serving retail and services as well as nearby DIA bus line; the developing expanded RTD FastTracks station will be within 1 mile.
- **Neighborhood Serving Retail:** Convenient grocery stores, restaurants and retail services across the street and within 1 mile; Northfield shopping and restaurants a few miles west.
- **Social Services:** Denver Health; University of Colorado Hospital; Arie Taylor City and County of Denver Office Complex (offices for Human Services, Workforce Development, District #11 City Councilman; Montbello Library; VA Hospital at Fitzsimons (under construction).
- **Parks and Recreational Opportunities:** Village Place Park; Montbello Recreation Center with strong senior residents programming.

2. Provide the following information as applicable:

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

b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis: N/A
3. Address any issues raised by the market analyst in the market study submitted with your application:

Given the area’s diversity, we acknowledge the importance of ensuring that design, programming and marketing of the project are appropriate. We have added more balconies and amenities that strengthen the project and help to further enhance its marketability.

Summary of Project Strengths and Weaknesses:

Weaknesses

None - Project successfully addresses any prior comments and suggestions received since the original Market Study and prior application submission.

Strengths

- The project addresses and responds to a strong unmet demand for renters at the lower AMI levels than currently offered.
- The subject will be located directly adjacent to the existing Sable Ridge Residences. This will provide greater opportunities for social interaction and connection for seniors living in both buildings.
- The subject site is located in a desirable area of Montbello. Within short distances, residents would have access to dining options, convenience stores, fast food, banking, parks, city amenities such as recreation centers and libraries, and health care.
- Overall, the level of amenities planned for Sable Ridge Apartments is similar or superior to that offered at selected comparable tax credit senior apartments.
- 90% of the units are equipped with balconies and private patios. The subject will also include community storage available on a first-come, first-served basis. We believe these amenities are highly desired by seniors and should enhance the marketability of the community.
- Sable Ridge Development, LLC is experienced in senior housing, having developed the adjacent Sable Ridge Residences, which has been operating at full occupancy. Our management company, Kenneth A. Walker and Associates, has experience in tax credit project management and senior programming, as we currently operate Sable Ridge Residences.
- The site is located just north of I-70, one of Colorado’s most significant east-west corridors; it also is just 0.8 miles northeast of the I-70 and I-225 junction. This
confluence will provide excellent access to the site for residents and visitors. In addition, the site is only 0.8 mile directly west of the planned East Rail Line Station.

4. 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

5. 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 has been ongoing outreach to residents at adjacent Sable Ridge Residences and those on waiting list, neighborhood recreation center flyers and personal visits by Management Company representative. Outreach has also been done at a neighborhood voting site. In addition, we have documented local support from City Councilman Christopher Herndon who represents the northeast Denver District.

6. For acquisition/rehab or rehab projects, provide a detailed narrative that describes the proposed rehab plans and relocation plan (if applicable). Address the 10-year rule; capital expenditures over the past two years; previous related party relationships; past local, state, or federal resources invested in the project; obvious design flaws; obsolescence issues; safety issues; and any significant events that have led to the current need for rehabilitation (i.e., fire, nature disaster). N/A
1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:

   The Sol Naciente farmworker housing project will be a 50-unit, rental subsidized development for agricultural workers earning less than 50% of the area median income and working in Fort Morgan, Colorado.

   Almost all residents will have incomes below 30% AMI. Community Resource Housing & Development Corporation (CRHDC) is committed not only to serving very low income people, but also to maintaining the affordability of projects forever. Clearly this project meets the first principle of “serving lowest income tenants for the longest period of time.”

   This project also meets the principle of “providing for the distribution of housing credits across the state.” The last time an LIHTC project placed in service in Fort Morgan was in 1995.

   Low income agricultural workers are a very much underserved population. The project will meet the principle “to distribute housing credits to assist a diversity of populations in need of affordable housing.”

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

   The project qualifies for the priority of serving a county with a population of less than 175,000. The City of Fort Morgan is located about 80 miles northeast of Denver on the eastern plains of Colorado and has a population of approximately 11,000. The population of the County is approximately 28,000. Fort Morgan is the county seat of
Morgan County and a commercial, industrial and recreational hub for northeast Colorado.

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

   a. Market conditions:

   *Market Conditions indicate a pent-up demand* in that there has been no recent development of new units since the mid 1990’s. There have been some remodeled projects that have USDA subsidies but they often turn away larger families because there is a lack of larger units. There are no USDA Farm Labor Housing developments in the market area. “The three existing family apartment projects in the PMA all have waitlists with between three and 25 applicants, indicating pent-up demand for income-restricted family rentals.” (Market Study, Page 3)

   Through the development of *Sol Naciente*, Community Resources and housing Development Corporation (CRHDC) aims to address a *critical need* in the area: an increased supply of clean, decent, and affordable housing for agricultural workers and their families. These farmworkers provide a labor force integral to the local economy, which relies heavily on agriculture. The City of Fort Morgan is home to a large meat-packing plant, a cheese factory, a dairy processing factory and Erker Grain, which produces sunflower seeds. Discussions with service providers, growers, dairy farmers and other agriculture industries such as the local meat processing company indicated that the housing availability in the community was very limited and often inadequate for the agricultural workers.

   In the 1990s, the Cargill plant and other agricultural employers in the area were struggling to find workers. The agricultural industry worked closely with workforce and relocation centers to attract newcomers to Morgan County, which has resulted in a more diverse population over the years. Between 1990 and 2000, the immigrant population in Morgan County increased 218 percent and it has been increasing steadily since. An estimated 1,000 to 1,200 African immigrants — most of them refugees — now live in Morgan County, drawn by employment at Cargill and other agricultural employers. The immigrants have been attracted to the relatively high-paying entry-level jobs for unskilled labor (over $11 per hour plus benefits) at the meatpacking plant, and the small size of the town. Once refugees began to establish residence in the town, they have encouraged friends and family members to follow them.

   Some community members worried that this development would cause vacancies in the other units in the community. However, there is evidence that there is a high number of cost burdened families, most of whom earn less than 50% AMI, who cannot afford local rentals, and they often double and triple up to make ends meet. Comprehensive market analyses of the area have also cited issues regarding the
lack of basic sanitation and safety conditions. This is particularly true of privately held units. *Sol Naciente* will be **the first family oriented apartment development in the PMA in approximately 20 years**, and as a result, it will be significantly newer and in better condition than the existing rental stock.

**The project will serve a diverse population with supportive service needs.** All of its 49 LIHTC units will be restricted at 60% of the area median income (AMI). The development will have 26 three-bedroom units and 24 four-bedroom units. One of its three-bedroom units will be a non-revenue generating manager’s unit. Of the 50 units, 49 will receive project-based rental assistance through a Rental Assistance Payments (RAP) contract, which will allow tenants to pay rents based on 30% of their incomes. In order to qualify for the housing a household must receive at least sixty five percent of their income from agricultural work. Then, the tenant pays approximately 1/3 of household income for rent and USDA subsidies pay the remainder. In many successful similar projects around rural Colorado, CRHDC has found that this model of providing quality and affordable permanent housing stabilizes families. Children perform better in school, and many families move on to be economically-stable-rooted members of the community, creating a more stable work force for the local agriculture businesses. Additionally, CRHDC has voluntary services with local providers – many of which are in the immediate neighborhood. The selected site is **within walking distance** to:

- Salud Family Health Center operates a migrant and community health center that provides 24-hour access to emergency and general health care services and will also help the residents applying for and understanding Medicaid/CHIP
- Migrant Head Start School provides early education
- Morgan County Social Services new building

**The full service plan and commitment letters are attached to this narrative.**

b. Readiness-to-proceed:

It is anticipated that if LIHTC are awarded this summer that CRHDC could start construction of this development by the fall of 2013. $3,000,000 in funds from USDA have been committed, the site is approved by USDA, the Phase I is complete, a third party contractor has provided cost estimates and final construction drawings will be completed 60 days after the award of LIHTC. In 2012, CHFA and CRHDC worked with USDA to close the first Farm Labor Housing/LIHTC project in the nation where USDA allowed the combination of loan and grant funds to be combined with LIHTC. The development and successful lease-up of the Alta Vista de la Montana in Delta now paves the way for *Sol Naciente* and other similar developments across the nation to utilize similar financing.
Upon notification of the USDA award, CRHDC began working closely with the City of Fort Morgan on the site planning for this development. The site is located on the northeast edge of Fort Morgan and is in the process of being annexed into the City limits. The County has approved releasing this land to the City and CRHDC staff has been drafting the annexation and zoning agreements with assistance of City Manager, Attorney, Community Development Manager and Public Works Director. CRHDC will be purchasing up to five additional acres and will sell this back to the City for future development. This arrangement also mutually agrees that the city will pay for half of the costs of the new street needed for access. The approval of this *annexation and zoning is expected to be received by April 1, 2013.*

Overall financial feasibility and viability:

The project will be funded with a combination of already secured USDA 514 Grant and 516 Loan funds in the amount of $3,000,000, rental subsidies from USDA, LIHTC and energy credits and a portion of the developer fee deferred. The USDA subsidy combined with the Low Income tax credits make the project viable.

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

Created in 1971, CRHDC has a long history of promoting safe and affordable housing for agricultural and migrant workers in rural areas throughout Colorado. In the wake of the successful development and lease-up of Alta Vista de la Montana, the first USDA 514/516 Farm Labor Housing project coupled with LIHTC in 2012 in Delta, the US Department of Agriculture Rural Development approached CRHDC to explore the possibility of a development for agricultural workers in Morgan County.

CRHDC has been developing farm worker rental housing for the past 41 years and for the past 20 years contracting with USDA to provide technical assistance to local governments and/or nonprofits in developing and sponsoring farm worker housing in Colorado and other Western States.

Community Resources and Housing Development Corporation is a statewide private non-profit organization providing affordable housing opportunities to low and moderate income individuals. For over 41 years, CRHDC has been strengthening communities throughout Colorado by serving the needs of the disadvantaged, underserved, or uninformed. What began as serving the affordable housing needs of migrant farm workers and agricultural communities has expanded to a comprehensive array of programs and services designed toward sustainable growth in assets, knowledge and stability...for both rural AND urban communities... serving families, seniors, the communities they live in and other non-profits who serve them.
LIHTC
In 1996, CRHDC developed 20 units of affordable family rental housing in Hayden, Colorado utilizing the Low Income Housing Tax Credit Program. This development was also funded by Colorado Division of Housing, Federal Home Loan Bank of Topeka, and a bridge loan through Mercy Loan Fund.

In 2012, CRHDC was the first sponsor to couple USDA 514/516 funds with LIHTC. This required working closely with the State and National USDA Office, CHFA and WNC, the investor. This is now a successful project operating above the projected vacancy rates and is an asset to the community.

Farm Labor Housing Development Experience:

- CRHDC is a national Technical Assistance Provider for the US Department of Agriculture and has been the financial packager/fundraiser and developer of properties in Colorado and other Western States.
- In 1992, CRHDC provided technical assistance to Montrose County Housing Authority to develop a 72 bed dormitory facility for single workers and 12 duplexes on scattered sites for farm worker families. The dormitory included a full service kitchen to offer food services to the workers. Financing included USDA and the Division of Housing.
- In 1994, CRHDC provided technical assistance to the City of Pueblo Housing Authority to develop 9 family duplexes (18 units) for farm worker families. Financing included USDA, Colorado Division of Housing, and foundation grants.
- In 1996, CRHDC provided technical assistance to the San Luis Valley Farm Workers Housing Corporation to develop a 216 bed dormitory facility for single migrant farm workers and a full service kitchen leased out to private restaurant business to provide food service to workers and community in Center, Colorado. Funding and Financing partners included; US Department of Agriculture, Colorado Department of Local Affairs, Federal Home Loan Bank of Topeka and Neighbor Works America. CRHDC continues to provide fiscal management to this development.
- In 1996, CRHDC provided technical assistance to Catholic Charities of Northern Colorado to who developed 42 units of family housing in Greeley, Colorado
- In 2004, CRHDC assisted the San Luis Valley Farm Worker Housing Corporation in Center, Colorado in completing a 24 unit facility for farmworker families on the same site as the 216 bed dormitory development. A Migrant Head Start Center/Day Care was also built on the same site by Otero Junior College and offered Head Start and Day Care services to the farm worker families and community in Center. CRHDC assisted in obtaining funds from USDA, Colorado Department of Local Affairs, Mercy Loan Fund, Colorado Housing & Finance Authority, Federal Home Loan Bank of Topeka, and Otero Junior College Migrant Head Start Program. CRHDC provides fiscal management to the San Luis Valley Farm Worker Housing Corporation.
• In 2006, CRHDC assisted with the construction of 39 units of farm labor family housing in Alamosa, Colorado and assisted in obtaining Small Cities Community Development Block Grant funds from the City of Alamosa and private funds from the Federal Home Loan Bank of Topeka and Colorado Housing & Finance Authority. CRHDC provides fiscal management to this development.

• In 2005, Posada Homeless Shelter engaged CRHDC technical assistance to develop a farm labor dormitory facility in Boone, Colorado.

• In 2012, CRHDC developed 41 rental units in Delta, Colorado for families working in the tri-county areas which include Delta, Mesa, and Montrose. The design included green building and energy features such as photo voltaic solar panels to reduce energy consumption. The development was featured in Affordable Housing Financing Magazine and selected as the “Best Rural Project” in the nation by its readers in 2012. Financing included USDA, LIHTC, TCAP, U.S. Treasury, Re-Start Colorado, NeighborWorks America, and Rural Community Assistance Corporation (RCAC). CRHDC also partnered with Lutheran Support Service working with Burmese Refugees and re-settled refugees in the Delta area to live in the apartments and provide a work force for the growers in the tri-county area.

HUD 811/202 Experience

• In 1987, CRHDC partnered with the Town of Del Norte, Colorado and developed a 24-unit independent apartment Senior Housing complex (La Hacienda del Norte). The development was funded by HUD 202/811 and serves both the elderly and individuals with disabilities. Funding was provided by HUD, Town of Del Norte, and Colorado Division of Housing. Services include county health clinics, transportation, and other services.

• In 2005, CRHDC developed 28 units of senior housing in Del Norte, Colorado (Casas De Rio Grande). Funding for this project included HUD 202 and Neighbor Works America. Services for seniors are also offered on site.

• In 2005, CRHDC partnered with the Town of New Castle and built 24 cottage style apartments (Castle Valley Ranch Senior Housing). Financing included HUD 202, Colorado Division of Housing and NeighborWorks America. Support services are provided to residents that include meals and activities through the Senior Resource Center, and a computer lab.

CRHDC has engaged the services of Dan Morgan to serve as LIHTC consultant. Dan has worked in the tax credit arena for years and is considered an expert. Mark Berry will be legal counsel for CRHDC and again he has worked in the field of LIHTC for years and served as counsel for the Delta project. All of CRHDC staff attend regular LIHTC management trainings through CHFA and NeighborWorks America.
d. Cost reasonableness:

The subject’s Basic Rents are 11% lower than the maximum allowable 2013 LIHTC rents. However, these units will have project-based rental assistance, which will allow tenants to contribute 30% of their incomes for rent and utilities.

e. Proximity to existing tax credit developments:

Pioneer Apartments, 105 Gateway Avenue is a 24-unit Section 515-Rural USDA/LIHTC development completed in 1995, located 0.9 miles to the southwest.

Riverview Apartments, 1605 9th Street is a 24-unit Section 515/LIHTC development completed in 1994, located 0.7 miles to the northeast.

f. Site suitability:

This is a perfect location for such a development – close to services and in an area where there has been recent commercial development and infrastructure upgrades keeping those needed for the development to a minimum. The City’s cooperation for site annexation and zoning changes illustrates strong community support. The fact the development will be located along Highway 34, a main corridor through town and home to a grocery store, hardware store and other retail, makes these important resources more accessible for tenants. Additionally, one mile east of the property is Cargill Meat Solutions, the top agricultural employer in the area and a likely employer for possible tenants.

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):

Due to the unique RD financing structure and population the project is serving, it does not meet the DSCR requirement of staying between 1.15-1.30 for the compliance period.

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

The project is asking for a basis boost for the following reasons:

1. Construction costs have risen significantly in the past 6 months
2. Due to USDA requirements, the $1,000,000 514 Grant cannot be structured as a soft loan to the partnership and must be removed from eligible basis
3. This is a rural farm worker project serving very low income rural tenants and will not command the premium equity pricing a more typical metro area project would

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

There were no concerns in the market study. Prior and Associates indicated a pent-up demand from a project that would serve large low-income families and there are no other developments in the area that will house ONLY agricultural workers.

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

There were no issues indicated in the Phase I Environmental Report.

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

Community Resources and Housing Development Corporation began outreach to the community in 2012, with a presentation to the migrant service providers in the area. In general, this group was very receptive to the development and was very eager to highlight the challenges with current available housing stock. After receiving the award from USDA, CRHDC returned to Fort Morgan to discuss the project further with the City officials. The City of Fort Morgan has been very supportive of this development, which they believe to be in line with their consolidated plan and intentions for higher density housing in the community. The support from the City has been evident in their assistance with expediting the annexation of the site. The City Manager, Attorney, Community Development Manager and Public Works Director have been working closely with CRHDC staff to annex the property as they will purchase back some of the newly annexed land. Through this agreement, the City has agreed to split the cost of off-site road and infrastructure to provide the access to site.

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

N/A

You may also provide additional documentation that supports your narrative by attaching it to the narrative or submitting it on a CD. Each supporting document should briefly describe what is contained in the attachment.

The voluntary supportive service plan submitted to USDA and letters of commitment are attached to this narrative.

Example 1: Additional documentation to support the Market Conditions Criteria could be labeled to as follows: Attachment Market Conditions or Market Conditions.pdf, etc.

Example 2: Soft funds documentation to support that amount of soft funds listed in the Application can be secured could be labeled as follows: Attachment Overall Financial Feasibility and Viability or Overall Financial Feasibility and Viability.pdf, etc.

In addition, equity contribution letters are attached from:

- Centennial BOCE
- Rocky Mountain SER
- Salud Family Health Center
- CRHDC
- Mile High Community Loan Fund
- Rural Community Assistance Corporation
- USDA- Rural Development
- State of Colorado, Division of Housing
Project Name: TABOR GRAND APARTMENTS

Project Address: 711 Harrison Avenue, Leadville, Colorado 80246

Project Characteristics and why this project should receive an award:

Tabor Grand LLC proposes the redevelopment of Tabor Grand Apartments, a mixed use historic property with 37 affordable units located in Leadville, Colorado. The development is a low income housing tax credit development completed in 1992. When completed initially, not only did the development provide 37 affordable rental units that were desperately needed in the community, but also restored one of the most historically significant structures in the State. The building originally constructed in 1885 was a grand hotel developed by mining magnate, Horace Tabor, during Leadville’s historic silver boom. The community felt that preservation of the Tabor Grand was a key to maintaining the economic viability of the City’s central business district. The units have been maintained, but the historic structure has significant structural problems that must be addressed immediately to preserve the building and protect its inhabitants. The previous owner let the property go through foreclosure in an attempt to escape the rent and income limitations and avoid paying on a substantial balloon mortgage that would have came due to the City of Leadville in August 2012. Rather than lose the only affordable housing development in Leadville and Lake County the City of Leadville took possession of the property and is working with the current owner to assure the long term viability of the property. The City of Leadville is willing to forego a substantial amount of the debt due to the City in order to preserve the affordable rental units, but have placed a time limit on the current developer to meet that objective. The project is in close proximity to schools, shopping, hospitals, transportation and other necessary services. The project will consist of efficiency, one and two bedroom units serving area individuals and families at 40, 50 and 60% of area median income.
The project is currently 100% occupied with tenants in the 40-60% of median income range. The existing tenants in good standing (maintaining their units and current on rent) will be encouraged to maintain occupancy. The vacancy rate in the area for families in this income range is approximately 2%. The commercial space is 100% occupied.

**Summary of Project Characteristics:**

**Type of construction:** renovation of historic masonry structure

**Population being served:** individuals and families at 40%, 50% and 60% of area median income

Bedroom mix: 1 efficiency, 20 one bedroom and 16 two bedroom units

**Amenities:** ceiling fans, laundry room, parking, on-site management

**Energy efficiencies:** E-star appliances and windows, low VOC paints, and R-30 insulation

**Financing:** ANB Bank will provide permanent financing in the amount of $500,000 for the residential component at 5.0% interest with a 30 year amortization schedule and 15 year term. Financing in the amount of $540,000 for the commercial component will carry a 5.20% interest rate with a 25 year amortization schedule and 10 year term. The developer will reinvest $378,811 to cover cost associated with the redevelopment of the commercial space. Construction financing will be provided by ANB Bank in the amount of $5,000,000 with a 4.25% interest rate. Midwest Housing Equity Group will invest $5,265,935 with $526,594 available during construction.

**Local, state, and federal subsidies:** City of Leadville committed $526,364 and Colorado Division of Housing $600,000 to be requested

**Compliance with QAP Guiding Principals**

The Tabor Grand Revival is in compliance with the Guiding Principals as stated in the QAP, particularly the following:

**Provide for Distribution of Housing Credits across the State**

The Tabor Grand is the only central mountain non-resort community project proposed in the current round. Approval of the project is essential in order to maintain the development as affordable housing in one of the most economically distressed counties in the State. This is the only affordable housing development in the market and was the last and only LIHTC development approved in Lake County.
Support Acquisition/Rehabilitation of Existing Affordable Housing Developments at Risk of Converting to Market Rate

The Tabor Grand has gone through foreclosure and is no longer subject to the original land use restriction agreement placed on the development. However, through a public/private agreement the City of Leadville and Tabor Grand LLC have been working together to make the necessary repairs to maintain the projects structural viability while preserving the projects rent and income restrictions on a voluntary basis. This agreement extends to mid summer of 2013 at which time the current owner could convert to market rate housing.

QAP Priorities

In addition to preserving affordable housing that might convert to market the Project also meets the following priority.

Counties with populations less than 175,000

The Project is located in Lake County, one of the most economically depressed rural counties in the State. The population of Lake County is 7,427. The county seat Leadville has a population of 2,595. Leadville and Lake County’s economy was severely impacted in the mid 1980’s with the closure of Climax Mine. The community’s economy has since been dependent serving as a bedroom community for the year round resorts of Vail and Copper Mountain. In addition, the City made a significant investment in their central business district in an effort to create a local tourist economy. The original restoration of the Tabor Grand was the key component to that downtown revitalization. While tourism continues to be the main driver of the local economy it the past several years the Climax Mine has gone through upgrades that will allow for reopening in a reduced capacity compared to the operating level prior to its closure. Construction workers and new mine employees have had a major impact on market rents.

Other Issues

Market Conditions

The Tabor Grand has an 18 year history as a LIHTC affordable housing development and has maintained 95% occupancy on both residential and commercial basis during this time. While the developer is proposing a modest rent increase to allow for financing of necessary
improvements the development remains the only affordable housing option in the community. Failure of the development in obtaining an allocation of LIHTC could result in repairs essential to the long term structural/mechanical viability not being completed and/or the project being converted to market rate housing. This could result in the loss of a significant historic structure and the loss of the only affordable housing in the county.

**Readiness to Proceed / Site Control**

The site with the structure is presently owned by the developer. The adjoining parking lot is under contract to purchase. The site is zoned for the proposed development and all infrastructure is available at the site including paved streets, water, sewer, gas, cable and telephone service. Renovation could start as soon as financing is in place.

**Overall financial feasibility and viability**

The current operating results of the property are the best indicator that a substantially improved, more attractive and more energy efficient property would be financially viable.

**Development Team Experience and track record**

The development team has considerable experience in the development and management of affordable housing and has successfully completed a number of developments using low income housing tax credits and other public funding programs. The developer, architect, design builder, equity investor, subcontractors and property manager have worked together on several projects. The proposed budget was developed by the Neenan Group, a firm with considerable experience in the redevelopment of historic properties. Neenan submitted a design/build proposal with bids secured from subcontractors and vendors who had walked through the structure and prepared preliminary bids based on actual proposed work.

**Cost Reasonableness**

Despite the difficulty of renovating historic structures every effort will be made to insure that efficient construction methods are followed. As noted Neenan has significant experience in doing this.
Proximity to existing tax credit developments

As stated in the Market Study there are no other existing or planned LIHTC units in the market area.

Site suitability

The Market Study gives the highest ranking for the project location and also a high “walkable” score.

Environmental Issues

An environmental inspection revealed the existence of two environmental issues which will be mitigated though this redevelopment. These issues are asbestos lining on the boiler in the basement and lead paint primarily on exterior surfaces. The boiler will be replaced and 2” of soil will be removed from the dirt floor and replaced with clean material. The area around the boiler will be enclosed to prevent unintended tracking from other work. The lead paint issue will be addressed by entirely removing the mansard roof material. Other exterior surfaces will undergo a chemical removal treatment. Interior exposure is considered to be minimal; any affected areas will be encapsulated. The development budget includes an environmental contingency line item for other issues that may arise during renovation construction.

Community Outreach / Public Private Partnership

In this instance the outreach was from the community to the developer. The City of Leadville purchased the Tabor Grand out of foreclosure from the previous developer to prevent the loss of the counties only affordable housing. They then selected a developer (Tabor Grand LLC and Funding Partners) that would preserve the structural integrity of building while at the same time preserving the affordable housing for area residents. If the project is approved, the City has agreed to forgive $526,364 of their original debt as a means of making the project financially viable. The Colorado Division of Housing has also been requested to provide $600,000 in CDBG funds to assist in project financing. The developer will defer $558,097 of its development in order to maintain affordability and make necessary improvements.

Acquisition Rehab issues

Proposed major improvements include the following:

1) Foundation repair
2) Roof and gutter replacement to protect structure from additional water damage
3) Exterior wall and structural repairs  
4) Addition of green community and energy star upgrades  
5) Updates of mechanical, plumbing and electrical systems  
6) Major unit upgrades including new floor coverings, wall repairs and painting, doors and window replacement and cabinet replacement.  
7) Environmental mitigation  

As described in the CNA the safety issues that will be addressed include the following:  
1) Fire Suppression System  
2) Fire Alarm System  
3) Interior Doors - Fire Rated (20 minute)  
4) Domestic Water Backflow Preventer  
5) Emergency Egress: Emergency Egress Lighting and Exit Signs  
6) Stair Handrails  

Neenan’s renovation plan does not require relocation of current residents. The 10 year rule is not applicable because no credit is being claimed on the acquisition cost. There have been minimal capital expenditures over the last five years. There are no relationships between the former owner and the development team members.
Project Name: Tandem at Boulder Junction

Project Address: 3085 Bluff Street, Boulder

The Narrative provides an opportunity for the applicant to describe the characteristics of the project and why the applicant believes it should be selected above others for an award of credit. The applicant should document the project’s strengths and address its weaknesses. It must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc.

Project History and Description:

Tandem at Boulder Junction is Element Communities’ 41-unit affordable multifamily development in Boulder, Colorado. The project’s location is within Boulder Junction, a mixed-use area plan comprised of 160-acres being developed by private property owners, the City of Boulder and the Regional Transportation District (RTD). Boulder Junction incorporates accessibility with an area plan that prioritizes pedestrians, excellent bicycle access and bus rapid transit service to and from Denver. In the future, the property will be within blocks of Boulder’s connection to RTD’s Northwest light rail line. Element Communities acquired the property in October 2012 in an attempt to ensure that a portion of Boulder Junction would be dedicated to those in Boulder who could most benefit from the site’s proximity to public transit, including low-income renters and people with mental health needs targeted by the project.

The name Tandem—borrowed from the type of bicycle that requires the cooperation of two or more riders working together—pays tribute to the industrial heritage of the site where much of the mountain biking technology of today was researched and developed, references the site’s access to multiple modes of alternative transportation, and highlights the types of partnerships needed in the community to make affordable housing a success.

In addition to providing low-income family housing, Element Communities has partnered with Mental Health Partners (MHP). MHP was created in 1962 as a community mental health center to serve Boulder and Broomfield counties. They assist over 18,000 clients providing them with a spectrum of services for all age groups regardless of the ability to pay. MHP has considerable experience in housing and has learned the locational attributes and design amenities that most contribute to their clients’ independence and integration into the community. This expertise was utilized during the project’s site selection and is continuing to be harnessed during the design process.
MHP has similar partnerships with other developers in place now. The organization continues a successful partnership with Boulder Housing Partners (BHP) that provides MHP client housing at BHP’s Holiday Drive-In, which was also financed with Low Income Housing Tax Credits (LIHTC). Another partnership MHP currently participates in is with the Longmont Housing Authority on a property named The Suites where MHP holds a lease for 25 units that are integrated into a 70-unit apartment building. Both of these programs have proven to be successful in helping MHP clients live independently in the community, which is a huge contributor to their recovery process.

At Tandem, MHP and the developers are creating a mutually beneficial relationship to provide affordable homes to MHP clients who will be case managed by MHP staff to promote high levels of independence and livability. Tandem at Boulder Junction has 12 units set-aside for MHP clients that will be available through a lease arrangement that will be in full compliance of all LIHTC rules and regulations. Tandem’s tax credit attorney is experienced in the structuring of similar arrangements and Pillar Properties, Tandem’s property management company, has experience managing other affordable housing developments with special needs populations. Please see the attached support letters form Winthrop & Weinstine, P.A. and Pillar Property Services, LLC.

MHP will provide all of the services and resources to these clients through their organization’s budget so that the care provided will not effect the property’s operating expenses. These services will be provided in part through the on-site case management offices provided rent-free to MHP in Tandem’s community center. MHP staff presence combined with the close proximity to public transport and the opportunities to integrate with the greater community replicates what MHP has seen as great determinants of resident success. By dispersing units throughout a neighborhood residents have been part of a larger community but still able to gain easy access to the level of services they need. The success of this program is evidenced by the number of residents that have been able to transition to non-assisted living situations, which has prompted MHP to develop additional housing partnerships such as what is proposed at Tandem.

**Construction:**

The project consists of five residential buildings with outside entry to the units. Also included will be a community center for resident services and enjoyment. There will be a diversity of housing options on site, as Tandem will include townhomes, lofts and flats. The project is pursuing Enterprise Green Communities certification and will be constructed in accordance with the program. Particular attention will be given to the durability of the homes, as well as to other green building techniques including passive solar design and the use of rooftop solar energy panels.

The residential buildings will be two and three-story stick frame construction containing a mix of durable and low maintenance cladding. Due to the soil condition on the property, foundations will consist of a drilled pier/grade beam with a floating slab on grade over reconditioned fill.
Population and Bedroom Mix:

Tandem at Boulder Junction will include 18 one-bedroom/one-bath units, 15 two-bedroom/one-bath units, 4 two-bedroom/two-bath units and 4 three-bedroom/two-bath units. Twelve units (29%) will be restricted to 30% Area Median Income (AMI) or below, (these 12 units will be set-aside for MHP clients), 8 units (20%) at 40% AMI, and 21 units (51%) at 50% AMI.

In addition to the units occupied by MHP’s special needs population, the remainder of the project will be leased to Boulder families in compliance with the project’s income restrictions. The mix of residents was thoughtfully deliberated between project stakeholders and only determined after finding that this unit and population mix was optimal and consistent with Tandem’s goals.

