

9% lihtc application narrative



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.

40 West Residences Strengths

- ***40 West Residences is committed to providing supportive housing to homeless Veterans, which is a confirmed housing need as identified by both the City of Lakewood HOME/CDBG plan and the market study.***
- ***40 West Residences has the support of HUD, the Veterans Administration and Colorado Division of Housing in the form of a commitment of VASH vouchers to serve those homeless Veterans.***
- ***40 West Residences has strong local support financial and otherwise from the City of Lakewood, Jefferson County and MetroWest Housing Solutions.***
- ***The location of the project, 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 and bus rapid transit.***
- ***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.***
- ***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.***

Project Description

Archway Housing & Services, Inc., 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 recently opened Lamar Station on the RTD West line.

This innovative project will serve a range of populations including very low-income homeless veterans, a critically underserved population in the Denver Metropolitan area. Archway Housing has received a commitment for 15 VASH vouchers to provide supportive housing for veterans. As is the goal with the VASH program, the property will focus on mainstreaming the veteran population with households from a wide variety incomes and populations. 40 West Residences will have units affordable to households with income from 30% to 60% AMI. The quality, location and 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 on-site property staff. The ground floor will have a range of common spaces including 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 (completion date Fall 2014) and a library at 5843 W 25th Ave, Edgewater, West End Health Services at 5050 W Colfax, an 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. This public access complies with the Enterprise Community Green Criteria.

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.

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.

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

There will be tucked under parking and covered bike racks available. The property manager will be onsite throughout the week and may live on site or in the alternative there will be a live-in maintenance person who addresses repairs as they occur 24/7. Each residential floor will have a laundry room with 3 washers and dryers, a trash chute, a small community gathering room. The building will have a community room, two conference rooms, library, computer lab and kitchen. There will be one central elevator. 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. Nine units will target households at 30% AMI, ten units at 40% AMI, 34 at 50% AMI and six at 60% AMI. One two bedroom unit will be reserved for a resident manager. Rental rates include all utilities.

The 15 units set aside for formerly homeless veterans are all one bedroom units as requested by the Veterans Administration. Because the number of VASH vouchers in a project is intentionally limited by the Veterans Administration to 25% of the total, the building will operate more like mainstream affordable housing with a service component and will offer veterans a normalized living environment.

The new units at 40 West will be available to the 7,488 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

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

Set Asides and Residents Served

Unit Type	30% AMI	40% AMI	50% AMI	60% AMI	Sub total	% of TOTAL
1BR	9	8	32	5	54	90 %
2BR	0	2	2	1	5	10 %
sub total	9	10	34	6	59*	
% of TOTAL	15%	17%	57%	10%		

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

Service Provision

The HUD-VASH program was developed to support the housing needs of homeless veterans. The HUD-VASH program combines rental assistance from HUD with case management and clinical services provided by VA. For 40 West Residences, the Denver VA staff will work closely with homeless veterans then refer them to Colorado Division of Housing for these vouchers. The Veterans must meet the definition of homelessness and must need case management services in order to obtain and sustain independent community housing. The VA identifies Veterans with case management services needs as those who have serious mental illness, substance use disorder history or a physical disability.

Eligible candidates for the program are expected to participate in case management and utilize supportive services, treatment recommendations and assistance needed to successfully maintain recover and sustain housing in the community. The Denver VA will determine the clinical eligibility for the program and DOH determines if the Veteran participant meets HUD's regulations for this program.

The VASH voucher program operates under a Housing First model that encourages housing and service providers to work together to keep the Veteran housed if possible. Archway Housing will be the owner and property manager at 40 West and is committed to the Housing First model. To that end, Archway will fund a part time dedicated service coordinator who will work with Veterans Affairs case managers to make sure the Veterans are receiving the support they need to maintain their housing.

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. 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.

Furthermore, Archway Housing and Services plans to provide service referrals to all 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 linkages with 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.

Green Perspective:

40 West Residences will comply with the mandatory technical requirements of the Green Communities Criteria, with the exception of individual metering of the units.

40 West Residences will also include additional green criteria as follows:

- The project, an adaptive Reuse Site, will exceed the density of 15 units per acre and is located within .5 mile walk distance of combined transit services.
- The site will be designed and engineered to accommodate a future photovoltaic system.
- Advanced water-conserving appliances and fixtures will be installed, and the appliances will be ENERGY STAR appliances.
- 40 West will use ENERGY STAR-compliant roofing and anticipates using R-48 insulation.
- 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 cost, 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 45% by weight through recycling, salvaging or diversion strategies.
- Roof and Parking storm water will be managed on surface with a rain garden system as approved by City of Lakewood.

An individual Monitoring system will be installed to monitor energy consumption. Individual metering is not feasible due to the extra construction costs (\$100,000). In addition, Developer wishes to ensure residents do not risk having their utilities shut off due to lack of payment of the bill. Project Owner 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.

Financing

Item	Amount	Source	Amount
Land & Buildings	\$257,600	First Bank	\$1,900,000
Site Work	\$645,666	LIHTC equity	\$8,390,599
Rehab. & New Construction	\$8,101,299	Deferred Developer fee	\$300,000
Professional Fees	\$462,500	Colorado Division of Housing	\$590,000
Construction Interim Costs	\$846,381	Jefferson County	\$261,909
Permanent Financing	\$150,313	FHLB AHP	\$700,000
Soft Costs	\$247,095	TOTAL SOURCES	\$12,142,510
Developer Fees	\$1,260,000		
Project Reserves	\$171,656		
TOTAL PROJECT COSTS:	\$12,142,510		

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 West Residences meets the following principles of Section 2 of the Qualified Allocation Plan:

40 West Residences will serve the lowest income tenants for the maximum period. Almost 32% of the units will serve households at or below 40% AMI and the bulk of the remaining units will be targeted to households at 50% AMI with a few units at 60% AMI to reach those just over 50% AMI.

40 West Residences will be developed in an area of Metro Denver that has very high demand for affordable housing as evidenced by the rapid lease up of the two most recently opened LIHTC projects in the area.

40 West Residences will be developed, owned and managed by Archway Housing and Services, Inc., a Colorado based nonprofit housing developer who has been active in the market for over 20 years.

40 West Residences is being developed within ½ mile of the new light rail station, Lamar Station. Additionally it will be well located for access to bus rapid transit lines.

40 West Residences is adding newly constructed green built units to the affordable housing stock of Colorado.

40 West Residences is accessing every possible source for their development; including county, state and Federal Home Loan Bank resources in an effort to minimize our LIHTC request.

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

40 West Residences will provide supportive housing that serves at a minimum 15 homeless Veterans with special needs.

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

- a. Market conditions:

The demand and capture rate for the property is 9%, well within a reasonable capture rate. The rate ranges from 1% for 30% AMI households to 24% for 60% AMI households in the PMA. The capture rate for the 60% units is the highest at 24%, however 40 West has sought to mitigate this by offering our 60% units at approximately 10% below the maximum 60% rent and at rents significantly lower than comparable market rate units. We included 60% units in the property to reach those households whose income is just over 50% who would not otherwise qualify.

The property will meet demand in the PMA for new affordable rental housing. Vacancies at comparable properties are 3.2%, and the market rate vacancy rate is 2.5%. Vacancy rates have stayed low in the area for the past two years. 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 demand in the area is very high as the market study notes, the most recent affordable projects to lease up in the area, Lamar and West End Flats leased up remarkably quickly with similar rents, unit sizes and amenities.

- b. Readiness-to-proceed:

Archway has owned the land since May 2012 and has been working on the development of 40 West since soon after that. Architectural plans are at the design development stage which has allowed for near completion of the final development plan and enabled 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, design,

and parking requirements. We have made significant progress with all our funding sources on nailing down their commitments to the project. Once Archway receives credits they will be able to move to closing quickly.

Timeline

Application to CHFA for LIHTC	March 3 rd , 2014
Application to FHLB for AHP	April 15, 2014
Award of Credits	May 29 th 2014
Jefferson County Award	May 2014
Planning approvals	Summer 2014
Application to DOH	July 1 st , 2014
DOH award	Mid August 2014
Closing	November 2014
Construction start	November 2014
Construction completion	November 2015
Placed in Service	November 2015
Lease up /Conversion	May 2016

c. Overall financial feasibility and viability:

Archway has reached out to all possible sources and has found great support for this new project. The award of 15 VASH vouchers from DOH and the VA has indicated significant support for the development. Archway is also in talks with DOH about additional vouchers from the pool controlled by DOH but sequestration and other issues have delayed the award of those vouchers. We will continue our conversations with DOH and would hope to secure up to another 15 vouchers for the project. DOH has confirmed that an award of LIHTC would certainly strengthen 40 West Residences request for an additional 15 project based vouchers.

Archway has also spoken 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 recommending to the Jefferson County Board of Commissioners and HUD an award of \$261,909.00 for construction costs . However, this award is contingent on an award of LIHTCs by May 31st. 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 have offered a very competitive rate and terms 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 as a supportive housing project serving homeless Veterans near a transit stop.

The Richman Group has offered a very competitive equity letter after reviewing preliminary numbers and Archway is enthusiastic about this new partner.

- d. Experience and track record of the development and management team:
Archway Housing & Services, Inc. formerly Rocky Mountain HDC Inc., a faith based non-profit affordable housing development corporation, is committed to providing service-enriched and high quality affordable housing for low-to-moderate income families in Metro Denver. In pursuit of this mission, Archway Housing & Services, Inc. seeks opportunities to purchase vacant land for new construction or purchase and renovation of obsolete multifamily developments. Archway Housing & Services, Inc. currently owns and manages six housing sites in the metro Denver area with a combined total of 363 units.

Archway's Executive Director, Joyce Alms Ransford, has over 33 years of experience in the affordable housing field and has been involved in the development of over 650 units of quality affordable housing in that time.

Archways has a strong staff in both development and services , with housing and service managers who have considerable tenure and experience in affordable housing development, management and service provision.

40 West Residences architect VTBS has worked with Archway on two previously successful LIHTC developments and VTBS has worked on numerous other housing projects across the country, both affordable and market rate.

Dwelling Development acts as Archway's financial consultant for all their housing development. Sarah Batt of Dwelling Development has been active in the affordable

housing arena for twenty years and has experience as a lender, syndicator and developer.

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

See attached Development Experience Summary in the Applicant team section of the application for more information on Archway staff and members of the development team. Each member of the team has significant experience in their line of work.

e. Cost reasonableness:

Construction costs are increasing and we have had to incorporate those costs into our updated proforma. However, Archway feels confident about its costs based on the advanced stage of the drawings and having worked closely with their architect and contractor to value engineer the project at this stage.

Archway's costs and LIHTC credit request are in line with recently awarded LIHTC projects, accounting for the increase in construction costs. Archway's per unit LIHTC request of \$14,720 is below the average LIHTC award per unit last year of \$15,497.

f. Proximity to existing tax credit developments:

The only comparable LIHTC development in the PMA is Lamar Station, which was completed in early 2014 and is completely leased up but for the market and live work units. The other LIHTC properties in the PMA are older and not comparable in the market analyst's opinion. The three other LIHTC comparables used in the study are relatively nearby and 40 West Residences will compete strongly with those properties and the other market rate comparables nearby, based on the market study findings.

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 will offer the residents of 40 West Residences the ability to connect to community services and employment opportunities. The property was foreclosed over two years ago when the owner was unable to sell it on the open market. Archway saw the potential that the site could offer both as a TOD site and to meet an unmet need for affordable supportive 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.

There is 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 3%. This request is largely to do with two factors, the high cost of construction and the low applicable percentage (7.6%) . 40 West has great community support, and is bringing over \$1.5 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 analyst noted that 40 W is being developed in an area of transition and that access to the property could be better. We agree but the transitional nature of the neighborhood was what enabled Archway to secure the property for a workable price. Additionally, Archway believes 40 W will be a catalyst in the positive changes in the corridor

Additionally, the study noted that access to the property from West Colfax Avenue traveling West by car is not direct and residents accessing the property by car from West Colfax will have

to travel around the building to access the parking gate on Gray Street. However, the same can be said for West End Flats, comparable LIHTC property in the area and it does not seem to have greatly impacted their lease up or occupancy.

The Lamar Station development has superior access to the Lamar light rail station, and has some superior amenities. Lamar Station is a great project that was clearly needed based on their swift lease up. However, 40 W is a supportive housing project serving a different population and the market study has shown a need for this product. Archway is excited to have such good access to the new light rail but is aware that some of their tenants will need financial assistance to make good use of the new transit opportunities. Archway is aware that RTD is considering income based pricing and will be reaching out to RTD and other community services to access reduced fare opportunities for their residents.

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

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. There was also mention in the report about a 55-gallon drum barrel, later determined to be hardened asphalt or roofing tar by the environmental consultant. We have verified that this can be eliminated through proper disposal of this waste at a very nominal cost (in the hundreds of dollars). Therefore, we do not anticipate this to be a significant issue to remediate.

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 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. MetroWest Housing Solutions has also agreed to act as special limited partner for the purposes of providing property tax exemption to the project which saves a significant amount in operating cost. The city of Lakewood whole heartedly supports the development of this project as documented by the support letter from the Mayor of Lakewood.

Archway has undertaken outreach over the last year to the various entities representing the area, including West Colfax Community Association, of which they are a member, the 40W Arts District, and the West Colfax Business Improvement District. The West Colfax Community Association encompasses a broad area focused "business district" down Colfax into Lakewood,

as well as the 40West Arts District. Archway has also received the support of Two Creek Neighborhood Association, the oldest registered neighborhood organization in Lakewood.

Attachments:

Letters of Support/ Service partnership

- Rocky Mountain Human Services
- Jefferson County Mental Health
- City of Lakewood HOME
- 40 W Arts District

9% lihtc application narrative



Project Name: **Aria Senior Apartments**

Project Address: **5300 Decatur Street, Denver CO 80221**

I. Project Characteristics:

Aria Senior Apartments is a proposed 72-unit apartment complex located at 5300 Decatur Street in Denver CO. The Aria Senior Apartments will include studio, one and two-bedroom units and will be rented to individuals and families 62 years of age and older. Aria Senior Apartments will serve residents earning a maximum income of 30% to 60% AMI. The Apartments have been designed to meet and exceed Enterprise Green Communities Standards and will be following Xcel Energy Design Assistance and LEED-NC Programs. Some measures include highly insulated facades, low-e double pane windows, low VOC paint, energy efficient appliances (Energy Star Rated), water conserving fixtures and native vegetation landscaping with a low-impact storm water quality and detention system. If the LIHTC allocation is approved, the Aria Senior Apartments will be developed by Perry Rose, the Denver office of Jonathan Rose Companies, one of the nation's most innovative and sustainable affordable housing and mixed-use developers. Bank of America will finance Aria Senior Apartments.

The Aria Senior Apartment site is part of Phase 2 of the large-scale community redevelopment of the Marycrest Convent Campus and the neighborhood surrounding 52nd and Federal Blvd in Denver. This innovative redevelopment, now called Aria Denver is in the Chaffee Park Neighborhood (Census Tract 2.01) and is in a NSP 2 Target Area. In 2012, Denver City Council designated the Aria site as an Urban Renewal District. In addition, the City's commitment to the revitalization of this neighborhood is illustrated by the fact that the Denver Office of Economic Development awarded the Aria master planned community a \$5,000,000 dollar NSP2 loan to complete the infrastructure of the first phase of the development. Phase 1 of Aria Denver was completed in 2013 and consists of the 72 unit Aria Apartments (1 and 2 Bedroom Family LIHTC Units) and 13 Townhomes (4 sold and 9 under construction). Phase 2 of Aria Denver, scheduled for construction in 2015, is planned to consist of the 72-unit Aria Senior Apartments and 26 for sale townhomes. The Aria Senior Apartments will be designed, developed, financed, constructed, leased and managed by the same team that successfully developed, leased and managed the Aria Apartments in 2013.

Aria Denver is a centrally located mixed-use community. Aria is located on a 17-acre infill site that was the former Marycrest School and Convent of the Sisters of Saint Francis. The place making design and diversity of the Aria neighborhood reflects the heritage of the site and the Sisters commitment to environmental stewardship and community building. In this tradition, Aria Denver focuses on

opportunities for a healthy, active, life-long learning style of living. The community is across the street from Regis University, 4 blocks from I-70, 8 blocks from a new Light Rail Station on Federal Boulevard opening in 2016 and just 10 minutes from downtown. The convenient location is one example of Aria's environmental responsibility and will reduce transportation cost and promote the use of alternative forms of transportation.

Aria Denver is also distinguished by its diversity of housing types, and its commitment to the principles of healthy living. At full build out the neighborhood will consist of approximately 450 housing units, linked by pedestrian friendly streets, open spaces and 30,000 square feet of neighborhood serving commercial shops and services. The housing types will consist of townhomes, condominiums, co-housing, market rate and affordable apartments, as well as senior independent living rentals. The first "pocket neighborhood" in Denver will be developed as part of this community where smaller and more affordable, ranch-style townhomes will be built around a central green space. The commercial area at the corner of Federal and 52nd is planned to include a health and wellness center, and perhaps a small fresh food store, a coffee shop, a green dry cleaner and neighborhood restaurants. The open space will have community gardens that will provide healthy home grown produce for the residents. In addition, a portion of the open space will be dedicated to be a model fresh food urban production garden that will provide locally grown produce to the caterer for the Regis Campus, to the Wellness Center which will teach classes in healthy, local food preparation and to a farm stand that will sell the produce on a pay as you can basis. Another one of Aria's primary assets is that living in this community will allow the residents to cultivate their interests and to be part of a connected community. Aria Denver will provide a replicable model of environmentally, socially, and economically responsible community development—one that creates a diverse, tight knit community with a sense of place, that increases residents' wellbeing and contributes to the overall redevelopment, health and vitality of the surrounding Chaffee Park/Regis Neighborhood. Aria Denver draws from the site's rich past, while envisioning the future of what communities can be—connected, inspiring, affordable, diverse places that use resources efficiently and creatively. Aria Senior Apartments provide low and moderate-income seniors the opportunity to live in this exciting, health oriented new infill community.

The Aria senior residents will benefit from the "Cultivate Health Initiative" (CHI), a partnership of Perry Rose, Urban Ventures, Regis University, and the Chaffee Park neighborhood. The goal of Cultivate Health is to support the wellness of residents in a multi-generational, mixed-income, mixed-use, pedestrian friendly community by promoting active lifestyles, access to healthy food, access to integrated health services and serving as a community learning laboratory for the future. As a part of this initiative, a portion of the Aria Campus open space will be devoted to growing fresh local food. In addition, Regis faculty and students will operate an innovative community health "Wellness Center" model called "Regis CARES". Located in the Aria Cultivate Health Center at 52nd Federal, primary care will be delivered by an inter-professional team of mid-level providers. Co-locating these providers (nurse practitioners, physical therapists, pharmacists, and behavioral health counselors) in a pod will enhance access to

primary and preventative care for the Chaffee Park Neighborhood that is currently designated a “health care and food desert”. Providers may write prescriptions for medications that can be filled in the onsite pharmacy as well as prescriptions for fresh fruits and vegetables grown in the Aria Urban Garden. The Cultivate Health Initiative will also include: 52nd and Federal intersection improvements, sidewalk, landscape, pedestrian lighting and way-finding signage improvements along 52nd Avenue connecting Aria to: Regis on the West, Zuni Park on the East and Beach Court Elementary School on the South. In addition CHI will provide ADA and Adult Fitness Zones adjacent to the Marycrest Assisted Living Facility at 2850 Columbine Road and at Zuni Park at 52nd Avenue and Zuni. Finally, CHI will provide bicycle racks, community gardens, local fresh food cooking classes at Beach Court Elementary School, and health care services through the Regis CARES program to Beach Court Elementary School students, parents and faculty. The character of the Aria community and the interaction among Aria Senior Apartments residents and the rest of the Aria Cultivate Health Initiative programs and partners are designed to engage the senior residents in a more vitally active, holistic life style that will improve their overall wellbeing and their physical and mental health.

II. Why Project Should Be Selected Above Others:

The Aria Senior Project should be selected above other projects for the following reasons:

1. Proven Market Demand: The Aria Senior Apartment market area has significant unmet demand for affordable housing. The Phase 1 Aria Apartments, a 72 unit mixed-income family apartment project, which received a LIHTC allocation in 2011, was completed on time and on budget was fully leased in 90 days, and now has a waiting list of over 1300 individuals, showing that this market area and this planned community has more unmet demand and a higher probability of filling this demand than other projects. (See Market Study).
2. Significant Leveraging of Private Investment: Aria Senior Apartments will serve as the next step in catalyzing a total project with an estimated value of approximately \$85 Million. That is, the \$13 Million LIHTC project will help to create an additional \$72 Million of private investment for a leverage ratio of approximately 10 to 1 of private investment for the proposed \$8.75 Million LIHTC allocation. Other than DHA’s proposed redevelopment of Mariposa, no other LIHTC allocation proposal will create this magnitude of increased private investment, the economic spin-off of additional construction and permanent jobs and the long-term neighborhood revitalization that Aria will create. This revitalization effort will improve both physical conditions throughout the Chaffee Park/Regis Neighborhoods that will also significantly contribute to the health and wellbeing of residents of the community ranging from seniors to elementary school children.

3. Planned Community, Not “one-off” Apartment Building: Aria Senior Apartments is a critical component of a comprehensive planned community redevelopment strategy for the Chaffee Park/Regis Neighborhoods. It is not a one-off affordable Apartment Building (like some of the other applications). The singular apartment building applications will have less impact on the surrounding neighborhood and will leverage less public and private resources than projects that are part of a planned community. The Aria Senior Apartments will help to create an integrated community with over 400 housing units and 30,000 square feet of commercial space, leveraging over \$72 million of other public and private investment. Approval of the Aria Senior Apartments LIHTC Allocation is also critical to sustaining the momentum created by the Phase 1 Aria Apartments and to keeping the overall redevelopment of the Aria neighborhood on schedule.
4. Strong Support From the City of Denver: The Aria Senior Apartments and Aria Denver have strong support from the City of Denver as evidenced by City Council’s approval of the Marycrest Urban Renewal District (including TIF financing) and the 2011 approval by the Denver Office of Economic Development of a significant NSP/Skyline Loan to help to fund infrastructure improvements for Phase 1 of the Aria Denver Project.
5. Lower LIHTC Equity Allocation Request Than Other Projects: Aria Senior Apartments is requesting approximately \$12,154 per unit of LIHTC Equity allocation. This amount is approximately 1/3rd lower than other potential projects that have requested LIHTC allocations as high as \$20,000 per unit.
6. Leveraging Other Affordable Housing Funds: Through its application for Federal Home Loan Bank Board Funds, Aria Senior Apartments will have the potential of bringing additional affordable housing funding to the Denver Metro Area.
7. Proximity to Transit: Aria Senior Apartments is located within 2/3rds of a mile of the proposed 60th and Federal, Gold Line, light Rail Station.
8. Wellness Center and Healthy Living: Aria Senior Apartments is part of a community that has an integrated approach to the health and wellbeing of its residents. The model Cultivate Health Initiative will include such services as: nursing, physical therapy, counseling, pharmacy and will provide community based low-cost health care and supportive services. (See Section I: Project Characteristics). Few other projects can demonstrate such a commitment to the improvement of the physical and mental health of their residents.

9. Strong, Experienced Development Team: Aria will be developed financed, built and leased by the same successful experienced team that completed the Phase 1 Aria Apartment on time, on budget and fully leased the Phase 1 project in 90 days. (See Developer Qualifications).

III. Strengths and Weaknesses:

Strengths:

1. Competitive Project Amenities: In-unit and common area amenities exceed market standard per the surveyed rental projects in the Primary Market Area (PMA) of the Market Study. (See Market Study).
2. Large 2 Bedroom Corner Units with amazing views: West and North facing units will have great views of the Mountains. East and South facing units will have great views of downtown Denver.
3. Compact, High Density Building Type: Aria Senior Apartments is a higher density project, reflecting the characteristics of successful high quality urban infill development. The 4 story senior building will have 58 dwelling units per acre.
4. Denver Sustainable Neighborhood: Aria, together with Regis and the Chaffee Park Neighborhoods has been selected as one of two Denver neighborhoods to participate in the pilot Sustainable Neighborhoods Program where residents collectively select and implement grass-roots projects to make their communities stronger and more sustainable (i.e. resource sharing, composting/recycling programs, edible landscaping, exercise classes, home improvement programs, etc.). The Sustainable Neighborhood Program will add to the ongoing and proposed Aria Denver community building programs, including co-housing, and the Cultivate Health Initiative.
5. Greenfield Infill: Aria is unique because it provides the opportunity to develop underutilized clean land of the old Marycrest Campus and connect to the built-out neighborhoods surrounding it. By building into the existing infrastructure (utilities, roads, paths) it will bring together disconnected neighborhoods and enrich the surrounding properties, schools, and businesses.
6. Pedestrian Friendly: Aria Denver will be internally and externally connected with pocket parks, open space networks, sidewalk/streetscape improvements, way-finding signage and enhanced bicycle routes.

7. Access to Local Healthy Foods, Urban Production Farming and Community Gardening: Aria's Cultivate Health Initiative will result in significant healthy local food production for use by community residents, Regis, the Wellness Center and low-income Chaffee Park residents, who will benefit from the "pay only as much as you can afford" neighborhood food stand.
8. Diversity: Aria Denver will be a highly diverse mixed-use, mixed-income, inter-generational project with a variety of different unique housing types and commercial uses.

Weaknesses:

1. Funding Gap: Together with the increased costs of wood-frame construction, the 7.64% value of 9% credits and a slowly recovering neighborhood economy hard hit by the recent recession (2009 NSP2 Target Neighborhood), the project will require a relatively significant amount of soft funds and secondary financing.
2. Project Location/Site Suitability: According to the market study, "The subject has limited visibility and road access due to its setting along a minor road and the view to West 52nd Avenue that is obstructed by Aria Apartments – Phase I." The study also states that, "The site is within a redeveloping area with vacant surrounding parcels, which diminish its suitability for a multifamily development, while many of its primary competitors are in fully established and more affluent neighborhoods." "In addition, the project is located further from shopping, services and community amenities than most of its age-restricted competitors." In responding to this weakness, the Developer contends that it is important to remember that Aria Senior is a part of a large planned community that will include a community wellness center in Phase 2 as well as the possibility of neighborhood serving retail in future phases. In response to the visibility issue, Aria Senior Apartments has already begun to establish a pre-waiting list including potentially interested parties from eligible senior applicants that continue to contact the Phase 1 Aria Apartments. In addition, during lease-up Aria Senior Apartments will have 2 large leasing signs: One sign will be the corner of 52nd and Federal, a major intersection on a commercial arterial with traffic counts of over 30,000 cars per day, and a second leasing sign will be located on the corner of 52nd and Decatur, the Eastern entrance to the project.
3. Weak Community Leadership: Aria Denver sits in between the Regis and Chaffee Park Neighborhoods of northwest Denver County. These neighborhoods lack identity and visibility being north of Interstate 70 and on the border of Denver and Adams County. Chaffee Park does have a Registered Neighborhood Organization (RNO), but the efforts of this group currently lack focus. Since Regis University operates as a University not as a neighborhood, the area has less of a voice and active community leadership to advocate for neighborhood improvements, resources and programs. The new Aria Denver seeks to connect these two communities and form leadership with a shared vision to bring about a stronger overall neighborhood.

4. **Unit Size and Income Mix:** The Market Study found that the Aria Senior Apartment units are slightly smaller than its age-restricted competitors and the majority of the units are in the 50% and 60% AMI categories while the majority of the PMA's elderly LIHTC units are restricted at these same thresholds, suggesting a more ideal unit mix might include a greater number of lower AMI threshold units. However, both unit size and income mix are based on other successful senior projects operated by the developer and to allow the project to achieve greater financial feasibility. As the Market Study concludes: "The capture rate analysis is based on the maximum allowable gross LIHTC rents, per the CHFA guidelines. The subjects proposed net rents which are 13% to 26% less than the gross maximums will allow it to appeal to more income qualified tenants than the number used in the capture analysis."

IV. Construction Type:

The Aria Senior Apartments consist of a wood framed, L-shaped 4 story building with one center elevator core and two interior stairwells at each end. The type of construction category for these buildings according to the International Building Code will be Type 5 and most likely Type 5A. The ground floor will contain the leasing offices, mailroom, accessible bathrooms, library, business center, exercise room, a multi-purpose community room (aerobics/yoga, communal kitchen/event space), and 15 units with balconies at ground level. The second through fourth floors will each contain 19 units, three of which are larger two-bedroom units. The studio apartment will contain 593 square feet. The one-bedroom units will range in size from 667 sf to 779 sf and the two-bedroom units will range in size from 842 sf to 982 sf. All units will have patios or balconies that average 60 square feet and the building's average unit size is 753 sf. (Please see site and unit plans in Tab 6 of the Application).

The Aria Senior apartment lot is approximately 1.235 acres in size (53,786 square feet) making the density 58.3 DU/acre. The site is the subject of a binding PURCHASE AND SALE AGREEMENT between Perry Rose LLC and Marycrest Land Company LLC. The Purchase and Sale agreement is contingent on an award of an LIHTC allocation. The site is vacant. The site is zoned RMU 30 which permits multifamily construction on the site with a height limit of 55 feet, which is more than sufficient for the four story building. In the RMU-30 Zoning from Denver's previous Chapter 59 regulations (which apply to the Aria Senior Apartments Project), there is a parking category called "residence for older adults" that requires 1 parking space for 3 dwelling units. Thus, Aria Senior Apartments would need 24 parking spaces under the "residence for older adults" criteria. Current plans for Aria Senior Apartments have approximately 66 parking spaces. Therefore, the proposed parking exceeds the required number of spaces, under the "residence for older adults" criteria by 42 spaces. In addition, if the standard multiple dwelling unit parking requirement for RMU-30 was applied, (which is 1.5 spaces for the two bed units, and 1 space for the one bed and studio units) with the current bedroom count, the project would be required to provide 82 parking spaces. However, R-MU-30 also provides a 25% TOD reduction because the Aria Senior Apartment site is within a quarter-mile of the Federal rapid bus Corridor (every 15 minutes) with a bus stop at Federal Blvd. and 52nd Avenue. This reduction was granted to the Phase 1 Aria Apartments in 2013 and also would be granted to Aria Senior Apartments. Therefore, using the 25% reduction criteria, Aria Senior Apartments would be required to have 62 parking spaces. The project currently proposes approximately 66 parking spaces. In summary, whether the "residence for older adults" criteria or the standard RMU parking criteria with a 25% reduction is applied, the proposed

parking for Aria Senior Apartments exceeds the Denver Zoning requirement. In addition, there will be on-street parking on Decatur Street (a private street).

Since this is an elevator building, all of the units will meet both Federal and State Fair Housing requirements for accessibility, including appropriate numbers of type A and Type B units. The foundation system will be reinforced concrete with a slab on grade and the first, second, third and fourth level structural system will be wood frame. The exterior material will be fiber-cement siding. The HVAC system will be a highly energy efficient forced air furnace and air conditioning system in each apartment with a central boiler for domestic hot water. The building will be fire sprinkled. The architectural style will be contemporary with a low-sloped roof. The building will be designed to meet and exceed Enterprise Green Communities Certification and if funds allow we will apply for LEED Certification, similar to the approach taken in Phase I, in which Aria Apartments has now submitted for LEED Platinum.