Terms of the agreement between Element Communities and Mental Health Partners will remain flexible to allow MHP and Element, in collaboration with the property management company, the ability to continue to assess the ideal population mix. This plan anticipates a real time review of the project to ensure healthy and successful living arrangements for all residents in Tandem’s 41 housing units. MHP will only provide tenant recommendations for those that are able to succeed at Tandem, and MHP will concentrate on the integration dynamics through their on-site case management work.

Location:

Tandem at Boulder Junction residents will benefit greatly from the project’s location near the Goose Creek Greenway and bike path, which connects the property to Pearl Street, North Boulder, and East Boulder, as well as the 28th Street commercial corridor, the Twenty-Ninth Street mall and the public transportation center at Boulder Junction. In addition, all residents of Tandem will receive a complementary RTD “Eco-Pass” which will allow them to ride all of RTD’s buses and light rail services free of charge.

The project is located in a Highly Distressed Qualified Census Tract (QCT) adding vital development to this low-income neighborhood. The new residences will be well located in terms of the local employment base due to its location within central Boulder. There are numerous employment opportunities with businesses located along both the 28th Street and Foothills Parkway corridors. The continued development of Boulder Junction over the next ten years will add many additional jobs to Tandem’s immediate surroundings through the planned development of retail, restaurant and hotel uses that will arrive as Boulder’s Transit Village Area Plan comes to fruition.

The subject site is within easy walking distance to a major shopping and entertainment destination as well as grocery stores, retail and service outlets, medical and childcare facilities, and restaurants. Among the large retailers within walking distance are a Target, a Walgreens, and a Wal-Mart grocery market that is currently under construction. The property is within one and a half miles of two neighborhood elementary schools and two middle schools as well as Boulder High School, which will
benefit the targeted family demographic.

**Project Amenities:**

Tandem at Boulder Junction will provide numerous project resources in its central community center. In addition to MHP’s case management offices, the building will include a business center with computer lab, a library, common laundry facilities and a kitchen facility that will be utilized for community gatherings and events.

Adjacent to the community center will be many outdoor amenities for resident use including a playground area with features designed for multiple age groups, a picnic area with a common grill and two areas of green space for resident use.

Units will include a dishwasher, refrigerator, stove/oven, built-in microwave oven, garage disposal, and hook-ups for full-size washer and dryer units. Balconies or patios will be included to ensure that every unit has the ability to take full advantage of the incredible mountain views including those of Boulder’s Flatirons.

**Services:**

Resident services will be provided by MHP to their clients. Family residents who are not participants in MHP’s case management will have use of all of the common amenities. In addition, Element Communities is searching for an additional community partner to provide services to the families living at Tandem including after-school and educational programs for the community’s students. A solicitation to area non-profits will be distributed for this program after Tandem’s successful receipt of a LIHTC award.

**Energy Efficiencies:**

Tandem at Boulder Junction will achieve 51 points within Enterprise Green Communities, which will allow for the property’s certification through the program. Boulder Junction has an area plan highly focused on sustainability and energy efficiencies to become an “eco-village;” values that the Tandem project is focused on providing as well. Located on a previously developed site, this infill project will not infringe on critical habitat or public parkland.

The Tandem development team is working closely with C² Sustainability to maximize the opportunities for meeting sustainability metrics at or above the minimums for Enterprise Green Communities and standards set by the City of Boulder, but also at cost effective levels to create an economically viable project focused on serving the mission of providing low-income housing for individuals with special needs in mental health.
The project developers have focused on a number of key areas, outlined in more detail in the Green Communities portion of this application, but include such highlights as:

- Providing renewable energy through the use photovoltaic solar panels
- Certifying under ENERGY STAR New Homes Version 3 while using ENERGY STAR fixtures, roofing materials, and accessories where possible
- Installing individual sub-meters for each dwelling unit
- Providing water-conserving fixtures throughout the dwelling units
- Creating a sophisticated plan to provide fresh air, comprehensive ventilation systems, mold prevention, vapor barriers, radon mitigation, and water drainage
- Managing construction waste by recycling wood, metal, cardboard, and household recyclables using the City of Boulder’s 50% minimum requirement
- Landscape with a minimum of 50% native or adaptive species

In addition to these sustainable development practices, and as mentioned above, Tandem at Boulder Junction will provide superior walkability with access to the Goose Creek Greenway, Boulder’s expansive trail system, and Boulder Junction’s public transportation center. Through the receipt of complementary RTD Eco-Passes, the residents will have many opportunities to access shopping, recreation, and services surrounding the Tandem development via public transit or by foot.

**Financing:**

The LIHTC financing for this project is further assisted by the project’s location in a QCT, providing an essential boost and allowing the project to target 30% and 40% AMI families and residents. The project is being further financed by support from the City of Boulder, and the developer is deferring a portion of the developer fee. The developer has a strong working relationship with Credit Capital who has provided the letter of interest for this application. Credit Capital has completed a thorough underwriting of the project and believes it will be a good fit for their investors, some of whom are in search of projects to fulfill Community Reinvestment Act obligations within Boulder.

In addition, the narrative should address the following:

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

   Tandem at Boulder Junction meets many of the identified housing principles and priorities outlined in the second section of the QAP. Specifically, Tandem is located in an area with considerable demand for affordable housing, provides housing for the lowest income tenants, serves tenants with special needs in the area of mental health, and commits to the longest
period of service. Tandem is a development that will serve this vision in a neighborhood that has made low-income housing a stated priority and provides opportunities for transit-oriented development.

The QAP identifies two guiding principles that Tandem will directly serve:

- **To support rental housing projects serving the lowest income tenants for the longest period of time.** Tandem is committed to using at least 20% of its units at, or below, 30% of the area median income and is committed to serving this population for the 15-year compliance period with a 25-year waiver. Further, it is anticipated that the project will receive an additional land use covenant containing a permanently affordable requirement as a component of the City of Boulder’s financial support.

- **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 development is located in a Severely Distressed QCT and also specifically serves the City of Boulder’s concerted community revitalization plans. Boulder Junction, where Tandem is located, is one of the areas outlined in the 2013-2018 Capital Improvement Plan which details the improvements planned in the creation of area’s active *Transit Village Area Plan (TVAP)* that will be completed in the next five years. TVAP’s first listed vision includes creating “a lively and engaging place with a diversity of uses, including employment, retail, arts and entertainment, with housing that serves a diversity of ages, incomes and ethnicities.” Tandem’s focus on providing housing for low-income individuals with special needs in mental health can help Boulder Junction achieve its stated vision of providing such diversity in housing.

- **To distribute housing credits to assist a diversity of populations in need of affordable housing, including homeless persons, persons in need of supportive housing, senior citizens, and families.** Tandem will provide a mix of family and supportive housing opportunities. Element Communities’ strong collaboration and partnership with MHP will provide uniquely supportive housing for MHP’s clients. Such support will come from the physical features built into the homes as well as with MHP’s on-site case management offices. The model being used to assist this population has been proven over decades of MHP’s experience of providing supportive housing.

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

In addition to meeting these guiding principles outlined in the QAP, the Tandem development also fulfills a number the QAP’s stated priorities including:
Market areas of pent-up demand for affordable housing – Primary market areas where the overall LIHTC vacancy rates are less than 4% and market rate rental vacancy is less than 5% for three of the previous five quarters. The Tandem at Boulder Junction market study confirms that the Boulder submarket multifamily vacancy rate has not exceeded 5% once in the previous five quarters. In the most recent quarter for which vacancy information is available (4th Quarter of 2012) Boulder’s market rate vacancy was at 1.8%. This data does not include Boulder’s university area, which is its own sub-market. While published LIHTC vacancy rates were not available for inclusion in the property’s market study, the analyst was able to find almost no vacancy in Boulder’s LIHTC inventory. The market report does certify that vacancy is currently at 0% for Tandem’s identified comparable properties.

Persons with special needs - Projects serving these populations should provide supportive services to help maintain or increase independence. Not only will Tandem provide housing for a population with special needs, but the partnership with MHP also has the focused intent of promoting high levels of independence and livability for their clients. This independence and livability is enhanced by Tandem’s central and transit-oriented location that will provide easy access to multiple bus lines and other alternative transportation options for convenient travel to MHP’s headquarters and other community service providers. The supportive services planned at Tandem have a successful track record of transitioning residents to non-assisted living situations.

Transit Oriented Development (TOD) Sites - Projects within this category are within one half of a mile of a fixed rail station that is existing or under construction at the time of the LIHTC application. Tandem is located within the August 2010 Transit Village Area Plan that identifies the area of Boulder that will become “a hub for new regional bus rapid transit and commuter rail services.” Tandem will also provide complementary RTD “Eco-Passes” for all property residents, allowing them to ride all RTD bus and light rail services for free.

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

a. Market conditions:

Calculating the capture rates including the Tandem units with the existing and under construction units in the market area indicate 0% for the 30% AMI units, 5.0% for the 40% AMI units and 8.1% for the 50% AMI units. Tandem is targeting almost half of its units for renters less than 40% AMI with 29% of the project targeting specifically 30% AMI renters. The project is extremely responsive to the market’s demand. In addition, the development’s market study found 0% vacancy in Tandem’s comparable properties,
reflecting the clear demand for such units in the defined market. The study also suggests that the development is in an excellent location in terms of access to the property and proximity to employment, services and public transportation.

b. Readiness-to-proceed:

As evidenced by the zoning letter included in the application, the entitlement of the project is well under way. The land was purchased in October 2012, and is already zoned correctly for the proposed development. Since no variances or changes to the zoning are necessary, the development is considered “by right” in the City of Boulder. The development team already appeared before Boulder’s Planning Board on January 3, 2012 and received considerable support for the project.

To build the project, Element Properties has engaged a general contractor, and the architectural plan and design review began immediately after the property was acquired. Full site plan approval is expected to be in place before October 2013.

c. Overall financial feasibility and viability:

Tandem has lined up financial sources in addition to the 9% LIHTC equity that will make this project viable and ready to proceed. The sources for the project include a first mortgage loan, a pending City of Boulder grant to be structured as a subordinate loan through Element Communities, a deferred developer fee, and solar tax credit equity. As mentioned above, the developers have a strong working relationship with Credit Capital who has completed a thorough underwriting of the project and believes it will be a good fit for their investors. Together, the financing sources assembled for Tandem will allow the development to provide the deep level of affordability planned.

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

Element Communities was created in response to the overwhelming demand for affordable housing on Colorado’s Front Range area and is a subsidiary of Element Properties, a Boulder-based in-fill developer and property manager of multifamily and office properties. Their mission is to help meet critical affordable housing needs by drawing on its development expertise, market knowledge, access to capital markets, and strong community involvement. The Element team has over 50 combined years of real estate development, construction, and management experience. They have purchased, repositioned, and stabilized numerous multifamily and commercial real estate assets.
Element Communities is focused solely on affordable housing. The management team consists of Scott Holton, Chris Jacobs, and Kevin Knapp.

Scott Holton was appointed a Commissioner of the Boulder Housing Authority (Boulder Housing Partners or BHP) in 2011. BHP has developed or acquired over 2,000 affordable housing units. Chris Jacobs worked as an analyst for Related Capital Company (now part of CharterMac (AMEX: CHC), one of the nation’s leading developers and syndicators of affordable housing. He participated in the placement of more than $100 million in tax credit equity for affordable housing developments. Kevin Knapp worked for over four years in the affordable housing industry with BHP and was project manager of similar LIHTC developments during that time.

Other members of the project team bring considerable experience in the successful completion of Colorado LIHTC projects. Among these are:

- **Pillar Properties – Property Management Company**
  - Pillar is a leader in the property management of affordable housing properties within Colorado and one of the State’s most trusted firms in LIHTC compliance issues.

- **Winthrop & Weinstine – Tax Credit Attorney**
  - Jon Peterson of Winthrop & Weinstine will serve as the project’s lead tax credit attorney. Jon has successfully worked with development clients to complete numerous LIHTC developments within Colorado including many in Boulder.

- **S.B. Clark Companies – Tax Credit and Financial Consultant**
  - The firm has been advising clients about Colorado’s LIHTC program for over 10 years. In that time they have assisted many developers in the successful completion of LIHTC transactions.

- **Eide Bailey – Tax Credit Accountant**
  - Eide Bailey brings extensive experience in the preparation of LIHTC cost certifications and carryover certifications. Their local office in Boulder will be completing those tasks for the Tandem development.

e. **Cost reasonableness:**

The project is being developed at $258,000 per unit with hard costs of approximately $151,000 per unit. This total project cost includes $38,600 per unit of land acquisition and reflects the high value and low supply of in-fill development sites in Boulder. Also priced into the land valuation is the proximity of the property to Boulder’s eventual connection to the metro region’s light rail system, the nearby construction of RTD’s new Bus Rapid Transit facility, and the zoning changes enacted to this location as part of
Boulder’s Transit Village Area Plan. The development team is continuing to work with the general contractor, architect, third-party consultants, and project stakeholders to build Tandem as efficiently and responsibly as possible.

f. Proximity to existing tax credit developments:

Two 4% LIHTC projects located near Tandem at Boulder Junction have been recently approved by CHFA, both targeting a higher level AMI renters than Tandem. The first is located at 2685 28th Street and is a 69-unit project that will consist of mostly one and two-bedroom units with a few three-bedroom units. All but two of the units will be rented at the 60% AMI level, with two units at the 50% AMI level. The second project is a proposed 61-unit affordable family/workforce apartment complex planned on the east side of 29th Street anticipated to include nine studio units, 36 one-bedroom/one-bath units, and 16 two-bedroom/two-bath units, with all units targeted at the 60% AMI level. Neither site is currently under construction.

Although these projects are in the pipeline, Tandem has recognized the need to provide housing for 30-50% AMI with a variety of floor plan options. The opportunity to round out this growing community is uniquely met by Tandem’s aggressive but realistic focus on lower AMI units while meeting the needs of the mental health community.

The project is located near other stabilized LIHTC properties, most operated by BHP. These properties are all running at full occupancy. None of the existing properties have Tandem’s amenity package, level of affordability or special needs set-asides that will differentiate Tandem’s marketability.

g. Site suitability:

The site at Tandem at Boulder Junction is ideal for a 9% LIHTC investment. It was chosen through the collaboration of Mental Health Partners and Element Communities as a property that would fit the needs of low-income families and MHP’s population. The attractiveness of the location is evidenced by the multiple market rate projects emerging in close proximity. The property is ready to develop and will be one of the first projects completed utilizing Boulder’s recently adopted Transit Village Area Plan. This gives Tandem an opportunity to begin creating the vibrant location that Boulder has long envisioned for its transit hub.

One challenge that has increased costs is the close proximity to the rail lines that are currently in operation. Directly to the south of Tandem is market rate housing that has been very successful with little noise mitigation effort. Despite that, Tandem will incorporate sound abatement solutions into its design. The project’s design team has
researched best practices in reducing noise pollution from similar transit oriented projects in Denver and throughout the country. Building materials have seen rapid advancement in recent history, and many architectural solutions now exist to create quiet interiors for residents at Tandem. The project consultants have identified window and siding options that have been successful in reducing noise pollution.

4. Provide the following information as applicable:

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

      N/A

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

      N/A

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

   The market study contains two recommendations for the project: to include washers and dryers for each of the units rather than just washer and dryer hookups, and to incorporate the tremendous mountain views from the property.

   The developer has taken this recommendation to provide washers and dryers under consideration. At this time the project seems responsive to the intended resident needs by having a central laundry facility while also making washer and dryer hookups available for those residents who may want to provide their own in-unit washers and dryers. This decision allows for the inclusion of the washer and dryers down the road and helps to limit the project’s initial construction budget and the substantial operational expenses that often come with washer and dryer maintenance.

   The design team is also in the process of maximizing the incredible view potential from Tandem’s location. Each unit will have an interior view of Boulder’s Flatirons or the foothills of the Rocky Mountains which travel along the west side of Boulder. All homes will also have either a balcony or patio to further enjoy the beautiful mountain sunsets. This recommendation is one of the great amenities of the project and is being given substantial thought by the
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 revealed one recognized environmental conditions (REC) in connection with the property. Chlorinated solvents, including tetrachloroethene (PCE), a common degreaser and dry cleaning solvent, were detected in groundwater at the property. The contaminants appear to have originated from an upgradient source, possibly from a dry cleaner that was located approximately 300 feet northwest of the property in the 1970s and 1980s. The levels detected in 2011 had decreased significantly from prior tests and do not exceed the current Colorado Groundwater Quality Standard. No further action is needed.

An asbestos study has also been completed on the existing building that will be demolished prior to construction commencement. This study found only a trace amount of asbestos, in only one section of the building’s flooring. The removal of the asbestos has been priced into the demolition budget.

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

All adjacent property owners have been notified of the development plan and the Element Communities team has met with many of the neighborhood stakeholders. Element Communities has yet to hear from a member of the public in opposition to the development plan, which in Boulder is rare, especially with the level of media exposure this project has received. Multiple newspaper articles disclosing Element’s plan for affordable housing were published in the Boulder Daily Camera and the Boulder County Business Report. These articles are attached.

At Tandem’s public hearing in front of Boulder’s Planning Board, only one neighbor spoke during the public comment period. This public participant gave an overwhelming and unsolicited message of support for the “smart growth” principles embraced by the project including the density, income mix, public transportation access and the road connections being built as part of the project. Subsequently, this participant submitted a letter of support, attached.

Support for Tandem at Boulder Junction from community leaders has also been substantial. Many in Boulder recognize the need for any increase in affordable housing; especially for projects that voluntarily commit to deep affordability restrictions and that include one of our community’s valued social services organizations. Community leaders who have gone public with their support for Tandem include U.S. House Representative Jared Polis, State
Representative Claire Levy, members of the Boulder City Council, business leaders and local housing advocates including Boulder’s Division of Housing and Boulder Housing Partners. The City of Boulder is a likely financial supporter of the project. The City’s Division of Housing is considering a grant proposal for $455,000 and has indicated that the project is consistent with Boulder’s housing goals by providing the level of community benefit that they hope to see in projects to which they award financial assistance.

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

N/A

Attachments:

Letter of Support – Winthrop.pdf
Letter of Support – Pillar.pdf
Letter of Support – Polow.pdf
Letter of Support – Becker.pdf
Letter of Support – Polis.pdf
Letter of Support – Levy.pdf
Letter of Support – BHP.pdf
Letter of Support – MHP.pdf
Letter of Support – Enterprise.pdf
Articles.pdf
Project Name: Town Center West Apartments
Project Location: 4341 Vance Street
               Wheat Ridge, CO 80033

I. PROJECT SUMMARY

a. General Project Description

- The Wheat Ridge Town Center West Apartments project is a proposed 92 unit affordable
  senior housing apartment project. The project will be 100% rent restricted to persons whose
  incomes do not exceed 40%, 50% and 60% AMI categories.
- The proposed project is located in the Town Center North Redevelopment Project, at the
  southeast corner of 44th Ave. and Wadsworth Boulevard in Wheat Ridge, CO.
- The Town Center North Redevelopment Project is a Renewal Wheat Ridge (Wheat Ridge
  Urban Redevelopment Authority) and City of Wheat Ridge sponsored urban redevelopment
  project.
- The project is seeking an annual tax credit award of $1,177,291.

b. Project Highlights

- **Community Sponsored Urban Renewal Plan:** Located within a Redevelopment Zone
  sponsored and owned by the City and Renewal Wheat Ridge (hereafter the “URA”);

- **Significant Financial Public Financial Participation:** Both the City and the URA have
  committed significant financial resources to the overall redevelopment and horizontal
  infrastructure. The URA currently owns the site. A private family foundation has made a
  grant of $150,000 to construct a public plaza, water feature and gazebo on the Project site. A
  tax credit award for the proposed Project would further leverage this significant public and
  private local investment.

- **Walk-able Amenities:** Because of the Project’s unique location, putting it within walking
  distance of so many neighborhood shopping, service and recreational amenities, the project
  will target a more active senior population.

- **Strong Demand:** Wheat Ridge has a large in-place senior population, and a strong, captive
  demand for new, affordable product exists. The current interest/waitlist for the proposed
  project exceeds 300 persons;
• **Cost Effective**: The total residential portion of the project cost is $15,977,507 or $173,668 per unit;

• **Tax Credit Efficient**: The project is requesting a tax credit allocation of $1,177,291, or $12,797 per unit.

• **In Place Zoning**: The proposed project is allowed under the current site zoning – no change of zoning is required;

• **Proximity to Transportation Infrastructure**: There are two RTD bus stops located immediately adjacent to the site – one running north/south along Wadsworth Boulevard (#76) and one running east/west along 44th Avenue (#44);

II. **SUBSIDIES AND LOCAL SUPPORT**

a. **Federal Subsidies**

The Project will be financed with an FHA Insured Section 231 construction and permanent loan. This federally insured mortgage loan provides debt financing at a significantly lower cost than is available in the conventional market. For example, the FHA mortgage loan provides a lower interest rate (50 – 75 bps) and significantly longer amortization (40 years vs. 30 years) than conventional loan sources. While FHA financing can be time consuming to obtain, the low cost financing enables the project to increase its available mortgage loan proceeds, therefore requiring less tax credit allocation than would otherwise be needed if the Project were conventionally financed. The FHA financing helps the Project to be tax credit efficient. The Denver HUD office processing the loan insurance application will be utilizing recently adopted FHA accelerated underwriting for LIHTC awarded projects.

b. **Local Subsidies**

The Wheat Ridge Town Center West Apartments benefits from a tremendous amount of local financial participation in the form of both direct and indirect subsidies. At their sole cost, the City and Renewal Wheat Ridge have already made the following significant infrastructure improvements to serve the Town Center West Apartments site:

(i) Assemble and purchase the multiple parcel, eight acre Town Center North Redevelopment Area from multiple owners;
(ii) RemEDIATE portions of the site which were environmentally contaminated;
(iii) Demolish the previously existing buildings and surface improvements;
(iv) Design and install a new publicly dedicated street grid through the site (Vance St. and 43rd Ave.), which includes curb, gutter, detached sidewalk, detached tree lawn, signage, street lights, pedestrian lights, landscaping and storm sewer;
(v) Bury approximately 500 feet of above ground utility lines;
(vi) Install water, sewer, gas and electric service to within five feet of the site;
The cost to complete the infrastructure above was approximately $2.0 million, and was paid for by both the City and the URA.

Additionally, the URA and the City have funded an allocation from the URA’s general account to purchase the property (approximately $3.84 million), $390,000 cash and over $480,000 in debt service payments since 2008; and $150,000 in conservation trust grants and $100,000 in donations to provide open space. While the final level of subsidy cannot be known until all the remaining land parcels are sold, the overall final subsidy will be significant.

The URA obtained a loan from 1st Bank of Wheat Ridge to help fund this redevelopment effort. The current debt service on the URA property loan is covered with a sales tax share back from a portion of the Town Center project (Safeway development). City Council authorized a share back of 50 percent of the Town Center sales tax increment through 2014 to service the debt on this phase of the URA Town Center Redevelopment.

The City of Wheat Ridge will be using a Real Estate Tax Increment Financing Bond on the entire Town Center North Redevelopment site to help fund a portion of the up-front infrastructure investment. As such, the Town Center West Apartments is obligated to continue paying real estate property taxes.

Lastly, it should be noted that the City of Wheat Ridge has committed approximately $150,000 of the above mentioned conservation trust grant funds to complete the public park/plaza space and the Gazebo area on the Town Center West Apartment site. In exchange, the public space will be maintained by the Project Owner and be open to the public.

c. Additional Local Support

Q: 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: The local financial support the Project has received was outlined in the above “Local Financing” section. However, Wazee Partners has conducted additional local outreach. To date, the Project has received Letters of Support and Recommendation from the following organizations, copies of which are provided in Exhibit 1 to this Comprehensive Narrative:

(i) Mayor of Wheat Ridge, Jerry DiTullio
(ii) Wheat Ridge City Manager, Patrick Goff
(iii) Renewal Wheat Ridge (fka Wheat Ridge Urban Renewal Authority) - Rick McAdams, Chair
(iv) Wheat Ridge 2020 – Britta Fisher, Executive Director
(v) Live Well Wheat Ridge – Molly Hansen, Wheat Ridge Coordinator Jefferson County Public Health
(vi) Denver Urban Gardens – Michael Buchenau, Executive Director
III. PROJECT CONFORMANCE WITH THE QUALIFIED ALLOCATION PLAN

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

A: We believe the Town Center West Apartments Project meets the following QAP Guiding Principles:

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

   Rationale: The Project’s affordability profile is a significant driver of the Project’s Application Scoring. The Project will maintain affordability for a total of 35 years, the longest period of time allowable under the CHFA application.

2) 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: While the proposed Project is not located in a Qualified Census Tract, it is nonetheless located within a City and Urban Renewal Authority sponsored Redevelopment Area. As such, the Project is part of a community revitalization plan. Even though the Project cannot claim points in Section 5.A.4 of the CHFA application, we believe the Project is consistent with the spirit of this Guiding Principle – to contribute to a community sponsored revitalization plan.

3) To provide for distribution of housing credits across the state.

   Rationale: A tax credit allocation for the Town Center West Apartments would be the second 9% tax credit award for the City of Wheat Ridge, a community with a population of 30,465.

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

   Rationale: Wazee Partners, LLC is a for profit sponsor and believes healthy competition and distribution of tax credit awards between both profit and non-profit sponsors results in the best possible housing developments. The principals of Wazee Partners have successfully sponsored ten affordable housing projects in three states – Colorado, Montana and Wyoming. Nine of these projects were tax exempt bond, acquisition/renovation projects and one has received a 9% tax credit award.

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

   Rationale: Senior citizens, and in particular, low-income senior citizens are a vulnerable population. The Town Center West Project is a 100% age restricted community for residents 62 and over. Jefferson County has one of the largest senior populations of any county in the state, and the City of Wheat Ridge has the most senior citizens of any city in the county. Providing affordable, housing for senior citizens is a primary strategic goal of the City of Wheat Ridge. The Project fits nicely in line
with both CHFA’s Guiding Principles and the City’s strategic goals. So far, over 300 senior citizens have expressed interest in renting an apartment at the proposed Project.

6) **To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those at risk of converting to market rate housing.**

**Rationale:** The competitive 9% Low Income Housing Tax Credit Program is the only financing vehicle available to fund the construction of the Town Center West Apartments Project. Market rents in the Wheat Ridge area, while notably higher than tax credit maximum rents, cannot drive elevator served, interior corridor, new construction. The Town Center West project will provide high quality apartments at below market rate rents to a community in need of new, affordable housing stock for its senior citizens.

7) **To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections.**

**Rationale:** The total annual credit amount needed to finance the Town Center West Apartments project is $1,177,291 per year – which is below both the CHFA basis limit of $1,363,014 or the CHFA maximum per project limit of $1,250,000. At a project size of 92 units, the tax credit allocation per unit is $12,797 – which requires less tax credit allocation per unit than most competitive projects, and is therefore tax credit efficient. Being tax credit efficient allows more high quality affordable housing units to be built for less tax credit allocation.

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

**Rationale:** The overall budget of $15,977,507 for the residential portion of the project is cost efficient when compared against the average of other projects. In order to take as little tax credit as possible, the Sponsors have pursued FHA Insured Section 231 financing to maximize the amount of mortgage proceeds available to fund the project. Additionally, the Sponsors have been aggressive in the underwriting of the mortgage loan and have sized it to a 1.15 debt service coverage ratio – the most aggressive loan sizing allowable by either CHFA or FHA. The project Sponsors have also nearly maximized the allowable deferred developer fee to approximately 44% bridge the sources and uses gap. Furthermore, the Sponsors have committed to fund the retail portion the product entirely out of direct Sponsor loans and deferred fees. As the Sponsors have exhausted all other sources of financing, the project does need a CHFA discretionary basis boost to provide the gap funding needed to make the project possible. However, the basis boost requested is only 11.67% - well below the 30% maximum basis boost allowable.

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

**A:** We believe the Town Center West Apartments Project meets the following Housing Priorities:
1) **Acquisition and rehabilitation of existing affordable properties, including those with subsidized low income rental units facing conversion to market rate units.** Projects within this category determined by CHFA to be potentially financially feasible utilizing noncompetitive 4 percent credits will be encouraged to consider pursuing tax exempt financing and 4 percent credits rather than the competitive 9 percent credit.

**Rationale:** The Sponsors looked closely at the possibility of financing the proposed Project with 4% non-competitive tax credits and tax exempt bonds with multiple tax exempt investment banking specialists. The interior corridor, elevator served construction type of the proposed building is cost prohibitive at both market rents and Section 42 restricted rents.

2) **Market areas of pent-up demand for affordable housing.** Primary market areas where the overall LIHTC vacancy rates are less than 4 percent and market rate rental vacancy rates are less than 5 percent for three of the previous five quarters.

**Rationale:** The proposed Project has a current interest/waitlist in excess of 300 persons. According to the Market Study prepared for this Project by the Highland Group, nearly early every other senior affordable property within the Primary Market Area currently has a waitlist. The Market Study also indicates a vacancy rate of approximately 2.5% based on LIHTC comparables within the Project’s market area.

3) **Persons with special needs.** Projects serving these populations should provide supportive services to help maintain or increase independence.

**Rationale:** The Sponsors have set aside a 3rd Party Service Coordinator budget of $10,000 annually at the proposed Project. While the agency providing the coordinator staffing has not yet been selected, the Sponsors have been engaged in discussions with both the Senior Resource Center and the Jewish Family Services Foundation. The goal of both of these organizations is to help provide coordinated access to services so that seniors can age in-place and maintain independence outside of more expensive assisted living and skilled nursing facilities.

4) **Seniors.** Projects serving seniors should provide amenities attractive and beneficial to seniors.

**Rationale:** The proposed Project is 100% affordable and 100% age restricted to persons 62 and older. The building has been designed to provide an amenity rich environment specifically catering to seniors. There are multiple outdoor patio areas, a community kitchen, a club room where residents can gather for food centered entertainment. A designated craft room, fitness room, library, resident gardens, and various multipurpose areas provide venues for the residents to interact. The property manager and/or assistant property manager will help establish and run the various social clubs (sewing, crafts, bingo, cards, gardening, etc.) and arrange for offsite excursions to cultural and entertainment venues.

A key amenity benefitting the senior residents is the Supportive Care Management component provided by a third party agency which has the staffing and program administration to provide: (i) home based support services for daily household needs; and (ii) care management solutions for more advanced needs. The goal of the Supportive Care Management program is to permit residents at the
Town Center West Apartments in their independent homes, as opposed to relocating to a more costly assisted living or nursing home environment, or alternatively to the residence of a care giving relative. Please see the “Services” discussion in Section VII.

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

   i. **Market conditions:**

   o The capture rate for the project overall (17.5%), as well as the capture rate for 40% AMI units (16.7%) and 50% AMI units (14.9%) are all near the threshold at which CHFA is typically comfortable with a project. The capture rate for 60% AMI units is just 13.7%.

   o The Highland Group believes that demand for this property should be more than adequate to fill the property. The physical size of the subject’s defined primary market area is relatively small and therefore the demand estimate is somewhat conservative. The subject will also offer generally larger units and more significant amenities than the existing tax credit properties, most of which were built about 10 years ago.

   o The PMA for this site has some of the greatest density of seniors in the Denver metro area.

   o All of the tax credit senior apartments in the PMA, which opened between 1998 and 2012, are consistently full or near full with wait lists. This suggests that the introduction of the subject into the PMA would minimally impact these properties, and further, that there is adequate demand for an additional property in the PMA.