V. Population Served:

The population served will be low and very low-income seniors, age 62 and older. It is anticipated that some of the very low-income seniors may have been formerly homeless or have disabilities such as mobility impairments, mental, physical or developmental disabilities, alcohol or drug abuse. However, no specific number or percentage of units are set aside for homeless or special needs residents and all residents must be 62 or older.

VI. Bedroom Mix

The project rents and proposed number of units and bedroom mix in each income category are listed below:

Number of Units	Unit Type	Maximum Household Income	Monthly Rental	HUD Utility Allowance	Max. Adj. Rent
6	One Bedroom	30% of AMI	\$ 431	\$ 111	\$ 320
2	Two Bedrooms	30% of AMI	\$ 517	\$ 137	\$ 380
1	Studio	50% of AMI	\$ 671	\$ 93	\$ 578
26	One Bedroom	50% of AMI	\$ 719	\$ 111	\$ 608
10	Two Bedrooms	50% of AMI	\$ 863	\$ 137	\$ 726
20	One Bedroom	60% of AMI	\$ 863	\$ 111	\$ 752
7	Two Bedrooms	60% of AMI	\$ 1,036	\$ 137	\$ 899
72					

VII. Location

The Aria Senior Apartments (“Project”) is a proposed 72-unit residential rental project to be constructed on the former Marycrest Convent Campus on the north side of 52nd Avenue, between Decatur and Clay Streets in Denver, Colorado. The location of the LIHTC apartments is in the northeast corner of the overall Marycrest site, adjacent to and just north of the Phase 1 Aria Apartments (2011 LIHTC 9% family project). This location makes the LIHTC apartments independent from the future phases of the site creating a phasing plan for infrastructure and vertical construction that is the most efficient from an overall site development perspective. This location and phasing plan also mitigates construction disturbance to Aria Senior Apartment residents. Please see the site plan and phasing diagram included in Tab 6 of the Application. The major streets surrounding the site are Federal Boulevard (HWY 287) and 52nd Avenue. Regis University, the largest private university in Colorado, is directly to the West of the site across Federal Boulevard. The project has easy access from I-70 on the South and from US 36 and I-76 to the North. The site is within the boundaries of the City and County of Denver but is surrounded on three sides by unincorporated Adams County. The Downtown Denver Central Business District is just over three miles or a 10-minute drive away. The site is a five-minute drive from the Sprouts Market Food Store, 24 Hour Fitness at Highlands Garden Village, the 38th and Tennyson Art District and the Main Street shops on West 32nd Avenue. RTD’s bus station is 0.19 miles from the property location, which provides high frequency bus service on Federal Boulevard every 15 minutes at on-peak time that connects into the greater Denver Area. In the future, the Federal Station on the Gold Line is projected to be 8 blocks north from the site at 60th & Federal. The station will provide access to the 11.2-mile rail line connecting Union Station in downtown Denver to Ward Road through northwest Denver, southwest Adams County, Arvada and Wheat Ridge. The closest elementary School is Beach Court Elementary 0.5 miles to the South. There are multiple community churches nearby in the Regis and Chaffee Park Neighborhoods. Berkley Park is located just one block from the northeast corner of the property. It is a pocket park with a pond and picnic facilities. Zuni Park is only a short 0.3-mile walk southeast of the property and includes a small children’s playground, basketball court, and baseball field. The “Cultivate Health Initiative”, stated previously in Section III has proposed “adult play equipment” be installed at Zuni Park and on the Marycrest Assisted Living Facility grounds. This initiative has also proposed a designated biking and walking loop that will connect Zuni Park, Beach Court Elementary, Regis University, and the Aria Campus.

VIII. Amenities:

Unit and Project amenities of Aria Senior Apartments include: balconies, exercise facility, library, community room, business center, picnic/BBQ area, gardens and open space.

Aria Senior Apartment Amenities include:

- Fully equipped kitchens with energy efficient stove, refrigerator and garbage disposals;
- Washers and dryers in all units;
- Commercial sized community washer and dryer, for washing and drying large items in the common laundry room;

- Energy efficient appliances that will result in lower utility bills;
- Large kitchens with islands or peninsulas;
- Large dining areas and eat-at counters;
- Closets and pantries.
- Cable and high speed internet hookups
- Private patios for the ground floor units and balconies for the 2nd, 3rd and 4th floor units;

Site and Project Amenities will include:

- Socially and Environmentally Responsible Community;
- Mixed-use, mixed-income community;
- Multi-generational Community,
- Diversity of housing types;
- Neighborhood serving retail;
- Includes latest, green technologies providing residents with the opportunity to live green;
- Pedestrian friendly sidewalks, streetscape, open space networks, bike paths and way-finding signage;
- Outdoor adult fitness trails and outdoor adult exercise equipment;
- Central Location: 10 minutes from downtown, 2 minutes to I-70, 2/3rds of a mile to proposed Gold line Transit station on Federal, across the street from Regis College;
- Services of the Cultivate Health Initiative (See services below).

IX. Services

Services will be provided through a partnership with Regis University and the Chaffee Park Neighborhood Association. The services will include: affordable fresh produce from local urban garden, cooking classes teaching healthy cooking, low-cost health care and nursing services, individual and family wellness programs, physical therapy services, supervised exercises classes, pharmacy services, counseling services (See Letter in Tab 14 of the Application, from Regis Rueckert-Hartman, College for Health Professions, Division of Counseling and Family Therapy, describing 8 year history of providing such counseling services).

X. Energy Efficiencies and Green Features

The overall Aria project received a \$5,000 Enterprise Green Communities Charette Grant. A kick-off green charette, funded by the grant, was held in the summer of 2008, resulting in a LEED-ND Gap Analysis and other recommendations for environmentally responsible development for the overall site. YRG Sustainability has been retained to serve as the Green Consultant for the site.

Significant green features of the overall development include:

- Located in an urban infill neighborhood with access to existing and adequate water, sewer, roads and other infrastructure surrounding the site on all sides;
- The site is located next to a rapid transit bus line (Federal Blvd.); Interstate-70 is four blocks away, making access to downtown Denver less than 10 minutes;
- Opportunities for car and bike sharing;
- Project will exceed the Enterprise Green Communities requirements for compact development (greater than 25 units per acre over the entire master-planned, mixed-use community);
- On-site open space will be utilized to enhance storm water detention and water quality as well as opportunities for community gardens and production farming;
- Landscaping at Aria is designed to consist of native and drought tolerant plants;
- Pedestrian and bike friendly private streets and a network of paths for connectivity will promote active living.

Project specific green features for Aria Senior Apartments include:

- The Aria Senior Apartments are being designed to exceed Enterprise Green Communities Standards (49 total intended points, see the “EGC Intended Methods” worksheet included electronically and in Tab 28 of the Application);
- A construction waste management plan will reduce the amount of material sent to the landfill by at least 65%;
- More than half of the products used for project construction will be extracted, processed, and manufactured within 500 miles of the project site;

- Highly reflective energy star-compliant roofing material will be utilized and the roof will be designed to incorporate solar photovoltaic panels when there is sufficient contingency and or budget to afford the installation;
- Passive solar heating and cooling will occur to the majority of the units with proposed building orientation and façade shading elements;
- Use of: low/no VOC paints, primers and glues; low-e, double pane energy efficient windows; recycled and Green Labeled carpeting/flooring; all Energy Star appliances and highly efficient lighting; advanced water-conserving appliances and fixtures; properly-sized and high efficiency HVAC systems;
- Individual electricity meters will be installed and tenants will be billed individually;
- Resident and Property Management Orientations will highlight the building’s green features, goals, and recycling program;
- The building will be smoke-free with proper ventilation, mold prevention, and radon-mitigation.

XI. Type of Financing

Letters of Interest are included in the application for all sources of financing, and the sources and uses of funds for both Construction and Permanent Loans are summarized below:

Aria Senior Apartments Sources and Uses Construction Period

<u>SOURCES</u>	<u>AMOUNT</u>
Construction Loan	\$ 4,700,353
2 nd Mortgage Colo Division of Housing State HOME Loan	\$ 495,000
2 nd Mortgage Denver City HOME Loan	\$ 495,000
Federal Home Loan Bank Board Grant	\$ 750,000
LIHTC Proceeds	\$ 5,574,377
Deferred Developer Fee	\$ 632,302
Bank Syndication Legal Fee Reimbursement	\$ 60,000
Owner Equity	<u>\$ 347,406</u>
Total	\$13,054,438

<u>USES</u>	<u>AMOUNT</u>
Land	\$ 840,000
New Construction	\$ 8,872,496
Professional Fees	\$ 535,370
Construction Interim Costs	\$ 581,591
Permanent Financing Costs	\$ 75,000
Soft Costs	\$ 389,889
Syndication Costs	\$ 84,017
Developer Fees	\$ 1,264,604
Project Reserves	<u>\$ 411,471</u>
Total	\$13,054,438

Aria Senior Apartments Sources and Uses Permanent Loan

<u>SOURCES</u>	<u>AMOUNT</u>
First Mortgage	\$ 2,156,068
2 nd Mortgage Colo Division of Housing State HOME Loan	\$ 495,000
2 nd Mortgage Denver City HOME Loan	\$ 495,000
Federal Home Loan Bank Board Grant	\$ 750,000
LIHTC Proceeds	\$ 8,575,964
Deferred Development Fee	\$ 175,000
Bank Syndication Legal Fee Reimbursement	\$ 60,000
Owner Equity	<u>\$ 347,406</u>
Total	\$13,054,438

USES (same as Uses in Construction Period)

XII. Local State and Federal Subsidies:

Aria Senior Apartments will be applying for a \$495,000 HOME or other Loan from the City of Denver, a \$495,000 HOME or other Loan from the State of Colorado Division of Housing. The actual amount of

these loans will depend on the final project gap. These loans are assumed to be cash flow notes at 2% interest with a 40 year amortization, to match the affordability period.

In addition, Aria Senior Apartments will apply for a \$750,000 Federal Home Loan Bank Board Grant. Each year FHLB Topeka sets aside 10% of its annual earnings to fund the Affordable Housing Program. Through the use of subsidized advances and direct subsidies the AHP helps members provide financing for rental housing that is affordable to very low to moderate income households. FHLB Topeka services Colorado, Kansas, Nebraska, and Oklahoma. For 2014, FHLB Topeka has the initial funding of \$10.5 million for the AHP program. A scoring system totaling 100 points is used to score potential awardees. Aria Senior Apartments is a strong candidate for a FHLB grant due to its ability to score high in two priority categories. A significant amount of points are awarded to projects that include elderly housing (55 and over). In addition, Aria Senior Apartments' location in Colorado is in the Bank's first district priority. Thus, Aria Senior Apartments satisfy these categories by being 100% senior housing, as well as having 100% of the units within Colorado. Furthermore, Aria Senior Apartments' unit mix, receives the maximum points awarded for FHLB Topeka's unit mix targeting, by having 60% of the units at 50 percent AMI or lower. The project also aligns with many other FHLB Topeka scoring priorities making it a strong candidate for funding.

Letters of interest from the City of Denver, the Colorado Division of Housing and First Bank (regarding the FHLB Grant application) are included with this application.

The developer will apply for the FHLB Grant in April of 2014 and will apply for the Denver and DOH loans in summer of 2014, if the Aria Senior Apartments is approved for an LIHTC allocation. In the past, Perry Rose has been successful in securing HOME, NSP and other loans for similar projects in Northwest Denver. For example, HGV Multifamily (74 Units) and HGV Senior Apartments (63 Units) both received HOME Loans from both Denver and DOH.

“In addition, the narrative should address the following:”

We have addressed these issues by listing the issue or question to be addressed in ***bold italics*** and by outlining the answer below the question in regular font.

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

- ***Aria Senior Apartments serves the lowest income tenants for the longest period of time in the following fashion:***

The project is 100% affordable and is deed restricted for 40 years. The project serves low-income senior residents with incomes ranging from 30% to 60% AMI. Over 60% of the units

are restricted to families earning 50% of AMI or less. The income mix is: 11% of unit's at 30% AMI (8 Units), 50% of units at 50% AMI (37 Units) and 39% of units at 60% AMI (27 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 Aria Senior Apartments are not in a QCT. However, they are in an NSP 2 Target Neighborhood and the Aria Senior Apartments are in the Marycrest Urban Renewal District. As a part of the Marycrest Urban Renewal District the Aria Senior Apartments are part of a comprehensive Community Revitalization Plan that has already begun to fundamentally change the Character of the neighborhood. In 2011, Denver's Office of Economic Development demonstrated local municipal support by providing a \$5 million TIF Loan to help to finance the Phase 1 infrastructure improvements needed by Aria Denver. Phase 1 Aria Apartments 9% LIHTC project is now successfully completed and the Townhomes are partially complete with the remainder under construction. Phase 2 will serve as the next step in catalyzing a total project with an estimated value of approximately \$85 Million. That is, the \$13 Million LIHTC project will help to create an additional \$72 Million of private development for a leverage ratio of approximately 10 to 1 of private investment for the proposed \$8.75 Million LIHTC allocation. Other than DHA's proposed redevelopment of Mariposa, no other LIHTC allocation proposal will create this magnitude of increased private investment, the economic spin-off of additional construction and permanent jobs and the long-term neighborhood revitalization that Aria will create. This revitalization effort will improve both physical conditions throughout the Chaffee Park/Regis Neighborhoods but will also significantly contribute to the health and wellbeing of residents of the community ranging from seniors to elementary school children.

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

The Aria Senior Apartment Application is for a project located in the City and County of Denver. Denver currently provides more affordable housing and has more low-income housing need than any other jurisdiction in the state. Seven of the potential 30 LIHTC applications in 2014 round 1 are from Denver and it is hoped that at least 2 or 3 Denver projects will be selected.

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

Perry Rose is a strong, experienced for-profit developer working with the same development team that successfully implemented the Phase 1 Aria Apartments 9% Family LIHTC project (2011 -2013). The Phase 1 Aria Apartments were completed on time, on budget and fully leased in 90 days. (See Developer Qualifications).

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

Aria Senior Apartments is a Senior Project and will provide select services through the Cultivate Health Initiative.

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

Aria Apartments is within ¼ mile of the High Frequency Bus Route on Federal Boulevard and is within 2/3 mile of the proposed Gold Line Station at 60th Avenue and Federal Boulevard.

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

Aria Senior Apartments is a new construction project.

- ***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.***

Aria Senior Apartments is requesting approximately \$12,154 per unit of LIHTC Equity allocation. This amount is approximately 1/3rd lower than other potential projects that have requested LIHTC allocations as high as \$20,000 per unit.

- ***To reserve credits for as many rental housing projects as possible while considering these Guiding Principles and the Criteria for Approval in the following section.***

Aria Senior's per unit requested amount of LIHTC allocation is significantly less than many other applicants. Aria Senior's per unit credit amount is \$12,154, while other potential projects have as high as \$20,000 of credits per unit. Aria Senior's efficient use of credits allows for a greater number of 9% LIHTC projects to be funded in Round 1 of 2014. Furthermore, the Aria Senior project will apply for other sources of funding, including HOME, other City and State of Colorado soft loans and FHLB funding.

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

Aria Senior Apartments does not specifically give priority to the type of units identified in Section 2. That is, Aria Apartments does not propose to set aside units for homeless, special needs populations. Aria Senior Apartments is not in a rural area, nor in a county impacted by a

natural disaster. Aria Senior Apartments will serve low and very low-income seniors (11% of the units at 30% AMI). It is also anticipated that some of the very low-income seniors may have been formerly homeless or have disabilities such as mobility impairments, mental, physical or developmental disabilities, alcohol or drug abuse and supportive services will be provided for these individuals through the Regis Division of counseling and Family Therapy. However, no specific number or percentage of units are set-aside for homeless or special needs residents. All residents of Aria Senior Apartments must be 62 or older.