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

   o No issues were noted in the market study.

   iii. **Readiness-to-proceed:**

   o **Zoning:** The property has in-place, proper zoning. No change in zoning is required.

   o **Site Plan:** The Sponsors have submitted a site plan application and have received 1st round comments, which were minor. The site plan application was resubmitted on February 26th and site plan approval should be received approximately three weeks thereafter. All site plan approvals are administrative by City Staff and do not require City Council approval.

   o **Building Permit:** Upon a successful tax credit award, the Project would be building permit ready by August of 2013.
Phase I Environmental: The Phase I ESA has been completed and no recognized environmental conditions were found. The site is clean.

Schematic Drawings: Schematic Drawings are complete and the project is well into Design Development Drawings.

Cost Estimate: The cost estimate accompanying this application was made by BC Builders, a general contractor with extensive experience in the construction of LIHTC and HUD financed projects.

iv. Overall financial feasibility and viability:

- The Town Center West project meets or exceeds all of CHFA’s minimum operating requirements. While the FHA financing guidelines can be more stringent, the Sponsors have balanced maximizing the mortgage loan proceeds available to the proposed Project, while simultaneously meeting the minimum CHFA operating requirements.

- Operating Expenses. The property has an operating expense budget of $4,791 per unit per annum, excluding replacement reserves of $500 per unit per annum. With replacement reserves, the operating expense budget is $5,291 per unit per annum. This exceeds CHFA’s minimum operating expense requirement of $3,900 by $891 per unit per annum.

- Debt Service Coverage Ratio. CHFA’s minimum Debt Service Coverage Ratio is 1.15. The Town Center Senior Residences project will maintain a minimum Debt Service Coverage Ratio of 1.15.

- Financing Commitments. The Sponsors have received strong interest from the Construction Lender, Permanent Lender and Tax Credit Investor. Many of these commitments have been made by companies with which the Sponsors have extensive relationships and business history. The terms proposed by these financial partners are in line with currently available market terms. The use of FHA Section 231 financing provides more mortgage loan proceeds than would be available in a conventionally financed mortgage.

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

- Developer Experience. Wazee Partners LLC, is a real estate development and investment company principally active in the development and acquisition/rehabilitation of multifamily, senior housing, retail and land properties throughout the mountain west. Wazee Partners is a direct buyer and developer of multifamily apartment properties located throughout the western United States. Based in Denver, Colorado, the Principals of Wazee Partners and its affiliates have purchased, developed and/or renovated over 740 units during the past eight years. The Principals have extensive knowledge and experience in the acquisition of both market rate and affordable multifamily properties, including both competitive 9% tax credit development transactions and 4% / tax exempt bond financed transactions. Resumes
and track records of the principal sponsors are provided as **Exhibit 2** to this narrative application.

- **Property Manager Experience.** Walnut Street Management, LLC, (‘WSM”) is a residential property management company serving moderate and low-income affordable housing projects. In addition to the management of properties, WSM’s principals have served as a resident relocation contractors with respect to temporary resident relocation programs for the acquisition and renovation of existing apartment project renovations. WSM is a full-service management company that currently manages two properties in the Denver Metropolitan area. WSM has an established, in-house accounting staff to administer and report on the collection of project revenues, the timely payment of project account payables and the preparation of monthly financial statements. Monthly financial statements will include current month reporting and actual and year to date budget comparisons with the owner approved annual budget. 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.

- **Legal Firm Experience.** Holland & Hart has experience in virtually all aspects of the business and tax matters related to affordable housing projects. They have experience in complex transactions including LIHTC projects, tax exempt financing, FHA insured loans, HOME and CDBG funds, Section 8 contracts and renewals, and local and state housing programs.

- **Accounting Firm.** Feldhake & Associates is a local Colorado based auditing and tax firm. The company has extensive experience in real estate and low income housing tax credit services, preparing audits and tax returns for many Colorado LIHTC properties.

vi. **Cost reasonableness:**

- The total residential portion of the project cost is $15,977,507 or $173,668 per unit. Even though this cost reflects Davis Bacon Residential Wage Rates, the project’s cost per unit is in line with general market conditions.

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

- The CHFA required Market Study for this Project, prepared by the Highland Group, Inc. notes that the Project’s location adjacent to the Wheat Ridge Town Center Apartments community is a “Potentially Positive Location Factor”.

- On Page 22 of the Market Study, the Highland Group Notes: “Locating next to the Wheat Ridge Town Center Apartments will enhance social opportunities and will be supportive for residents in both Wheat Ridge Town Center apartment buildings.”
On page 59 they state, “the subject’s adjacency to another senior apartment building will offer greater opportunity to create a strong community of residents.

viii. **Site Suitability:**

- The site is within the Town Center North Redevelopment project; the land is owned by the Wheat Ridge Urban Renewal Authority.
- The Phase I Environmental Assessment does not identify any Recognized Environmental Conditions on the site – the site is clean.
- The entire redevelopment calls for a mix of uses, including office, retail, and residential. The City has required that a “pocket park” will be located within the development, and the City and Urban Renewal Authority will provide grants of $150,000 for the completion of this required pocket park.
- The area around the subject site is highly walkable – with a walk score of 77 - allowing for easy pedestrian access to the Wheat Ridge Marketplace, and other nearby shopping and service amenities, including a walk to the Safeway grocery store, Walgreen’s pharmacy, post office and Starbucks.
- This project will be compatible with the surrounding uses and the Wadsworth Blvd. corridor provides a blend of shopping and service amenities that will be enhanced further as the Town Center North Redevelopment Project progresses.
- Apart from the Subject Site, one additional lot remains in the Town Center North Redevelopment - a 1.5 acre pad on 44th Ave., northeast of the site.
- The site is zoned for multifamily use and the site development plan has been submitted for approval by the City.
- Resident drop-off and visitor/prospective tenant parking spaces will be provided in the front of the building.
  - Access to the proposed building’s resident parking spaces and garages will be provided both from Vance Street and the easement running along the western boundary of the property.
- There are no wetlands issues associated with the site.
- The topography of the site is generally flat, with a gentle slope occurring from south to north.
- The City, at its sole cost, has already buried the existing above grade power lines will be buried in conjunction with the overall redevelopment project.
- At its sole cost, the City has designed and installed the newly constructed and publicly dedicated Vance Street along the eastern boundary to the project at it. The City has also installed all utilities to the site at its sole cost.
Lastly, water quality for the entire Town Center North Redevelopment Area will be treated and released in the city constructed and owned regional detention area located on the northwest corner of the Redevelopment Area.

IV. BUILDING PROFILE & AMENITIES

a. Overall Profile:

- The proposed project is a four story, 92 apartment unit, single building complex;
- The building will be 98,123 enclosed square feet with an additional 7,069 square feet covered patio and deck space.
- There will be 66,326 square feet is gross rentable apartment space (63,883 net rentable) and 25,795 square feet is common area space, hallways and circulation;
- Additionally, the building will contain 6,000 square feet of retail space on a portion of the first floor, to comply with the City’s mixed use zoning and retail site plan requirements;
- The building will be situated on a roughly 2.77 acre site;
- Resident parking will consist of 58 surface spaces and 39 garages, for a total of 97 fully dedicated residential car spaces. This equates to a parking ratio of 1.05 to 1. The garages will be provided free of charge on a first come first served basis. Additionally the site will have:
  - 10 flex stalls (either retail or residential)
  - 17 retail stalls
  - 2 dedicated employee parking spaces

b. Unit Bedroom Mix and Unit Amenities:

- There will be 62 1-BR/1-BA units and 30 2-BR/1BA units consisting of a total of three unit types:
  - 62 Type A-1 Units (1BR/1BA) at 632 net rentable square feet (705 SF gross);
  - 17 Type B-1 Units (2BR/1BA) at 809 net rentable square feet (891 SF gross);
  - 13 Type B-2 Units (2BR/1BA) at 842 net rentable square feet (926 SF gross);
- Unit Amenities will include:
  - Washer/dryer provided in every apartment;
  - Full size refrigerator, dishwasher, microwave, range and cooktop;
  - Coat closet;
  - Walk in closet in master bedroom;
  - Built in work/computer desk;
o Step in showers;
o 10’ ceilings level one, 9’ ceilings level two, three and four;
o Individually-controlled heat, air conditioning and domestic hot water;
o Patio or balcony for every unit ranging between 48 and 56 square feet;
o Kitchen center island/eating area;

- **Parking.** There will be 58 surface spaces and 39 garages located on site. There will not be any fees associated with parking. Garages will be offered and assigned on a first come, first served basis.

- **Resident Utilities.** All resident utilities including water and sewer, trash, individual electric, individual gas, common space utilities and miscellaneous maintenance will be paid by the owner. Individual phone and cable television will be paid by the resident.

c. **Interior Common Space Amenities:**

- **Community Room:** This 1,319 square foot community room in an open access room from the common area foyer, and has a full glass wall view plus access to the covered patio on the northeast corner of the building’s first floor. A storage area just off the community room will house event tables for community wide sit down events, holiday functions and potluck dinners. At the northeast corner of the community room is an event kitchen featuring a table high counter with built-in cook top for cooking demonstrations and use during small group events. The kitchen will have appliances and facilities that will accommodate larger catered dining events.

- **Fitness Room:** An exercise room with wellness equipment, treadmills and exercise bikes is also located on the first floor with an exterior view of Vance Street. The fitness room is 468 square feet. The room will also contain a wall mounted flat panel TV equipped with a Wii Fitness console.

- **Management Office:** Adjacent to the community room is the project management office totaling 249 square feet.

- **Maintenance Office:** Also on the first floor is a 176 square foot maintenance office. The maintenance supervisor will keep hours here and will process all maintenance requests and resident work orders.

- **Library:** This 473 square foot library room has an east facing glass wall which looks into the exterior courtyard. It will be lined with built in bookcases and will feature a computer center for residence use, training and demonstrations. This room will also feature the fireplace.

- **Craft Room:** The craft room will also be located on the first floor adjacent to the outdoor courtyard and will also have a storefront glass overlook. The 484 square foot room will host a variety of arts and crafts classes and functions.

- **Club Room Multipurpose Space:** The club room is a rectangular space totaling 782 square feet, starting with an expansive glass entryway and extending through the building and
ending with a glass wall view and access to the front patio. The club room will contain a
kitchenette and can be reserved for private dining functions. It also serves a flexible space for
meetings, games and other events.

- **Resource Center Office:** The 421 square foot resource office is a dedicated space for the
  senior service coordinator. The office can be accessed by its own separate entrance to the
  building and can therefore serve both residents and the greater community. The functions of
  the senior service coordinator are described in further detail in the Services Section below.

d. **Exterior amenities include:**
   - An 876 square foot landscaped exterior courtyard located on the ground floor on the south
     side of the building, which will include an outdoor fireplace, outdoor seating, built in resident
gas grill and flower planters
   - A dog run with sport turf located on the southern edge of the property;
   - Resident vegetable and herb gardens;
   - A publicly accessible pocket park and town center plaza, containing a water feature and
     hardscape amenities such as benches, built in checkers/chess tables and patio seating;
   - A publicly accessible Gazebo area with gardens;
   - A covered patio with outdoor seating furniture located on the northwest corner of the
     building, immediately off the community room;

V. **POPULATION SERVED**

- The Project will be 100% affordable and will contain units with rents between 40% and 60% AMI;
- Eighteen (18) units will be restricted to 40% AMI rents, forty (40) units will be restricted to 50%
  AMI rents and thirty-four (34) units will be restricted to 60% AMI rents;
  - The Project’s sponsors will agree to keep the project LIHTC for the standard 15 year
    compliance period, plus an additional 25 years;

VI. **PROJECT LOCATION & AREA AMENITIES**

a. **Project Location**

- The Project is to be located in the Wheat Ridge Urban Renewal Authority’s Town Center
  North Redevelopment site at the southeast corner of 44th Avenue and Wadsworth Boulevard,
an amenity rich neighborhood environment.
Primary access to the property is provided by Wadsworth Boulevard, a main north/south arterial which runs through the Denver metropolitan area, and also 44<sup>th</sup> Ave, a significant east/west arterial connecting the western suburbs with the downtown Denver CBD.

The immediate site area is comprised of retail, office and residential uses. Immediately east of the site are primarily residential in character and immediately south is primarily retail in character.

Within a two block radius in either direction of the property, there are numerous retail, shopping, services and recreational amenities.

The property is located across the street from the Apel-Bacher Park, which contains 3 tennis courts, a gazebo and access to the City’s trails system.

The site is located immediately adjacent to two RTD bus stops.

The proposed project is approximately 3.5 miles west of the Denver central business district and is easily accessible by car or bus.

b. **Area Amenities**

**Shopping**

The nearest grocery store and pharmacy is a Safeway located 2 blocks southeast of the site in the Wheat Ridge Marketplace Shopping Center. West of the site, along the east side of Wadsworth Blvd., are a large First Bank branch and offices and an Italian restaurant. A large building occupied by Ross, Big Lots, Hancock Fabrics, and a post office is southwest of the site along Wadsworth Blvd. Approaching 38th St. on the same block is a shopping center anchored by a Safeway supermarket. All of these businesses allow for pedestrian access from the site without street crossings.

Along the western side of Wadsworth Blvd. are a series of older commercial buildings and a strip mall that includes Jackson Hewitt Tax Services, Denver Medical Solutions, a video store, a denture clinic, law offices, and a Mexican restaurant. Diagonally across Wadsworth is a Walgreen’s Pharmacy.

A King Soopers is located 1.6 miles to the east. A big box shopping center that contains Costco, Sam’s Club, Home Depot and a variety of other national chain stores is located one mile to the north on Wadsworth Blvd.

**Churches and Synagogues**

There are at least 20 places of worship located within a 1.5-mile radius of the proposed site. Within two blocks of the site are the Harvest Christian Community, Holly Cross Lutheran, Abundant Grace Fellowship, and Jehovah’s Witness churches.

**Hospitals and Doctors**
The nearest full service hospital is the Exempla Lutheran Medical Center, located 1.5 miles southeast of the site. The nearest medical offices are in the Wheat Ridge Medical Complex, 1 block south of the site on Upham Street, whose tenants include otolaryngology, hearing and balance, infectious disease and travel medicine physicians.

**Government Offices**

The Wheat Ridge Fire Department is located two blocks south of the site along Upham Street. The Wheat Ridge Police Department is 1.1 miles south on Wadsworth Blvd. The City of Wheat Ridge offices are located 1.6 miles west of the site on Kipling Ave.

**Cultural and Recreational Services**

The Wheat Ridge Active Adults Center is located 1.3 miles east. This center offers social, recreational, fitness and educational activities. Many of their senior fitness classes are offered at the Wheat Ridge Recreation Center, located 1.6 miles to the west. Seniors can use the recreation center at a discounted rate of $4.50 per day, $22.92 monthly or $275 annually. The Seniors Resource Center is located 1.5 miles southeast. Their services include intensive transportation, adult day and respite services, in-home care services, mental health outreach, job training services, volunteer opportunities and care management services.

The Wheat Ridge Public Library is located 1.5 miles to the southeast. The AMC Old Town 14 movie theaters are located 1.8 miles north on Wadsworth Blvd. The Arvada Center for the Arts and Humanities is located 3.2 miles north on Wadsworth Blvd. The Arvada Center comprises the Arvada History Museum, three theaters, art galleries, music, dance, and theater rehearsal rooms, classrooms, and a conference center.

Apel-Bacher Park is a neighborhood park located one block north of the site. It contains three tennis courts, a children’s play structure, a gazebo, and walking paths that are available for all to use. Sloan’s Lake Park, located 2.1 miles southeast of the site, is a popular urban park surrounded by an extensive trail system.

**VII. SERVICES**

The Sponsors have set aside a 3rd Party Service Coordinator budget of $10,000 annually at the proposed Project. While the service coordinator has not been identified yet, the Sponsors have been engaged in discussions with both the Senior Resource Center and the Jewish Family Services Foundation. The goal of both of these organizations is to help provide coordinated access to services so that seniors can age in-place and maintain independence outside of more expensive assisted living facilities.

A 421 square foot, private office will be provided as a dedicated space for the senior service coordinator. The office can be accessed by its own separate entrance to the building and can therefore serve both residents and the greater community. The office will be offered free of charge to a third party services coordinator, and the Project will pay for phones, cable and all utilities.
In general, the third party services coordinator will provide access to both (i) home based support services and (ii) care management solutions. The goal is to help older adults remain in an independent living environment and stay in their residences. Home based support services include:

- Light housekeeping including laundry, linen changes, dusting, vacuuming, cleaning the kitchen and bathroom floors;
- Light meal preparation (sandwiches, eggs, soups) and grocery shopping services;

Depending on the organization, many home based support services are available on a sliding-scale fee basis or at no cost, depending on an individual’s ability to pay or individual circumstances.

- Care management solutions include:
  - Providing comprehensive in-home assessment to identify needs and present a plan of care;
  - Coordinate and monitor services to ensure peace of mind of everyone involved;
  - Offer counseling and support to older adults and their families and serve as a liason to families who live elsewhere;
  - Evaluation and make recommendations for alternative living arrangements as needed;
  - Provide crisis intervention and health care advocacy;
  - Five information and referrals that connect older adults with essential community services;
  - Educate and counsel caregivers about their own self-care and priorities;
  - Review financial and legal issues that may impact an older adult’s situation

These care management solutions are generally provided on a sliding scale fee basis.

VIII. **FINANCING OVERVIEW**

The total costs of the project are $16,500,362, which includes both the residential and retail portions of the project. The residential portion of the project costs $15,977,507 (equating to $173,668 per unit) and the retail portion costs $522,855. By subtracting land and other non-qualifying items, including the retail portion of the project costs, the net eligible basis for the project is $14,261,792 or $155,019 per unit.

The retail portion of the Project will be operated under a Master Lease between Wazee Partners, LLC as the Master Lessee (and Sublessor to all Retail Tenants) and the Building Owner (“Town Center West Apartments, LLLP”) as the Lessor. Wazee Partners, as the Lessee, will provide all the sources of financing necessary to construct the retail portion of the building. Wazee Partners will also pay for all operating expenses associated with the leasing and operation of the retail space. In exchange, Wazee Partners will use rent proceeds from the retail space to pay down the principal and interest it has made on the retail space.
The total annual credit amount required to finance the Town Center West Apartments project is $1,177,291 per year – well below either the CHFA basis limit of $1,363,014 or the CHFA maximum per project limit of $1,250,000.

This cost basis and tax credit allocation per unit for the Town Center West Residences project is attractive.

The project has received letters of interest from the following financial institutions for the construction and permanent loan financing:

a. **Construction Loan and Permanent Loan**

The Sponsors believe the FHA 231 program is the most attractive source for both construction and permanent financing. The project is currently being underwritten at a debt service coverage ratio of 1.15 and the mortgage sizing reflects market terms. The Sponsors have engaged Wells Fargo Multifamily Capital as the mortgage underwriter. Wells Fargo Multifamily Capital believes the Project can support a $5,161,100 mortgage loan.

b. **Construction Bridge-to-Equity Loan**

Wells Fargo Bank has also expressed interest in providing additional construction loan proceeds, allowing higher tax credit equity pricing. The FHA 231 program will not provide construction loan proceeds in excess of the permanent mortgage, so the Wells Fargo construction bridge to equity loan provides the loan proceeds necessary to complete construction and stabilize so that the tax credit equity installments can be deferred. This results in equity pricing consistent with other conventional transactions. Wells Fargo Bank believes the Project can support a construction bridge loan of $7,350,926.

c. **Retail Loan**

In order to capitalize a portion of the retail portion of the Project, the Sponsors have committed to provide a $252,855 loan from Wazee Partners, LLC to the Project owner. This is a cash flow note and only payable after all deferred developer fees have been paid.

d. **Deferred Development Fee Notes**

To minimize the amount of tax credit equity allocation necessary to complete the Project, the Sponsors have agreed to defer approximately $425,000 of developer fees (or approximately 44% of the total developer fees) in the form of notes to the project.

e. **Tax Credit Investor**

Boston Capital Corporation has provided a tax credit purchase proposal. Boston Capital has assumed a $0.95 tax credit purchase price, which would provide $11,184,261 in tax credit equity proceeds to the Project.
f. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:

The Town Center West project meets or exceeds all of CHFA’s minimum operating requirements. While the FHA financing guidelines can be more stringent, the Sponsors have balanced maximizing the mortgage loan proceeds available to the proposed Project, while simultaneously meeting the minimum CHFA operating requirements.

The overall budget of $15,977,507 for the residential portion of the project is cost efficient when compared against the average of other projects. In order to take as little tax credit as possible, the Sponsors have pursued FHA 231 financing to maximize the amount of mortgage proceeds available to fund the project. Additionally, the Sponsors have been aggressive in the underwriting of the mortgage loan and have sized it to a 1.15 debt service coverage ratio – the most aggressive loan sizing allowable by either CHFA or FHA. The project Sponsors have also nearly maximized the allowable deferred developer fee to approximately 44% bridge the sources and uses gap. Furthermore, the Sponsors have committed to fund the retail portion the product entirely out of direct Sponsor loans and deferred fees. As the Sponsors have exhausted all other sources of financing, the project does need a CHFA discretionary basis boost to provide the gap funding needed to make the project possible. However, the basis boost requested is only 11.67% - well below the 30% maximum basis boost allowable.

IX. CONSTRUCTION OVERVIEW, GREEN BUILDING & ENERGY EFFICIENCY

- The Project will consist of four stories of wood frame construction, elevator served with a mix of post-tensioned slab and slab on grade;
- Type 5 construction;
- 13R fire protection system;
- Units will be conditioned with Aquatherm units to provide both heat and air conditioning. Remote mounted wall thermostats will allow each unit to control heating and cooling individually.
- Common areas and corridors will be air conditioned from packaged rooftop units, with gas fired heat.
- The roof will be a pitched roof and will have laminated architectural shingles – Class A FR
- The exterior of the building will be clad in a combination of brick, smooth concrete block, stucco and standing seam metal entrance roofs.
- All units will be accessible via two internal corridors and serviced by two elevators and 2 sets of stairs.
- The windows will be double paned vinyl, in the residential units, and aluminum storefront at the common area, leasing area, and live work units.
- The units will have 10-foot ceilings on the first floor, 9-foot ceilings on floors 2-4, ceiling fans, air-conditioning, walk-in closets, private balconies/patios and washer/dryers.
• Within the units flooring will consist of carpeting in the bedrooms. There will be vinyl plank at the entry and in kitchens, living rooms and bathrooms.

• The kitchens and bathrooms will include good quality fixtures, laminate countertops, and wood cabinets. The kitchen will be equipped with black appliances including a frost-free refrigerator, electric range/oven, dishwasher, and disposal.

• The site and building will meet or exceed all “2013 Green Build Initiatives” and the building systems;

• The Sponsors have already conducted a Green Communities Design Charette with Group 14 Engineering, Inc. A copy of the project’s “Green Development Plan” is included as Exhibit 3 to this narrative application.

• In addition to the mandatory requirements, a summary of the key optional “Green Communities” checklist is below:
  • The Project will meet the universal design standards providing a minimum of 15% of the units as ANSI compliant;
  • The site is a compact development because the density is approximately 34 units per acre;
  • The site will also contain more than 20% of its area as open space;
  • The Project is located within a 0.5 mile walk of combined transit services constituting 60 or more transit rides per weekday;
  • The Project will be utilizing a rooftop solar system and will also be pre-wired for additional site solar systems (i.e. – carports if they are added);
  • There is a summer farmer’s market immediately adjacent to the site, in the Big Lots/Ross parking lot;
  • The Project will also have a dedicated, permanent, and accessible area for the collection and storage of recycling materials;
  • The project will be a smoke free building;
Project Name: Venue at the Plaza

Project Address: 7253 Lowell Boulevard, Westminster, CO

Project Description
Venue at the Plaza will be the first new construction urban infill multifamily project built within the City of Westminster. Everwood Development, LLC, specializes in the development of urban infill affordable housing and has been working with the City of Westminster over the last eighteen (18) months to craft a concept for the project and secure necessary gap funding. The project site is in South Westminster, an area of the city that is targeted in the Westminster Revitalization Initiative and within the South Westminster Urban Renewal Area (see enclosed map). In addition, the area serves as a gateway to the City of Westminster as identified in the city’s Harris Gateway Plan.

After numerous discussions with the City of Westminster about design, vision, potential funding sources, and timing, we began crafting a development plan and securing site control. The city hopes Venue at the Plaza will be a catalyst to spur redevelopment of the entire city block which is bordered by 73rd Avenue to the North, 72nd Avenue to the South, Wilson Court to the West, and Lowell Boulevard to the East. Future redevelopment will occur in multiple phases and will most likely include a mixture of apartments, townhomes, and retail space.

We have begun the rezoning process having gone through the first concept review with the City of Westminster’s Planning Department. The concept review involved feedback from all city departments and the enclosed site plan incorporates feedback from the City. Urban infill projects often face many challenges such as stormwater detention and parking, which is why Everwood Development has engaged the services of a proven Denver architectural firm in Parikh Stevens. Parikh Stevens has extensive experience with design urban infill affordable housing projects.

The proposed project will be 100% affordable (see unit mix and rents below) and include 48 rental apartments and approximately 5,000 square feet of retail space. The project will be comprised of two separate buildings. Both buildings will be three (3) stories of new wood-frame construction, with elevators, flat roofs, and varied exterior façades using masonry, glass, fiber cement siding, and architectural metals.

Project features will include an outdoor community plaza, a rooftop community room, ample parking including a 46-stall underground parking garage and 66 surface spaces, bike storage and a secure access entrance system. Unit amenities include air conditioning, in-unit washer & dryers, mini-blinds, carpet, a
coat closet, refrigerator, stove, dishwasher and garbage disposals. Unit finishes will be of high quality and durability and include such unique features as granite countertops and low-flow plumbing fixtures.

The site not only has high volume traffic and excellent visibility, but it is also in close proximity to public transportation (0.45 miles from the planned Irving Street Light Rail Station), employment opportunities, services, and community facilities. Therefore, the location is ideal for both small neighborhood retail/commercial and residential tenants.

**Development Strategy**

The site contains four independently owned buildings and five independent tax parcels (3630 73rd Avenue, 7277, 7287, 7253, and 7247 Lowell Boulevard) that were purchased by the City of Westminster in 2012. Everwood Development has site control of all parcels through an approved and executed Development Agreement with the City of Westminster. Existing buildings on the site will be demolished prior to construction. 7235 Lowell Boulevard is a parking lot owned by the City of Westminster that will also be included in the project area. Below is a list of contiguous land uses.

- North: Office Building (CRHDC’s corporate office)
- South: Pawn Shop and Gas Station
- East: Hidden Lake High School
- West: US Post Office & various small businesses

The site currently holds a “C-1 Commercial” zoning designation. The property will need to be rezoned and platted prior to development to allow our vision for the site to be realized. As mentioned previously the rezoning process has begun and is expected to be completed in late summer or early fall of 2013.

Venue at the Plaza will consist of two separate buildings; the “North” building will consist of two (2) stories of residential rental housing above one (1) story of theater/cafe space for a total of three (3) stories. The “South” building will contain three (3) stories residential rental housing units above one (1) story of secure underground parking. No retail space will be included in this building.

As mentioned the development will consist of forty-eight (48) units composed as follows:

**BUILDING 1 (North Building): 35,200 Gross Square Feet**

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<th>Unit Type</th>
<th># of DU</th>
<th>Proposed Net Monthly Contract Rent Per Unit</th>
<th>Rent Limit</th>
<th>Income Limit</th>
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<tr>
<td>2BR</td>
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<tr>
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<td>14</td>
<td>$668-$695</td>
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Total Units: 30
BUILDING 2 (South Building): 20,800 Gross Square Feet + 22,400 SF Parking Garage

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<th>Unit Type</th>
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<td>8</td>
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**Total Units:** 18

This will be a true mixed-income project, targeting rents at a variety of rent levels to meet the housing needs of the diverse demographic that surrounds the site. The first floor of the project will consist of approximately 5,000 square feet of commercial space. The City of Westminster will lease 3,250 for a community theater (this is committed and documented within the executed Development Agreement). An existing neighborhood bakery/café is looking to expand and has executed an LOI for the remaining 1,750 SF of space.

**Project Strengths**

**Committed Funds/City Support:** Venue at the Plaza has over $2,500,000 in committed sources and fee waivers as documented by an approved and executed development agreement with the City of Westminster. The committed sources include:

1. $1,500,000 HUD Section 108 Loan to aid in site acquisition, demolition and site preparation.
2. City donation of city-owned property located at 7235 Lowell Boulevard.
3. Pre-paid lease in the amount of $487,500 for a 3,250 square foot community theater to be constructed as part of the project for community plays and events. Lease will be prepaid at the closing of construction financing.
4. Tax abatement on the residential component of the project.
5. $200,000 in additional HOME funds committed to the project by the City of Westminster.
6. Waiver or reimbursement of City fees including:
   a. Planning and engineering processing fees
   b. Building permit fees related to demolition and construction activity
   c. School land dedication fee
   d. Use tax as it relates to the cost of construction, including tenant finish and initial installation of business fixtures
   e. Park development fee
7. Letter of Interest from the Department of Housing to provide the project with $400,000 of HOME funds.
A complete Sources of Funds Table is as follows:

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<th>Source</th>
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<td>DOH HOME Loan</td>
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<td>LIHTC Equity</td>
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<tr>
<td>Westminster HOME Funds</td>
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<tr>
<td>HUD Section 108 Loan</td>
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Proximity to Transit/TOD Site: The project is located approximately 0.45 miles from the Irving Station LRT stop. Construction on the stop is expected to commence in 2013 with completion of the stop dovetailing nicely with the expected construction completion date of Venue at the Plaza.

Market Demand: Overall vacancy in the primary submarket was 1.5%, an amount below 4.0%, the CHFA-defined vacancy threshold. In addition, existing LIHTC units in the PMA have an overall average occupancy rate of 1.3%. According the enclosed market study the project should fill 12 units per month and reach stabilized occupancy in four months.

Project Weaknesses

Environmental Remediation: Although the majority of our site is clean, the property across 73rd Avenue to the North (7301 Lowell) was impacted by an underground storage tank release from a former gas station once located there. Petroleum hydrocarbons are known to be present on the East side of our site because a contaminant plume from the former gas station migrated across the street onto the project site. In 1992 the leaking underground storage tank was removed from 7301 Lowell and the site is currently “State Lead”, which means that the State of Colorado is managing the site. A remediation system was installed 7301 Lowell and monitoring wells were placed on both 7301 Lowell and on the site of our proposed project. Currently, CGRS monitors the results and reports them on a quarterly basis.

Solution: CGRS has recommended installing a vapor barrier underneath both new buildings in the project. Also, a deep cutoff trench which is an approximately 60 feet long by 4 feet wide by 20 feet deep trench will be dug and backfilled with approximately five feet of chemically-oxygenated granular activated carbon (CO-GAC™), then approximately eight feet of squeegee, then approximately five and one-half feet of clean soil, then approximately one foot of flow fill, then approximately four-inches of concrete (sidewalk). Before CGRS pours the concrete for the sidewalk, they would install approximately three two-inch diameter groundwater monitoring wells in the trench approximately on 15 foot centers. Please see enclosed cross-section of trench. Also, attached is some information on CO-GAC™. The trench will parallel W. 73rd Avenue and be under the new sidewalk (see attached figure). The Colorado Division of Oil and Public
Safety (OPS) will be paying for ALL remediation costs. In addition, this will have NO impact on
the project schedule as the City of Westminster will demo the buildings and remediate the site
over the summer as part of the preparation for redevelopment.

Cost Reasonableness: The total project cost for only the residential portion of the project is
$12,020,070 or $250,418 per unit. While higher than the stated average for affordable housing
developments, there are a few critical areas that contribute the higher cost. The first is cost of
building 46 underground parking stalls. Underground parking for an affordable housing project
is very rare in the State of Colorado. As this is the first urban in-fill multifamily redevelopment
to be constructed in the City of Westminster, the city has no zoning or guiding code for how
much parking to require for this type of development. Therefore, they are requiring an amount
of parking that is much higher than what is required for similar developments in cities such as
Denver. We felt the garage was needed to accommodate city requirements and also to ensure
the our project parking requirements for the residential units was met on-site, not relying on
off-site parking agreements that could become risky to maintain in future years. The tight site
and amount of shoring needed to construct the underground parking makes it very expensive
accounting for about $36,000 of the per-unit cost.

In addition to the underground parking, we set aside a $675,000 reserve to ensure the interest
payments on the Section 108 loan can be met throughout the compliance period of the project.
Interest payments on the $1.5 million Section 108 loan are $15,000 per year, and although they
are only required to be paid out of surplus cash flow, we though it prudent to make sure the
project operates in a way that is economically responsible. The reserve equates to about
$14,000 of the per unit cost.

Solution: Combined the above two items add $50,000 per unit to the total project cost of the
residential component of the project. Not including these items the project cost per unit is right
around $200,000 which is in a range consistent with new urban-infill redevelopment. In
addition, to offset the added project costs we were able to secure commitments for the over
$2.25 million($46,875 per unit) of funding sources outlined above, which more than offsets the
additional costs eliminating any extra burden on CHFA’s resources.

Project Architectural & Green Strategies

Everwood Development is working with local firm Parikh Stevens Architects. From experience, we know
the importance of having a local architect that is not only familiar with city codes and processes, but also
understands the local history and architectural style. Parikh Stevens has been involved in the design and
development of similar projects in terms of both type and scope. They have worked with for-profit and
non-profit developers, in addition to corporations and governmental agencies.

Given the long and storied history of Westminster it is important that we incorporate elements of the
past with the design elements of today. Our preliminary drawings show a modern, yet classic, urban
design which accentuates Lowell Boulevard with a streetscape that provides a pedestrian friendly feel. We will continue to work with the City to gather input and improve the design as we work through the development process.

We have narrowed in on a concept and design compatible with the area. We are also exploring sustainable and energy efficient features. We currently plan to incorporate the following “green” strategies.

- Redevelopment of an urban site
- Utilize site with easy access to public transportation
- Prevent pollution from construction activities
- Provide at least 20% landscaped open space
- Provide enhanced storm water quality and detention systems
- Use a high reflectance roofing material for at least 75% of the roof area
- Prevent light pollution
- Provide water efficient landscaping
- Use water efficient plumbing fixtures
- Use energy efficient lighting and HVAC fixtures
- Prevent use of CFC based refrigerants
- Use recycled content in building materials
- Use regionally manufactured building materials
- Use rapidly renewable building materials
- Use FSC certified wood
- Provide a well-sealed envelope for the building
- Provide ample natural ventilation & light
- Use low-emitting paints, adhesives & sealants.
- Use low-emitting carpets and agri-fiber products.
- Provide covered storage for the occupant’s bicycles
- Provide recycling for occupants

It is important to have a project that not only has significant curb appeal but also has a layout that is functional and practical today and in the years to come. As a result of positive feedback, we are confident that the design is headed in the right direction and will achieve these goals.

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

Venue at the Plaza will provide housing that serves the lowest income tenants for the longest period of time. We are committed to targeting 5 units at 30% AMI, 24 units at 50% AMI, and 19 units at 60% AMI’s for an extended use period of 40 years.

The development of Venue at the Plaza will contribute towards a more equitable distribution of housing tax credits across the state. According to CHFA’s LIHTC allocation reports, no family
LIHTC projects were allocated credits in the PMA over the last four years. In addition, there were no projected that applied for tax credits in 2012.

The development of Venue at the Plaza will help CHFA achieve its stated goal of **supporting new construction of affordable rental housing projects**, while helping the City of Westminster realize its goal of revitalizing its Old Downtown area and one of the major gateways into the city.

The request for $799,919 in annual tax credits is well below the project maximum of $1,250,000 and **allows CHFA to reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval** and to only **reserve the amount of credits is that necessary for the financial feasibility of the project**.

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

**Market areas of pent-up demand for affordable housing:** Overall vacancy in the primary submarket was 1.5%, an amount below 4.0%, the CHFA-defined vacancy threshold. In addition, existing LIHTC units in the PMA have an overall average occupancy rate of 1.3%. According the enclosed market study the project should fill 12 units per month and reach stabilized occupancy in four months.

**Transit Orientated Development (TOD) Sites/Proximity to Transit:** The project is located approximately 0.45 miles from the Irving Station LRT stop. Construction on the stop is expected to commence in 2013 (see enclosed letter from City of Westminster) with completion of the stop dovetailing nicely with the expected construction completion date of Venue at the Plaza.

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

a. **Market conditions:** Overall vacancy in the primary submarket was 1.5%, an amount below 4.0%, the CHFA-defined vacancy threshold. Additionally, according to CHFA’s LIHTC allocation reports, no family LIHTC projects were allocated credits in the PMA over the last four years.

b. **Readiness-to-proceed and Overall financial feasibility and viability:** The project has over $2.25 million of funding committed as evidenced by an approved and executed development agreement with the City of Westminster. An allocations of low-income housing tax credits is literally the last remaining piece of the financial puzzle to turn Venue at the Plaza into reality. In addition, we have already begun the zoning process and it will be complete in the Fall (see attached timeline as provided by the City of Westminster).
Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis: The project is requesting an additional boost of 4.67%, or $35,685 of additional annual tax credits to help fill the GAP. Previously, we outlined some of the factors contributing to higher development costs. We also plan to defer approximately 15%-20% of our developer fee to help share in the solution of closing the financing gap. Without the additional credit boost, we would be forced to defer more fee than we would be able to pay back within the time required by our syndication partner, thus, creating adverse tax consequences to the General Partner.

Experience and track record of the development and management team:

DEVELOPER & GENERAL PARTNER: Everwood Development, LLC
The experienced development partners at Everwood Development have a history of creating projects that work. These projects include apartments, supportive housing, historic preservation, mixed-use, and in-fill single family homes. Creating linkages between partners, the development team maintains positive relationships with equity partners and city and state leaders. How do we make it work? We focus on quality and sustainable designs that exceed expectations and result in a positive cash-flow. In addition, we pay attention to meeting community needs such as historic preservation, preserving neighborhood legacies, mixed-use, linkages to services and transportation, neighborhood stabilization, social services and green practices.

During the construction process, each partner closely monitors costs to bring projects in on time and on budget. A broad range of experience also enables each partner to maximize the entire package and maximize equity. Collectively, the Everwood development partners have developed over $600 million dollars in Minnesota and nationally.

ARCHITECT: Parikh Stevens Architects
Parikh Stevens Architects is a Denver firm specializing in architecture, urban planning and interior design. We service an extensive list of clients ranging from homeowners to developers to corporations to non-profit and governmental organizations. Parikh Stevens skillfully manages the talents of all the design and building process players, while nurturing the involvement of its clients through the planning, design, and construction phases.
Project Name: Village Springs

Project Address: SEC E San Miguel and N Yuma St, Colorado Springs, CO 80909

Project Description
Village Springs would be a 65 unit new construction 100% affordable senior community located in Colorado Springs. The building would be an elevator-served three story structure with 44 one bedroom units and 21 two bedroom units with a total of nine different floor plans. One bedroom units range from 665 to 859 livable square feet and two bedroom units range from 941 to 1,083 livable square feet, making the majority of the project’s units larger than any other senior LIHTC unit plan offered in the city. Every floor has laundry facilities and community space, including an expansive community room on the ground floor that includes free computer stations with Internet access, a common restroom, a warming kitchen for gatherings and potluck dinners, a library, and a cable television also equipped with a Wii for virtual golf, bowling, and tennis. The community will have a full-time on-site manager and maintenance staff, and has elected to be a smoke-free facility.

Each unit is designed with accessibility and the principle of “aging in place” in mind, with front range controls, elevated toilets, grab bars in bathrooms, showers with fold down seats, hand-held showerheads and the capability of roll-in access, with four units having further modifications such as lowered countertops and under-counter space to allow those in wheelchairs to easily access sinks and roll-in access work surfaces. It should further be noted that we have agreed to give priority to these units to those with physical disabilities and have been in contact with a local organization – The Independence Center – that advocates and provides services for those with disabilities.

Sustainability is an important consideration, and to that end this community will include water-conserving fixtures, energy-efficient lighting, and low-e windows. The property will have bike racks for residents who opt to utilize bicycles for transportation, and two city bus lines have stops within ¼ mile of the site.

The applicant is also planning on installing a 65kw photovoltaic system on the building roof, which will be designed to offset at least 50% of the common energy load via renewable energy. This will target 25% of the total building load energy to be provided by renewable energy. As Colorado is the #1 state in the nation for solar jobs (per capita), Village Springs will contribute to the efforts of many before it to help the state remain at the forefront of solar development and construction. In addition, the developer was involved in a project in Arizona which was the first state LIHTC project to offer solar. Village Springs is designed to exceed the solar design/production of that project, which in just over 2 years of operation has produced 276.47 MWh which equals an environmental impact of over 5,000
trees grown for 10 years, over 460,000 car miles not driven and over 530 barrels of crude oil conserved. Additionally, the air quality impact of the system has been over 430,000 pounds of carbon dioxide emissions avoided, over 700 pounds of nitrogen oxides emissions avoided and over 1,600 pounds of sulfur dioxide emissions avoided. It is this enormous impact that Village Springs plans to exceed.

Construction
This project would be a single three-story wood frame construction building with a single elevator. The exterior would be a mix of cement fiberboard and stone, with a pitched roof. After a reservation of credits, the applicant would target a financial close by October 1, 2013 and delivery by October 1, 2014.

Population and Bedroom Mix
Village Springs would be an age-restricted senior property with 65 total units split between 44 one bedroom units and 21 two bedroom units. AMI rent levels would be evenly distributed by unit size, with 22 units serving residents at 40% AMI and below, 22 serving residents at 50% AMI and below, and 21 units serving residents at 60% AMI and below.

Location, Amenities, and Services
Village Springs would be managed by an affiliate of the developer, Vasil Management Company, Inc. d/b/a Village Management Company (VMC), which manages approximately 2,000 units over 55 properties in multiple states, a portfolio that includes LIHTC, Section 8, Section 514/515, and market rate communities. VMC has over thirty years’ experience in property management, and properties under its care have a monthly community calendar, regular community activities, socials, and holiday celebrations, and include “Smart Use” training for new residents so that they are familiar with the energy efficient components of their homes and how to best utilize them. In addition to full-time on-site management and maintenance staff, Village Springs would feature a large community room that includes a warming kitchen, free computer stations, cable television, a library, and a Wii game system for virtual golf, bowling, and tennis that has proved wildly popular at other affordable senior communities VMC operates. The property manager will also serve as a liaison between residents and local service providers, and will maintain a list of organizations that residents can contact as their needs dictate.

The exterior of the building will include an outdoor recreation area with picnic tables and permanent grill, bike racks, and extensive landscaping to provide a sense of tranquility for Village Springs residents. The exterior materials of stone and cement board will signal the high quality of the community and the pride the owners, management and residents will have in this project, and the location near the top of a rise in the landscape ensures mountain views to the west.

The project site consists of 1.87 acres at the southeast corner of Yuma and San Miguel Streets, an older neighborhood of Colorado Springs surrounded by well cared-for single family homes. As befits an urban location, residents have easy access to both public transportation and an array of shopping and services within easy walking distance. A Safeway grocery store sits only ¼ mile to the east, and is surrounded by restaurants and retail businesses for Village Springs residents to patronize. There is a
USPS branch and a bank approximately 150 yards to the south, and a business that specializes in the provision of in-home healthcare is in the same plaza as well, and a Walgreens is less than ½ mile to the south.

**Energy Efficiencies**

Village Springs will utilize a number of elements to achieve a high level of energy efficiency, including: compact infill development, advanced water-conserving plumbing fixtures, Energy Star appliances, Energy Star Advanced lighting package, Energy Star roofing, Energy Star bath exhaust, Energy Star windows/exterior doors/storefronts, comply with Energy Star New Homes certification, utilize low/no VOC paints, primers, adhesives and sealants, recycled content in siding, concrete, and drywall, energy-recovery ventilator (ERV) in units, air handlers/ducts entirely within conditioned space, energy efficient hot water distribution with insulated hot water pipes, carpeting will be Green Label Plus certified by the Carpet & Rug Institute, and a radiant barrier on the underside of the roof with appropriate emissivity rating.

As mentioned in other areas of the narrative, we have recent experience with solar design and it is our intent to design a system to accommodate 50% of the common energy load while aiming for 25% of the total building load as served by renewable solar energy. We were also recently recognized for our innovation in bringing solar to the LIHTC program before it was part of the QAP for the state of Arizona.

**Financing**

Village Springs would be primarily financed with equity through the syndication of 9% low income housing tax credits, with additional financing through first mortgage debt. At this time, the applicant is not pursuing any soft debt and any gap in project costs and financing will be addressed through deferred developer fees.

**Guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets**

“To support rental housing projects serving the lowest income tenants for the longest period of time”: Village Springs would devote one third of its units to 40% AMI tenants and another third to 50% AMI tenants. Additionally, the project has elected to commit to the longest extended use period envisioned under the Qualified Allocation Plan, a 15 year compliance period and 25 year waiver of the right to terminate the extended use period.

“To support projects in a QCT, the development of which contributes to a concerted community revitalization plan”: Village Springs is located in a qualified census tract, and as a new construction senior affordable housing project meets specific needs of the city’s 5 Year Strategic Plan and other revitalization goals of the city. Further documentation is in Tab 14.

“To provide for distribution of housing credits across the state”: The City of Colorado Springs has not had an allocation for an independent senior tax credit project since 2009, and has a senior population that is expanding more quickly than younger demographics. As the second largest municipality and
metropolitan area in the state, an allocation to this project would help balance the distribution of credits and affordable housing in Colorado and meet a growing need.

“To provide opportunities to a variety of qualified sponsors of affordable housing”: Englewood Development Company, Inc. d/b/a The Englewood Group has been developing affordable housing for over 38 years and has completed over 70 projects in three states. Along with our property management affiliate, we have earned a reputation for high quality, efficiently-built and operated properties, and Village Springs would add enrich the state’s pool of affordable housing developers and qualified property managers of affordable housing.

“To distribute housing credits to assist a diversity of populations in need of affordable housing, including...seniors”: As an age-restricted community, Village Springs would directly meet this guiding principle, which calls for assisting seniors in need of affordable housing. Further, as the City of Colorado Springs 5 Year Strategic Plan explicitly states, low-income elderly in the City experience elevated levels of housing problems and cost burden, which Village Springs would help alleviate.

“To support new construction of affordable rental housing projects...”: Village Springs would be a new construction project, thus supporting this goal as well as increasing the supply of senior affordable housing in the City of Colorado Springs

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

Persons with special needs
All of Village Springs’ units will be designed with accessibility in mind, as it is our priority to allow for residents to ‘age in place’ rather than require modifications to their homes as their needs change or leave the community altogether. To that end, every unit has front range controls, elevated toilets, grab bars in the bathroom and roll-in showers with fold-down seating and hand-held showerheads, and every unit will have a number plate that includes Braille. Further, another four units will have additional features for those with physical limitations, such as lowered work surfaces and removable under-sink cabinetry to accommodate those in wheelchairs. We have been in contact with a local non-profit organization, The Independence Center, which specializes in assisting those with special needs to transition out of assisted living to independent living. We have agreed to notify The Independence Center of vacancies in our handicapped units and give priority in leasing to those with physical disabilities, and they in turn will refer clients to us. Any client of the Independence Center who moves into our community will receive follow-on services from them to ensure their unique needs are being met.

Seniors
Village Springs would be an age-restricted community that is based on a model that the applicant has previously successfully developed. Laundry facilities and community space are available on each of the
building’s three floors. Since seniors have a variety of needs in terms of their personal space, the number of occupants or the type of home they are transitioning from, Village Springs offers nine different floor plans to offer a very high level of flexibility for prospective residents. As previously-discussed, in-unit amenities include a number of accessibility features tailored to an older population, and our resident manager will be responsible for organizing regular community social gatherings and publishing a community calendar. The primary community room will offer free computer stations, includes a warming kitchen, and the lounge area will have a cable television equipped with a Wii game system for virtual bowling, golf, and tennis – an amenity that was been wildly popular at other senior communities we have developed.

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

Market Conditions: taking into account existing, under construction, and planned apartment communities, Village Springs would need to capture just 13% of the age-restricted market in Colorado Springs. Even more noteworthy is that the capture rates for the 40% and 60% units are even lower, at just 12% for 40% AMI and only 4% for 60% AMI.

The global vacancy rate for senior LIHTC properties in this market is just 1%, and multiple properties reported waiting lists, and excluding a newly-completed project, the vacancy rate for market rate senior properties in the market is just 4.2%.

Proposed rents at Village Springs for 40% and 50% AMI units are comparable or lower than existing senior LIHTC projects and unit square footages are comparable or superior to existing senior LIHTC communities as well.

Readiness to proceed: The proposed site for Village Springs is already appropriately zoned and the development team has conducted the first required meeting with planning officials to move towards site plan approval and permitting. After a reservation, we will be working with our finance team on the debt and equity side in which we have extensive experience with to facilitate a timely closing and start of construction. It is our practice to secure all commitments prior to the end of the year in which a reservation is made.

Overall financial feasibility and viability: The proposed project meets all CHFA underwriting criteria, and we have presented our application with financing only from tax credit equity and first position debt to demonstrate this project is viable without soft financing. Since this project is located in a Qualified Census Tract, it automatically qualifies for the 30% credit boost, which will allow it to offer a high percentage of its units to residents at or below 50% AMI.
Experience and track record of the development and management team: Englewood Development Company, Inc. has been developing affordable housing for over 38 years, including Section 8, Section 514/515, and LIHTC communities in multiple states, and project types have run from new construction, ac/rehab, and adaptive reuse and historic preservation. We are in good standing with the tax credit allocating agencies in the states we operate in, and have included letters to this effect in our application. Our two most recently-completed projects in neighboring Arizona were featured in the Novogradac Journal of Tax Credits.

Our property management affiliate, Vasil Management Company, Inc. d/b/a Village Management Company, operates over 55 communities and 2,000 units of housing in three states. It has been repeatedly recognized for the quality of its managers and in fact has twice won national “Site Manager of the Year” in the past 3 years from the federal office of Rural Development, and three times over the same period at the state level.

Project Costs: Englewood Development Company, Inc. has extensive experience in the efficient development of tax credit projects and consulted multiple sources for its estimates of cost to ensure that the development budget is sufficient to produce a high quality project at a reasonable expense.

Proximity to existing tax credit projects: One of the primary reasons that the Village Springs site was selected was that it is in an area of Colorado Springs that is virtually without previous tax credit projects. The sole existing tax credit community in close proximity (just under 1 mile) is an SRO project and therefore of a completely different project type. The next nearest tax credit development – which is family – is nearly 2 miles away, and the average distance of existing tax credit communities from the Village Springs project site is almost 3.5 miles. A map of existing and other proposed LIHTC communities in Colorado Springs reveals that they tend to cluster together, whereas excluding the previously-mentioned SRO project, Village Springs would be alone in serving the affordable needs of seniors for nearly a two mile radius around the project site. The Colorado Springs Senior Center is just 1.4 miles away as well.

Site Suitability: The proposed site is bordered by two quiet residential streets but only 100 yards from a major arterial road (Circle Drive) that is home to a wide range of businesses and amenities, such as banks, restaurants, and a major grocery store. Furthermore, two different public bus lines are within ¼ mile of the site.

The site itself is a rectangular urban infill property with a slight slope. Mountain views are to the west, and the site is not in a flood plain, wetland, and does not have any environmental issues.
Additional Information

Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis: the project site is located in a QCT and therefore qualifies for the full boost as opposed to a discretionary amount envisioned in the QAP. The 130 percent boost is a huge benefit to this project because it allows for a high percentage of 40% and 50% AMI units and compensates for the lower equity pricing the Colorado Springs market attracts versus metropolitan Denver.

Address any issues raised by the market analyst in the market study: The only issue raised was that the site is in “an older neighborhood that has seen limited change in the past 20 years and is less appealing than many of the newer developing neighborhoods of the city.” However, we actually view this comment as a strength – this neighborhood has not seen new investment in quite some time and has almost no LIHTC housing stock, yet has a number of lower income elderly residents with acute housing needs. The construction of Village Springs would address both of these deficiencies but also fits with the city’s revitalization goals.

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 did not indicate a need for a Phase II, but did recommend that as a precautionary measure that stockpiled soils on the site be sampled prior to disposal or site leveling, and the wood debris be properly disposed of.

In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support): The development team has communicated a number of times with multiple departments and resources in the city, including the senior center, housing authority, planning department, housing department, office of economic vitality, and a local service provider for those with special needs. Letters of support are included in this application.
Project Name: The Villas at Pueblo
Project Address: Various lots on W. 18th Street & Candice Lane, Pueblo

**Project Description and Characteristics**

Opportunity Builders is the project developer and has been working in the State of Colorado since 1998. We have developed over 200 units of affordable housing in Colorado in the past 15 years.

The Villas at Pueblo is a 26-unit, single-family rental community serving the people of greater Pueblo, Colorado. The development is located in the Westgate subdivision in Northwest Pueblo. The Westgate subdivision was improved to accommodate an entire neighborhood of homeowners. Even though a number of single-family homes were built and sold in the subdivision, with the economic downturn at the end of the last decade, many lots were left vacant without any buyers. The master developer ultimately chose to sell the remaining vacant lots and move along. However, where there is a rainy cloud for some, a silver lining can be found for others. We have the good fortune of entering into contract to transform many of these vacant lots into new affordable single-family rental homes, making this an urban in-fill development mixing homeowners and renters and creating diversity in this safe, desirable neighborhood.

We have a good familiarity with this area of the City having already developed two, affordable duplex communities in the vicinity to The Villas at Pueblo. The 26 three and four-bedroom homes serving households at the 50% & 60% area median income levels will further promote pride and community connection as single-family renters can be taught to treat their rental units almost as their own homes. Renting a single-family home is one of the first steps of learning how to care for a home and prepare oneself for future home ownership.
The market study conducted by independent market analyst, Property Dynamics confirms the need for additional affordable single-family rental homes in the market. The most recently developed tax credit comparable property in the City, also a single-family development, leased in less than two months and currently maintains a waiting list with rents primarily at the 50% & 60% rent levels.

**Project Strengths**

- The existing capture rate calculated for the 50% & 60% units is only 19.08% and The Villas at Pueblo only increases the overall capture rate less than 3% to an all inclusive rate of 21.30%.
- The Pueblo affordable housing market shows it is able to maintain a significantly strong occupancy rate with the market study stating that since 1st quarter 2012, the vacancy rate has been 0.00%.
- The design amenities are superior to most other affordable three and four-bedroom rental units; attached garages, washer and dryer hook-ups, larger square footages than comparables and improved interior and exterior building materials catapult The Villas into a high-quality affordable development that will make the citizens and elected officials of Pueblo as proud of The Villas as any other market rate rental property in the City.
- The most recently developed tax credit property in Pueblo was a single-family home development primarily serving households at 50% & 60% AMI, and the 27 units leased in less than two months. The need is high and demand remains great, for a similar single-family affordable development, as there are many on the completed development’s waiting list.
• The site is located in an existing residential area and will support the in-fill of the partially complete subdivision to the benefit of the neighborhood.
• The Villas rental rates range between 28% to 41% below comparable market rate three-bedroom units while the Villas four-bedroom affordable rental homes are 31% to 44% below the market rate single-family rent average.

**Project Weaknesses (as indicated by the independent market study analyst)**

• Although the City of Pueblo has seen substantial improvement in its economy, there is still a general weakness in the overall economy as mentioned in the Market Study. However, the 0.0% affordable rental vacancy rate for the past year shows that households in the 50% & 60% AMI range are staying put and staying employed through this time of economic rebuilding.
• Vacancies in market rate rental properties are just over 5%, however, again, the affordable rental market remains stable.
• The Market Study acknowledges Pueblo’s high rate of single-family home foreclosures, though the market analyst confirms that foreclosure rates continue to drop in Pueblo. We do not find this problematic for the affordable rental market as evidenced by the comparable property Oakshire Hills II that leased 27 primarily 50% & 60% three-bedroom, single-family homes in less than two months between December 2012 and January 2013.

**Detailed Type of Construction**

The units will be wood framed, with full six-inch exterior walls, four-inch interior walls with a minimum of six-inch air suspension between the units. The foundations are anticipated to be concrete slab-on grade on a raised pad with a dimensional composition shingle roof with a minimum 30-year life. The siding will be Hardi-plan with brick and cedar shake-like accents.
Population being served

The Villas at Pueblo are a new single-family construction 26-unit development targeting households earning 50-60% of the Area Median Income. The breakdown of the units include thirteen units at 50% AMI and thirteen units at 60% AMI. The three-bedroom, two-bath, two-car attached garage homes will initially rent for between $653-$735 with the owner paying water, sewer and trash. The four-bedroom, two and one-half bath, two-car attached garage homes will initially rent for between $808-$908 with the owner paying the same utilities as the three-bedroom homes. The primary population will be families that have a need for larger units. The market study points out numerous conversations with local property managers where they state that there is a need for four-bedroom homes to serve those with large families and even those families with only five or six in the household but where the children are older and need more room.

Bedroom mix

There are twenty, three-bedroom, two-bath homes at approximately 1,300 sf in addition to six, four-bedroom two and one-half bath homes at approximately 1,460 sf. Each home will include washer/dryer hookups in a laundry room, dishwasher and master bedroom walk-in-closets. The units are considerably larger than most comparable affordable and market rate units in the area as described in the Market Study.

Location

The development is probably more accurately referred to as a scattered site development since the single family lots are not all contiguous and many of them already touch an existing single-family home that was built and sold by the original subdivision developer. Eleven of the homes will be located on Candice Lane and 15 of the homes will be located on W. 18th Street in northwest Pueblo. Paved roads and sidewalks already exist in front of these lots, which helps connect them to the entire subdivision as well as neighboring homes from previous subdivisions. Based upon each lot’s specific location the lots are conveniently located within:
½ mile of Hyde Park – children’s playground and bbq/picnic area;

Less than 1 mile to the nearest bus stop and mini-market;

Within 2 miles of the development location is Centennial High School, Irving Elementary School, the local library and the Urgent Care Medical Clinic;

At 2.5 miles, residents will enjoy quick access to Parkview Hospital, Safeway grocery store and Freed Junior High.

**Amenities**

Amenities for the units will include central E-Star air, walk-in closets, patio/porch. There will be washer/dryer hook ups in each unit, an E-Star refrigerator & dishwasher, stove/oven, microwave and garbage disposal. Each home will have low flow showerheads, toilets, kitchen and bathroom faucets. The rear yard will have a fence while the units will all have cable and Internet connectivity options. Each home will have an attached two-car garage.

**Description of Energy Efficiencies**

The single-story, three-bedroom homes and the two-store, four-bedroom homes will incorporate energy-efficient and sustainable building materials. Heating and cooling equipment will be sized according to the ACCA Manuals J and S or ASHRAE handbook to ensure efficient energy use. The gas forced air furnace shall have an AFUE rating of ≥ 90% and be Energy Star qualified. Water heaters shall also be Energy Star qualified. A minimum of 60% of all hard-wired lighting fixtures shall be Energy Star qualified. The windows will be Low-E multiple pane glass. All dishwashers and refrigerators will be Energy Star qualified. We will install Energy Star qualified fixtures or LEDs (with a minimum efficiency of 45 lumens/watt) equipped with daylight sensors on all outdoor lighting. R-13 (minimum) wall and R-38 (minimum) ceiling insulation will be installed. All homes will have non-vinyl floors and no carpet.

In addition to all mandatory green criteria, our development will also include the following optional green elements:
• 15% of the units will be type ‘A’ accessible;
• 20% of the total site will be open space;
• 100% advanced water conserving appliances and fixtures;
• Additional energy reduction features to reduce energy consumption well below mandatory standards;
• 100% of the buildings will be designed and engineered to allow future addition of Photovoltaic/Solar hot water panels;
• We will decrease energy consumption in addition to the mandatory appropriate building performance standard to earn 5 points;
• 55% + of the construction debris will be recycled;
• Development will be designed and wired to accommodate smart meters;
• The project will use materials with a solar reflectance of 0.3, over at least 50% of the site’s hardscape area;
• 100% non-vinyl, non-carpet flooring in all units;
• The project will maintain a Smoke-Free Building, no-smoking policy. A copy of the sample lease addendum is included in this application;
• Development will participate in and collect data for Enterprise and monitor water and energy use.

Financing

The development will be financed with equity from the sale of Federal Low-Income Housing Tax Credits and subsidy in the form of HOME or CDBG funds from the City of Pueblo’s Department of Housing. Additionally, we will utilize a conventional construction and permanent loans in conjunction with a general partner’s capital contribution.

One hundred percent of the homes at The Villas will be affordable for a minimum of 40 years. The credits will be sold via a private syndication while the construction and permanent financing will be handled by traditional lenders from the mid-west.

As indicated in the Development Summary and financing sections of the Application, the CHFA DDA boost is necessary for this development to be financially feasible. Even though the construction type will be single-family home with attached two-car garage, our costs are not much higher, if any, than a traditional rental property of three and four-bedroom units. Additionally, given the costs added to the construction budget in order to achieve our minimum
and elective Green Communities requirements these units will obviously cost more to build than a new construction affordable or market rate product where no or only a few Green Community construction items are included. Our building hard costs average about $107,000.

**Guiding Principles**

The Villas at Pueblo will meet the following Guiding Principles from Section 2 of the Allocation Plan:

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

  The Villas at Pueblo is designed so that half of the development serves 50% AMI households and half, 60% AMI households. Opportunity Builders as a non-profit organization is interested in maintaining the property as a low-income property as long as possible. It is important to keep in mind that low-income tenants with large families, have few options when it comes to true affordable housing as they are often pushed to market rate housing to accommodate their larger family size. Having these generously sized units for families of five or larger at rents that are between 31% - 44% below market rate single-family homes, is a huge benefit to this income group.