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

a. Market conditions:

The market analysis indicates that Aria Senior Apartments will have a large demand within the area in which it is located, as well as the need for more affordable senior housing throughout the Denver Metro Area. The Market Study concludes that: “the subject, as well as all other competing income-restricted projects in the primary market area that have comparable units, will need to capture 41.2% of the area’s size- and income-qualified renter households to attain full occupancy. The subject’s overall capture rate is above the 25% CHFA threshold, but attainable because: The PMA has an overall vacancy rate of 3.5%, no projects were offering concessions in February 2014 and four had waitlists with between 30 and 1,500 applicants, illustrating a strong rental market. Surveyed age-restricted LIHTC projects are 100% occupied and have waitlists with 30 to over 100 applicants, indicating that there is substantial pent-up demand for affordable senior housing. The PMA is gaining 60 senior (62+) renters annually, while there are no age- and income-restricted units in the development pipeline, other than the subject, suggesting demand will increase. The most recently completed LIHTC project completed lease-up within three months, further illustrating the abundance of pent-up demand in the PMA. The subject’s proposed amenity package, condition and tenant services will place it at or near the top of the rental market for its product type, and it will be able to match the performance of existing senior LIHTC projects.”

b. Readiness-to-proceed:

The Aria site is currently Zoned RMU 30, which allows the proposed multi-family uses. The only planning approval required is a Planned Building Group (PBG) approval and a building permit. The PBG Concept plan will be submitted in March of 2014. The Formal PBG plan will be submitted in mid May 2014 with Final Approval expected by mid September 2014. We have met with Bank of America, and construction and permanent financing commitments can be approved as set forth in the schedule proposed in this application. The rates quoted in these commitments are conservative to ensure that the Aria Senior Apartments project will proceed, even if there is an increase in currently low interest rates. If interest rates remain stable, it may be possible to reduce the amount of HOME or other City and State funding required. In addition, we have met

with the Tax Credit Investor (Bank of America) and worked with them closely on the development program and proforma. Bank of America is highly interested in this project. Construction is scheduled to start in July of 2015 and will be completed in approximately 12 months (August 2016). The Aria Senior Apartments can receive a Certificate of Occupancy and be placed in service during August of 2016 (See Timeline/Schedule included in Tab 6 of the Application).

In addition, a phasing diagram for the entire Marycrest site is included in Tab 6 of the Application. The Aria Senior Apartments have been designed to work as either a standalone project or as part of the larger development of the entire site. Therefore, if the rest of the development is delayed, the Aria Senior apartments will become an important part of the Chaffee park neighborhood and will provide much needed affordable housing in this community. The second phase of the project also includes 26 for-sale townhomes and as currently planned, the entire Marycrest project will be completed by the end of 2018.

c. Overall financial feasibility and viability:

The attached Debt (Bank of America), Equity (Bank of America) and Public Finance Letters (City of Denver, Colorado Division of Housing and First Bank/FHLB Letters) indicate that the Aria Senior Apartments Project appears to be financially feasible and viable. The financing proposed for Aria Senior Apartment is similar to that utilized for the Phase 1 Aria Apartments. The Aria Apartments were completed on time and on budget and met the exact schedule included in the Perry Rose 2011 LIHTC Phase 1 Aria Apartments allocation application. Two factors currently make the financial feasibility of the Phase 2 Aria Senior Apartments more difficult than the Phase 1 Aria Apartments. First, construction costs have increased significantly (insurance, materials, and qualified subcontractor labor). Second, utilizing the 7.64% factor (vs the 9% allowed in 2011) significantly reduces the LIHTC equity generated. In order to address these two factors, it is necessary to find additional secondary financing and soft funds to address the gap.

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

Another indication of the project's readiness to proceed is the fact that the Aria Senior Apartments are being designed, financed and constructed by an experienced team that has worked together and completed numerous successful projects together over the past decade. OZ Architecture designed both the HGV Senior Apartments (Cottage Hill) and the HGV Multi-family Apartments (Trocadero) and the Phase 1 Aria Apartments. Palace Construction built the Trocadero Apartments, the HGV Commercial Shopping Center and the Phase 1 Aria Apartments. First Bank has financed numerous Jonathan Rose projects including the Denver Dry Goods Building and the HGV Commercial Shopping Center. Bank of America provided the construction financing, permanent financing commitment and the LIHTC Equity for the Phase 1 Aria Apartments. Rose Companies Management has successfully managed Cottage Hill, Trocadero the Denver

Dry Goods Building and the Phase 1 Aria Apartments, all of which include LIHTC units, and has always been in compliance with all appropriate regulations. In addition, Jonathan Rose Companies has an exemplary track record of closing upon and completing its model green Low Income Tax Credit (LIHTC) projects on time and on budget, and of closing on LIHTC financing even in difficult economic times. In conclusion, the Aria Senior Apartments are being designed, financed, developed, constructed and managed by a strong team with over a decade of experience of working together and completing successful model projects. The project is ready to proceed and will result not only in the development of much needed affordable housing but will also stimulate the revitalization of the entire neighborhood surrounding the Marycrest site and Regis University.

e. Cost reasonableness:

As mentioned previously, the proposed Aria Senior Apartments LIHTC project land purchase is the subject of a binding Purchase and Sale Agreement between Perry Rose LLC and Marycrest Land Company. This agreement is contingent upon an award of an LIHTC allocation and financial closing, at which time the land will be transferred at the set price of \$840,000 or \$15.16 per square foot. For this reasonable land price, Marycrest Land will deliver the pad site ready for development with all required utilities stubbed five feet into the property line and within two feet of finish grade. This reduces the project's site work budget and eliminates the heavy costs and complexity of offsite construction work.

Aria Senior Apartments also meets the Cost reasonableness test based upon the total development cost per unit and the Basis Limit per unit. Based on total development costs of \$13,054,438, the Aria Senior Apartment average cost per unit is \$181,312 which is significantly below the allowed basis limit of \$190,492 per one-bedroom unit and \$231,623 per two-bedroom unit. Therefore, Aria Senior Apartments total development cost of \$13,054,438 is 9.8% below the \$14,472,585 Basis Limit development cost allowed.

f. Proximity to existing tax credit developments:

According to the Market Study, "The PMA has 13 existing LIHTC projects containing 600 income-restricted units. Of these, five are age-restricted projects with 454 units and the remaining eight are non-age-restricted LIHTC projects with a total of 146 units. There are three existing deeply-subsidized LIHTC projects within the PMA including 270 units. The subject will compete directly with the five senior LIHTC properties with 454 tax credit dwellings. The Colorado Housing and Finance Authority indicated that there are no projects within the PMA that have received a tax credit allocation in the past two years that have not already been placed in service. Completion of the subject will raise the PMA's LIHTC inventory to a total of 672 units." Nevertheless, there is still a large demand for this property as the Market Study indicated that, "The PMA has an overall vacancy rate of 3.5%, no projects were offering concessions in February 2014 and four

had waitlists with between 30 and 1,300 applicants, illustrating a strong rental market. Surveyed age-restricted LIHTC projects are 100% occupied and have waitlists with 30 to over 100 applicants, indicating that there is substantial pent-up demand for affordable senior housing. The PMA is gaining 60 senior (62+) renters annually, while there are no age- and income-restricted units in the development pipeline, other than the subject, suggesting demand will increase. The most recently completed LIHTC project completed lease-up within three months, further illustrating the abundance of pent-up demand in the PMA.”

g. Site suitability:

According to the market study, “The subject site has limited visibility and road access due to its setting along a minor road and the view to West 52nd Avenue that is obstructed by Aria Apartments – Phase I.” The study also states that, “The site is within a redeveloping area with vacant surrounding parcels, which diminish its suitability for a multifamily development, while many of its primary competitors are in fully established and more affluent neighborhoods.” To counter these weaknesses, Aria Senior is a part of Aria Denver, a planned community that will create new developments and amenities over the next few years, as mentioned throughout this narrative. In terms of the visibility issue, Aria Senior already has access to an interest list from the Aria Apartments Phase I. In addition, the new neighborhood commercial development and health related services throughout the larger site and surrounding neighborhood will provide Aria Senior Apartments with increased recognition from the new construction and new services on and around the site. Finally, through Aria Apartments we learned that the most important factors relating to the site were proximity and access to downtown, I-70, I-25, US 36, Regis University and the Highland neighborhoods.

4. Provide the following information as applicable:

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

NOT APPLICABLE

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

NOT APPLICABLE.

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

No issues were raised by the Market Study. Page 5 of the Market Study Recommendations and Conclusions states: “there are no recommended changes for the subject.”

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

No issues were raised in the Phase 1 Environmental. The Aria Senior Apartments Site is clean and no mitigation is necessary or 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):*

Public Outreach for the Aria Denver and Aria Senior Apartments Project consists of the following:

The site was rezoned in 2008. The re-zoning required a public hearing before City Council and there was significant outreach to residents of the surrounding neighborhood to encourage comments on the rezoning and testimony before City Council.

In 2012, City Council approved the site as an Urban Renewal District. This required a public hearing before City Council and there was significant outreach to residents of the surrounding neighborhood to encourage comments on the Urban Renewal District and testimony before City Council. The support of the community is evidenced by the TIF Financing approved for the Urban Renewal District and a \$5 M Denver Office of Economic Development Loan to fund Phase 1 infrastructure improvements of Aria Denver.

In 2012 the first PBG was approved to govern the Phase 1 development. One of the requirements of the PBG is to solicit public comments on the proposed development and infrastructure plan. This included soliciting input on the Phase 1 Aria Apartments that included 72 units of family LIHTC Apartments. No negative comments were received.

Throughout the redevelopment process, the Developer has continued to work with the Sisters of Saint Francis, Regis University and the surrounding neighborhood to obtain public comment on the proposed development. For example, a display has been posted at the Regis Student Center from June of 2012 through February of 2014 describing the history of the Marycrest Campus and the proposed redevelopment. In addition, Regis University has applied for a Colorado Health Foundation Grant to fund the Aria Cultivate Health Initiative and Health Center at 52nd and Federal Boulevard. Significant public outreach was involved in preparing this application

including working with Denver City Councilwoman Susan Shepherd and Judy Montero, the Chaffee Park Neighborhood Association, Marycrest Assisted Living, Beach Court Elementary School, Cooking Matters, Denver Urban Gardens, Urbiculture, Trust For Public Lands, Project Recycle, Bicycle Colorado, Caring for Colorado, and The Colorado Trust, and other community partners.

In 2012 and 2013 the Developers engaged the Regis University and the surrounding neighborhood residents to participate in a community garden established on the Aria Denver site. Significant public outreach was undertaken to recruit volunteers to help prepare, plant, maintain, manage and harvest produce from the community garden.

In December of 2014, Aria and the Chaffee Park/Regis Neighborhood were selected as one of 2 pilot Denver Sustainable Neighborhoods. The application process for this selection was led by volunteers from Aria Denver and the surrounding neighborhood. The application process included gathering petitions from neighborhood residents and working with residents to determine priorities for the Sustainable Neighborhood program. Future outreach efforts will include neighborhood surveys, performing neighborhood assessments of pedestrian barriers, alternative transportation workshops, tree planting, community education and exercise classes, and food clothing and school supply drives etc.

The Developer is currently working on the Phase 2 Planned Building Group (PBG), which will involve public meetings and comment on the proposed site development and infrastructure plan. This will include soliciting input on the Phase 2 Aria Senior Apartments proposed site and building design.

In summary, there has been significant and ongoing public outreach to plan and implement the Aria Denver Project and its various vertical components such as the Aria Senior Apartments. These outreach efforts will continue through the Cultivate Health Initiative.

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).***

NOT APPLICABLE.

9% lihtc application narrative



Project Name: Benedict Place Apartments

Project Address: Block 7, Willits Town Center Basalt CO 81621

Narrative Overview of the Proposed Project

The proposed project is located in the Town of Basalt in Eagle County. Basalt sits midway down the Roaring Fork Valley, though which runs Highway 82 connecting Glenwood Springs to Aspen. This area of the State is famous for its winter snow sports and the many outdoor activities offered in a very picturesque setting. As a result, the housing market has been greatly influenced by affluent second home owners who wish to vacation in this area. When combined with the generally higher costs of mountain construction, housing prices in this marketplace reach some of the highest levels in the State.

Employment opportunities in the accommodation, construction, service, and retail sectors abound in the Roaring Fork Valley. Unfortunately, these sectors offer relatively low wages. The households working in these sectors are in need of quality affordable rental housing. These working families will serve as the core market for the proposed project.

The project will be located within a larger master planned community called Willits Town Center. Willits has many characteristics of a new urbanism project, with streets laid out on a traditional grid pattern, zero set-back buildings, and ground level commercial all connected by sidewalks. The result is an active, walkable community with restaurants and stores situated in a beautiful mountain valley. In addition to several mixed use buildings similar in design to the proposed project, Willits contains a Whole Foods Market, a medical center, and several small office buildings. Future plans for the remaining vacant land include another residential building, a performing arts center, and a hotel. Open space, ball fields, and the Roaring Fork River are all adjacent to or nearby the site.

The proposed 50 unit project will be constructed as one three story elevator serviced building. The building will contain a residential condominium and a retail condominium. The residential condominium will be owned by the tax credit partnership and be comprised of 50 units of rental housing on floors 2 and 3, an underground parking garage containing 61 parking stalls, and a ground level office and reception area. The balance of the building, the majority of the first level, shall be operated as retail space and owned separately from the residential project.

The project will contain 10 one bedroom units, 36 two bedroom units, and 4 three bedroom units. 57% of the units will be set aside at 50% AMI, the balance will be set aside at 60% AMI. Each unit will offer large floor plans, ample storage, washers and dryers, dishwashers, microwaves and disposals.

The proposed project will be constructed by the owner of Willits Town Center, Mariner Real Estate Management. Pursuant to the terms of a purchase and sale agreement AHI will acquire the residential condominium at the time of the issuance of the initial certificate of occupancy, expected in the summer of 2015. AHI will place the building in service at this time. As a result, this transaction will not be treated as new construction and not an acquisition.

Specific Issues to be Addressed in the Narrative

1. Identify which guiding principles in Section 2 of the Qualified Allocation Plan (QAP) the project meets and why it meets them:
 - The project will commit to a 38 year LURA; as a non-profit sponsor, Archdiocesan Housing Inc. intends to operate the facility as affordable housing in perpetuity.
 - Eagle County, the location of the proposed project, has not received an allocation of LIHTC's since 2009, which was an acquisition / rehabilitation project. Pitkin County, in which the majority of the Town of Basalt is located, has not received an allocation since 2001. This project will further the equitable distribution across underserved areas of the State.
 - Eagle County has a population of approximately 52,000 which is below the 175,000 threshold in the QAP.
 - The proposed project will serve working families in an area of the State with an acute housing / jobs imbalance. Eagle County and the Roaring Fork Valley (the Highway 82 corridor from Glenwood Springs to Aspen) have a strong job market in the service, accommodation, tourism and retail sectors. Housing in Basalt is generally not affordable to the working families employed in these sectors.
 - The cost to develop real estate in mountain communities is generally higher than comparable projects on the Front Range. The scarcity of zoned, buildable lots in

Eagle County and the Roaring Fork Valley drive up land costs. Construction costs are increased because of the challenging environmental conditions and higher labor costs.

- The project is located within 500 feet of a bus stop. This stop provides access to the only rural bus rapid transit system in the county, providing regular service up and down the Roaring Fork Valley.

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

- a. Market conditions: The demand for affordable housing in the Roaring Fork Valley is very strong. The project's capture rates fall within CHFA guidelines. The proposed rents are comparable to other LIHTC projects in the market area. The proposed rents are significantly below market rents for unrestricted properties of comparable quality. The overall vacancy rate in the market area is 0.7%.
- b. Readiness-to-proceed: The owner of Willits Town Center plans to begin construction of this building in August of 2014 and sell the completed residential condominium to AHI at completion in September of 2015. The seller is in a position to begin construction soon because utilities and access are immediately adjacent to the site in a public street. Zoning is appropriate for the proposed use, though a minor modification to the existing PUD is required to accommodate the specifics of our proposed project. AHI will be in a position to acquire the residential condominium at the issuance of the certificate of occupancy because all local sources of soft funding have provided preliminary approvals and are positioned to provide final approval after an award of tax credits has been received.
- c. Overall financial feasibility and viability: For over 20 years Archdiocesan Housing Inc. has operated two other similar tax credit projects in the Roaring Fork Valley. As such, we have budgeted for operations with a high degree of accuracy. The debt load supportable by the proposed project's NOI is accurately sized. We have been in communications with the Eagle County Commissioners and the Board of the Eagle County Housing Authority, the State Division of Housing, and the Town of Basalt and received strong assurances from each that funding will be made available for the proposed project. In addition to these public sources of funding, AHI plans to commit approximately \$2M of its own funds to support the project. These funds were donated to AHI by the Benedict family and are to be used to help finance the construction of affordable housing in the Roaring Fork Valley.
- d. Experience and track record of the development and management team: Archdiocesan Housing, Inc. (AHI), the project developer and general partner, has

been in business for 43 years. In that time it has developed 1,460 units of housing throughout the State. In the past 8 years we have financed the acquisition or new construction of 380 units through the LIHTC program in Colorado, all of which were completed on schedule. AHI manages all of its properties through its own property management company, Housing Management Services (HMS). HMS employs 64 full time staff and manages a \$15M annual budget. Its compliance record within both the LIHTC and Section 8 programs is very strong.

- e. Cost reasonableness: The proposed project is located in a difficult to develop high cost area. Zoned / buildable land in western slope resort areas is scarce and in high demand. Land prices typically reflect this scarcity. Water and sewer tap fees are high, but not out of the range of some other Front Range communities. Hard construction costs are higher than comparable Front Range costs; these costs increases are driven by labor, material, transportation, and weather.
- f. Proximity to existing tax credit developments: There are no existing tax credit developments in the Town of Basalt. There are three tax credit projects 17 miles away in Aspen. Archdiocesan Housing owns two other tax credit projects in the Roaring Fork Valley, with one in Carbondale and one in Glenwood Springs. Also in Glenwood, approximately 25 miles to the northwest, is a 76 unit Section 8 project that was renovated through the 4% PAB program. The Glenwood Green Apartments, also in Glenwood Springs, are nearing completion of lease up. The proposed project's rents are comparable to the rents charged at other tax credit projects, as adjusted for AMI differences between counties.
- g. Site suitability: The site is located within a larger master planned community referred to as Willits Town Center. Utilities, as well as a regional storm water drainage system, are adjacent to the site. The PUD for the site calls for a 3 story multifamily housing project at this location.

Shopping: Within Willits Town Center are numerous shops and small businesses, including a new Whole Foods Market. Adjacent to Willits to the north is another grocery anchored shopping center which contains a City Market (King Soopers), a movie theater, and many smaller shops and businesses.

Parks and Recreation: Adjacent to the site to the south is a stretch of open space that connects to ball fields several blocks further south. About ¼ mile to the south is a connection to the Rio Grande trail, a paved bike path that connects runs the entire length of the Roaring Fork Valley from Aspen to Glenwood. The trail generally runs along the Roaring Fork River, which is a good place to fish, raft, and recreate. There are numerous hiking and biking trails leading up into the hills on either side of the valley. Finally, in the Aspen Snowmass area are numerous ski resorts.

Education: The Roaring Fork School District operates an elementary, middle, and high school in the Town of Basalt. All three schools are within 3 miles of the proposed project. Colorado Mountain College operates a facility just south of Glenwood Springs, approximately 20 miles to the north. There are also a number of very high quality private schools in the area.

Public Transportation: Public transportation opportunities are excellent. Most notable is the Roaring Fork Transportation Authority's new \$70M Bus Rapid Transit ("BRT") project which operates along a 40 mile stretch of Highway 82 from Glenwood Springs to Aspen. The BRT project provides frequent (10-15 minute interval) service between nine newly constructed stations. New bus lanes and priority traffic signals have been installed in order to facilitate regular and efficient travel. One of the 9 new locations is located within 500' of the proposed project.

3. 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
4. Address any issues raised by the market analyst in the market study submitted with your application: capture rates, vacancy rates and proposed rent levels satisfy CHFA's underwriting criteria. The market study appears to indicate a pent-up demand for affordable rental housing, which is consistent with our current experience in this market.
5. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated: N/A
6. 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): Archdiocesan Housing has been active in the provision of affordable housing in the Roaring Fork Valley for over 20 years. For the past 7 years we have been working with the Town of Basalt in a collaborative effort to develop an affordable housing project in anticipation of the eventual redevelopment and loss of existing affordable mobile home units that are located in a dangerous flood plain. While we were able to identify a limited number of potential sites, pricing and other challenges proved insurmountable. With the recession, though, the current opportunity became much more financially

feasible. For the past year we have been working with the Town and seller to structure a transaction that met the goals of all three parties, which we have now done. The town's support for the proposed project is best evidenced by its willingness to provide up to grant funding, unusual for a town of only 3,900 people. Eagle County is also in support of the project and has is willing to contribute funds as well.

9% lihtc application narrative



BRIGHTON VILLAGE PHASE II

Project Narrative Description

Page 1

General Project Narrative:

Project Description

The proposed project, Brighton Village Phase II, is a 63-unit, independent senior apartment property, to be located in the City of Brighton. The subject site is adjacent to the existing first phase of Brighton Village, which was completed in March, 2007. When completed, Phase II will connect to the existing Phase I development, forming a single-building, 123-unit independent senior property.

The owner and co-developer of the proposed project will be the Brighton Housing Authority.

Creating a Strong, Viable Housing Authority in the City of Brighton

The asset base of the Brighton Housing Authority is relatively small, consisting of a few rental homes and the recently added first phase of the Libretto Apartments (which was opened in November of 2013 and was developed by the same team that will develop Brighton Village II). Because the City of Brighton is experiencing significant growth, it's important for its Housing Authority to increase its asset base and cash flow. It's also important for the Authority to enhance its level of property management expertise and ability to develop affordable housing properties in the future.

With the completion and stabilization of the proposed development, the Housing Authority will own the 63-unit property and the 60-unit first phase. Their asset base will increase dramatically within a very short period of time, from a small number of rental units to the ownership of 151 independent senior apartments (28 units at Libretto, 60 units at Brighton Village I and 63 units at Brighton Village II). In addition, they'll have new opportunities to increase their cash flow through ownership of the properties and the ability to generate property management and development fees in the future.

The Authority will be the owner of Brighton Village Phase II throughout the development process, as they currently own the site and are a 100% interest holder and limited partner in the project sponsor. The participation of MJT Properties, Inc. will be as a fee developer, with no ownership position. In addition MJT and its owner will provide all guarantees for completion of the project development.

Through ownership of a separate entity, HC Brighton Senior I L.P., the existing first phase of Brighton Village is owned by J. Marc Hendricks, the owner of MJT Properties, Inc. Agreements on Phase I call for the property ownership to be deeded to the Housing Authority when the compliance period has ended, expected to be December 31, 2022.

BRIGHTON VILLAGE PHASE II

Project Narrative Description (continued)

Page 2

At that time, ownership would pass to the Authority (subject only to the amount of the permanent debt). Even though Hendricks has ownership rights in Phase I through the end of 2022, he's offered to deed his interest to the Housing Authority upon completion and stabilization of phase II. It's anticipated that Phase II stabilization will occur in 2015. Therefore, the Authority's ownership of Phase I will be accelerated by approximately 7 years, significantly enhancing its asset base and cash flow.

Market Conditions

As indicated, the first phase of Brighton Village was completed in 2007. That property has enjoyed enormous success as one of the few affordable senior properties in a community that needs additional senior housing. Phase I currently has a wait list of over 700 pre-qualified households, including 408 at the 30% AMI level, 225 at the 40% level, 43 at the 50% level and 30 at the 60% level.

The market for the proposed project is excellent. The only other tax credit properties in the immediate area are the first phase of Brighton Village and the Libretto Apartments, the 28-unit property mentioned above (this property houses the former residents of the Platte Valley Manor). The success of these projects clearly indicates the need for additional affordable senior housing in the area. The project Market Study indicates an overall capture rate of 22.2%. This consists of a capture rate of 19.7% for the 30% AMI units, 34.5% for the 40% AMI units, 22.2% for the 50% AMI units and 9.3% for the 60% AMI units.

When establishing the AMI mix for the proposed project, attention was paid primarily to the wait list on Phase I, rather than to the indicated capture rates. While capture rates are significant as an analytical tool, we felt it was more crucial to match up the available AMI units with the indicated number of pre-qualified households on the wait list, rather than just to the capture rates. Had the primary focus been to pursue favorable capture rates, the proposed project would have many more units at the 50% and 60% AMI levels, which would not match up with the needs of the households on the wait list, nor would it serve people with the lowest incomes, which is one of the primary goals of the tax credit program.

This is further reinforced in the Market Study, which indicates that while the capture rate at the 40% AMI level might be a concern under other circumstances, the rapid lease-up rates

and high occupancies at other senior properties in the area, the history of high occupancy at Brighton Village I, the large wait list at that property, and the track record of the co-developer and management company are given as reasons that the higher capture rate is not an obstacle.

BRIGHTON VILLAGE PHASE II

Project Narrative Description (continued)

Page 3

Market Study Recommendations and Conclusions

The Market Study conclusions are all positive with no items that are recommended for change. The only indication of any concern is the location of the property on US Highway 85. This however, is mitigated by the property's location adjacent to Brighton Village I and the extremely high occupancy it has maintained over the last 7 years, indicating that location has not been a hindrance to that property. In addition, the proposed project is adjacent to a recent redevelopment of downtown Brighton, the Brighton Pavilions, which further complements the location of the property.

Proximity to Existing Tax Credit Projects

As mentioned previously, the only other senior tax credit properties in Brighton are Brighton Village Phase I and the Libretto Apartments, properties previously developed by the same development team. These properties maintain high levels of occupancy and have extensive wait lists. The only other senior apartment property in the PMA, as indicated in the Market Study, is in Dacano, nine miles northwest of the subject site. This property is owned by the Greeley-Weld Housing Authority and also operates at a very high occupancy rate. There are no other known senior tax credit properties in the PMA and no others currently under development.

Readiness to Proceed

Full approval of the zoning, Site Plan and Development Plan have been obtained from the City. These were completed along with the development of Phase I. In addition, the largest majority of the infrastructure for the proposed development was completed during the construction of the first phase.

Site acquisition has occurred, as the site is owned by the Brighton Housing Authority. Shaw Builders LLC, the general contractor on the first phase, has been selected to build Phase II. The same architect has also been retained. Once notice of a successful tax credit reservation has been received, the architect will immediately commence work on the project construction drawings.

Zoning Status

As indicated, zoning approval has been obtained. The property is zoned D.T. (Downtown) in the city of Brighton. An approved use in this zone is multi-family apartments for seniors.

Site Suitability/Location

As previously mentioned, the subject site is located adjacent to the completed first phase of Brighton Village. By its adjacent location to the completed property, it will be possible to

BRIGHTON VILLAGE PHASE II Project Narrative Description (continued)

Page 4

complete construction of the subject property, connecting it with the existing common areas of Phase I. Hence, this is the perfect location and site for development of a new independent senior property. The connection of the two phases allows for great synergies for marketing, operations, and most importantly for expanded social possibilities for the current residents of Phase I, and the new residents moving into the second phase.

The neighborhood surrounding the property consists of a mixture of mature multi-family dwellings and new and mature commercial and retail development. The property immediately to the north is the recently developed Brighton Pavilions. In addition to the services provided at the Pavilions (including restaurants, a cinema, nail salon and other shopping options), neighborhood services are fully developed. Access to the site is excellent via Main Street in downtown Brighton. In addition, a Park 'N Ride, conveniently located ¼ mile north of the site, provides excellent access from the property to public transportation. The site is also located in a "Call 'N Ride" zone, so that public transportation will be available to the doorstep of the property.

In addition, the location of this site near downtown Brighton provides many opportunities for residents to walk to area services and entertainment. While the site is located immediately east of US Highway 85, this has not proven to be a deterrent for the residents of Brighton Village Phase I, as evidenced by the high occupancy rates. The footbridge adjacent to the west side of the property provides a means for residents to cross the highway safely and access the residential neighborhood to the west.

Parking

As indicated on the provided evidence of zoning letter, the project Development Plan has been approved and it meets all City requirements for parking.

Between the two completed phases of Brighton Village, consisting of 123 residences, there will be a total of 143 parking spaces – 16 garages spaces (10 on Phase II and 6 on Phase I) and 127 open, free spaces. Therefore, there will be at least one open, free parking space for every residence at the completed development. Prior to the closing of the construction loan and partnership on Phase II, a joint access and use agreement will be signed between the separate ownership entities of the two phases (both controlled by the principals of MJT Properties). The agreement will provide for complete access by the residents of both properties to all driveways, outdoor and indoor facilities, parking areas and other shared

areas between the two phases. This is a similar agreement to what MJT completed on other projects, including the Libretto Apartments, Caribou Apartments, Allison Campus and others.

BRIGHTON VILLAGE PHASE II

Project Narrative Description (continued)

Page 5

Environmental Items

The Platte Valley Manor is a vacant building located on the site for the subject property. All 28 households who resided in that property moved into the Libretto Apartments when it was completed by the development team in November, 2013.

The now-vacant Manor building is in the process of being razed. Asbestos abatement work is currently under way. The contractor, Belfor Environmental, Inc., will finalize their work by the middle of March. Immediately upon completion of the abatement, the building will be demolished. Contractors have been selected for this work, and will complete the demolition by the middle of April. At that point, the site for the proposed project will be a fully available development site, ready for the start of construction.

Unit Mix – AMI Mix

The 63 units to be developed will consist of 37 one-bedroom/one-bath units and 26 two-bedroom/one-bath units. The units will range in size from approximately 625 square feet for the one-bedroom units to approximately 821 square feet for the two-bedrooms. The affordability mix will include 14 units at the 30% AMI level (8 one-bedrooms and 6 twos), 27 units at the 40% AMI level (17 one-bedrooms and 10 twos), 13 units at the 50% AMI level (6 one-bedrooms and 7 twos) and 9 units at the 60% AMI level (6 one-bedrooms and 3 twos). Occupancy in the project will be restricted to residents aged 62 and over. Many of the new residents will come from the extensive Phase I wait list. Based on the developer's experience with Brighton Village Phase I, it's anticipated that many residents will come from Brighton and surrounding rural areas of Adams and Weld counties. However, based upon data provided in the Market Study, there will also be a significant number of residents who will move to the property from outside the PMA.

Amenities & Services Provided

The development will include one building, a three-story, elevator-served structure (separate elevators will serve each phase of the property). The building will be constructed so that it attaches to the lobby of the first phase of Brighton Village. Therefore, the second phase will share the existing common areas, including a restricted entry, large lobby area, a community kitchen and café area, sun room, billiards room, media room, manager's office, mail kiosk, public restrooms and library. The second phase building will also have a hair salon to serve the needs of the residents of both buildings, a separate computer room with provided computers, craft room, exercise room with provided equipment and private

dining room that can be reserved by individual property residents. A free wi-fi connection will be provided for both buildings, at the time that Phase II is developed.

Provided services will include organized gatherings, community newsletter and bulletin board and an on-site manager who will serve residents, organize activities and coordinate

BRIGHTON VILLAGE PHASE II

Project Narrative Description (continued)

Page 6

service providers from the area. Services provided by the management company will be tailored to meet the specific needs of senior residents. The existing property is already an active community. There will be increased opportunities for social interaction among the residents when the property expands from the current 60 units to 123.