- **“To provide for distribution of housing credits across the state.”**

  Even though the City of Pueblo received a tax credit award in 2011, it was only 27 units for the 7th largest City in the State. Approving The Villas at Pueblo will bring an additional 26 tax credit units to the City and allow for a fair distribution of housing credits and units around the State.

- **“To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and non-profit.”**

  Since the developer, Opportunity Builders, is a non-profit, this development fulfills this principle in providing a quality development in an underserved market with a capable non-profit developer.
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 through the credit period.”

Providing quality affordable housing in the form of a single-family home with attached garage is a dream come true for low-income renters. Yes, we know that the construction costs associated with single-family development is higher than traditional apartments, but the benefit to the local community and the pride in the renter we believe outweighs any measurable increase in per-unit construction costs. At $491,713 in annual tax credits requested, The Villas at Pueblo is requesting less tax credits than any other project in round 1.

**Housing Priority**

- Identify which housing priority in Section 2 of the QAP the project qualifies for (please select one):

The Villas meets the “Counties with populations of less than 175,000” Priority in Section 2 of the Allocation Plan. Even though Pueblo County is the 10th largest county in the State, it still has fewer than 175,000 people living in it. We have a unique opportunity to meet this important housing priority while at the same time providing quality affordable single-family rental homes in a County with a large population and a large need for additional units.

**Market Conditions**

The Villas at Pueblo fares well when considering Section 2’s Criteria for Approval. The project’s capture rate is 21.30%. When comparing the existing capture rate to the newly calculated capture rate including the proposed project, there is a minimal increase of only 2.2%. Additionally, since the first quarter of 2012, the affordable rental housing vacancy rate has stayed stable at 0.0%. Lastly, the proposed initial rents represent a reduction of 28% to 44% off of the market rate rental homes surveyed by the market analyst. Furthermore, the rental value of The Villas is multiplied when comparing our affordable single-family rental product to the market rate single-family rental product since at the Villas development the owner will pay for
water, sewer and trash service, unlike other market rate single family homes. The market analyst affirms that the development is superior to comparable rental product existing in the market and that the rents are achievable and attainable.

**Readiness-to-Proceed**

Opportunity Builders has extensive experiencing developing over 40 tax projects in the past 15 years. Our General Contractor has successfully built many tax credit properties in the midwest. Our management company has successfully operated our two Pueblo developments and our Pagosa Springs community. In addition they manage over 30 additional developments in five other states. This is the second time we are applying for The Villas at Pueblo. We first applied in 2011 and did not receive a Preliminary Reservation. Oakshire Hills II, a similar tax credit project in Pueblo did receive a Preliminary Reservation during the 2011 application round. In my 2011 post application telephone meeting with CHFA staff, they asked me to wait to re-apply for The Villas project until after Oakshire Hills II was built and leased. Oakshire Hills II is now complete and quickly leased its 27 homes in less than two months between December 2012 and January 2013. The speed of the lease up and the current waiting list at Oakshire Hills II is just another piece of evidence that shows the on-going significant demand for this type of housing still in Pueblo. The Villas at Pueblo lots are improved and permit ready following review and approval of the building plans. The off-site improvements are also complete and our general contractor is ready to begin as soon as we notify him of our Preliminary Reservation. After waiting two years to re-apply for this development we are ready and anxious to begin.

**Overall Financial Feasibility and Viability**

The project’s costs are very reasonable given the location of the project, the project’s overall size, the Green amenities and the single-family home nature of the development with an attached two-car garage. We believe that when staff compares the cost per unit at The Villas versus other proposed developments, staff will find a budget very much in line with the real world and achievable in the current construction pricing realm. Our 15-year pro forma affirms the project’s ability to pay the deferred developer fees from cash flow as well as making sure that various Replacement Reserve, Tax Escrow and property tax-payments are regularly made. Our per unit operating expenses are higher than the proposed minimums and we have
sufficient operating and other reserves to ensure that the development performs well for years to come.

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

**Developer:**

Opportunity Builders has been developing affordable housing communities using low income tax credits for 17 years in eight states, having developed over 40 tax credit projects. Additionally, Opportunity Builders has been working with CHFA staff for nearly 15 years. In that time period, we have developed and placed in service over 200 units of tax credit housing in Colorado.

**Contractor:**

WoodCo, Inc. has been in the contracting business for 35 years and under the present name for 15 years. Their focus is tax credit project construction and understand the responsibilities and details of working on tax credit projects. They are well established with a proven track record of building quality senior housing, single and multi-family housing developments.

**Consultant:**

The Nicholas Group (TNG) has participated in the development of affordable housing as both a consultant and as a developer. TNG has successfully placed in service a number of tax credit developments in the State of Nebraska. Additionally, TNG has consulted on over thirty Section 42 developments in various states.

**Attorney:**

Altman, Keilback, Lytle, Pariapiano & Ware has worked with Opportunity Builders within the State of Colorado for about 10 years.

**CPA Firm:**

Novogradac & Company has over seventeen years of experience in assisting developers, investors and state agencies in the Section 42 industry. They are recognized as one of the top two accounting firms in the industry.
Architect:

Advanced Engineering Concepts (AEC) has over twenty years of experience in residential design, foundation design and framing design in Colorado. Michael Schneider has been responsible for the framing and foundation design of over 10,000 homes.

Cost Reasonableness:

Our construction and site work costs, including construction contingency, averages nominally $118,000 per unit and is well below the CHFA basis maximums. Our annual credit request of only $18,912 per unit is an extremely efficient use of tax credits to create a single-family home rental product type. These homes will primarily serve households with five or more family members. Having worked with the City of Pueblo’s Housing Department to receive subsidy financing for our two existing tax credit properties, we have already met with staff and discussed our need for financial support upon receipt of a Preliminary Reservation. Ada Clark and Kevin Ortiz from the Housing Department are happy and willing to work with us toward that end.

Proximity to Existing Tax Credit Developments

As previously discussed, the closest existing tax credit properties to The Villas at Pueblo are Pueblo I & II totaling 91 units located within ½ mile of the proposed development. One can see that the majority of affordable properties are located on the East side of Hwy 25 making the location of The Villas unique and proper to help spread the affordable properties throughout the City.
Site Suitability

The independent market analyst heartily agrees that this is a terrific location for an affordable housing development. On Page A-53 he says, “The proposed site should be considered as a strength for this proposed project. It is located in a mainly residential area with good quality single-family homes. This will certainly be a plus in the projects marketing and overall success.” And again on page A-55 he states, “It is located in a quiet residential area, but is close to services and employment opportunities.”

Given the demographics of our nearby tax credit properties, The Village at Pueblo I & II, nearly every resident has his own car. With most of the residents in the 50% - 60% AMI income bracket having their own transportation, living and thriving in northwest Pueblo is easy. In less than 2.5 miles or a few minutes drive, you can find yourself leaving your driving and quickly arriving at Centennial High School, Freed Junior High, Irving Elementary School, the nearby Urgent Care Medical Clinic, the local library, grocery store and within walking distance our residents and their children will enjoy the benefits of Hyde Park.

The lots are mostly flat with out any environmental hazards, wetland issues or nearby railroad tracks or flood plains to interfere with daily life at The Villas.

Justification for waiver of underwriting criteria or the financial need for CHFA’s DDA credit up to 130 percent of qualified basis

Though we are not asking for any waivers for underwriting criteria we do find that a CHFA DDA boost is necessary for this development to be financially feasible. Given that the development consists of single-family homes with attached two car garages our costs will be higher than a stacked apartment development. In addition costs will be increased by the inclusion of significant items utilizing Green technology, as indicated in the Green Communities section of the application.

Despite the increased costs due to the single-family design and significant Green features, our total costs are below the CHFA Basis limits. We will be providing a superior development, unit type and Green centered community, which will offer an outstanding living environment for twenty-six (26) Pueblo families. We do however need the DDA Boost to be financially viable and feasible.
Address any issues raised in the market study

The only issues raised in the market study were labeled under the Weaknesses section at the beginning of the Application Narrative. The two primary concerns included the higher than normal market-rate rental vacancy rate and the on-going loss of jobs in the community over the past few years. However, we shared that the affordable rental market in Pueblo remains very strong as evidenced by the more than yearlong 0.0% vacancy rate in the market area and that with that non-existent vacancy rate, employment opportunities for the low-income worker remains strong.

Address any issues raised in the environmental report

On page 16 of the Phase 1, CTL Thompson confirms, “The Site is located in a rural area with existing residential developments and vacant land. From our research reviewing aerial photographs, topographic data, and the regulatory database, and a site visit and observations of current usage, nearby environmental concerns or recognized environmental conditions were not identified that should affect the Site.”

Describe and demonstrate local support for the project

The City of Pueblo has consistently supported Opportunity Builders’ work in the City through awards of subsidy through the City’s Housing Department. Housing Staff, though they are never allowed to guarantee a financial award have shared their support for the type of housing we are proposing and willingness to support me in my application for subsidy funds should they be released by the federal government. Our property manager of the other two nearby tax credit properties is very excited about the possibility of 26 single-family affordable rental homes being built nearby. She sees that single-family product as the next phase of the learning continuum for the low income resident. The manager has also shared that she believes the size of the proposed units with their exceptional amenities, will make them very desirable in the market place.
Project Name: Villas at the Bluff, Phase II

Project Address: 501 E. 14th Street, Delta, CO

1. Request Statement

Delta Housing Authority (DHA), as Sponsor/Applicant, requests a reservation of $583,690 in 9% Low Income Housing Tax Credits (LIHTC) which will be exchanged for cash as the equity for 32-units of new construction family affordable rental housing in the Town of Delta, Delta County, CO. This project will be known as Villas at the Bluff Phase II (Phase II). Phase I was a very successful new construction, 48-unit family property placed in service in 2009.

2. Project Summary

a. Ownership Structure: Ownership of Phase II will be a ‘to be formed’ single-asset entity, separate from Phase I, with DHA acting as the Sponsor/Applicant and Managing Member/General Partner.

b. Location: The Property is located at 501 E. 14th Ave. (14th Avenue and Bluff Street), Town of Delta, Delta County, CO. This property adjoins the existing Phase I property.

c. Land: The land is currently owned by and titled in the name of DHA. Phase II and DHA will complete a land lease, appropriate for the transaction and meeting CHFA LIHTC requirements, after the reservation of LIHTC. An estimated amount of this land lease payment has been underwritten in this LIHTC application in the Operating Expense section.

d. Site Plan: See attached exhibits. The buildings will be located on the east end of the existing land with appropriate access, parking and open space.

e. Construction type: Phase II will be comprised of four, two story walk up wood frame buildings constructed over a crawl space. The overall design will mirror the Phase I design including artistically articulated exteriors, attractively massed, and consisting primarily of Hardie Board siding with a manufactured stone wainscot. The roofs will be pitched with three-tab asphalt covering over wood sheeting supported by pre-engineered wood trusses. Windows will be vinyl, dual pane, Low-E, energy efficient and include vertical window blinds. Floor coverings will include porcelain entry coverings,
laminate flooring in the living areas and bathrooms, and carpet in bedrooms. The well designed units will feature 9’ ceilings, wood cabinets, laminate countertops, low flow plumbing fixtures and Energy Star appliances including a frost free refrigerator, electric range with self-cleaning oven, dishwasher, disposal, built in microwaves, and in-unit, full size washers and dryers. The HVAC system will be an individual electric Aquatherm with central air conditioning and athletic court. Landscape design and outdoor amenities will complement Phase I, adding features to account for the increased residential count including additional picnic area, shrubbery, ground cover and trash enclosures.

f. **Environmental Efficiencies:** The building will be designed to be energy efficient and comply with the Green Communities program. The buildings will be sited and architecturally detailed to take advantage of passive heating and cooling opportunities where possible. The building enclosure will be energy efficient with Energy Star windows and doors, a ventilated attic, R-30 insulation in the attic, R-20 wall insulation in the walls and R-14 insulation at the foundation. Energy Star appliances will include in unit clothes washers, dishwashers, refrigerators, bath fans and air conditioning. Heating and cooling equipment will all be sized according to best practices and balanced for the most efficient operation. All lighting and light fixtures will be Energy Star. To encourage residents to conserve energy all utilities will be individually metered for each unit.

g. **Building(s):**

(1) **Number:** A total of four buildings will be constructed, each building containing 8 units.

(2) **Parking:** A total of 55 parking spaces including 8 handicap parking spaces will be included in Phase II. This addition meets local requirements.

(3) **Unit Type and Mix:** Phase II will contain 12 one-bedroom/one bath units; 16 two-bedroom/two bath units; 4 three-bedroom/two bath units. Phase II will include one fully accessible ADA unit, making a total of two fully accessible ADA units at Villas at the Bluff.

(4) **AMI Mix:** Phase II will serve individuals and families with 3 units at 30% Area Median Income (AMI); 4 units at 40% AMI; 13 units at 50% AMI; 12 units at 60% AMI.
(5) **Amenities:** Phase II will provide additional amenities comparable and compatible with Phase I. These amenities include:

Unit Amenities include central air conditioning, porch or balcony, walk in closets, additional storage, E-Star refrigerator and dishwasher, stove/oven, garbage disposal, built-in microwave, and in-unit E-Star clothes washer and dryer, cable and internet connection, and tile entries.

Project Amenities include full property fencing, access to DHA owned clubhouse/community room with a full kitchen, picnic/BBQ areas, Tot Lot/Playground, athletic court and the property is served by an on-site manager and maintenance staff.

(6) **Services, if applicable:** As they have done in Phase I, DHA works in concert with and coordinates with other City and County agencies that provide resident services including, but not limited to, job protective services, adult protective services, financial assistance, and other social support and counseling services for Phase II.

(7) **Financing Structure including all Federal, State, Local support:** Phase II will be financed by a commercial bank permanent loan, equity from the sale of the 9% LIHTC, funds from the Colorado Division of Housing, a deferred developer fee, and owner equity.

### 3. Guiding Principles

- **To support rental housing projects serving the lowest income tenants for the longest period of time:** DHA, as Sponsor/Applicant, commits to maintain 100% of the units at 60% AMI or less, including 20 of the 32 units (62.5%) at 50% AMI or less, for a minimum of 40 years.

- **To provide for distribution of housing credits across the state:** Delta County is located in the western portion of the State of Colorado between Grand Junction and Montrose, CO.

- **To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit:** DHA, as Sponsor/ Applicant, is the public housing authority for Delta County. Villas at the Bluff Phase II represents the second LIHTC development by DHA.
• To distribute housing credits to assist a diversity of populations in need of affordable housing, including homeless persons, persons in need of supportive housing, senior citizens, and families: Although this application cites Phase II as a ‘family’ property, DHA’s experience at Phase I represents a complete cross-section of the area’s residents, including seniors, both individuals and couples, families with children, both single and dual parent households, individuals and couples without children, and persons needing ADA accessible units. Further, DHA works with the local human service providers to accept appropriate residents with specific supportive housing needs.

• To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those at risk of converting to market rate housing: Phase II will provide 32 new construction affordable rental housing units to Delta County, and completion of the Villas at the Bluff site.

• To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections: See details listed below.

• 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: Phase II utilizes 9% LIHTC, including the CHFA Discretionary Boost, as the primary financial resource for the project. The permanent loan has been sized at a maximum level that balances the high percentage of 30% and 40% AMI units in Phase II and the very low AMI levels in Delta County, both factors contributing to a very limited revenue stream, with the efficiencies of operation that DHA has developed in its operation of Phase I. This pairing creates the financial coverage factor on the permanent loan necessary for prudent operation over the first fifteen years. Further, with the inclusion of the CDOH funds, a deferred developer fee that can be repaid with the first 10 years of the pro forma and owner equity, Phase II is maximizing the available resources in order to minimize the utilization of the 9% LIHTC.

4. Housing Priority

• Counties with populations of less than 175,000: Based on the 2011 Delta County Housing Needs Assessment and the current Market Study for Phase II, the additional
32 units in Phase II will add much needed affordable rental housing stock to an ever growing rental housing ‘gap’ in Delta County.

In November 2012, DHA conducted a Request for Qualifications for a ‘fee for service’ developer to manage the development of Phase II on its behalf. In December 2012, DHA chose and subsequently contracted with Solvera Advisors to act as the ‘fee for service’ developer for Phase II. MGL Partners was the ‘fee for service’ developer on Phase I.

5. Criteria for Approval

a. Market Conditions including any issues raised in the Market Study:
   (1) AMI strata with Capture Rates in excess of 25%: Pursuant to the current Market Study, neither the overall capture rate nor any of the individual AMI level capture rates exceed the 25% level.

   (2) AMI strata with Capture Rate increase greater than 6%: Pursuant to the current Market Study, only one of the four AMI strata capture rates exceeds a 6% change. Within the 50% AMI strata, the increase of thirteen 50% AMI units in Phase II causes the 50% AMI strata capture rate to increase from 6.12% to 12.23%, an overall increase of 6.11%. DHA believes this 0.11% excess over the CHFA QAP target to be diminimus because the overall capture rate for 50% AMI is only 12.23%, and because the overall Phase II capture rate only increases by 2.95%, from 4.41% to 7.36%.

   (3) Point in Time Study for Homeless units: N/A

   (4) USDA Study for Farmworker Housing: N/A

   (5) In-migration as specified within the Market Study: N/A

   (6) Achievability of proposed rents within the PMA: Based on current AMI levels, the Phase II pro forma rents are 100% of the calculated 30% AMI and 40% AMI rents, are 98% of the calculated 50% AMI rents and are only 92% of the calculated 60% AMI rents. The pro forma rents are at or below current Phase I rents for comparable AMI and unit types, and will be below or competitive to market rents based on the Market Study analysis.
b. Readiness to Proceed including application timeline discussion:

(1) **LIHTC Application Steps:** This application has met or exceeded the timeline criteria for this section.

(2) **Post-LIHTC Reservation Approval Steps:** Land is owned and fully controlled by DHA. Discussions with lenders and three LIHTC investors corroborate the estimate to close both the construction loan and the LIHTC investment by Dec. 15, 2013. Based on this information, Phase II should meet the Carryover application date of Jan. 15, 2014.

(3) **Pre-Construction Steps:** Communications with two general contractors, including the general contractor who constructed Phase I, corroborate meeting the Aug. 1, 2013 target. Because the architect and the building plans are virtually the same as those used in Phase I, complete construction drawings will be completed within 90 days of LIHTC reservation award, and the local approval process would then have approximately 5 – 6 months for completion, a timeline that the local building department believes is achievable. The land is currently zoned for the use intended, and no changes or exceptions are present.

(4) **Construction Steps:** Permit processing is estimated at approximately 60 days after final approval, a timeline the local building department believes is achievable. Construction period of 12 months is typical for these building types, and the timeline should not be adversely affected by weather, which is generally milder in winter months in Delta.

(5) **Post-Constructions Steps:** Both the Developer and DHA will monitor construction progress and will be assembling the necessary information to submit the Place-in-Service Application to CHFA by 30 days after construction completion/Certificate of Occupancy. Given the experience of DHA in leasing Phase I, the market and demand information assembled in the current Market Study, and the active ‘wait list’ managed by DHA, Lease Up/Stabilization estimate of six to nine months appears achievable. Based on discussions with all lenders, no significant or unusual Permanent Loan Closing terms or conditions are expected, thus indicating that the Permanent Loan Closing timeline should be achievable. Both Developer and DHA will manage all information and documentation to assure submittal of the LIHTC Final Application by the June 2015 target.
c. Financial Feasibility including analysis of:

(1) AMI and Rent positioning: Both DHA and third-party Market Study analysis of the AMI targets and Rent Positioning indicate that Phase II is very responsive to market needs, and the rents should be achievable within the market.

(2) Vacancy Rate: Both DHA and third-party Market Study analysis of the Vacancy Rate indicates extremely low vacancy rates, which has led to increases in rents and further stress on limited income individuals and families. Phase II will add 32-units of new affordable rental housing to help address that need. Further, in conformance with CHFA Qualified Allocation Plan (QAP) standards, the Phase II pro forma uses the standard 7% vacancy rate. This figure compares to the fact that, at the time of the market study, none of the LIHTC properties had any vacancies whatsoever.

(3) Operating Expenses: The PUPA total, before Replacement Reserve deposits, for Phase II is $3,434, which is lower than the CHFA QAP target of $3,900. The reasons are (1) the property will be real estate tax exempt (approximate value of $250 PUPA), and that Phase II Operating Expenses mirror the results of Phase I operations, based on the audited Financial Statements of 2010 and 2011. Phase II will not create any increase in staffing, either management or maintenance, and with more units under management, it is anticipated that the Operating Expenses for Phase II will be no more that Phase I averages.

(4) Debt Service Coverage Ratio: DCR on the 15 Year Pro Forma begins at 1.23:1 and declines over the 15 year period to 1.16:1. While this figure declines, its estimate remains above the target 1.15:1 during the entire 15 years. This declining DCR is the result of the very low revenue streams at the 30% and 40% AMI levels, and the high initial ratio of expenses to net revenue (66%), which includes the estimated cost of the land lease escalated. The permanent loan has been sized to create a maximum funding source, but to not overly stress the ability of the property to repay this loan.

(5) Absorption/Lease Up Schedule: Both DHA and the Market Analysis believe that the overall tightness of the rental market in Delta, the Phase II new construction and amenities, the performance at Phase I, and the rent levels for all but the 60% AMI levels should allow absorption and lease up of Phase II to be very quick.
Currently, a 4-6 month lease up period is estimated. DHA is aware and will be prudent with the 60% AMI rents, as the Market Study advises. Current 60% AMI rents at Phase I are only $20 - $25 less than the Phase II estimated rents. With a full 12 – 18 months before lease up begins, it is believed that the target 60% AMI rents for Phase II will be achievable.

d. Development/Management Team:

(1) General Partner/Managing Member:

DHA is dedicated to providing safe, decent and affordable housing for individuals and families who are challenged by income, disability or special need. As a public corporation, DHA serves all of Delta County. DHA owns and operates Public Housing units that are directly subsidized by the U.S. Department of Housing and Urban Development (HUD). DHA also develops and acquires their own affordable housing stock. Taken all together DHA oversees 75 units of Public Housing which vary in size and location; 10 units of USDA Rural Development Senior/Disabled housing located in the City of Delta; 48 units of Low Income Housing Tax Credit (LIHTC) apartments, the Villas at the Bluff development located in the City of Delta; and 226 county-wide HUD-funded Section 8 Housing Choice Vouchers for rental assistance. We also partner with other service agencies to provide services to our clients and community.

DHA is governed by a five member Board of Commissioners appointed by the City Council through an open application process. One Commissioner is also a member of the City Council and another Commissioner must be a tenant of the Housing Authority. The agency is managed by an Executive Director who serves at the pleasure of the Board of Commissioners.

(2) Developer: Solvera Advisors was founded to provide reliable, proven affordable housing development and financing expertise primarily to housing authorities and non-profit organizations seeking real estate development and finance assistance. Solvera, a newly formed enterprise comprised of the three individuals of MGL Partners, Greg Glade, Lisa Mullins and Mike Gerber, and Bob Munroe, formerly Manager of Commercial Lending with Colorado Housing and Finance Authority, has significant experience in the development and financing of affordable multifamily rental housing. Over the last 10 years, MGL has developed more than 1,200 multifamily units, including more than 800
affordable rental housing units. Please see the attached exhibit for a list of completed affordable rental housing projects by MGL.

(3) **Contractor:**
Mr. Scott Stryker  
Ridgway Valley Enterprises  
236 South Third Street, Ste. 335  
Montrose, CO  81401  
970-249-9453  
Ridgway was the Contractor on Phase I.

(4) **Management Company:**
DHA will act as Property Manager. Recently approved by both the Phase I LIHTC Investor and CHFA, DHA is now fully managing Phase I. They have received ‘no findings’ from any reviews by CHFA or any other agencies.

(5) **Consultant:**
N/A

(6) **Legal Counsel:**
Mr. J. William Callison  
Faegre Baker Daniels  
1700 Lincoln Street, Ste. 3200  
Denver, CO  80202  
303-607-3770

(7) **CPA:**
Mr. Michael Morrison  
Novogradac & Co.  
246 First Street, Second Floor  
San Francisco, CA  94105  
415-356-8025

(8) **Architect:**
Mr. Harsh Parikh  
Parikh Stevens Architects  
3457 Ringsby Court, Ste. 209  
Denver, CO  80216  
303-825-2596

(9) **Environmental/Phase I Preparer:**
Mr. Roger Azar  
Navant Group LLC  
Denver, CO  80206  
720-431-5678
(10) **Capital Needs**  
Preparer: N/A

(11) **Cost Estimate**  
Ridgway Valley Enterprises (see above)  
Preparer:

(12) **Green Consultant:**  
Parikh Stevens Architects (see above)

d. **Cost Reasonableness Analysis:** Based on the construction ‘hard cost’ estimate provided by Ridgway Valley Enterprises, said estimate reviewed and analyzed by Solvera staff, and based upon recent experience of Ridgway in constructing Phase I, this estimate is considered reasonable, including prudent contingency allowances.

e. **Proximity to existing LIHTC properties and Community Outreach Discussion:** Other than Phase I, there are three other LIHTC properties in Delta County. One is farm-worker housing and the other two are senior only properties. Only Phase I is a direct competitor to Phase II.

DHA has continually reached out to the community with its programs and housing needs inquiries. Phase II represents a significant addition to the overwhelming affordable rental housing need in the area. Further, DHA has communicated with its neighbors about the anticipation to construct this second phase, and all neighbors have been accepting and positive.

f. **Site suitability and environmental issues discussion:** The site is completely compatible for the intended use. The current Phase I Environmental Report cites ‘no further action’ as its conclusion.

6. **Waiver Requests:**

a. **CHFA Discretionary Boost:**  
This application requests an approximate 27.37% CHFA Discretionary Boost based upon the following:

(1) current rents at the 30% and 40% AMI levels (seven of 32 units or 22% of the total property) do not cover estimated Operating Costs and, therefore, these units do not generate any Net Operating Income to support a permanent loan.
b. **Operating Expense minimum waiver:**

Based on the Operating Expense experience of DHA on Phase I, the Phase II pro forma Operating Expenses are lower than the CHFA LIHTC threshold. This fact is achieved because Phase II will not pay Real Estate Taxes which is estimated at approximately $250 per unit per annum, and the relative efficiencies of operations that DHA has generated in managing Phase I, as quantified by the 2010 and 2011 financial statement audits.

7. **Strengths and Challenges:**

**Strengths**

a. There are no vacancies at other LIHTC properties or comparable market properties.

b. Phase I has performed very well, and Phase II is similar in design and AMI targets.

c. Project amenities are excellent, and responsive to market needs.

d. Individual AMI strata and overall capture rates are excellent including Phase II units.

   Overall capture rate is 7.36%.

e. Income targeting at Phase II is responsive to market need.

f. No other new construction LIHTC multifamily projects are planned in Delta.

g. The overall bedroom mix at Phase II is response to market need.

h. There are almost as many applicants on the current DHA wait list (27) as there are units (32) to be constructed in Phase II.

i. Phase II will only contain four 3-bedroom units, which is in response to market demand.

j. The overall development team has substantial experience developing LIHTC multifamily properties including experience in the southwest and western slope of Colorado.

k. DHA has grown in experience and capacity, and has been approved to take over property management at Phase I by the LIHTC investor and CHFA.

l. Emphasis on Housing Priority that serves counties with less than 175,000 in population including partnering an experienced development team with a local non-profit or housing authority to help build their capacity and long-term ownership of the affordable multifamily property.

**Challenges**

a. Phase II has a low ‘walk score’. While the Market Study points out that Delta, itself, has a high walk score (75), Phase II has a low walk score (35). This issue is mitigated by the performance of Phase I, and the excellent acceptance of Phase I by the residents.

b. The rents at the 60% AMI strata will be higher than market rents, but the quality and amenities of Phase II will be far superior to those of current market rate properties. This
issue is mitigated by the performance at Phase I where the 60% AMI rents are currently higher than certain market rents and the overall amenities and quality of Phase II.

c. Market Study suggests allocating Section 8 vouchers to Phase II to mitigate some of the effects of the 60% AMI rents. DHA is the manager of Section 8 vouchers for Delta County. As such, they have control over the vouchers, and have used this control prudently in the management of Phase I, which has 34 voucher holders as current residents. Historic management performance and the control of the voucher system by DHA provides significant mitigation to this issue.

d. Market Study suggests a policy to control movement between residents at Phase I to Phase II due to the value of the balcony amenity. DHA has been apprised of this suggestion, and will monitor this issue closely during lease-up and early stages of operations.

e. Market Study suggests consolidation of property management to gain efficiencies of operation. DHA will be the property manager at Phase II, thus mitigating this issue.
MGL Developers – Completed Affordable Housing Projects

1. Westmeadow Peaks Apartments - 215 units
   Colorado Springs, Colorado
   *Developed while at Black Creek Communities but owner of part of general partner owner
2. Paloma Villas I - 44 units
   4200 Morrison Road, Denver, Colorado
3. Paloma Villas II - 36 units
   3901 Morrison Road, Denver, Colorado
4. Towne Center Apartments - 94 units
   Thornton, Colorado
   *Acquisition/rehab in partnership with Adams County Housing Authority
5. Villas at the Sloans Lake - 63 units
   1551 Wolff Street, Denver, CO
6. Paloma Villas III - 50 units
   4225 Morrison Road, Denver, Colorado
7. Los Altos de Alameda - 50 units
   5100 Alameda Road, Denver, Colorado

8. Villas at the Bluff - 48 units
   Bluff Street, Delta, Colorado
9. Brubaker Place - 50 units
   2001 East Empire, Cortez, Denver
10. Nebo Villas - 50 units
    12005 E. 13th Ave., Aurora, Colorado
    *Completed January 31, 2013
11. Westminster Commons - 130 units
    3180 W. 76th Ave., Westminster, Denver
    * Acq./rehab in partnership with Volunteers of America. Under construction – estimated completion date Nov. 2013
Project Name: Village at Westerly Creek, Building 2
Public Housing Redevelopment

Project Address: 850 South Ironton Street
Aurora, CO  80012

Village at Westerly Creek, Building 2 --- North Elevation

Village at Westerly Creek Site Plan
Building 1: open in August 2012, and fully occupied September 2012
Building 2: ready to pull permits in 2013, occupancy by early 2015
Project Description:
The Village at Westerly Creek, Building 2, is the second phase of the redevelopment of the remaining public housing units known as Buckingham Gardens.

- **LIHTC allocation is necessary NOW to avoid losing rental subsidy (Housing Choice Voucher) for residents**
  AHA received approval for the disposition and demolition of its public housing units on February 25, 2011. The disposition approval indicates the relocation of the last public housing residents is to occur within 1500 days of approval date (or by April 4, 2015). Our legal counsel has indicated that HUD may renege on its commitment to provide funding for the vouchers for our residents if we are unable to complete the construction in a timely manner. A tax credit allocation now is needed to be assured of meeting this deadline.