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

Community Outreach and Support

MJT Properties, as one of the project co-developers, has not only reached out to the community, it has established an 8-year relationship and partnership with the City of Brighton and the Brighton Housing Authority. It has been a successful public/private partnership that is heading into the development of its 3rd property (with the development of the proposed project). In addition to the involvement of the City and the Housing Authority, there is significant additional support from Adams County and the Colorado Division of Housing for the development of Brighton Village Phase II. Each will provide a \$200,000 award of HOME funds to the project. The City of Brighton will also provide affordable housing incentives in the form of fee waivers and reductions.

Ownership Structure

The ownership structure between the co-developers (MJT Properties and the Brighton Housing Authority) is identical in scope to the one used for the successful co-development and ownership of the recently completed Libretto Apartments. The sponsorship entity, HC Brighton Senior II L.P., has been formed and all agreements have been fully executed by the parties. The agreement calls for the Housing Authority to have a 100% ownership interest, with MJT Properties and its principals to have primary development responsibilities. MJT's responsibilities will include all guarantees for development, completion of construction, loan guarantees, lease-up guarantees and long-term tax credit compliance guarantees. The Housing Authority is a limited partner with a 100% ownership interest, and will not be taking on any financial or development risk or liability.

Financing

The project will be financed through the sale of Low Income Housing Tax Credits. A preliminary reservation of Credits in the amount of \$937,895 is being requested. The project tax credits will be sold to an institutional investor. US Bank Community

BRIGHTON VILLAGE PHASE II

Project Narrative Description (continued)

Page 7

Development Corporation and Hunt Capital Partners LLC have provided letters of interest, however, other investors will be considered. US Bank will also provide a construction loan in the amount of \$10,000,000. US Bank has been the construction and permanent lender for many previous projects developed by one of the co-developers. The sponsor is requesting that CHFA provide permanent financing in the amount of \$2,130,000. CHFA is the current lender on Phase I of Brighton Village. HOME fund awards in the amount of \$200,000 each will be provided by Adams County and the Colorado Division of Housing. There will also be deferred developer fees in the amount of \$201,200.

Cost Reasonableness / CHFA DDA Boost

The development team has evaluated the feasibility of the project utilizing 4% bond financing and determined that this financing will not meet the AMI needs of the people in the community. Therefore, we feel that 9% tax credits are the best source of financing.

Regarding the cost reasonableness of the proposed project, we feel there will be significant efficiencies of scale because this is the second phase of development, thereby decreasing overall project costs. During the development of the first phase, a significant amount of work and cost was put into completing the infrastructure for the entire development. In addition, the cost per unit for the proposed project is just under \$185,000. By comparison, the cost per unit of the recently completed Libretto Apartments was approximately \$200,000.

Despite these economies of scale and general overall lower costs of development, we will still need the CHFA Basis Boost and are requesting this in our application.

Overall Financial Feasibility and Viability

As indicated in this Narrative and elsewhere in the application, the project is viable because of the very high need for additional affordable, independent senior housing in the City of Brighton. This is demonstrated through the historic occupancy of the first phase of Brighton Village and the large wait list at that property. Viability is further demonstrated through the analysis and recommendations of the Market Study.

Financial feasibility for the project can be demonstrated in many ways, including the partnership and ownership by the Housing Authority, the community support, the provision of soft funds by the county and the state, the experience of the development

team, the economies of scale and lower costs resulting from the development of a second phase, and other factors.

BRIGHTON VILLAGE PHASE II

Project Narrative Description (continued)

Page 8

Construction

Project construction will be wood-frame on a post-tension foundation system. Exterior materials will include hardboard siding and brick veneer. The design of the proposed project will match the existing Phase I building, so that when completed, the project will have the appearance of a single 123-unit development, rather than a project that was developed in two phases. Landscaping will be extensive in accordance with City of Brighton specifications. The project will be designed to meet all required local, state and federal guidelines for accessibility. In addition, every attempt will be made to design, construct and manage the project utilizing “green” guidelines and materials. More details on the specific “green” materials to be used and management guidelines that will be implemented, are included in the Green Communities Intended Methods Worksheet attached to the application.

Energy Efficiencies

As indicated above, the project will be developed in compliance with the Enterprise Green Communities 2011 Criteria. It will meet all mandatory requirements and will score at least an additional 52 optional points. To this end, the developer has contracted with Lightly Treading, a local building performance design and analysis firm, for their design, inspection, testing and certification services. They will provide projected rating reports to ensure that the development will be in conformance with Green Communities energy efficiencies.

Integrative meetings and communications between Lightly Treading and the development team are ongoing, wherein the consultant has reviewed the preliminary design drawings with the team, and has provided comments and adjustments to the plans. Following their initial review, they’ve determined that we’ll meet or exceed the requirements of the 2011 Enterprise Green Communities Criteria.

The project will receive additional points in most sections of the Green Communities Criteria, including some of the following areas: 1) increased water saving measures through more restrictive fixtures in bathrooms and kitchens, 2) greater energy efficiencies through the reduction of HERS rating scores below the baseline performance standard, and 3) implementation of several construction procedures and practices that will reduce waste, make use of recycled products and use products produced locally. Additionally, the

project will be a smoke-free building and will be a drop-off location for CSA shares of produce grown within 150 miles of the project.

BRIGHTON VILLAGE PHASE II

Project Narrative Description (continued)

Page 9

Development and Management Team Experience

The project principals include an experienced group of individuals who have been involved in the Denver area construction, development and property management business for over 30 years. One of the co-developers of the project will be J. Marc Hendricks and MJT Properties, Inc. In addition to other projects, Hendricks has developed 17 successful tax credit properties over the last 19 years.

The projects have been completed on time and under budget, and have consistently leased up in less time than anticipated. Debi Robertson, Vice President of MJT Properties for 18 years, has played an integral part in the development and management of each property and will act as co-project coordinator for the proposed development. Ms. Robertson, as an integral employee and partner of MJT Properties, will be participating in the development of the subject property as a full partner, with a significant sharing of generated development fees. Going forward, she'll participate in the same fashion in all future projects developed by MJT Properties.

While MJT has developed affordable housing for all age groups, they have become particularly experienced in recognizing the needs and desires of senior residents, and include 10 senior tax credit properties in their development and management portfolio.

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

The completed property will be managed by Terra Management Group LLC, however, the long-term plan is for the Housing Authority to take over management, once they've been able to sufficiently increase the size and expertise of its staff. Terra Management is overseen on a day-to-day basis by Debi Robertson. Debi has extensive experience in the management of affordable housing properties, including facilities for the exclusive use of independent seniors. All properties managed by Terra perform well, maintain high occupancies, high revenues and low expenses. Lydia Smith, who operates the company day-to-day, has been with Terra for over five years. In addition to her responsibility for daily operations, she is responsible for staff and resident relations, crisis intervention and communications between staff and upper management. Heather Aguirre is an asset

manager who has extensive experience with tax credit properties. She is primarily responsible for managing file compliance, management reviews and investor/lender inspections and requests. Sheri Wagner is the on-site property manager at Phase I. She will continue with the day-to-day management of the proposed project, thereby providing a significant continuity of management for the subject property.

BRIGHTON VILLAGE PHASE II

Project Narrative Description (continued)

Page 10

All properties developed by MJT Properties, the co-developer, have been completed in a timely manner and under budget. All properties managed by the management team have provided timely reporting and have remained in compliance with all tax credit requirements throughout their compliance periods and beyond (for those properties that have reached the end of their initial compliance period).

Identification of Guiding Principles in the QAP that the project meets and why it meets them

Guiding principle 1 – To support rental housing projects serving the lowest income tenants for the longest period of time

Brighton Village Phase II will provide affordable housing to low income residents at a range of AMI levels from 30% to 60%, with the majority of units (a total of 41) offered to residents at 30% and 40% AMI.

These AMI mixes were selected for the proposed project despite the relative high capture rates for the 30% and 40% AMI units, as referenced in the Market Study. Because of the large number of households on the wait list at Brighton Village Phase I, who have been pre-qualified at 30% AMI (408 units) and 40% AMI (225 units), it was decided to concentrate the number of developed units at those lower AMI levels. This decision is supported by the conclusions and recommendations of the Market Study.

These will be attractive rents for the majority of senior residents, who are typically on fixed incomes. Also, because the Housing Authority is a co-developer of the project, and its long-term owner, project affordability will continue long beyond the maximum Extended Use Period selected in the Scoring section of the tax credit application.

Guiding principle 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

The proposed project may not technically meet this criteria, however, as indicated elsewhere in this Narrative and the Market Study, the site is adjacent to Brighton Pavilions,

a recently completed retail project. The property is also located within close walking distance of downtown Brighton, which is undergoing a significant redevelopment. In addition, the subject site is located with the boundaries of the Brighton Urban Renewal Authority, which has been instrumental in the development of the Pavilions and the redevelopment of downtown.

BRIGHTON VILLAGE PHASE II

Project Narrative Description (continued)

Page 11

Guiding principle 3 – To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural and tribal areas

Brighton Village Phase II will provide much needed affordable senior housing in the City of Brighton. The other two projects developed by the co-developer in Brighton, Brighton Village Phase I and Libretto I, have been extremely successful. Brighton Village I has a wait list of over 700 prospects including 408 at the 30% AMI level and 225 at the 40% level. There's also a significant wait list building up at Libretto. This clearly indicates the need for more affordable senior housing in the community, which has a distinctly rural atmosphere and a high number of very loyal residents. The nearest senior tax credit property in the Market Study PMA, besides Brighton Village I and Libretto I, is in Dacano, nine miles northwest of the subject. As stated in the Market Study "there are no other known approved planned properties in the PMA that would be comparable or competitive with the subject".

Guiding principle 4 – To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and non-profit

The development of this project will provide the best of both worlds. The Brighton Housing Authority, headed by Joseph Espinosa, is striving to become a viable owner and operator of affordable properties, so that it may better serve the community. The for-profit co-developer, MJT Properties has an excellent track record in the development and management of both senior and family tax credit properties throughout the Front Range of Colorado. In addition, as previously indicated, the participation of the two co-developers, through their partnership, will provide not only an excellent source of cash flow and stability for the Authority, it will allow the Authority to enhance their skills as a developer and manager of affordable housing. This will allow them to develop and expand their portfolio of affordable housing in the future.

Guiding Principle 5 – To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing

Since Brighton Village II will serve only residents aged 62 and over, it clearly meets this principle. This project will also serve to meet the need for supportive housing by providing a sense of community to residents through a wealth of common area spaces, activities, services and educational programs.

BRIGHTON VILLAGE PHASE II

Project Narrative Description (continued)

Page 12

Guiding Principle 6 – To provide opportunities for affordable housing within a half mile walk distance of public transportation, such as bus, rail and light rail

The project is within ½ mile or less of a Park ‘N Ride facility that provides transportation around Brighton, to Denver and to DIA. The project is also located within a Call ‘N Ride zone, so that public transportation will be available at the front door of the property.

Guiding principle 7 – To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing

The proposed project meets this principle as it will provide new construction of a high quality, needed affordable rental housing project. The development will be constructed and managed by an experienced team, the units and common areas will be spacious and beautiful and designed to meet the specific needs of senior residents who will become part of an inclusive and supportive community.

Guiding Principle 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

As indicated in the application and this Narrative, the proposed project has been carefully planned to maximize available resources and to provide the best housing possible at a reasonable cost. The financial support provided by Adams County and the Colorado Division of Housing in the form of \$200,000 HOME fund awards from each, the willingness of the developer to defer a significant portion of its developer fee, and the incentives and reductions in fees provided by the City of Brighton, all demonstrate a strong belief in the financial feasibility and long term viability of the project.

Guiding Principle 9 – To reserve credits for as many rental housing projects as possible while considering these Guiding Principles and the Criteria for Approval in the following section.

The project meets this principle by limited project costs, and therefore the amount of tax credits needed to make the project financially viable (leaving more credits available to finance other affordable projects). The cost savings are possible because the proposed project is the second phase of an existing development. This will allow for economies of scale to be realized for construction and other project costs.

BRIGHTON VILLAGE PHASE II
Project Narrative Description (continued)
Page 13

Guiding Principle 10 – Recognizing the unique challenges of developing housing for certain populations and in certain geographic areas, CHFA has identified the following priorities:

- 1) Projects serving persons with special needs as defined in Section 5.B.5 – Projects serving these populations will provide supportive services to help maintain and increase independence.**

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

9% lihtc application narrative



Project Name: **Caddis Flats – Workforce Housing**

Project Address: 513 Belleview Avenue
Crested Butte, Colorado

Narrative Overview of the Proposed Project

The Gunnison Valley Regional Housing Authority (“GVRHA”), in partnership with Housing Resources of Western Colorado (“HRWC”), is proposing a new 30-unit family development known as “Caddis Flats” located in the heart of downtown Crested Butte, Gunnison County Colorado. Often called “Colorado’s Last Great Ski Town,” Crested Butte is the entertainment and culinary center for winter skiing, snow sports and summertime tourists visiting what locals call the “North Valley area.” Gunnison County has a permanent population of approximately 15,500 people. During the winter ski season and peak summer tourist months, this population grows dramatically with the addition of vacationers and second home owners.

In November of 2012, the GVRHA was charged with helping solve the housing situation in the North Valley area of Gunnison County. Upon investigation it was determined that this area of the County is most in need of quality, stable affordable rental housing. Low-income Housing Tax Credits are the primary mechanism to bring such housing to Crested Butte. Having little tax credit experience, the GVRHA mobilized to build a “TEAM” with the knowledge and experience to make Caddis Flats a reality. While the development team is outlined later in this Narrative, the GVRHA is confident in the team that has been assembled:

1. Tax Credit Experience.

- Partnering with *HRWC* brings aboard a CHDO with experience in constructing, rehabilitating and managing tax credit properties. Elizabeth Rowan, *HRWC*’s Director of Development, has been instrumental in bringing the GVRHA and *HRWC* together. *HRWC*’s role as a partner to this development also includes equity guarantees during the project’s initial management and compliance period.
- *Ryan Tobin* will serve as the GVRHA’s Owner’s Representative throughout the design, pre-construction and construction processes. Mr. Tobin brings an

abundance of experience in the construction of LIHTC multi-family properties to the development team. The GVRHA is excited that Ryan will assist with creating innovative design solutions early in the development process while also serving as our on-site construction representative during every step of the construction and reporting process.

- *Coburn Development, Inc.* brings significant and specialized design and construction experience to the development team. Having produced award-winning properties in resort communities, Coburn possesses the unique ability to not only design wonderful properties, but make them a reality. Red Oak Park is a Boulder property that Coburn designed and built in conjunction with the Boulder Housing Authority.

Those members of our development team without direct tax credit experience possess significant experience in the production and management of multi-family housing. Karl Fulmer, Executive Director of the GVRHA, has been involved with the production of over 3,000 units of market-rate, multi-family housing throughout the United States. With all of these elements in place, the GVRHA is supremely confident in producing a property that is of quality design, well-managed and long-lasting.

In December of 2013, the readers of *Powder Magazine* voted Crested Butte as the best ski town in North America by way of the annual “Ski Town Throwdown.” Of course, in order to capture and maintain such a designation, all residents of Gunnison County understand the need for a stable and satisfied workforce. The limited amount of housing stock coupled with the popularity of Crested Butte as a year-round tourist destination greatly limits the availability of quality, affordable rental housing in the Crested Butte area. The Market Study presented by Melanie Rees points to the fact that vacancy rates in the area are below 3% and the loss of 44 rental units (the “Marcellina” property) this Spring will create an even greater disparity between renter households in need and housing units available for rent.

As with most resort areas in Colorado, Crested Butte’s economy is built upon the tourist industry. Employment opportunities in the service and retail sectors dominate the local Market Area. Typically, this type of economy means lower-level wages. Households working in the North Valley area of Gunnison County, according to data observed, are often those most in need of affordable housing. These working families are the core market for the Caddis Flats project.

Caddis Flats is a family-oriented rental property located in the center of Crested Butte. The thirty (30) units will be located in one three-story building that is designed in three distinct architectural forms to present a structure that fits the historic nature of downtown Crested Butte. The design team has worked tirelessly with the Town’s BOZAR (Board of Zoning and

Architectural Review) to produce schematic elevations that fit the character and design of surrounding properties and the historic nature of the Town. Exterior building products include horizontal and vertical siding elements combined with trim details reflecting many of the historic design elements throughout the Town.

Of the thirty units proposed, twenty-four (24) of the units will be one bedroom in size and the remaining six (6) will be two bedroom units. 43.5% of the units will be set aside at 50% of AMI, and the remaining 56.5% of the units will be set aside at 60% of AMI. This breakdown of project set-asides is in direct response to the nature of the local economy and the analysis contained in Rees Consulting's Market Study. The property is located in close walking proximity to free public transit, grocery shopping, eateries, employment centers, public parks and schools. Off-site improvements include a sidewalk extension along Belleview Avenue to tie-in pedestrian walkways to the main sidewalk along 6th Street 140' to the east of Caddis Flats.

Each unit offers efficient floor plans, washers and dryers, dishwashers and disposals. There is an outdoor barbeque and picnicking area on the site. The majority of residents will approach the property using Belleview Avenue to the south of the project site. The access drive for the parking area of the property is located on the south side of the building and provides access to forty-five (45) parking spaces. Housing Resources of Western Colorado currently manages 141 tax credit rental units in its portfolio and brings a strong track record of property management and LIHTC reporting to Caddis Flats. HRWC will employ a half-time local property manager and, in conjunction with the GVRHA, will utilize part-time contracted maintenance staff currently used by the GVRHA.

As with many communities located high in the Rockies, soils and topography can often be an issue when selecting a development site. Fortunately, the proposed site for Caddis Flats is very flat and requires no extensive grading or retaining walls. Because Crested Butte served as a coal mining town for decades, mine spoils are often a concern when building within the Town. As the Phase I Environmental Report denotes, there is a layer of "coal coke" on the property. These soils were sent for lab testing and no dangerous levels of contamination were found. The Third Party Construction estimate takes into account the removal of coal coke around the building site and the necessary compaction of the soils beneath the paved areas of the site. The compaction levels area included in a separate Geotechnical Report conducted by Buckhorn Geotech of Montrose, CO.

Issues to be addressed in the Narrative

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

- Term of Affordability. The GVRHA, as a PHA, is committed to providing Caddis Flats units at affordable rents in-perpetuity. As a result, the property will be restricted by a 40-year LURA with the additional commitment to maintain affordability throughout the property's lifetime.
- Equitable Distribution of Housing Tax Credits across the State. Gunnison County, the location of the proposed project, has never received an LIHTC allocation. As a result, LIHTC-funding for this property will further the equitable distribution of tax credits throughout the State.
- Provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and non-profit. The GVRHA (operating as the Gunnison County Housing Authority, a PHA, since 1979) has built and/or managed a 28-unit subsidized rental property in Gunnison (1983), nearly 200 county-wide affordable ownership properties, and a handful of additional deed-restricted rental properties. LIHTC funding is a mechanism not utilized before in Gunnison County. The GVRHA, by partnering with HRWC, seeks to become active in the production of LIHTC properties in Gunnison County.
- To distribute housing credits to assist a diversity of populations. The Caddis Flats property will serve working families in a relatively remote area of the State with a significant imbalance between jobs and affordable housing supply. Housing in the Crested Butte/Mt Crested Butte area is generally not affordable to the majority of workers supporting its tourist-based economy.
- To provide opportunities for affordable housing within a half-mile walking distance to public transportation. While this designation may be reserved for urban areas, it is important to note that the Caddis Flats' site is in close proximity to free public transit services for the employment area and the majority of Gunnison County. In addition, the Town of Crested Butte is an extremely walkable/bike-able community.
- To support new construction of affordable rental housing projects. Caddis Flats is proposed as a newly-constructed, affordable, rental property.
- To reserve credits for as many rental housing projects as possible. While Caddis Flats is seeking the maximum allocation for a property of its size, the allocation is well below the maximum set by CHFA; thus, providing CHFA with the flexibility to fund Caddis Flats and other properties throughout the State.

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

Projects in Counties with populations less than 175,000. 2013 US Census Bureau estimates a Gunnison County population of approximately 15,500 people. Being a rural county, the lack of affordable rental housing is most acute in the North Valley Area (Crested Butte and Mt. Crested Butte).

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

- a. Market conditions:** The demand for affordable rental units in the Caddis Flats' Market Area is very strong. Vacancy rates are set at about 3% and due to current changes in the rental supply appear to be heading lower. Projected capture rates for Caddis Flats are well below CHFA's required range.

- b. Readiness-to-proceed:** The site is currently zoned properly for the construction of the Caddis Flats project. The GVRHA and members of the development team went through many steps of public review with the Crested Butte Town Council, Planning and Zoning Board, Design Review Committee and Board of Zoning and Architectural Review ("BOZAR"), to secure the approvals necessary for complete zoning and land use entitlements for the Caddis Flats' property. On January 28, 2014, BOZAR provided PUD General Plan Approval making Caddis Flats ready for Building permit review. Additionally, the GVRHA controls the land by means of the attached Assignment Agreement.

- c. Overall financial feasibility and viability:** The GVRHA in partnership with HRWC provide a track record of developing and managing rent-restricted properties. In addition to a 28-unit subsidized rental property in Gunnison, the GVRHA administers scattered-site deed restricted rentals throughout Gunnison County. HRWC manages 141 tax credit units. Together, these partners have constructed an operations budget for Caddis Flats that is realistic and ensures the long-term quality of the property. The debt load is clearly supported by the calculated NOI for the Caddis Flats property. In addition, \$1,040,600 in local grants and fee waivers have been allocated to promote the financial feasibility of the Caddis Flats. Attached you will find six letters documenting the financial commitments made to Caddis Flats from public, private non-profit, and private organizations.

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

GVRHA: The GVRHA has been in existence, as the Gunnison County Housing Authority, since 1979. The GVRHA became a regional PHA under an IGA that is attached to this application in January of 2013. As stated above, the GVRHA, or its predecessor, has over thirty years of experience in the construction and management of affordable ownership and rental properties. Executive Director, Karl Fulmer, has over 17 years of experience in multi-family development and Housing Authority management.

HRWC: Since 1995, HRWC has been a certified CHDO in the State of Colorado. Currently, HRWC owns 5 rental properties containing 176 multi-family rental units and has been awarded LIHTC rehabilitation monies. Currently, HRWC manages 141 tax credit housing units. Coleen Simpson, HRWC's Property Management Director has been with the company over 20 years and has been managing HRWC's rental properties for more than 12 years.

Ryan Tobin, Tobin Law Firm: Ryan Tobin will serve as the Owner's Representative during the planning, construction and construction reporting of Caddis Flats. Mr. Tobin serves as the Senior Development Program Manager for the Housing Authority of the City and County of Denver. Mr. Tobin has considerable experience with managing the construction and rehabilitation of multi-family tax credit properties.

Coburn Development, Inc: Coburn Development ("Coburn") is serving as the design-build firm for the Caddis Flats project. Coburn is experienced with the design of various styles of multi-family properties. Coburn worked with Boulder Housing Partners to develop Red Oak Park, a 100% affordable development in Boulder. Additionally, Coburn has developed affordable, Iris Hollow/Red Oak Park and Pitchfork, developments in Boulder and Mt Crested Butte, respectively.

Chris Gunlikson, Holland and Hart, LLP: Holland and Hart has extensive experience in multi-family lending programs as well as publicly-financed bond transactions and tax credit projects. Chris Gunlikson provides hands-on legal advice due to his background in both construction and accounting.

- e. Cost reasonableness:** The proposed project is located in Crested Butte. Available multi-family parcels in the Crested Butte area are often scarce and in high demand. Due to such scarcity, land prices are generally high. Water and sewer tap fees are high, but with the application of fee waivers, such fees are comparable, if not lower, than many Front Range communities.

Hard construction costs are higher than comparable areas in the Front Range and other parts of the Western Slope. These high construction costs are driven by many factors that include: development in a recognized historic district, scarce labor sources, materials costs, transportation, and weather. The project budget takes all of these variables into account and the development team is confident in its budget preparation.

- f. Proximity to existing tax credit developments:** There are no other tax credit properties in Gunnison County. As per the Market Study, the proposed project's rents fall well below the rental properties of the Market Area.

- g. Site suitability:** The site is generally flat, easy to develop, and centrally-located within the Town of Crested Butte. Utilities are adjacent to the site and there are

no environmental, floodplain or wetlands issues associated with the site. There is some coal industry soils known as “coal coke” on parts of the property. The team has budgeted for the removal of such soils under and adjacent to the building site and compaction estimates have been supplied by a Geotechnical consultant. The soils are adequately-compactible for under the project’s paved areas.

Due to its proximity to the heart of Crested Butte, the areas near and/or adjacent to the subject property offer a multitude of amenities to its residents. Below are listed some of these amenities:

Public Transportation - Directly across Belleview Avenue, to the south of the property, is a stop for the Mountain Express, a free area bus service. This service runs every fifteen minutes during the majority of the year and can provide residents with a short 10-minute ride up to the base of the ski mountain. Three blocks to the south of the property is the stop for the RTA bus that provides free bus service between Mt Crested Butte, Crested Butte and Gunnison - some 27 miles to the south.

Shopping - Directly across Belleview Avenue, to the south of the property, lies Crested Butte’s only shopping center. Within the center is Clark’s Market, Crested Butte’s only full-service grocery store, a juice bar and sandwich shop, the Majestic Theater- a three-screen movie venue, a restaurant, a deli and video rental store.

Elk Avenue, the Town’s main retail and entertainment center, lies just three blocks north of the Caddis Flats’ site. “Elk,” as locals call it, is home to the majority of businesses that provide goods, services and jobs for the local community. Other commercial services within 2-3 blocks west of the subject property include: a veterinarian, auto repair shops, a lumber yard, etc.

Parks and Recreation - Crested Butte, of course, is located in the heart of an outdoor enthusiast’s paradise. Aside from hiking, mountain biking and fishing opportunities all around the area, Caddis Flats’ residents benefit from an abundance of recreational opportunities within easy walk of their homes. The Town’s main park area is approximately ½ block to the east of the Caddis Flats’ property. This park has a large playground, picnic pavilion, volleyball court, soccer field, softball field and tennis courts. Additionally, the Crested Butte Center for the Arts is located in this park complex and hosts free concerts throughout the summer months.

There are a variety of other parks sprinkled throughout the town and all most are within a 5-6 block radius of the Caddis Flats property. As stated earlier, public trails into the countryside are generally within a ten-minute walk of the property.

Schools – The Crested Butte Community School, which provides a top-rated K-12 public education is located a few blocks to the southeast of the Caddis Flats’ site.

In addition to the community school, the main pre-school/daycare facility in town is located approximately 2.5 blocks to the southeast of the property. Crossing guards along 6th Street make it easy for young residents of Caddis Flats to walk safely to school.

Views – One cannot enter the community of Crested Butte without being impressed by the magnificent views available in parts of Town. Magnificent views abound from much of the Caddis Flats’ property. The development team is very aware of the views that are provided by this stunning location. As a result, design of the project and placement of unit windows will be paramount to maximize the living enjoyment of the Caddis Flats residents.

3. 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: While Gunnison County is not designated as a DDA by CHFA, the remote nature of the area and challenging building season, require that the Caddis Flats project be allowed a basis boost. As stated earlier in this narrative, high construction costs in the Crested Butte area are driven by many factors that include: development in a recognized historic district, scarce labor sources, materials costs, transportation, and adverse weather conditions. One must not forget that Crested Butte lies at an elevation of 8,800 ft. Communities at such elevations often are susceptible to the whims of Mother Nature.

4. Address any issues raised by the market analyst in the market study submitted with your application: The only issues raised by the Market Study mention compact unit sizes and limited outdoor public spaces. The units are compact in size, user-friendly, and highly-efficient in layout. Closet organizers and large, secure storage lockers will make the size of the units quite livable for the residents of Caddis Flats. The design team is also focused on maximizing the views from the majority of the dwelling units at Caddis Flats. Most of the units will have windows on a personal, mountain paradise.

The close proximity to public park spaces and entertainment venues make the units more desirable to the vast majority of workers in the Crested Butte area. The GVRHA manages 5 rental units three miles south of Crested Butte (Stallion Park) and some of these residents have already asked, “When will Caddis Flats be finished?” Folks simply want to enjoy “in-town” living. Crested Butte is the center of the North Valley world. From free concerts to softball leagues, recreational amenities abound throughout the

Town. The development team is open to providing more on-site amenities, but much of what can be accomplished is in the hands of the Town and BOZAR.

5. 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 significant environmental issues were found on the property. As stated earlier in this Narrative, there has been “coal coke” found on the property. Soils testing was conducted on this material and no environmental dangers were found. The development team has budgeted for the removal of the coke under and around the building site. Geotechnical testing has shown that the remainder of the site is compactible for use under the paved areas of the Caddis Flats’ property.
6. 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 GVRHA, in conjunction with Coburn Development and the Snaveley Group, began the arduous process of building support for the Caddis Flats project in December of 2012. Since that time, members of the development team have spent hundreds of hours meeting with the general public, municipal staff, elected officials throughout Gunnison County, private corporations and non-profit agencies. It has been tallied that the GVRHA and Coburn Development attended twenty-one public hearings from mid-November 2013 to January 28, 2014. Fortunately, this level of public engagement has paid off! Not only has over \$1 million in local monies and fee waivers been committed to the project, but the Development Team believes Caddis Flats will be an attractive and positive addition to the fabric of the Crested Butte Community.

As stated, financially, the Gunnison County area has come together in a big way to support the development of Caddis Flats. The Town of Crested Butte contributed \$65,000, the Town of Mt Crested Butte contributed \$12,500 and the Crested Butte Mountain Resort contributed \$7,500 - all of these monies assisted with project design, land use entitlements, and LIHTC pre-application expenses. Even the City of Gunnison, a municipality lying 27 miles south of Crested Butte, contributed \$5,600 to help pay for the project’s Market Study.

To assist with buying-down land and project costs, the Gunnison Valley Housing Foundation will contribute \$335,000 to the Caddis Flats project. The Gunnison County Commissioners recently voted, unanimously, to contribute \$255,000 from its linkage fee account to assist with the development of Caddis Flats. And, finally, the Town of Crested Butte will assist by waiving approximately \$360,000 in project development fees. That’s \$1,040,600 in local grant sources to help make Caddis Flats a reality!

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

9% lihtc application narrative



Project Name: Canon City Gardens

Project Address: N. 9th Street south of Family Center Drive, Canon City, Colorado 81212

The following Narrative describes the characteristics of the Canon City Gardens Project and why it should be selected above others for an award of Tax Credits, addressing both its strengths and weaknesses. As required by CHFA's 2014 Tax Credit Allocation Plan, it includes a description of the Project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services; description of energy efficiencies; type of financing; and applicable state subsidies (through the Medicaid program). At the end of the Narrative are answers to the specific CHFA questions noted in the instructions.

Summary

As noted below, there is a great unmet need in the Canon City area for additional affordable assisted living units. The Market Study included with the Application supports this strong need, noting a very low Project capture rate for the new units which the analyst describes as indicating a "significant demand" for the units. This significant demand is even more notable given the highly conservative assumptions used for the calculations as further explained in the Market Study.