- **VWC, Building 2, will provide very low-income seniors/disabled with high quality long-term independent living**
  Building 2 of Village at Westerly Creek completes the redevelopment of the Buckingham Gardens public housing. The building is large, fully accessible, safe, attractive, and service-enriched housing. This will allow our seniors and disabled residents to maintain their independence for a greater period of time. Studies have shown that proper amenities and services reduce the amount of medical care needed by the elderly. In the case of low-income elderly, this reduces the amount of financial assistance for health care related services.

- **AHA has leveraged significant funds for redevelopment**
  AHA is providing $2.225 million of its own cash to obtain an additional $1.35 million of Federal HOME funds. The City of Aurora has provided fee waivers estimated at $455,000, and provided AHA with sub-grant funds to alleviate the asbestos-contained material in Buckingham Gardens once it is vacated. AHA is donating the land for the development, and the use of HUD Housing Choice Vouchers ensures long-term affordability and economic viability. The combined value of the financial support from cash, HOME funds and Brownfields grant funds, land donation, fee exemptions, and Housing Choice Vouchers in this project is significant:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Donation Value</td>
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</tr>
<tr>
<td>Aurora Fee waivers</td>
<td>$455,000</td>
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<tr>
<td>Aurora Brownfields subgrant</td>
<td>$125,000</td>
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<tr>
<td>HOME funds</td>
<td>$1,350,000</td>
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<tr>
<td>AHA Cash</td>
<td>$2,225,000</td>
</tr>
<tr>
<td>65 vouchers for 15 years</td>
<td>$5,721,300 (avg subsidy of $489/mo/unit)</td>
</tr>
<tr>
<td><strong>TOTAL LEVERAGE</strong></td>
<td><strong>$10,716,300</strong></td>
</tr>
<tr>
<td><strong>$156,558 per unit</strong></td>
<td></td>
</tr>
</tbody>
</table>

- **The existing Buckingham Gardens is functionally, physically, and economically obsolete**
  Buckingham Gardens, the public housing currently on site, has 65 remaining units in three, two-story “motel style” apartments. It was never developed for a senior population and is ill-suited to meet the needs of the seniors and the disabled. The existing units have exterior stairs and uncovered entries, making the units difficult and dangerous to navigate in inclement weather. The exterior entries make the units less safe for the seniors, as there is no security system in place. Additionally, there is no central air conditioning system, and no units are fully accessible. Significantly, the buildings have no fire suppression, -- an urgent health and safety issue. There are also no community amenities within the existing Buckingham Gardens public housing development. The subsidy provided by HUD for Public Housing has diminished significantly over the years, and no longer covers the cost of operations for this aged property. HUD is now funding only 93% of the operating costs; in 2011 AHA ‘fed’ the property $37,000, in 2013 AHA will spend another $33,000 of its funds to keep the remaining units in operation.

- **The project has a guaranteed source of residents for immediate lease-up and occupancy**
  The first phase of Village at Westerly Creek -- a 55-unit development awarded 9% LIHTC in 2010 -- commenced occupancy in August 2012, and was fully occupied within 28 days. All 55 units were pre-leased to existing Buckingham Garden residents. Demand for these new units was intense: all units were rented “sight unseen” within a 7-hour period held on May 7, 2012. There are 65 remaining residents in Buckingham Gardens, all but 2 of whom have given us written notification of their desire to move in to the new building.

- **Buckingham Gardens Public Housing is infeasible as a 4% (non-competitive) credit**
  A Physical Needs Assessment completed in 2010 for HUD indicated that property modernization would cost nearly $7 million, and would gain only 12-15 years of useful life. A new structure, though more expensive, will have a 35-50 year life. A 4% allocation creates a $10 million financing gap, which is an insurmountable barrier.
• **The 11-acre site is the largest public housing redevelopment site in Colorado outside of Denver**

AHA has used an innovative approach to revitalize its aging public housing community. The site is ineligible for HOPE VI funding, a typical approach to public housing redevelopment, for the following reasons: it is not in an area of concentrated poverty (though nearly all of the residents live below the poverty level), it is not considered ‘severely distressed’ (it receives high REAC scores), and it is housing for the elderly and disabled (who are unlikely to gain access to employment – a goal of HOPE VI).

**Detailed type of Construction:**
The proposed building is “L” shaped, with 65 units located on 4 elevator-accessed floors. The overall design of the Village at Westerly Creek is contemporary, with elements that complement the surrounding single-family residential neighborhoods.

- Wood-frame construction, 4 stories
- Post-tension elevated concrete slab, over the parking garage located at grade
- Flat roof with parapets, sheathed in heat reflective white membrane surface
- Photo-voltaic panels ballasted to roof, providing at least 10% of electrical usage
- Building exterior clad in a combination of masonry, pre-colored corrugated metal, and cement siding.
- Windows are double-paned vinyl in the residential units, aluminum storefront at the common areas.
- High efficiency heating/cooling systems
- Units have 12’ ceilings on main floor, 9’ ceilings on all other floors.
- All units will be accessed via an internal corridor serviced by two elevators and 3 sets of stairs.
- All units have patios or balconies
- Sloped, barrel and flat roof lines will be used to provide a more residential feel and variation in facade

**City of Aurora Construction Standards/Ordinances:**

- City of Aurora “Residential Masonry Standards”, dated January 29, 2005, requires that brick or stone be used to cover at least 60% of the building façade, or 80% must be a combination of brick/stone and plaster. Other materials, such as cement paneling, may only be used to cover a maximum of 20% of the building façade. This creates a highly appealing, if more costly, appearance. **In late 2012, the City of Aurora slightly relaxed its Masonry Standards for single-family homes; we have contacted the City to request a reduction in the brick for this property. This request is pending.**

- “Parking Ordinance”, dated January 15, 2005, requires 1.5 parking spaces for each 1 BR unit and 2 parking spaces for each 2 BR unit. For VWC 2, this would equate to 105 spaces. **AHA has successfully achieved a waiver of this parking requirement to allow for 0.61 spaces per unit, excluding h/c spaces.**

- City of Aurora Landscape Ordinance dated March 6, 2012 requires detached sidewalks and a ‘tree lawn’ buffer with 1 tree and 10 shrubs for every 40’ of land (with designated minimum sizes). Permanent irrigation systems are required to maintain all landscaping. **A waiver of this ordinance has been denied.**

**Population Served:**
We know exactly who will be served by this property. Recent demographic information (enclosed) we have on Buckingham Gardens (BG) public housing residents indicates that the median income of the residents is $8,844/year, the median age is 67 years old, 46% have a disability, and 60% are minority. The poverty level at BG is 3.5 times greater than the census tract as a whole: 73% of the BG residents live below the 2012 Poverty Line, versus 20.8% in the census tract. Additionally, 97% of the BG residents have incomes below 40% of AMI. Hence, the population to be served by this second building will serve some of the most economically underprivileged, physically disadvantaged, and racially diverse in our community.

**Bedroom Mix:**

<table>
<thead>
<tr>
<th># BR (Unit Plan)</th>
<th>Size (square feet)</th>
<th>Unit Count</th>
<th>Voucher Rents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 BR</td>
<td>652</td>
<td>22</td>
<td>$652</td>
</tr>
<tr>
<td>1 BR</td>
<td>664</td>
<td>13</td>
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<tr>
<td>1 BR</td>
<td>719</td>
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<tr>
<td>1 BR</td>
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<td>7</td>
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</tr>
<tr>
<td>1 BR</td>
<td>854</td>
<td>4</td>
<td>$652</td>
</tr>
<tr>
<td>2 BR</td>
<td>1,027</td>
<td>15</td>
<td>$823</td>
</tr>
</tbody>
</table>
**Location:**

**Surrounding Neighborhood Description and Amenities:** The area to the East and immediate South of the site is almost entirely residential, consisting of mainly 1970’s constructed, modest single-family houses. Slightly further South, along Tennessee Avenue, is a mixture of residential and commercial areas with a variety of services. Two blocks to the West of the site is Havana Street. This thoroughfare is almost exclusively commercial, consisting primarily of car dealerships, auto repair shops, small commercial and restaurants. To the North of the site are older multifamily-rental (and condominium properties), as well as the Aurora Stables – a livery and boarding stable founded in 1947.

**Shopping:** The Gardens on Havana, the recently redeveloped shopping center (formerly known as Buckingham Square) is located two blocks south of the site along Mississippi and Havana Streets, and includes Sprouts (Sunflower) Farmer’s Market, Dick’s Sporting Goods, Kohl’s Department Store, a Super Target, several restaurants, banks and various other small retail and specialty stores. There is a King Soopers supermarket under one-half mile south of the site, and a Safeway about one mile south of the site. Approximately two miles away is the Aurora Town Center, a regional shopping mall that includes over 125 specialty stores, including department stores such as Macy’s and Dillard’s. A WalMart is two miles away – a “Shoppers’ Special” RTD bus visits The Village at Westerly Creek each Friday morning to take residents directly to the store.

**Hospitals and Doctors:** The property is located very close to many medical centers. The nearest full-service hospitals to the site are Rocky Mountain Urgent Care (1.6 miles) and the Medical Center of Aurora, which is 1.8 miles southeast of the site. A Kaiser Permanente outpatient facility is located within 0.5 miles of the site. North 2.5 miles of the site is Triumph Hospital, a Long Term Acute Care hospital that specializes in patients whose conditions are severe and complex enough to preclude them from being accepted into a rehabilitation hospital or a skilled nursing facility. The Fitzsimons Medical Campus is located 3.2 miles from the site, Spalding Rehab Hospital is 2.8 miles away, and Concentra Urgent Care Center is located about 3.5 miles southeast of the site. For those residents who may desire home care services, Pathways Home Care Center is located only two blocks south of the site. **Current VWC residents who are members of InnovAge PACE program are picked up each Tuesday at the site and transported to their facility at 3551 N. Chambers in Aurora (8 miles away).**

**Government Offices:** The Aurora City Government offices are located about two miles northeast of the site, including the Central office of the Aurora City Police department. The closest Fire Station is located 1.25 miles east of the site on E. Mississippi and Peoria. A US Postal Service store is located 1 block south of the site on Ironton Street. There is an active ‘Neighborhood Watch’ in the community.

**Places of Worship:** There are over 50 places of worship located within a five-mile radius of the site. The protestant church is located within 3 blocks of the site, a catholic church is within 1.4 miles, a mosque is located within 1.7 miles, and a synagogue is 2.7 miles from the property.

**Cultural and Recreational Services:** The Expo Recreation Center is located within 0.3 miles of VWC, and offers a variety of classes. The Expo Recreation Center is located within a 57-acre public park that has walking paths, tennis courts, playground, and a disc-golf course. About two miles north of the site is the Aurora Center for Active Adults (ACAA), which provides a plethora of both free and charged events for adults aged 50 and older. Twice monthly, a special RTD bus takes VWC residents to the ACAA. The MLK Jr. Library and Aurora Fox Theater are both located 3.3 miles north of the property.

**Access and Transportation:** The nearest major streets to the site are East Mississippi Avenue, which runs East-West, and Havana Street, which provides access to the site from the north or south. Mississippi Avenue is two blocks south of the site; Havana Street is two blocks west of the site. RTD services both of these streets with regular and frequent bus service; #11 for Mississippi, and #105 along Havana. The nearest major highway to the site is I-225, two miles east of the site.
AHA used a combination of resident and neighborhood focus groups, plus professional consultation, to design the amenity package of Village at Westerly Creek. AHA met with its residents on 14 separate occasions within the past five years, and held 5 meetings with area neighbors and neighborhood organizations. Additionally, AHA consulted with gerontologists and other senior living specialists to ensure that the development amenities would be both appealing to seniors now, and allow residents to remain in independent living for as long as possible. The design of the site is a result of the input received from residents, neighbors, and experts. These amenities include:

**VWC Community Amenities (located in Building 1 or on VWC Campus):**
- Large community room, approx 3,000 sf, with seating capability for 129 at tables (for meals, parties)
- Active and passive landscaped areas, for enjoyment and exercise
- Community Room has community pantry and kitchen for resident events
- Large community garden area
- Private office for visiting health professionals
- On-site leasing, management, maintenance, Senior Community Builder

**Building 2 Amenities:**
- Parking Garage with 35 spaces, plus 13 uncovered/guest parking spaces
- Exercise room on top floor, facing west
- ‘View Deck’ Terrace on west side of 4th floor of 1100 square feet with unobstructed panorama of Front Range
- Two, fully accessible elevators and two, fully accessible trash chutes on every floor
- Secured building entry access system with exterior cameras
- Photo-voltaic panels on roof to provide renewable energy source for common areas
- “Snow-Melt” walkways: heated sidewalks from Building 2 entry to Building 1 entry, during winter months
- High efficiency heating and cooling systems
- Fire sprinklers located throughout building
- Mail boxes are located within the building
- H/C accessible laundry rooms on each floor
- Coffee Bar / Living Room lounge on main level with fireplace

**Individual Unit Amenities:**
- Each unit to have a balcony or patio
- The development is “step free”, and all units are handicapped adaptable; 10 units (6.5%) are fully H/C accessible.
- 15 units (23%) will have two-bedrooms, making it easier for couples, or for caregivers to occupy the space
- Energy-Star rated appliances
- Each kitchen will have a large pantry
- All lighting within units will be energy efficient Compact Florescent lighting
- All bathrooms to have showers with built-in seating. Grab Bars in all bathrooms.

**On-Site Services:**
The Village at Westerly Creek community has on-site leasing, management and maintenance services. A separate, private office is in VWC1 to provide for visiting professionals, such as visiting nurses and other health professionals, and a beauty salon that operated by an outside agency. There is also a contracted custodian, who cleans and vacuums all common areas on weekdays.

The Aurora Housing Authority employs a full-time Senior Community Builder, who has a physical office on-site. The Senior Community Builder develops linkages between residents and a wide variety of community resources, including case management; transportation to medical appointments, meal sites, and grocery stores; home management that includes housekeeping and bill paying services; health education and fitness classes; and free food distribution. The Community Builder also encourages resident socialization through events, such as weekly Bingo and Yahtzee, holiday activities, Spring Fling, summer barbeques, and the annual Senior Ball dinner and dance.
Description of Energy Efficiencies:
The Aurora Housing Authority received an “Energy Design Assistance” grant from Xcel Energy. With this grant, Xcel selected and paid for a 3rd party consultant to provide energy modeling and rebate information for the Village of Westerly Creek. The strategies to be employed at the Village at Westerly Creek include the following:

- Energy-Star rated unit appliances
- Insulation:
  - Exterior wall improved above code level: R-19 batt plus 2” of spray polyurethane (for R-22 total insulation)
  - Roof insulation of R-20ci
- HVAC:
  - High efficiency heating and cooling
  - ≥13 SEER split DX cooling in units and corridors
- Lighting:
  - Hardwired compact fluorescent lighting (CFL) in units
  - Corridors have CFL mounted reflective ceiling fixtures
  - E-star rated fixtures within units
- Photo-voltaic:
  - Panels located on roof to provide a minimum of 10% of total load calculation (approx. 80Kw)
- Mechanical Items:
  - ASHRAE 90.1 2004 exceeded by 15%
  - Bathroom Energy Star rated exhaust fans to exterior
  - Kitchen exhaust to exterior
  - Clothes dryers ducted to exterior
  - Programmable Thermostats
- Plumbing Items:
  - Power vented water heaters specified
  - Low-flow showerhead, toilets, and faucet fixtures
- Other:
  - Low-E, Multiple Pane, Energy Star Qualified Windows and Glass Doors
  - Low Volatile Organic Compound (VOC) Interior Paint
  - Green Label Certified Floor Coverings
  - Radon barrier

Type of Financing:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>% of Total Cost</th>
</tr>
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<tbody>
<tr>
<td>Const/Perm Loan</td>
<td>$1,600,000</td>
<td>10.0%</td>
</tr>
<tr>
<td>LIHTC Equity</td>
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<td>64.1%</td>
</tr>
<tr>
<td>State of Colorado HOME</td>
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</tr>
<tr>
<td>City of Aurora HOME</td>
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<td>1.6%</td>
</tr>
<tr>
<td>Arapahoe County HOME</td>
<td>$250,000</td>
<td>1.6%</td>
</tr>
<tr>
<td>Aurora Housing Corporation HOME</td>
<td>$200,000</td>
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<tr>
<td>AHA-Cash + Deferred Dev. Fee</td>
<td>$2,725,000</td>
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</tr>
<tr>
<td>TOTALS</td>
<td>$15,792,915</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Local, State, and Federal Subsidies:

- **Federal**: HUD has approved, and AHA will administer, rental assistance to 100% of the units through its Housing Choice Voucher program. The existing residents are all income eligible for a voucher, which will be project-based to the new development. The average amount of monthly rental assistance to a VWC household is $489. *The value of the Housing Choice Voucher for 65 residents for 15 years is $5,721,300.*

- **Colorado Division of Housing**: The State’s Division of Housing supports an application of $650,000 for the development of this phase. This matched the State’s previous commitment to VWC Building 1 of $10,000 per unit.

- **City of Aurora**: The City of Aurora Community Development division has provided support for an AHA application of $250,000 of the City’s HOME funds. Additionally, the waiver of building permit application and licensing fees are estimated to be a savings of $455,000. The City’s Urban Renewal division has also provided AHA with an EPA Brownfields sub-grant for the asbestos remediation of the remaining Buckingham Gardens buildings (once the new VWC 2 building is occupied). The sub-grant was for a total of $250,000; there is a remaining balance of $130,000 for the remaining units.

- **Arapahoe County**: Arapahoe County has agreed to support an application for HOME funds in the amount of $250,000. Prior to the funding of VWC Building 1, Arapahoe County had never previously supported any funding to Aurora Housing Authority project.

- **The Aurora Housing Corporation**: AHC is a designated Community Housing Development Organization (CHDO) in the City of Aurora, and eligible for designated HOME funds. Although these funds have been dramatically reduced in recent years, AHC has agreed to pledge the entire 2012 allocation of $130,000 toward VWC2, and up to an additional $70,000 of their 2013 allocation (pending Congressional budget approval at 2012 funding level), for a $200,000 maximum contribution.

- **Aurora Housing Authority**: Most significant to the development of the project is the substantial financial contribution that AHA is making to the project. In 2007, AHA was able to sell 70 single family public housing homes. The net proceeds from the sales of these units are in interest-bearing accounts, and approximately $2.8 million of these funds were used in the development of Building 1. AHA will contribute the remaining $2.225 million of these funds for Building 2.

Per agreement with HUD, these funds must be used to create additional affordable housing. The AHA contribution of $2.25 million of cash, plus $445,000 of deferred developer fees to the development is 17% of the total development cost. Combining VWC1 with VWC2, AHA’s total cash commitment has been over $5 million, and has leveraged this to raise $3.3 million in HOME funds from the State, the City, the County, and the locally designated CHDO. The total build-out cost for the entire VWC1 & 2 redevelopment is over $28 million, and AHA cash and HOME funds have provided for 30% of the total costs. This is an unprecedented amount of funding for any developer, and demonstrates the commitment to the success of this project by the AHA, the State, the County, the City, and the community.
CHFA Narrative Questions:

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

   - **To support rental housing projects serving the lowest income tenants for the longest period of time.**
     - The Use Agreement between HUD and AHA requires that the property remain affordable for until December 2076. 73% of the residents live below the poverty level, and 100% are below 50% AMI.

   - **To distribute housing credits to assist a diversity of populations in need of affordable housing, including homeless persons, persons in need of supportive housing, senior citizens, and families.**
     - Building 2 of the Village at Westerly Creek will continue to provide housing for seniors and other eligible households with physical and mental challenges. Of the remaining residents of Buckingham, 31 households (44%) have documentation of physical and/or mental disabilities. These residents need a safe and supportive environment to be able to live independently, and for a longer period of time.

   - **To support the new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those at risk of converting to market rate housing.**
     - The Village at Westerly Creek replaces deteriorated public housing units with newly constructed, sustainable, efficient, and modern units.

   - **To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections.**

     The Village at Westerly Creek meets the CHFA Priorities of an area with pent up demand, and serving seniors, as well as meets the following 2013 Criteria for Approval:

     - **Favorable Market Conditions, with low capture rates**
     - **Readiness-to-Proceed**
       - Site is owned, zoned, and shovel-ready. All utilities and entitlements in place.
       - Architectural plans are in Construction Document stage, ready for permit submission
       - Same development team used for Building 1: loan, equity, and construction agreements have already been negotiated

     - **Overall Financial Feasibility and Viability**
       - We are confident of construction pricing, having used the GC on Building 1
       - We are confident of lending and equity capabilities, having worked with both
       - We have a captive audience for residents, with project-based vouchers assured by HUD
       - The Aurora Housing Authority has roots that are both wide and deep in the community and a mission and vision that supports the project.
       - High quality management and service provision supported by property operations
       - Underwriting exceeds CHFA criteria
Experience and Track Record of Development and Management Team

- AHA has sustained through varying market condition for 38 years
- AHA owns and manages over 800 units of affordable housing in Aurora
- AHA units have median occupancy of 97.1% as of 31 December 2012
- AHA developed Village at Westerly Creek, Building 1, which was pre-leased within 7 hours, and fully occupied within 25 days after TCO
- AHA has a consistently positive track-record with CHFA, lenders, and equity providers

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 Aurora Housing Authority has preliminary commitments of $1.35 million in funds from state and local entities, and is providing $2.225 million of its own funds toward the development. These contributions represent over 25% of the Total Development Cost. The equity to be raised from the CHFA allocation has been significantly leveraged to ensure that the project will remain financially feasible and viable as a qualified low income housing project.

2. Identify which housing priority in Section 2 of the QAP for which the project qualifies:
   - Market area of pent-up demand
   - Senior housing

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:
   - Market conditions:
     - The market study by The Highland Group, dated June 13, 2012, indicates significant demand for the proposed units, even without the attraction of project-based Section 8 assistance. The capture rates are quite low, and there are no available, affordable units for seniors within the PMA.

   - Readiness-to-proceed:
     - Zoning in place:
       AHA completed a “Planned Development” (PD) re-zone, approved by the Aurora City Council in December 2009. The approval of the PD creates a special zoning district for the total 11-acre parcel owned by the Aurora Housing Authority, and allows for a total of 225 units to be constructed on the parcel in all phases. The PD also creates standards for height, landscaping, building materials, and overall design features, and provides for a waiver (reduction) of parking requirements to 0.61:1.

     - Site is owned by AHA:
       All land and buildings are currently owned by the Aurora Housing Authority. The development plan is phased and will allow AHA to lease that portion of the site necessary for the construction of Building 2 to the new ownership LLLP. Approximately 2.4 acres will be leased for a minimum of 50 years to “VWC2 LLLP”.

     - Site Suitability for development, Infrastructure in place:
       The 2.4 acre parcel for VWC Building 2 is flat, well-drained, and has no environmental issues. The infrastructure, detention ponds, and roadways through the complex have been completed.

     - Completed Construction Documents:
       The architect for Building 2 (EJ Architecture) is the same architect used for Building 1. Building 2 was fully designed at the same time as Building 1 in 2009-10. Construction documents for Building 2 are complete, and are ready to be submitted for permit.
✓ **Constructability / Construction Costs are known:**

AHA contracted with Shaw Builders as GCCM during the design development of Village at Westerly Creek. Working with the architect and owner, Shaw was able to review and make changes prior to completion of the construction documents. This has resulted (in Building 1) in significantly fewer Change Orders and greater predictability of construction cost. On Building 1, there change orders totaled just under $150,000 (only 1.75% of hard costs). We therefore believe that the construction estimate from Shaw Builders for this application is sound and reasonable.

✓ **HUD Approvals in Place:**

The U.S. Department of Housing and Urban Development (HUD) approved the disposition and demolition of these public housing units in February 2011. HUD has also approved the use of Housing Choice Vouchers for the residents of Buckingham Gardens to use at the new building. AHA need only request the vouchers from the local HUD office 90 days in advance of moving the existing residents to the new building.

✓ **High Demand, Low Capture Rate:**

There are 65 qualified residents currently living at Buckingham Gardens, who are eligible (and excited!) to move 50 yards to the new building. The Village at Westerly Creek, Building 2, has been approved by HUD for project-based vouchers. These residents will not be displaced during construction, and will be able to move at the end of construction to their new homes.

✓ **Equity and Debt Partners are familiar with deal terms:**

We have received letters from Enterprise Community Investments and from Bank of the West. These are the same partners we have used on VWC Building 1, and believe that a great portion of the ‘legal legwork’ has been done. We believe that we can quickly close on a partnership, and start construction immediately thereafter.

- Overall financial feasibility and viability:
  - Rapid lease-up and occupancy of qualified residents is assured. 100% of the future residents are identified, eligible, and located on-site.
  - Rental income is stable and certain: All residents will receive project-based Housing Choice Vouchers. The residents pay only 30% of their adjusted income to rent.
  - Housing Choice Voucher provides long-term viability: The average monthly assistance to residents is $489, or over $381,000 annually for 65 residents. This amount covers the projected operating expenses on a one-for-one basis.
  - Operating Expenses are tested and true: expenses are based upon actual costs
  - Permanent debt is low and supportable: long-term debt is 10% of total development costs, and is easily supported by revenue.

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

  Since 1975, AHA has provided a variety of affordable housing in the community. AHA currently owns and manages nearly 900 units at 16 locations within Aurora to ensure that low and moderate residents have safe, decent, and affordable housing.

  Since 2002, AHA has developed or redeveloped nine Aurora properties (nearly 650 units) by accessing both the 4% and 9% Low Income Housing Tax Credit. The Aurora Housing Authority has extensive experience with affordable rental management and has a Director of Property Management, Maintenance Supervisor, Compliance staff, along with property managers, leasing agents and maintenance staff.

  AHA also administers the **Housing Choice Voucher** within the City of Aurora, which currently has over 1,650 participants. AHA will oversee the application and distribution of vouchers for the Village at Westerly Creek.
• Cost reasonableness:
  ✓ AHA has worked closely with the architect and contractor to control construction costs. Although the total construction costs are higher than 2010, the cost per square foot has decreased.
  - VWC 2 hard costs are $129/sf: VWC 1 was $183/sf
  - VWC 2 Total Development Cost is $170/sf; VWC1 was $267/sf

• Proximity to existing tax credit developments:
  This project is the second phase of the Village at Westerly Creek, a 55-unit development that received tax credits in August 2010. Building 1 was pre-leased in a 7 hour period, sight-unseen, in May 2012. The TCO for the Building 1 was achieved in August 2012, and the property was fully occupied 28 days later. Building 2 will serve the remaining 65 residents of the Buckingham Gardens public housing conversion. We anticipate the same rapid pre-leasing and occupancy.

The Highland Group market study indicated 4 senior-only LIHTC developments within the PMA:

<table>
<thead>
<tr>
<th>Housing Development</th>
<th>Number of Units</th>
<th>Credit Rate</th>
<th>Program Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspen Meadows</td>
<td>100 units</td>
<td>4%/PAB</td>
<td>Project-based Section 8</td>
</tr>
<tr>
<td>Aurora Village</td>
<td>100 units</td>
<td>4%/PAB</td>
<td>Project-based Section 8</td>
</tr>
<tr>
<td>Fletcher Gardens</td>
<td>93 units</td>
<td>4%/PAB</td>
<td>Project-based Section 8</td>
</tr>
<tr>
<td>Pinewood Lodge</td>
<td>103 units</td>
<td>9%</td>
<td>0% vacancy, 50 on waitlist</td>
</tr>
</tbody>
</table>

There are two other LIHTC developments were just outside of the PMA:

<table>
<thead>
<tr>
<th>Housing Development</th>
<th>Number of Units</th>
<th>Credit Rate</th>
<th>Vacancy Rate, Waitlist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clyburn at Stapleton</td>
<td>96 units</td>
<td>4%</td>
<td>7% vacancy, no waitlist</td>
</tr>
<tr>
<td>Village at Hampden</td>
<td>132 units</td>
<td>4%</td>
<td>0% vacancy, 259 waitlist</td>
</tr>
</tbody>
</table>

• Site suitability:
  ✓ The site is currently owned by the Aurora Housing Authority, and will be leased to the partnership/ownership for a nominal fee during the partnership period. The site is flat, and has all infra-structure in place. Roadways and detention ponds for the site have already been built, along with the community amenities in place in VWC1.

4. Provide the following information as applicable:

• Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA’s minimum):
  ✓ No waiver of any underwriting criteria

• Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:
  ✓ AHA is requesting a basis boost of 112%, or additional annual credit of approximately $140,000. The total request of tax credit allocation is $1,087,948, or still below the maximum allowable allocation, and less than the Qualified Basis maximum.

  ✓ The property is not located in a Qualified Census Tract, even though the VWC site is a very-low income “island” within the tract. The Census data indicates that the median tract income is $32,672, and 21% of the tract households are living below the poverty line. In comparison, the median annual income of the remaining 65 Buckingham Gardens households is $8,844, with 73% living below the Federal poverty level. The basis boost will provide housing for the lowest incomes for the longest periods.
✓ AHA has received financial participation (in the form of HOME monies) from all state and local partners to the maximum extents possible. Congress has dramatically reduced HOME funds in the past few years, and each partner is contributing a significant portion of their HOME allocation. We have exhausted all local sources for HOME funds.

✓ Financial participation by the Federal Home Loan Bank of Topeka is not considered viable. The FHLB current priorities are for projects that are rural, have volunteer labor, provide health services, have 3-bedroom units, and are employer assisted. We do not believe that this is a viable source for funding.

✓ Since 2010 (allocation for VWC 1), the AFR for the 9% credit has decreased to 7.43%. There would be no need for a basis boost if the credit was still available at the 9% rate.

5. Address any issues raised by the market analyst in the market study submitted with your application:
   ✓ No issues raised by 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:
   - (Page 2) Existing Buckingham Garden public housing units (to be demolished at the end of construction) have Asbestos-Contained Materials in the sub-flooring of kitchens and baths. ACM will be removed after resident relocation and prior to building demolition. This has no impact on the development of VWC 2. AHA has received an EPA Brownfields sub-grant from the City of Aurora to reimburse us for the abatement.
   - (Page 2) There are no recognized environmental conditions at the site.

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

Prior to the construction commencement of VWC1, AHA held 12 separate meetings with residents of Buckingham Gardens, another 5 meetings with area resident and business groups, and 3 meetings with Aurora City Council. These meetings allowed AHA to garner valuable information and had a positive effect on the design and materials used in VWC1. As a result of these meetings, there was no public or elected official opposition to the zoning change (to Planned Development) in 2009.

Our application has letters of recommendation and financial support from the City of Aurora Community Development, Arapahoe County Community Development, the State of Colorado Division of Housing, and the Aurora Housing Corporation. These partners provide $1.35 million in HOME funds toward the project.

Additionally, the letter of support from Mayor Stephen Hogan indicates that the estimated cost of permit fee exemption is $455,000. The City of Aurora has also provided AHA with an EPA Brownfields sub-grant for the reimbursement of costs associated with the asbestos abatement in Buckingham Gardens to be completed after residents have moved and prior to building demolition.

The Board of Commissioners of the Aurora Housing Authority has approved the expenditure of $2.225 million of its own cash toward the project, in addition to the donation of the land. The U.S. Department of Housing and Urban Development (HUD) has agreed to fund 65 Housing Choice Vouchers ("HCV") to the residents of the project.
The combined value of the financial support from cash, HOME funds, land donation, fee exemptions, and Housing Choice Vouchers in this project is significant:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Value (donation)</td>
<td>$300,000</td>
</tr>
<tr>
<td>Aurora Fee waivers</td>
<td>$455,000</td>
</tr>
<tr>
<td>Aurora Brownfields subgrant</td>
<td>$125,000</td>
</tr>
<tr>
<td>HOME funds</td>
<td>$1,350,000</td>
</tr>
<tr>
<td>AHA Cash</td>
<td>$2,225,000</td>
</tr>
<tr>
<td>65 vouchers for 15 years</td>
<td>$5,721,300 (avg subsidy of $489/mo/unit)</td>
</tr>
</tbody>
</table>

**TOTAL LEVERAGE** $10,716,300 $156,558 per unit

In conclusion, we believe that the project is deserving, desired, financially and economically viable, and the timing is critical for the Village at Westerly Creek to be completed.
Project Name: Residences at Westminster Station

Project Address: 3160 W. 71st Ave., Westminster, CO 80030

I. INTRODUCTION

Residences at Westminster Station (Project) will provide 68 units of affordable housing for independent seniors and disabled seniors at the site of a future RTD commuter rail station in the heart of the City of Westminster’s South Westminster Revitalization Area. Of the 68 units proposed, 35 will serve extremely low income senior households with Section 8 Project Based Vouchers (PBVs), and 15 of those will be reserved for seniors with disabilities. The remaining 33 units will serve households below 60% AMI, a market segment currently unmet within the primary market area.

The Project is the first phase of a multi-phased redevelopment by the Adams County Housing Authority ("ACHA") of an assemblage of aging multifamily and raw land parcels around the Regional Transportation District’s (RTD) commuter rail station at 71st Avenue. The project will be conveniently located steps away from Westminster Station, scheduled to open in early 2016, and within walking distance of major services including a supermarket, library, park, and the MAC, Westminster’s mature adult recreation center. ACHA will provide a resident services coordination to connect residents to third party resources and services, including wellness programs, transportation, food delivery, social services, and integrated primary care, dental care and mental health.

The development of Residences at Westminster Station is critical to the City’s revitalization of a designated Urban Renewal Area and the implementation of a transit oriented master plan for the area surrounding Westminster’s first and only funded rail station. The primary challenge of the Project is the existing surroundings, which consists of a mix of residential and commercial uses, aging single family housing, and functionally obsolete multifamily housing. Given the arrival of commuter rail and the proximity of municipal services, the City has invested significant resources to introduce additional key services such as grocery, establish a TOD master plan, promote smart redevelopment, and create new public amenities, including a municipal parking garage and a regional park. ACHA has made a significant complementary investment in land acquisitions to facilitate redevelopment and ensure that affordable housing is part of the housing mix as the area evolves.
II. **KEY STRENGTHS**
The project will address the high demand of the senior and disabled senior populations and play a positive and transformative role in the revitalization of a neighborhood and community at a crucial time in the City’s development.

Residences at Westminster Station deserves funding because it:

- Promotes diversity of assisted populations by providing housing for seniors earning incomes between 0% and 60% of Area Median Income
- Serves a larger number of the lowest income residents with 35 project based vouchers
- Provides an opportunity to a qualified sponsor that has not received credits in years
- Contributes directly to a City revitalization plan within a qualified census tract ("QCT")
- Provides 15 fully accessible units reserved for seniors with disabilities.
- Addresses two of CHFA’s housing priorities, including housing for Seniors and housing at a Transit Oriented Development ("TOD") Site

III. **PROJECT DESCRIPTION**

A. **Design**
Residences at Westminster Station will be a newly-constructed, 68-unit, “U”-shaped, five-story, senior apartment building. The ground level will include the 45 structured parking spaces, management offices, and common areas. Residential units and additional common spaces are distributed among the four upper levels and served by two elevators. The second level, directly over the structured parking, includes a common area south-facing patio and garden area for use by residents. [See Appendix 1, “Plans and Renderings”]

B. **Type of Construction**
The building will be four stories of Type V wood-frame construction with a Full 13 fire sprinkler system over one story of non combustible concrete podium construction. A flat roof and a variety of façade depths will give the building a warm, yet modern feel. Exterior materials will consist primarily of fiber cement siding with approximately 30% brick on the street facades. Building systems, materials and performance will be consistent with the requirements of Enterprise Green Communities.

C. **Population Served**
Residences at Westminster Station will serve 35 extremely low income senior households with 35 Section 8 Project Based Vouchers (PBVs), 15 of which will be reserved for seniors with disabilities. While these units (51.5% of total) will serve extremely low income residents based on qualifications for Section 8 wait lists, the underlying LIHTC restrictions will have a component at 50% AMI in order to mitigate LIHTC investors’ perceived risks associated with Section 8. Of the 35 units with project based vouchers, LIHTC restrictions will be at 30% AMI for 7 of the units (10% of total) and 50% AMI for 28 of the units (41% of
D. Unit Mix

The project will offer 56 one-bedroom units and 12 two-bedroom units. Due to building geometry and setbacks, the building design currently calls for 10 different unit floor plans, seven (7) one-bedroom unit plans ranging from 642 Sq. Ft. to 729 Sq. Ft. and three (3) two-bedroom plans ranging from 907 Sq. Ft. to 1,152 Sq. Ft.. For the purposes of underwriting and presentation, ACHA has consolidated similar one-bedroom and two-bedroom plans into two typical plans each by averaging the square footages and rents of similar units. As a result, the unit mix for underwriting includes one-bedroom units ranging from 642 to 682 square feet and two-bedroom units ranging from 907 to 1,101 square feet.

The 16 units at 642 square feet are most able to accommodate side-by-side washers and dryers and 15 of these will be offered as fully accessible units. The building contains approximately 49,132 of net rentable square feet.

<table>
<thead>
<tr>
<th>UNIT TYPE</th>
<th>UNIT TYPE</th>
<th>COUNT</th>
<th>SQ FT</th>
<th>AMI</th>
<th>LHTC Required Rents</th>
<th>Utilities</th>
<th>Net Rents</th>
<th>Underwritten Rents</th>
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</thead>
<tbody>
<tr>
<td>60% AMI</td>
<td>1 Bed / 1 Bath</td>
<td>38</td>
<td>682</td>
<td>$776</td>
<td>62</td>
<td>714</td>
<td>721</td>
<td></td>
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<tr>
<td>50% AMI SEC B</td>
<td>1 Bed / 1 Bath</td>
<td>11</td>
<td>642</td>
<td>$737</td>
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<tr>
<td>30% AMI SEC B</td>
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<td>642</td>
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<td>62</td>
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<td></td>
</tr>
<tr>
<td>1 Bed / 1 Bath</td>
<td>18</td>
<td>682</td>
<td>$776</td>
<td>62</td>
<td>714</td>
<td>721</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Bed / 2 Bath</td>
<td>2</td>
<td>907</td>
<td>$1,051</td>
<td>73</td>
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<td></td>
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<td>2 Bed / 2 Bath</td>
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<td>907</td>
<td>$737</td>
<td>62</td>
<td>688</td>
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<td>Subtotal / Average:</td>
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<td></td>
<td></td>
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<tr>
<td>2 Bed / 2 Bath</td>
<td>8</td>
<td>907</td>
<td>$1,051</td>
<td>73</td>
<td>978</td>
<td>900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Bed / 2 Bath</td>
<td>4</td>
<td>1,101</td>
<td>$1,051</td>
<td>73</td>
<td>978</td>
<td>900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Bed / 2 Bath</td>
<td>0</td>
<td>1,101</td>
<td>$986</td>
<td>73</td>
<td>803</td>
<td>803</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal / Average:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>3 Bed / 3 Bath</td>
<td>4</td>
<td>1,101</td>
<td>$1,051</td>
<td>73</td>
<td>978</td>
<td>900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL / AVERAGE:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>68</td>
<td>722</td>
<td>$802</td>
<td>64</td>
<td>738</td>
<td>744</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Note: Section 8 rents are set to Fair even if the underlying LIHTC rent restriction is lower.

E. Unit Amenities

Unit amenities will include washers and dryers in all units, private balconies in all but 6 units, and walk in closets in most unit plans. Hard surface flooring is planned in the kitchen, living, laundry and bath areas, while bedrooms will be carpeted. The majority of unit plans include a coat closet and U-shaped kitchen plan with a pass-through to the living area. Heat and cooling will be provided by an energy efficient forced air system. The hot water heater will
also be used to provide heat for the unit, which provides increased energy efficiency. While the property will pay for water, sewer and trash, all other utilities will be in the residents’ names in order to promote energy efficient user behavior.

F. Unit Marketability

The Project’s units have generally been designed to be slightly larger and more accommodating than many of the comparable senior housing properties. For example, typical 60% AMI one-bedroom units at Panorama Point and Orchard Hill are 607 Sq. Ft. and 577 Sq. Ft. respectively, compared to the Project’s one-bedroom sizes of 642 Sq. Ft. and 682 Sq. Ft.. 60% AMI two bedroom units at Panorama Point, Orchard Hill and Wheat Ridge Town Center are 778 Sq. Ft., 752 Sq. Ft., and 852 Sq. Ft. respectively and do not include a 2nd bathroom. The Project’s two-bedroom units meanwhile all have second baths and range from 907 to 1,101 Sq. Ft. Slightly larger unit sizes are meant to compensate for the existing condition of the area, which at present is somewhat less attractive than, for example, Wheat Ridge Town Center. Build out of the RTD rail station and redevelopment of the area will certainly improve the area over time, but ACHA has taken steps to ensure a competitive product on opening day.

Meanwhile, ACHA has also chosen to underwrite 60% AMI rents $48 and $85 below the maximum 60% AMI allowable rents for one and two bedroom units. The market study showed that Chaffee Park and Wheat Ridge Town Center were both charging maximum allowable 60% AMI rents.

G. Market Justification

The Project has been designed to be responsive to the demands of the market. ACHA engaged The Highland Group for a preliminary analysis of the market prior to determining the AMI targeting and unit mix. ACHA had initially contemplated a more balanced AMI distribution of 30%, 40%, 50% and 60% AMI units. The market analysis, however, indicated that there were no 30% AMI or 60% LIHTC units in the Primary Market Area (PMA), while there are nearby projects serving a portion of the demand for 40% and 50% AMI units. As a result, ACHA will target 30% AMI households through the use of project based vouchers and the balance of 33 units will serve households at 60% AMI. While 48.5% of units at 60% AMI may be high relative to other tax credit projects, the absence of any 60% AMI units in the PMA means that the Project’s required capture rate will be just 12%.

ACHA will serve extremely low income households in PBV units, but the underlying LIHTC restrictions proposed for those units are for seven units at 30% AMI (10% of total) and 28 units at 50% AMI (41% of total). This is designed to mitigate LIHTC and lender perceived risk associated with the decrease of Federal funding for Section 8, however low that risk may be. The difference between Section 8 Fair Market Rents (FMRs) and 50% AMI rents is effectively $0 for one bedroom units, while the difference between one-bedroom Section 8 FMRs and 30% AMI rents is $288. With seven units at 30% AMI, the potential risk is 7 units x $288 x 12
months = $24,192 in lost rental revenue. With 35 units at 30% AMI, the potential risk is $120,960 in lost rental revenue. In the event project based Section 8 funding was lost, 7 units at 30% AMI still allows the project to perform at a stress-tested 1.06 Debt-Service Coverage Ratio (DSCR). With 35 units at 30% AMI, the project would only achieve a 0.64 DSCR. ACHA has chosen a strategy that uses 30% AMI and 50% AMI restricted units to house 30% AMI households.

It is appropriate to note that while the preliminary analysis identified 40% AMI and 50% AMI units as already being served at 31.6% and 26.8% capture rates, the two nearest properties with 40% AMI and 50% AMI units reported combined wait lists of over 419 households for these units. The Residences at Westminster Station will target the areas of greatest need at the 30% AMI and 60% AMI levels.

**H. Location**

Residences at Westminster Station is located within both the City of Westminster’s South Westminster Revitalization Area and the Westminster Station Transit-Oriented Development District, the future home of Westminster’s commuter rail station. The Project’s rectangular-shaped, 0.64 acre site is located at 3185 W. 71st Avenue, on the southeast corner of 71st Avenue and Hooker Street. The closest major intersection is one block to the north east at the intersection of Federal Boulevard and 72nd Avenue. [See Appendix 2, “Location Maps”]

**I. Existing Transit**

RTD’s commuter rail station at 71st Avenue will be located only 600 feet from the property’s front door and is scheduled to open in the first quarter of 2016. In the interim, the property is served by existing bus routes on 71st and Federal, including Route 31 which operates approximately every 15 minutes on weekdays between 4:10am to 1:06am and Route 72 which operates approximately every 30 minutes.

Below are examples of existing transit travel times according to RTD’s website starting from the bus stop one block north of the property at Federal and 72nd:

- 7 minute ride to Clinica Family Health Services (direct)
- 13 minute ride to Wal-Mart Super Center at 72nd & Sheridan (direct)
- 15 min ride to Front Range Community College (direct)
- 20 minute ride to Federal and Colfax transfer center (direct)
- 20 minute ride to Old Town Arvada (direct)
- 22 minutes to Westminster Promenade (via transfer)
- 28 minute ride to Adams County Human Services Building (direct)
- 35 minutes to 16th Street Mall, Denver (via transfer)
- 40 minutes to Thornton Town Center (via transfer, includes 6 min walk time)
- 48 minutes to Super Target Center (via transfer)
• 51 minutes to Denver Public Library (via transfer)
• 59 minutes to Pearl Street Mall, Boulder CO (via transfer)
• 1hr 35 min to Denver International Airport

J. **Area Amenities**

The Residences at Westminster Station project is well located within walking distance of key amenities along Irving Street and at the intersection of 72nd Avenue and Federal Blvd.

The MAC Recreational and Community Senior Center, located one block from the proposed site at 72nd Ave and Irving Street, offers a weight room with exercise equipment, indoor walking track, locker rooms, shower facilities, aerobic/dance room, computer lab, billiards room, ceramics room with kilns, community room/kitchen, and meeting rooms. This center offers a variety of classes and scheduled excursions exclusively for adults and seniors.

Integrated primary care, dental, and behavioral health services are available at Clinica Family Health Services, which is located approximately one mile to the east on 72nd Avenue and may be reached either by walking or by a short 7 minute bus ride.

Westminster Plaza Shopping Center, located a short 0.35 mile walk away at the northwest corner of 72nd and Federal, includes a Safeway supermarket, Starbucks, and a number of smaller businesses and restaurants.

The Irving Street Public Library is less than 0.5 miles north from the site.

England Park to the west, Tori Square Park to the north, and Skyline Vista Park to the east are all within one mile of the subject site. Hidden Lake and Hidden Lake Park is also less than one mile to the southwest.

Potential opportunities for civic engagement and volunteering, activities that are important to many active seniors, exist at a number of nearby institutions within a mile of the project, including The Bowles House Museum, Holy Trinity Church, Irving Street Public Library, and two nearby elementary schools.

Finally, the addition of a major commuter rail station, a public plaza and performance area, and Little Dry Creek Park, a large regional park and open space just south of the property, will add to the existing amenities when completed. These new developments in combination with the City’s Urban Renewal funds and the new TOD zoning are anticipated to promote redevelopment of a truly transit oriented, mixed use, walkable neighborhood over the long-term.

K. **Project Amenities**

Residences at Westminster Station is designed to accommodate common areas primarily on the first and second levels while housing is on the upper floors. A 1,500 Sq. Ft. community room at the street level will provide space for general relaxation and gatherings. This room
will offer free Wi-Fi internet access and a self-service coffee bar. A 230 Sq. Ft. private room will be available for smaller group meetings or private group dining, and a small catering kitchen will be equipped with a refrigerator, microwave, prep area and storage. A small computer lab has been added to the design after completion of the market study.

Second level common areas will include a 2,900 Sq. Ft. south facing outdoor patio area, a 600 Sq. Ft. fitness room, and a 600 Sq. Ft. reading/crafts room. Public restrooms will be available on the first and second floors.

The building will have controlled access to the garage entrance and the 71st Avenue entrance. Residents will be issued key cards or fobs to gain access to the building. Recorded video surveillance will be installed at each entrance.

Other portions of the ground floor will be dedicated for an entrance lobby, elevator lobby, mail area, management office, maintenance office, and maintenance storage.

ACHA will consider a number of small design modifications if a reservation for tax credits is received. These modifications would be responsive to comments received from the final market study and from discussions with service providers.

- The outdoor patio on level 2 may be designed to incorporate a grill / barbecue.
- The ground level exterior of building may be designed to incorporate planters and/or benches.
- The ground level management offices and maintenance space may be reconfigured to provide a private examination room adjacent to the Resident Services office which could be used for on-site doctor visits.
- Space that is currently identified as a maintenance/storage room on the third level may be re-purposed for the addition of resident storage lockers.

L. Services

The property’s Resident Services Coordinator will have an easily accessible office on the first floor to facilitate assisting residents with accessing human services to successfully age in place. The Resident Services Coordinator will have expert knowledge of available resources and build relationships with service provider staff in order to provide “guided” referrals. Additionally, the Resident Services Coordinator will help residents understand eligibility guidelines and complete program paperwork; assist with occasional translation; provide mediation, when necessary; and organize social events at the property. Property management staff will also become familiar with available service relationships and assist on an as needed basis.

A comprehensive study of Adams County seniors found “Information & Planning” and “Physical Health” to be primary needs. [See Exhibit 1, “Older Adult Core Life Needs in Adams County”.] ACHA is utilizing the study’s findings to develop a comprehensive supportive services plan to address the needs of seniors residing at Residences at Westminster Station.
The Plan will build upon existing neighborhood human services and emphasize ease of access, including offering programs on-site and within a short walking or travel distance, whenever possible.

The Resident Services Coordinator and the Area Agency on Aging will provide information, planning and referrals in-person, by telephone and online. ACHA has had preliminary conversations with Clinica Family Health Services, a community health provider, regarding the opportunity to construct an exam room on-site at the Residences for individual appointments. Additionally, ACHA and Clinica will explore conducting “group healthcare visits”, where residents with the same disease such as diabetes have appointments in small groups, on-site. Clinica’s Pecos Clinic, located one mile east of the Residences, offers integrated primary care, behavioral health, dentistry and a pharmacy in one location.

Colorado State University Extension will work with the Resident Services Coordinator to potentially offer health and wellness classes on-site including nutrition, cooking and exercise programs. Additionally, The MAC, a public recreation center, is located just one block north from the Residences and offers an extensive catalog of social, recreation and exercise programs specifically for seniors.

ACHA’s Resident Services Coordinator will assist residents with accessing public benefits through Adams County Human Services and exploring employment opportunities, when appropriate, through Job Services. ACHA has made contact with numerous service providers in connection with Residences at Westminster State. Letters of support are included in Appendix 3, “Service Provider Letters”, and additional information is included in Appendix 4, “Service Provider Collateral Materials”. A list of service providers with which ACHA intends to coordinate is as follows:

<table>
<thead>
<tr>
<th>Service Provider</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinica Family Health Services</td>
<td>Healthcare, Dental, and Mental Health</td>
</tr>
<tr>
<td>Seniors’ Resource Center</td>
<td>A-LIFT Transportation and in-home care services</td>
</tr>
<tr>
<td>The MAC (Mature Adult Center)</td>
<td>Recreation, outings, games and exercise classes</td>
</tr>
<tr>
<td>Colorado State University - Extension</td>
<td>Health and wellness classes</td>
</tr>
<tr>
<td>Food Bank of the Rockies</td>
<td>Food boxes and household items</td>
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<tr>
<td>Senior Hub</td>
<td>Respite care, adult day service, Meals on Wheels, RSVP</td>
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<td>Adams County Aging Network (ACAN)</td>
<td>Information and referrals, advisement</td>
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<tr>
<td>Area Agency on Aging -Denver</td>
<td>Information and referrals, options counseling</td>
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</table>
The Resident Services Coordinator will be provided by Adams County Housing Authority and funded either from available cash flow or a future grant. ACHA has historically obtained a ROSS grant to fund resident services coordination at its nearby Public Housing senior property, Casa Redondo.

**M. Energy Efficiencies**

The Project will be designed to meet Enterprise Green Communities energy efficiency standards and will include the use of Energy Star appliances, energy efficient lighting and HVAC systems, water-conserving fixtures, low VOC and low formaldehyde materials, and additional indoor air quality measures. Residents will be responsible for paying for gas and electric utilities in their units in order to encourage energy conserving behavior.

The high density and location of the proposed development will result in additional environmental benefits. The adjacency of light rail and high frequency bus service will promote the use of public transit, reducing energy consumption and carbon emissions associated with heavy reliance on automobiles. By building with minimal setbacks and relying on a nearby public park, the Project is expected to achieve a much lower per capita water consumption rate than would a typical suburban housing project with extensive landscape grounds.

**N. Financing & Subsidies**

The Project assumes construction debt of approximately $12,300,000 at a variable rate of 3.5% and permanent debt of $3,325,000 at a fixed rate of 5.75%. These terms are consistent with multiple preliminary proposals received by ACHA in advance of the application. Furthermore, the Project assumes receipt of 15 vouchers from the Colorado Division of Housing to serve residents with disabilities and 20 vouchers from Adams County Housing Authority. ACHA applied for the DOH vouchers in November 2011 and has received verbal and written support from DOH for the Project. Pending issues of sequestration and voucher availability are not anticipated to affect DOH’s or ACHA’s ability to provide the small number of needed vouchers in 2015.

ACHA anticipates requesting $650,000 in HOME funds from DOH upon receipt of a tax credit reservation; DOH has acknowledged support for this Project and ACHA’s HOME funds request. Adams County Community Development (ACCD) has committed $400,000 of Neighborhood Stabilization Program (NSP) funds to the Project. The City of Westminster has expressed backing for the Project and understands ACHA’s need for an additional $400,000 in support. The City anticipates assisting ACHA in a variety of potential forms which may include fee waivers, use tax waivers, and HOME funds.

<table>
<thead>
<tr>
<th>Regional Council of Governments</th>
<th>Volunteers of America</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Healthy Aging classes, Meals on Wheels and congregate dining services</td>
</tr>
</tbody>
</table>
IV. REDEVELOPMENT PLAN

A. History

ACHA acquired Terrace Gardens Apartments (180 units) and a number of additional adjacent properties in 2008 in anticipation of the build-out of RTD FasTracks along the Northwest Corridor. Nearby acquisitions include Susan Kay apartments, the Arrow Motel, and a number of single family and commercial properties. As a result, ACHA controls a block of land north of 71st Avenue running from Federal Boulevard west to Hooker Street as well as smaller adjacent parcels south of 71st Ave., west of Hooker St., and north of Craft Way. A map is available in Exhibit 2, “ACHA Controlled Property”. Following acquisition, ACHA and the City of Westminster demolished a number of blighted buildings including the Arrow Motel. In 2011, the Northwest Rail segment was fully funded and construction began in 2012. ACHA is now moving forward with the first phase of redevelopment, Residences at Westminster Station.

B. Phased Development

Overall redevelopment is expected to occur in four distinct projects. ACHA envisions three phases of residential and one phase of commercial development, as illustrated in Exhibit 3, “ACHA Redevelopment Concept “, and as follows:

- **Phase 1** – Residences at Westminster Station – An existing 22 unit building will be demolished at the SEC of 71st and Hooker, directly adjacent to the City-owned site where the new parking garage will be constructed. Senior housing has been identified as most appropriate for this first phase of construction given lower demands for parking and the availability of existing amenities.

- **Phase 2** – One of the existing 58 unit buildings at Terrace Gardens will be demolished and Grove Street will be realigned in order to create a public park and playground and to create a more uniform street grid. ACHA will then construct an affordable housing project serving families on the east side of Grove Street.

- **Phase 3** – As the area matures, ACHA will then demolish the second 58 unit building at the NEC of 71st Ave. and Hooker Street to build an additional family and/or workforce housing project that is anticipated to contain a mix of income and market rate units.

- **Commercial** – At the NWC of 71st and Federal, ACHA will entitle the land for commercial use and either sell the property or work with a third party to develop it.

C. Local Support & Community Outreach

ACHA has coordinated efforts with City of Westminster since making its initial investment and has drafted a Pre-Redevelopment Agreement with the City to provide a framework for cooperation over the long term, multi-phased redevelopment effort. The City of
Westminster is extremely supportive of ACHA’s efforts and of the positive impact that Residences at Westminster station will have in advancing the City’s vision for the immediate area.

ACHA has participated in several community outreach sessions conducted by City of Westminster regarding re-development of the area in connection with the transit oriented master plan. Additionally, ACHA has incorporated 2010 Colorado Housing Now conference design charrette participants’ feedback and design suggestions regarding redevelopment options. Generally, the existing Terrace Gardens property is recognized as a property that deserves redevelopment in order to improve the area and reduce blight and crime.

After owning the property for nearly five years and working with representatives of the City of Westminster’s planning department and the Westminster Economic Redevelopment Authority, ACHA is extremely confident that the Residences at Westminster Station will be a well-received addition to the community.

V. HOUSING NEED

A. Adams County

Adams County completed a Community Needs Assessment in 2009 that identified long-term housing as one of the top three community needs and the number one unmet need. Affordable housing for the County’s lowest-income renters was also identified as one of two distinct housing gaps in Adams County. Additionally, demographic trends show that, like the State of Colorado as a whole, Adams County is experiencing an increase in the percentage of residents age 60 and over.

Adams County’s 2010 Consolidated Plan indicates that the rental market in the County is generally tailored towards households earning between $25,000 and $50,000. The Plan identifies a significant shortage of units for households earning less than $25,000 and seeking apartments renting for $225 to $575 per month. Meanwhile, the Plan also finds that only 20 percent of the families earning 50 percent or less of the Area Median Income lived in housing that was affordable to them. As a result, the Plan states that Adams County will work diligently to create and maintain affordable housing targeting low to moderate income households including seniors and those with disabilities.

The Consolidated Plan establishes the following goals and priorities addressed by Residences at Westminster Station:

- Rental housing is available for the low and very low-income populations
- Affordable housing is located in areas easily accessed by the low to moderate-income populations
- Transit options near housing and support services for special needs populations are enhanced
- Distressed neighborhoods are improved
The Project’s incorporation of housing units dedicated to those with disabilities is also consistent with the needs of the senior population to be served. The Adam’s County 2009 Community Needs Assessment reviewed 2007 U.S Census Bureau, American Community Survey 2007 data regarding Adams County residents with disabilities. The data indicated that approximately 42% of Adams county residents age 65 and older had some form of recognized disability. The most common disabilities seniors’ reported were Physical (29%) and Sensory (19%). Residences at Westminster Station proposes to reserve 15 units for those with disabilities (served by project based vouchers), which represents approximately 22% of the 68 unit total.

B. **South Westminster**

At the neighborhood level, the City of Westminster identified the area in which the Project is situated as an Urban Renewal Area and adopted the South Westminster Strategic Revitalization Plan. This plan identifies a number of goals and objectives addressed by ACHA’s proposed Project, including:

- Provide a wide range of safe and habitable residential opportunities promoting and sustaining social and economic diversity
- Improve the living conditions of multi-family properties and the immediate environs
- Increase the level of development and redevelopment activity on vacant, abandoned, and deteriorating properties
- Develop and promote the neighborhood as a positive and desirable Westminster asset attractive to existing residents and newcomers alike.
- Enhance the aesthetic quality of street corridors.

Finally, the City of Westminster engaged McCormick & Associates in July of 2003 to perform a Housing Needs Assessment. Of the seven different neighborhoods identified within the City, the South Westminster Neighborhood was uniquely identified as having the lowest average household incomes, highest number of persons with disabilities (21%), and the highest percentage of residents (10%) aged 65 and older.

VI. **COMMUNITY REVITALIZATION**

A. **South Westminster Revitalization**

ACHA’s proposed Project, Residences at Westminster Station, is part of a larger revitalization effort by City of Westminster in a designated Urban Renewal Area and a TOD Area. The TOD Area is situated in the southeastern quadrant in the City of Westminster, in the heart of the South Westminster neighborhood. The neighborhood dates to the founding of the city in 1890 and historically served as the primary center of activity and commerce. While still an active, diverse community, the neighborhood has been challenged in recent years by slow economic growth and an aging built environment. The area is characterized by older residential neighborhoods in need of infrastructure improvements, vacant and
underutilized industrial and auto-related uses, and aging commercial centers that provide few neighborhood service, retail, and restaurant choices for surrounding residents.

In an effort to revitalize and improve the character and quality of the South Westminster area, the City has facilitated several key projects. Westminster Plaza Shopping Center, at the northwest corner of 72nd and Federal, was redeveloped in the late 1990s to provide a key grocery-anchored neighborhood shopping center. More recent streetscape, public art, and redevelopment efforts in the historic Harris Park neighborhood along 73rd Avenue and Lowell Boulevard have also enhanced the area with new commercial development and townhomes. Intensified development and infrastructure improvements within the Station Area will continue these revitalization efforts and provide impetus for further growth.

A new water line was installed on 71st Avenue between Irving Street and Federal Boulevard in 2011 that provides adequate capacity to serve much higher density development on adjacent property. A new sanitary sewer line will be constructed in concert with the first phase of the transit station. The sanitary sewer line will provide sufficient capacity to serve extensive new development activity along the north side of the rail corridor. Additional improvements to water and sanitary sewer infrastructure in the TOD Area are planned and will be implemented as redevelopment occurs.

A Westminster City Councilmember sits on ACHA’s Board of Trustees, and ACHA has coordinated acquisition, demolition and planning efforts since making a significant investment in area properties in 2008. Residences at Westminster Station represents a critical first step in ACHA’s efforts to help revitalize this neighborhood.

B. **Transit Oriented Development**

As an effort to relieve congestion along the US Highway 36 corridor and expand Denver’s regional transportation network, the planned RTD FasTracks Northwest Rail Line will eventually extend between Denver Union Station in downtown Denver to Longmont, passing through North Denver, Adams County, Westminster, Broomfield, Louisville, and Boulder. The currently funded portion of the line comprises four stations and terminates at Westminster Station. Another seven stations will be built when RTD secures additional funding. The first funded phase of the Northwest Rail Line was approved in August 2009 as part of RTD’s Eagle P3 Project and will be constructed as an electrified commuter rail segment. The funding for construction of this phase was secured in August 2011 upon receipt of a Federal Transit Authority New Starts Grant. Completion of this portion of the rail line is anticipated in early 2016. The timing of further phases of the rail line will depend on funding availability.

In anticipation of RTD FasTracks Northwest Rail Line and Westminster Station approval, the City of Westminster initiated a planning process for a 135-acre area surrounding the station, with the intent to transform the area into a vibrant, mixed-use Transit-Oriented Development (TOD) district. The 135-acre Station Area is bordered by Federal and Lowell Boulevards to the east and west, 72nd Avenue to the north, and roughly 68th Avenue to the
south. The Little Dry Creek basin comprises the southern 37.5 acres of the planning area, south of the rail corridor between Lowell and Federal boulevards. The majority of the planning area is located within a five-minute walk of the planned FasTracks Westminster Station. [See Exhibit 4, “TOD Area Boundary”]

Residences at Westminster Station will be situated less than 600 feet from the rail platform scheduled to open in early 2016. The Northwest Rail Line currently under construction will terminate at Westminster Station, while extensions of the line to Boulder and Longmont are subject to future funding availability. RTD is currently studying the addition of rapid bus transit between Westminster Station and Boulder to serve as a stop-gap measure until the rest of the line can be built.

As stated in a June 28, 2012 news article, [Exhibit 5 – “Northwest Rail Breaks Ground”], “The first segment ... runs six miles between Denver Union Station and the planned Westminster Station, located in South Westminster near 71st Avenue and Irving Street. The Northwest Rail Line, approved by voters in 2004 as part of the overall FasTracks system, continues through Westminster to Boulder and Longmont. The Westminster Station and rail line is part of the $2.1 billion Eagle P3 Project, a 34-year public-private partnership with Denver Transit Partners to build, operate, maintain and privately finance the FasTracks commuter rail system. It is under full construction toward a 2016 opening and includes the East Rail Line to Denver International Airport and the Gold Line to Arvada and Wheat Ridge.”

The City of Westminster signed an intergovernmental agreement with RTD in order to direct funding that RTD would have otherwise used for land acquisition to support the City’s development of a shared RTD and City of Westminster parking garage. As a result, Westminster Station will be able to avoid a sea of surface parking in favor of a denser and more walkable community. At opening in 2016, the station will consist of a rail platform, public plaza, bus transfer and at least one half of the parking garage. Vehicular access will be primarily from 70th Avenue to the east and Hooker Street to the north. [See Exhibit 6 “Project Relative to RTD FasTracks Station”]. Hooker Street will be aligned on axis with the pedestrian plaza, providing residents of the Project with direct access to the rail plaza and platform. As the area develops and demand for parking increases, the City will expand the parking garage and shift bus access to 69th Avenue. [See Exhibit 7, “Proposed Circulation of TOD Area by City of Westminster”].

Construction of City improvements in connection with Westminster Station involves a number of elements including storm water improvements on the south side of the rail line, demolition of buildings on the north side of the rail line, construction of the plaza, construction of the parking garage, construction of the bus access from Federal Boulevard, and construction of Little Dry Creek Park. The City has begun storm water improvements and anticipates demolition of buildings in Q2 2013. Construction of the plaza is scheduled to begin Q3 2013. Construction of the parking garage and bus access is expected to begin in 2014.
C. Westminster Station Design

The station will be anchored by a 1.5-acre plaza on the north side of the rail corridor. The plaza will provide the dual purpose of connecting transit patrons to the RTD platform as well as serving as a key public space for gatherings and events. Train platform access will be located on the south side of the corridor adjacent to the planned Little Dry Creek Park. A pedestrian passageway beneath the rail corridor will connect the transit plaza on the north with the train platform and park to the south. Design of the station and adjoining transit plazas will be iconic and will act as a visual marker within the Station Area and Little Dry Creek Park. [See Exhibit 8, “Westminster Station Plaza and Platform”, and Exhibit 9, “Westminster Station Plaza and Platform (3D)”.

The Little Dry Creek Drainage and Park Plan incorporates improvements of the Little Dry Creek basin between Lowell and Federal Boulevards with drainage and water quality facilities that will serve future development needs in the TOD Area, thereby eliminating the need for development to provide on-site storm detention. Little Dry Creek Park will serve as a key community resource for the city and as a regional destination. The Master Park Plan includes three components: (1) a recreation area with playground, xeriscape, and amphitheater; (2) a transit area with direct access to the commuter rail station; and (3) a passive natural area that will include a fishing lake, open space, wetland plantings, and environmental education pavilions. Drainage and water quality is integrated throughout the 37.5-acre park. Funded by the City of Westminster, Adams County, and the Urban Drainage and Flood Control District, construction of drainage improvements for the park began in late 2012. [See Exhibit 10, “Park and Open Space Plan”.

VII. CONSISTENCY WITH QAP:

A. Guiding Principles

Lowest Income Tenants

The Project proposes to serve 35 units, or 51.5% of the project, with Project Based Vouchers that will provide quality, affordable housing near transit for 35 extremely low income households.

QCT & Revitalization Plan

The Project is located in a Qualified Census Tract (QCT), in an Urban Renewal Area (URA), and in a Transit Oriented Design Area designated by City of Westminster. The Project directly contributes to the South Westminster Revitalization Area plan by eliminating a deteriorating building and providing high-density new construction consistent with new TOD design guidelines at a key intersection.

Provide Opportunities for a Variety of Qualified Sponsors
Adams County Housing Authority is a qualified sponsor that has not received credits in recent history despite compelling and competitive applications. As a housing authority, ACHA is in a unique position to reliably marry PHA and County resources with low income housing tax credits for successful projects.

**Assist a Diversity of Populations**

The Project proposes to serve seniors and seniors with disabilities at 30% and 60% AMI

**Limit Reservation to Amount Needed for Feasibility**

As an urban infill project with structured parking, the Project underwriting requires an allocation of the maximum credit amount in order to be financially viable. City, PHA, County and State resources have been maximized and the Developer has deferred a significant portion of its fee to make the project feasible.

**B. Housing Priority**

Residences at Westminster Station meets multiple housing priorities of CHFA’s 2013 QAP, including “Seniors” and “Transit Oriented Development (TOD) Sites”. The project also reserves 22% of units for seniors with disabilities.

**C. Approval Criteria**

**Market Conditions**

The Project requires only a 12% capture rate for its non-Section 8 Project Based Voucher units and will have lower rents than the nearest competitors. ACHA has a waitlist of 284 qualified seniors and 124 qualified seniors with disabilities to fill the 35 Project Based Voucher units.

**Readiness to Proceed:**

The Project site is currently zoned R-4 High Density Multifamily which has setbacks and other requirements that are inconsistent with the proposed project and the TOD zoning being adopted by City of Westminster. The new zoning is being adopted for the purposes of promoting density and creating a walk-able neighborhood with wider sidewalks, and more uniform streetscape. Residences at Westminster Station has been designed in response to the current draft TOD zoning being adopted by the City in the first half of 2013.

ACHA will not wait for the new zoning adoption to move forward. Instead, the project will proceed under a Comprehensive Land Use Plan (CLUP) amendment, Preliminary Development Plan (PDP), and Official Development Plan (ODP) via the existing zoning process. The zoning for this property will be Planned Unit Development (PUD) rather than waiting for the new TOD zoning adoption. This process is anticipated to conclude by the end of November of 2013. Construction documents shall be pursued simultaneously in the later
stages of the process allowing ACHA to be permit-ready within three months by the end of February 2013. ACHA will pull a building permit and start construction in March 2014.

**Carryover:**

At the time of construction loan closing, ACHA anticipates project expenditures in excess of $2.0 million. Soft costs prior to start of construction are estimated to be $540,000 for Architecture, Engineering, Owner Representation, and Planning fees. At the start of construction, Permit Fees, Tap Fees, Impact Fees and Use Taxes are expected to exceed $1.1 million. Soft costs related to acquisition and closing of construction financing are budgeted at $200,000. Builder’s Risk Insurance, Hazard Insurance, Liability Insurance and Performance and Payment Bonds total $250,000. The total expense of $2.09 million, excluding any Developer Fee earned, represents 13.9% of eligible basis which is sufficient to meet Carryover.

**Overall Financial Feasibility and Viability:**

The operating budget for the Project is believed to be reasonable in terms of both income and expense. Rents for 60% AMI units have been set below the allowable maximum and below the nearest 60% AMI competitors in order to compensate for location. There may be some upside in other income by the introduction of optional resident storage units available for a fee.

ACHA’s underwritten Per Unit Per Annum (PUPA) expense of $4,063/unit exceeds CHFA’s minimum, albeit on the lower end of the implied range. ACHA believes this PUPA is appropriate based on a number of factors. First, ACHA will provide a tax exemption to the property which accounts for $300-350 of reduced PUPA expense on average. Additionally, the property will have no grounds to maintain or to irrigate, lowering grounds maintenance and water/sewer expense. Finally, while the building will have interior hallways and common areas to clean, the senior population and lower bedroom count are expected to require less repair and maintenance than a more heavily populated family property. The Project assumes $300 per unit in annual replacement reserves.

Project costs, described in another section below, are believed reasonable, and the Project budget includes $1,053,250 in contingencies allocated as follows: $166,250 in Contractor Contingency; $787,000 in Owner Hard Cost Contingency; and $100,000 in Owner Soft Cost Contingency.

Sources of financing for the Project assume construction and permanent debt at rates of 3.5% and 5.75% respectively. Permanent debt has been underwritten to exceed a 1.15 DSCR in Year 1 and is expected to rise to a 1.29 DSCR in Year 15. ACHA received indications of interest by equity investors at up to $0.95 per dollar of credit. Project underwriting assumes the $0.95 pricing will be achieved. ACHA has had contact with all soft funding sources and is confident the underwritten soft financing will be secured. ACHA has underwritten a
developer fee approximately $140,000 less than the allowable amount and has deferred a significant portion of fee in order to balance project sources and uses.

Organizational Capacity & Management Experience

ACHA has sufficient capacity and financial stability to construct and operate the proposed project.

According to the unaudited year end financials for 2012, ACHA had $1,891,724 in cash on hand and $11,025,515 in total current assets. For year 2012 ACHA has $5,065,570 in earnings before interest, taxes, depreciation and amortization. Net Income, excluding depreciation, was $2,859,289.

The Adams County Housing Authority has a thirty-eight year history of providing a wide range of affordable housing options to the residents of Adams County. ACHA has extensive experience with property acquisition, having directly acquired or been part of a partnership for the acquisition of more than 20 properties totaling approximately 2,500 units. We have performed significant rehabilitation on several of those properties including a $14 million dollar redevelopment to one site. The Housing Authority owns and solely operates nearly 1,300 units of affordable housing and is in partnerships with the private and public sectors for an additional 1,200 units.

ACHA’s three most recent LIHTC projects include Creekside Place Apartments (2000), Orchard Hill Senior Apartments (2002), and Overlook at Thornton (2006). ACHA is the managing partner in all three projects and is the property manager in both Creekside Place and Overlook at Thornton. ACHA is currently seeking equity financing for another project, Village of Yorkshire, which will be financed with Private Activity Bonds and 4% tax credits.

ACHA’s management team includes personnel with extensive experience in owning, operating and developing real estate and affordable housing projects. Donald May has been the Executive Director of ACHA for the past 20 years and sits on the Adams County Workforce Investment Board; the Adams County Housing and Economic Development Task Force; is Immediate Past President of Colorado National Association of Housing and Redevelopment Officials (NAHRO); Senior Vice President of Mountain Plains NAHRO; and serves on various national, state and local Boards and committees. Christopher Shaffner, Chief Operating Officer, has managed operations for the Housing Authority for four years. He has extensive experience in all aspects of housing operations and programs, holds a JD and was a William B. Gemmill Law Scholar. Christopher Auxier joined ACHA in 2010 as Director of Development after serving as Regional Vice President for Development at Mercy Housing Mountain Plains, responsible for acquisition and development of affordable housing projects in Colorado, Arizona and Nebraska. James Neville, Director of Property Operations, has more than two decades of experience in property and asset management.
Given its 38 year history of acquiring, operating, rehabilitating and developing affordable housing properties, ACHA has relationships with numerous Denver area professional experienced in the design, finance, construction and project management of affordable housing projects. ACHA calls on these resources on a contract basis as needed. ACHA has 72 full-time employees in management, administration, property management, Section 8, and housing counseling functions.

**Project Costs**

At $17,071,392, the total development cost for Residences at Westminster Station is $251,049 per unit. The total development cost is driven up by the high cost of land acquisition adjacent to light rail, the need to demolish and abate an existing building, and the need to add structured parking to an urban infill site. These incremental costs alone contribute approximately $25,000 in additional cost per unit.

The lower efficiency of a double-loaded corridor elevator building with interior common areas for seniors also adds to gross square footage and project cost. Refer to Exhibit 11, “”, for a detailed breakdown of square footage. Based on 76,233 of gross square feet, as measured from the outside of building walls including balconies but excluding garage and patio, the hard costs of $10,503,912 for On Site Work and New Construction, excluding Owner Contingency, is approximately $137.79 per square foot. Inclusive of square footage for the street level garage (14,654 Sq. Ft.) and 2nd level patio (3,056 Sq. Ft.), the hard cost is $111.81 per gross square foot. ACHA’s third party cost estimator, Cornerstone Construction Management and Consulting, believes these costs are accurate in the current Denver metro area based on current pricing and increased construction activity.

Tap fees and impact fees in City of Westminster are also relatively high. The project budget of $914,181 ($13,444/unit) for tap fees, land dedication fees, school fees and park development fees reflect a credit for 22 existing units being replaced. Without this credit, the cost would exceed an estimated $1,375,000 ($20,221/unit).

ACHA believes all other project costs are generally typical for this type of project.

**Proximity to Existing Tax Credit Developments**

There are three senior tax credit properties within the primary market area and a three mile radius of the Project. Westminster Commons, located 0.65 miles north, is a Section 8 property formerly owned by City of Westminster that is fully leased and is being rehabilitated by Volunteers of America (VOA) using 4% tax credits. Panorama Pointe Apartments, built in 2011 and located 1.62 miles to the north, is a stabilized 9% tax credit project with 40% and 50% AMI units at 100% occupancy and with a reported 380 person waitlist. Orchard Hill, built by Adams County Housing Authority and Arthur McDermott in 2003 and located 2.56 miles to the northeast, is a stabilized 9% tax credit property serving seniors at 40% and 50% AMI with 100 % occupancy and a 60 person waitlist. None of the LIHTC properties within three miles include 60% AMI units.
Site Suitability

The Project site is rectangular and roughly flat, sloping gently about two feet to the south over the length of the property. The site is on the southeast corner of an intersection and is served by existing utility infrastructure. The City of Westminster will provide access to storm water management off site.

Residences at Westminster Station is located within walking distance of a Safeway supermarket, Starbucks, a public library, and an adult lifestyle center for seniors. Health care is available at St. Anthony’s hospital two miles to the north and Clinica Family Health Services, a Federally Qualified Health Center offering primary care, dental care and mental health approximately one mile east via a short seven minute bus ride. The site is located in the heart of the South Westminster Revitalization area and the City’s Transit Oriented Development area, mere steps away from high capacity bus service and future commuter rail. Public open space amenities within walking distance are currently limited, but the project will enjoy access to the expansive Little Dry Creek Park to be constructed in connection with the new rail station.

VIII. ADDITIONAL INFORMATION

A. Construction Schedule & Lease-up

Construction of the Project is expected to last 14 months, inclusive of demolition and abatement of the existing 22-unit building. ACHA anticipates obtaining temporary certificates of occupancy on the first floor when the second floor is completed and on the second floor when the third floor is completed. This will allow marketing and leasing activities to begin on the ground floor approximately two months prior to completion and occupancy to begin on the second floor one month prior to completion.

ACHA anticipates having all 35 Project Based Section 8 voucher units occupied within two months of construction completion using existing qualifying households on its Section 8 waitlist. ACHA currently has 284 self-identified seniors on its Section 8 waitlist, of which 124 are self-identified as disabled.

The remaining 33 units at 60% AMI will be leased up through traditional marketing efforts. ACHA’s market study suggests a six month lease-up period for the 60% AMI units, which ACHA believes is generous. The Project has established a marketing budget for initial lease up of at least $30,000, and on site leasing efforts will begin two months prior to completion of construction. Units will first be available for occupancy beginning one month prior to completion of construction. This provides an on-site leasing window of six months for occupancy of 5.5 units per month over a five month period. Stabilized occupancy is expected to be achieved four months after completion of construction.
B. Relocation of Existing Residents

The project site is currently occupied by a 22 unit apartment building, which is one of four buildings in Terrace Gardens, a 180 unit apartment complex. ACHA has owned and operated Terrace Gardens since 2008 and intends to relocate existing residents into vacancies of the larger property. ACHA will stop leasing activities approximately 120 days prior to closing and will notify residents of the need to relocate. Physical relocation will begin approximately three months before demolition. Relocated residents will be easily absorbed into the other Terrace Gardens buildings (158 units), which typically turnover about seven units per month. Adams County Housing Authority will pay for and coordinate the moves, or provide an allowance for residents to hire their own movers. The building will be completely vacant within two weeks of closing. The existing building and parcel will be sold to a tax credit partnership formed for the purposes of redevelopment.

C. Underwriting Criteria

Project underwriting is consistent with CHFA requirements.

D. Qualified Census Tract

The property is located within a designated 2013 Qualified Census Tract.

E. Market Analysis Issues

The Market Analysis produced by The Highland Group made two recommendations to which ACHA would like to respond.

“Recommendation: While we recognize that exterior space is limited, we recommend the subject include at least some smaller scale exterior amenities at ground level; such as chairs, a table, planters alongside … the building, a barbecue grill, bird feeders, etc.” ACHA intends to incorporate tables and chairs into the exterior south-facing patio on the second level. Addition of bird feeders and a grill area will be attractive additions evaluated and considered in the final design. At the street level, ACHA will consider the addition of planters and a bench or two along the exterior of the building, recognizing that the City may or may not allow such items.

“Recommendation: We recommend the developer assume a six month absorption period for its 60% AMI units.” ACHA has modified the absorption schedule since receipt of the final market study from a four month marketing and absorption schedule to now incorporate a six month marketing and five month absorption period, representing just 5.5 units of occupancy per month over the five month period.

F. Environmental Issues & Mitigation

ACHA’s third party Phase I environmental report identified no Recognized Environmental Conditions. The existing building to be demolished is known to contain asbestos and the costs for abatement has been including in the demolition expense.
IX. SUPPLEMENTAL ATTACHMENTS

A. Exhibits

Exhibit 1. Older Adult Core Life Needs in Adams County
Exhibit 2. ACHA Controlled Property
Exhibit 3. ACHA Redevelopment Concept
Exhibit 4. Westminster Station TOD Area Boundary
Exhibit 5. Northwest Rail Breaks Ground
Exhibit 6. Project Relative to RTD FasTracks Station
Exhibit 7. Proposed Circulation of TOD Area by City of Westminster
Exhibit 8. Westminster Station Plaza and Platform
Exhibit 9. Westminster Station Plaza and Platform (3D)
Exhibit 10. Park and Open Space Plan
Exhibit 11. Square Footage Calculations

B. Appendices

Appendix 1. Plans and Renderings
Appendix 2. Location Maps
Appendix 3. Service Provider Letters
Appendix 4. Service Provider Collateral Materials
Project Name: Yale Station Workforce Housing

Project Address: 5155 East Yale Circle Denver, CO 80222

Project Overview

Yale Station Affordable Apartments will consist of sixty six (66) affordable family/workforce housing units in a four (4) story elevator served building. The project is located within a few hundred feet of the Yale Station light rail station and the Yale Station Apartments Senior Housing project completed in 2011 by Mile High Development (Developer) and Koelbel and Company (Applicant).

Yale Station Affordable Apartments has evolved from an extensive Master Planning project directed by a joint venture of the Urban Land Conservancy (current owner of the site), Mile High Development and Koelbel and Company in conjunction with RTD, the City and County of Denver, the office of Community Planning and Development and Councilwoman Peggy Lehmann, as well as stakeholders in the area of the 9 acre site. The Master Plan was completed in 2012 by the Denver office of Van Meter Pollock(Tim Van Meter), and has been embraced by all of the participants to include one or more additional affordable housing or mixed income housing projects.

The site for this project, which was purchased several years ago by the Urban Land Conservancy’s TOD Fund is under a fully executed Option Agreement between ULC and Mile High Development granting Mile High Development the right to purchase the site under definitive terms and conditions.

With an efficient use of the site, parking will be provided in a surface configuration without the need for a parking structure, and an expensive concrete podium usually necessary in TOD projects this close to a light rail station.

Because of family and workforce orientation of the proposed project, three (3) three bedroom units have provided in the unit mix, which will include 45- 1 bedroom units and 18-2 bedroom
units. Unit amenities include a 1200 s.f. community room with kitchenette and entertainment center, a 400 s.f. gym and a unique community garden for the use of the residents and possibly the Senior residents in the Apartments at Yale Station just a few hundred feet from the garden site.

Unit amenities include a central HVAC system (gas fired forced air heating and cooling system).

Each unit will contain a full kitchen with dishwasher, range, refrigerator, disposal, storage closet, coat closet, air conditioning, in-unit washers and dryers and cable and internet wiring.

The location on Yale Circle away from I-25 and tucked into a residential neighborhood will give the project a neighborhood feel, accentuated by six (6) ground floor units facing south onto the low-traffic Yale Circle, each with a porch accentuating the neighborhood feel. Because the site is slightly larger than most TOD sites directly adjacent to the light rail station, it has been planned as a four story building rather than a five story building, which the zoning would allow, thus being more “neighbor” friendly to the single family neighborhood directly adjacent to the north.

<table>
<thead>
<tr>
<th>60% AMI Units</th>
<th>Bed</th>
<th>Bath</th>
<th>SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Units</td>
<td>13</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>2</td>
<td>2</td>
<td>824</td>
</tr>
<tr>
<td>1</td>
<td>3</td>
<td>2</td>
<td>995</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>50% AMI Units</th>
<th>Bed</th>
<th>Bath</th>
<th>SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Units</td>
<td>20</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>2</td>
<td>2</td>
<td>824</td>
</tr>
<tr>
<td>1</td>
<td>3</td>
<td>2</td>
<td>995</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>40% AMI Units</th>
<th>Bed</th>
<th>Bath</th>
<th>SF</th>
</tr>
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<tbody>
<tr>
<td>Number of Units</td>
<td>8</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>2</td>
<td>824</td>
</tr>
<tr>
<td>1</td>
<td>3</td>
<td>2</td>
<td>995</td>
</tr>
</tbody>
</table>
30% AMI Units

<table>
<thead>
<tr>
<th>Number of Units</th>
<th>Bed</th>
<th>Bath</th>
<th>SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>1</td>
<td>1</td>
<td>654</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>2</td>
<td>824</td>
</tr>
</tbody>
</table>

66 Total Units

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 Yale Station light rail station 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
- High “R-Value” insulation
- Energy Star rated appliances
- All fans will be energy Star-qualified
- LED Emergency exit Sign
- Low flow fixtures
- Energy efficient common area lighting
- Flat roof with white EPDM
- Native and Xeriscape landscaping

Guiding Principles

Yale Station Workforce Housing will provide 6- 30% AMI units and will restrict that housing/income level for 40 years.
Priorities

The project meets one of CHFA’s priorities; the location of the project is less than ¼ mile to the nearest light rail stop, Yale Station.

The project is very close to meeting a second CHFA priority; area of pent up demand. Current affordable vacancy in the market area is 2.3%, below the 4% threshold listed in the QAP (see the table below). Additionally, vacancy in market rate apartments in the market area has been below 5% for two of the past five quarters, narrowly missing the requirement by CHFA. It was in the two most recent quarters that market vacancy was below 5% so it is reasonable to assume that the vacancy will remain below 5% as no new projects have come online in the time period.

LIHTC Vacancy Table – Compiled from Market Study

<table>
<thead>
<tr>
<th>Project</th>
<th>Number of Units</th>
<th>Vacant Units</th>
<th>Waiting List</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadway Junction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One bedroom</td>
<td>60</td>
<td>0</td>
<td>200+</td>
</tr>
<tr>
<td>Forest Manor Apartments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One bedroom</td>
<td>75</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Two bedroom</td>
<td>27</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Highland Crossing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One bedroom</td>
<td>48</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Two bedroom</td>
<td>48</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Three bedroom</td>
<td>12</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Highland Square</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One bedroom</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Two bedroom</td>
<td>30</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Three bedroom</td>
<td>36</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Fox Crossing I &amp; II</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>One bedroom</td>
<td>Two bedroom</td>
<td>Three bedroom</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------</td>
<td>-------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td>46</td>
<td>94</td>
<td>80</td>
</tr>
<tr>
<td>Vacancy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>566</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Vacancy</td>
<td>2.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Recent Market Rate Vacancy Rates

- 4Q ’11 – 5.8%
- 1Q ’12 – 5.6%
- 2Q ’12 – 5.3%
- 3Q ’12 – 4.4%
- 4Q ’12 – 4.6%

*Vacancy rates are for the “Denver Far Southeast” submarket which includes the market area.

Market Conditions—The Market Study that is part of this application, provided by James Real Estate Services, indicates that there is strong demand for this workforce/family product in the Primary Market Area in all income levels. The Capture Rate of 4% is extremely low which bodes well for the timely lease-up of the project.

Readiness to Proceed

The site is zoned S-MX-5 which allows affordable rental housing as a use by right. The proposed building is 4 stories, one story less than the 5 stories allowed under the current zoning. (Please see attached letter from Community Planning and Development, City and County of Denver.)

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

JG Johnson Architects has completed concept and schematic design, as indicated by the site plan, elevations and floor plans in the application. The development team has been working with Shaw Construction for several months to price the drawings as they have been developed.
Based on this input, and our recent pricing for the University Station Apartments in the form of a Guaranteed Maximum Price (GMP) contract, the development team is comfortable with the pricing as indicated in our cost projections in the application.

The project team also had preliminary meeting with the City of Denver regarding our proposed project. After preliminary discussion with all Denver building departments (water, fire, zoning, etc.) it was determined that this project conforms with all major Denver requirements.

Financial Feasibility

Based upon the developers’ recent experience on the Yale Station and University Station Projects, several sources of potential funding for the project have been identified, and preliminary discussions have been held with potential participants, including a commercial bank and several tax credit investment firms. We are requesting a “Basis Boost” for the tax credits, as indicated in the dedicated section below. Based on these discussions and a detailed review of our financial projections as presented in the application, we believe the combined sources outlined in the table below are sufficient to meet the project’s expected costs.

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Amount</th>
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<tbody>
<tr>
<td>First Mortgage</td>
<td>$2,300,000</td>
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<tr>
<td>LIHTC Equity Investment</td>
<td>$472,249</td>
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<tr>
<td>Deferred Developer Fee</td>
<td>$10,756,599</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$13,528,848</strong></td>
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<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$1,665,000</td>
</tr>
<tr>
<td>Site Work</td>
<td>$748,418</td>
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<tr>
<td>New Construction</td>
<td>$8,033,681</td>
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<tr>
<td>Professional Fees</td>
<td>$661,700</td>
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<tr>
<td>Construction Interim Costs</td>
<td>$634,132</td>
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<tr>
<td>Permanent Financing</td>
<td>$21,500</td>
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<tr>
<td>Soft Costs</td>
<td>$244,826</td>
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<tr>
<td>Syndication Costs</td>
<td>$56,500</td>
</tr>
<tr>
<td>Developer Fees</td>
<td>$1,248,091</td>
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<tr>
<td>Project Reserves</td>
<td>$215,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$13,528,848</strong></td>
</tr>
</tbody>
</table>

Experience and track record
Mile High Development and its principal, George L. Thorn, has been involved in developing large commercial projects for over thirty years. Many of these projects have been in the public private partnership (P-3) arena, and include the Wellington E. Webb Municipal Office Building developed for the City and County of Denver in 2001/2002, Laekwood City Commons, co-developed with Opus in the mid-1990’s, which included a new Lakewood City Hall and offices for City staff, and the Co-Development project with the Denver Art Museum and the City and County of Denver, which included a 1000 car garage and 56 luxury condominium units.

Mile High Development was the developer of the nearby Apartments at Yale Station for the Owner, Koelbel and Company. This 50 unit Senior project was completed on time and on budget, and was fully leased within 3 months after completion. Mile High Development and Koelbel and Koelbel and Company are also partners in the University Station Apartments, a 60 unit LIHTC project currently under construction at the University of Denver Light Rail Station. Mile High Development has retained Koelbel and Company as a development and financial advisor for this project.

The project team plans to use ComCap Asset Management to manage the lease-up phase of the project, as well as the ongoing property management duties.

The development and management team of Mile High development, Koelbel and Company and Comcap Asset management, working together, have a history of compliance with CHFA’s affordable housing programs.

**Cost Reasonableness**

Transit Oriented Development (TOD) projects normally cost more to construct than other typical suburban construction types. The total costs for Yale Station Affordable Housing is projected to be comparable to, or less, than the cost of the recently completed Apartments at Yale Station and the University Station Apartments on a per unit cost basis.
Proximity to Exist Tax Credit Projects

As indicated above, there are six existing projects in the study area. As the table illustrates, current vacancy for affordable units is less than 2.5% with some waiting lists at each project. This indicates a serious need for affordable housing in this market area. The addition of 66 units to this market area will meet pent up demand and not take renters away from current stock.

Site Suitability

The site is located in an enclave that was created when the T-REX project was completed in 2006. The “anchor” or this enclave is the Yale Station light rail station. As mentioned earlier in this application, Yale TOD Partners, a strategic alliance between Urban Land Conservancy, Mile High Development and Koelbel and Company, was created to develop a Master Plan for this “enclave” area in 2011. The completed Master Plan and Report, as well as extensive meetings with RTD’s TOD staff, City and County of Denver staff and other parties in the affordable housing community, clearly validates the suitability of the site for a family/workforce housing project.

The physical location of the site within the Yale Station enclave creates a neighborhood atmosphere, accentuated by the developer’s decision to keep the building at 4 stories, blending it into the surrounding single family neighborhood. The location, several hundred feet west of the elevated Yale Station platform, acts as a sound buffer, providing for a quiet, neighborhood feel.

There are 2 major shopping centers within 1 mile of the site (Plaza del Monaco which includes a Safeway store) and University Hills, north and south, which includes a King Soopers. The Schlessman YMCA, which provides full family services as well as child care (day care) is also located less than 1 mile to the West of the site. Bus service to the site is excellent by virtue of the light rail station being the anchor of the enclave. I’25 is also directly adjacent to the site and the Yale interchange gives immediate access for either northbound or southbound automobile travel.

Basis Boost
This project is requesting a basis boost for two reasons. First, the project land costs are significantly higher than competing suburban, low income projects. The Urban Land Conservancy must meet certain obligations in order to release the funds. As a result, the land per unit costs is over $25,000 per door. Second, there are some issues with getting utilities around Yale Circle to the site. The cost to complete those utilities will have to be borne by the project. The development team has worked very hard to design a site that is not reliant upon structured parking and that provides amenities typical of other low income housing projects.

**Address any issues raised by the market analyst in the market study submitted with your application:**
The market study indicated very strong demand for affordable housing in this market area. Specifically the 4% capture rate indicates that this project should have no problem leasing up.

**Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:**
The site is currently vacant land and the Phase I reports that there are no environmental risks associated with development.

**In your own words describe the outreach that you have conducted within the proposed community and demonstrate local support for the project (including financial support):**
The development partnership performed a station area plan for Yale Station on the south east line. The study area included this site. During that station area plan most adjacent land owners were contacted and showed diagrams that generally conform to the proposed project. There were no major concerns raised. Additionally, the recently completed Apartments at Yale Station affordable development has been well received by the neighborhood after a extensive rezone effort 5 years ago.