As also explained below, an award of Tax Credits for the Project is a very efficient use of available Tax Credits by CHFA, as the Development Cost for the units is well below the calculated HUD value limits, both on a per unit and total cost basis. In fact, the total Project development costs (including all reserves and other soft costs) of \$10.6 million is over \$2 million lower than the HUD Section 221 limit for a 72 one-bedroom unit facility in the area (which, as previously acknowledged by CHFA, is the appropriate calculation to use given the large common areas, commercial kitchen and dining areas of an assisted living facility). Moreover, even using the lower zero-bedroom calculations, the total Development Cost for the

Project is still over \$640,000 less than the comparable HUD Section 221 cost limits. These cost calculations are a very compelling indication of the Project's enormously economical cost which makes it a very efficient use of the Tax Credits being requested.

The Project has also received very strong local community support, as evidenced by the various public and private letters of support included within the Application materials. It is also located within a county with a population of under 175,000, serves elderly tenants with special needs, and meets local housing priorities, all of which are priorities of CHFA under its Allocation Plan.

Finally, it should be noted that it has been many years since a new development has been awarded Tax Credits in Canon City, which makes the Canon City Gardens Project an even more compelling candidate to receive an award.

General Description of Project

Project Design

The Canon City Gardens building is a single story, assisted living facility with 72 individual tenant units and one manager's unit, 70 of which tenant units are LIHTC units. The building will be constructed on vacant land in northern Canon City, and will have the same general layout as the five existing LIHTC projects located in Colorado Springs, Pueblo and Pueblo West previously developed and currently operated by the Developer as explained in more detail below. A large dining room (with a high "Cathedral ceiling") will enable all tenants to dine together in one sitting, and the design includes various sitting areas and a common activities room for tenants. A highly efficient commercial kitchen is used to prepare meals for tenants, and appropriate administrative areas and resident care stations are also included within the facility.

There are 72 individual 325 square foot studio units each with private bathrooms, and units are accessed from the inside of the building from common corridors. The total building size of the facility is approximately 40,000 square feet, including all units, common spaces, and circulation/mechanical spaces.

Site and Site Plan

The building site is located on N. 9th Street at the north end of Canon City just south of Family Center Drive. The site on which the facility will be built is approximately 4.5 acres in size and is rectangular in shape.

The site is under contract, and will be rezoned from R1 to R3 after acquisition (closing is subject to the successful allocation of Tax Credits to the Project). All utilities (water/sewer, natural gas, electric and cable TV) are adjacent to or near the perimeter of the parcel in which the building site is located, and all tap fees and extensions are covered by the Development Budget included within the Application materials. The site is flat and currently undeveloped, and no environmental issues are present as confirmed by the Phase I Environmental Report received.

The building is a “half-star” shape with various tenant wings protruding from a central common area, as shown in the architectural drawings included with the Application. The site plan includes the building, access drive and parking spaces, along with landscaping and patios. As also noted in the drawings, the various wings and perimeter sitting areas of the building will be connected via various walkways.

Number of Units by Type and Size

In the proposed building, there will be a total of 72 studio units, 70 of which will be LIHTC units and 2 of which will be Market Rate units. All of the units will be identical in size and shape. The monthly rent and fee structure (for those tenants electing to receive assisted living services and meals) is as follows:

Medicaid/Income-Restricted Units - As of January 2014, for all Medicaid residents, the operator is required to receive a co-pay of \$661 per month from the resident. Of this amount, \$361 is allocated to food service and \$300 to rent. The operator will receive \$1,519 per month in services fees that are partially paid by the resident and partially by Medicaid, depending on the income level of the resident. This brings the total amount earned by the operator to a total of \$2,180 per month. This is the same amount available to any and all Medicaid providers in Colorado regardless of the type or size of unit, quality of unit, care needs of the resident, property location, or any other factor.

Market Rate Units – For the Market Rate units, a total of \$2,600 per month will be received per unit, comprised of rent, assisted living services fees and food services fees. This \$2,600 total monthly amount is what we are receiving at our other existing facilities for Market Rate units.

Project and Unit Amenities

Resident common areas include a large living room, a dining room large enough to serve all the residents, a central kitchen, a laundry room and maintenance rooms. The finish level will be of high quality for an affordable project and will include, for example, wainscoting throughout the

common areas, six-panel doors on all doorways, and handrails throughout the building. All common areas will be furnished appropriately for frail elders and others in need of assisted living services. The grounds will include landscaping, patios adjacent to the building, fencing, gardens and fountains.

The size of all planned units is 325 square feet. Because the Project is assisted living, kitchens are not included, however, each unit is equipped with a small refrigerator and can include an optional microwave, depending on the abilities of the resident. Each unit will include: wall-to-wall carpet, drapes or blinds, and a private bathroom with shower. The building will have central air conditioning both in units and in common spaces.

All units are furnished with a bed, dresser, nightstand, lamp and chair. Those residents preferring to furnish their unit with their own items are welcome to do so. Each unit is equipped with cable TV hook-ups and local phone service.

Services and Management

The Project is being developed by MEJansen Development Company LLC, which also developed Trinity Life Gardens in 2000, North Pointe Gardens in 2003, Oakshire Gardens in 2008, Pueblo West Gardens in 2010 (and its expansion currently under construction), and Point of the Pines Gardens in 2012, all five of which facilities are assisted living Tax Credit properties very similar to the subject Project and located in Pueblo, Colorado Springs and Pueblo West. The management entities are Accolade Living Centers LLC, Tri-Star Management Company LLC and Pines Management Company LLC, which currently manage all of these previously developed projects and which are majority-owned and controlled by the Developer.

Because the facility will be a licensed assisted living residence, an extensive package of services is offered to all residents who elect to receive them. Services to be included in the monthly food service fees and service fees are:

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

Staffing includes one caregiver for each 10 residents during the day and one for each 16 residents during the night. There are no additional service levels for additional fees. Beauty shop services are available on-site by an outside contractor. Residents needing additional levels of service are discharged to another setting.

Utilities and Type of Heat

Water, sewer, gas and electric utilities will be paid by the owner. Also included will be cable TV hook-ups and local phone service. The heating system is gas forced air and hot water heat. Central air-conditioning is also included. As is the case with our other existing facilities, the use of green and energy-efficient equipment and systems will be maximized with a high Enterprise Green Communities score. An array of solar panels will also be installed which are anticipated to generate at least 30% to 40% of the electrical needs of the Project.

Development Schedule and Anticipated Date for Delivery of Units

Construction will commence as soon as possible after receipt of a Tax Credit allocation and the Tax Credit equity and loan financings are closed, and after the rezoning is effective. As noted in the Application materials, the equity syndicator (Michel Associates, Ltd.), and the construction and permanent lender (Canon National Bank), provided financing for our recently completed Point of the Pines Gardens facility in Colorado Springs, so these financing partners know our projects and management team well and the various financing documents are already negotiated and established from our prior deals, so we will be able to move quickly to closing.

It is expected that the building will be placed into service in mid-2015, with stabilized occupancy within ten months thereafter, which is conservative given the lease-up periods experienced by the other existing facilities developed and owned by the Developer.

* * * * *

In response to the specific items requested to be provided by the Narrative instructions pursuant to CHFA’s 2014 Tax Credit Allocation Plan, the following noted items are also addressed:

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

The Project meets numerous of the Guiding Principles, including the following cited:

- “To support rental housing projects serving the lowest income tenants for the longest period of time.” The Project serves the lowest income tenants (given that 30% of the units are set aside for those tenants under the 30% AMI level) for the longest period of time (given the longest 15-year compliance plus 25-year waiver period selected). In fact, many of our tenants are homeless elderly with no income other than the Colorado Old Age Pension Act and SSI payments, for which payments we assist them in qualifying.
- “To support projects in a QCT, the development of which contributes to a concerted community revitalization plan.” The Project is located within a Qualified Census Tract, and as noted in the Application materials it contributes to the goals of the community’s strategic plans.
- “To provide for distribution of housing credits across the state.” The Project is located in Southern Colorado, which historically has not received as many Tax Credit allocations as other areas of the state, which supports this Guiding Principle. Moreover, it is located within the city limits of Canon City, which has not had a LIHTC project awarded for a number of years.
- “To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing.” The Project, by its nature as an assisted living facility, serves frail elders and others in need of supportive housing and services. It also houses a number of individuals who were previously homeless (many homeless individuals have mental health and other problems that are best served in an assisted living setting). Senior citizens are another main area of service, and its tenants are much in need of the Project as supported by the strong Market Study findings.
- “To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval.” The Project is requesting a relatively smaller amount of Tax Credits as compared to the norm of requesting the maximum \$1.25 million amount available for a single project. By selecting the Project for an award of Tax Credits, this Guiding Principle is adhered to as it permits more projects to be funded when a smaller amount of credits is involved.

- “To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability throughout the credit period.” As noted in the Application, the Project is financially feasible, and is requesting that amount of Tax Credits that is necessary to generate the equity required. As noted elsewhere in this Narrative, the costs for the Project are very reasonable (on both a total and per unit basis), so the Project represents an efficient use of Tax Credits.
2. Identify which housing priority in Section 2 of the QAP the Project qualifies for (please select only one):

The Project actually qualifies for multiple Housing Priorities as identified in the QAP, including the following:

- Projects Serving Persons with Special Needs. As an assisted living facility, the broad range of services and meals provided to tenants permits them to maintain and increase their independence so they do not otherwise have to live in a nursing home or other institutional setting. In effect, the supporting services provided permit tenants to continue to live in a residential setting.
- Projects Serving Homeless Persons. The Project, similar to our existing affordable assisted living facilities, is being constructed to service those members of society most in need of the numerous amenities noted under “Services and Management,” many of which are beneficial to the elderly homeless population. Our existing facilities house a number of individuals who were previously homeless (many homeless individuals have mental health and other problems that are best served in an assisted living setting).
- Counties with Populations of less than 175,000. Fremont County, in which the Project is located, meets this definition.

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

- a. Market conditions: As noted above, the Market Study and our waiting list of tenants at all of our existing facilities (which are all at or near full 100% occupancy) confirm the enormous need in the Canon City market for the Project.
- b. Readiness-to-proceed: As noted above, the site can be rezoned within 60 to 90 days after the property is acquired as confirmed by the local development and

zoning office. The same Tax Credit equity syndicator and lender is involved as was involved with our recently completed project, so the financing will close quickly. Construction will commence shortly after allocation of the Tax Credits by CHFA and will be completed within the year (as was the case with our other LIHTC facilities), which confirms an absolute readiness to imminently proceed.

- c. Overall financial feasibility and viability: The strong operating performance of our existing five facilities confirms the overall financial feasibility and viability of the Project, which is based upon the same expense and revenue structures. The strong pro-forma contained in the Application materials support this, and the extremely reasonable costs of construction (on both an overall and per unit basis) enhance this feasibility.
 - d. Experience and track record of the development and management team: The Developer and Management team have successfully placed into service and operated five existing projects in Southern Colorado similar to the Project over the past fifteen years. Their regulatory compliance and tax credit record is impeccable, and the Project will add to their successful portfolio of Tax Credit projects.
 - e. Cost reasonableness: As noted in the Application, the total Project development costs (including all reserves and other soft costs) of \$10.6 million is over \$2 million lower than the HUD Section 221 limit for a 72 one-bedroom unit facility in the area (which, as previously acknowledged by CHFA in prior project applications, is the appropriate calculation to use given the large common areas, commercial kitchen and dining areas of an assisted living facility). Moreover, even using the lower zero-bedroom calculations, the total Project costs are still over \$640,000 less than the comparable HUD Section 221 cost limits. These cost calculations are a very compelling indication of the Project's enormously economical cost which makes it a very efficient use of the Tax Credits being requested.
 - f. Proximity to existing Tax Credit developments: There are no other competing assisted living Tax Credit projects in the general vicinity of the Project (or in Canon City).
 - g. Site suitability: As evidenced by the successful development and operation of our existing facilities all of which were located on similar sites, and as confirmed in the Market Study findings, the site is appropriate and suitable for the Project.
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):
 - As noted in the Application materials, the only waiver being requested (which was granted by CHFA for all of our previous projects for which Tax Credits were awarded) is the waiver of the minimum \$20,000 per unit per annum (“PUPA”) in operating expenses, since our track record confirms we are able to operate facilities at a much lower expense rate. In this connection, the Application includes total annual operating expenses of \$1,233,000, which equates to PUPA operating expenses of \$16,890. Such expenses are based on the most recent audited financials of our North Pointe Gardens facility (the permanent loan on which was provided by CHFA), after making adjustments for the number of units, as described and calculated in the attachments to the Application.
 - Pursuant to Section 4.C of the 2014 Allocation Plan, licensed assisted living facilities are to use a \$20,000 PUPA in operating expenses except “[f]or senior-only developments a lower PUPA may be accepted if documentation of actual expenses from an existing senior-only deal is made available.” Documentation of these actual expenses from our existing North Point Gardens facility included with the Application supports this lower PUPA of \$16,890 (and the waiver is thereby requested).
- b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:
 - The Project is located within a Qualified Census Tract (“QCT”), so no DDA boost in qualified basis is required, as the 130% boost in basis is already automatically provided for in the QCT qualified basis calculations.

5. Address any issues raised in the Market Study submitted with your Application:

- No negative issues were noted in the Market Study, which shows a strong need for the Project in Canon City. The Market Study notes that the quantitative demand for affordable assisted living is strong in the area, that the quality, amenities and unit size of the Project is far superior to its competitors, and other positive statements about the Project and the services it will offer. We appreciate such comments, and no response is necessary.

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

- No issues were raised in the Phase I Environmental Report for the property, which is included with the Application materials.

7. Describe and demonstrate local support for the Project:

- Attached to the Application are letters of support from various local governmental and private entities that describe the strong need for the Project and indicate their support of the Project. Included are letters from:
 - Mayor of Canon City
 - Fremont County Commissioner
 - Upper Arkansas Area Council of Governments
 - Fremont Economic Development Corporation
 - Canon City Chamber of Commerce
- All of these letters demonstrate local support for the Project and our other existing affordable housing projects in the area.

The foregoing Narrative provides all of the requested information, and we trust it will support an award of the Tax Credits requested. All of the referenced documentation supporting this Narrative is included with the full Application.

9% lihtc application narrative



Project Name: Denver Garden Phase II (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.

Background:

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 2014 competitive cycle for the proposed new construction of Denver Garden Phase II, Oasis at Denver Garden Apartments.

Phase I of this project, Denver Garden Apartments, is a highly successful 2010 tax credit project with the same ownership structure and development team. Phase I represented a partnership amongst public, private, local, state and federal organizations including the City of Denver, State of Colorado Division of Housing, the United States American Recovery and Reinvestment Program, HUD, and the Colorado Housing and Finance Authority.

The \$5,000,000 redevelopment of Denver Garden Phase I vastly improved the living conditions of the 100-unit, senior housing resource located directly next door to the proposed Phase II site. Denver Gardens remains a prized possession in its Southeastern Denver neighborhood, and an overwhelmingly desirable housing opportunity for seniors in the area. To this day, the above mentioned public partners, along with the project lenders, investors, and owner/developer, celebrate Denver Garden Phase I as a triumph of private, local, state and national housing programs successfully ensuring long-term, quality housing resources remain available and desirable for low- to moderate-income individuals and families. Additionally, the project has been recognized by the Mayor, Governor, and multiple Congressional delegates.

Denver Garden has an almost four-year long wait list and 0% vacancy. The waitlist has been closed since October, 2010. In fact, the impetus for proceeding with the construction of Phase II (Oasis) proposed in this application is the overwhelming demand for affordable senior housing at Denver Garden Phase I, and continued requests for two-bedroom options. Denver Garden Phase I only offers one-bedroom units.

As described further herein, Phase II will serve an acute need for two-bedroom, affordable senior housing in Southeastern Denver. Phases I and II will be the only affordable senior property within almost a four-mile radius. The expansion of Phase I into Phase II will help to meet the increased demand for rental housing within the community, which is clear from the overwhelming demand seen at the existing Phase I property.

Proposed Phase II Development Description:

Phase II of Denver Garden is a proposed new construction, mixed-use development that will be built on the vacant land next door to Denver Garden Phase I, and will result in 50 new one- and two-bedroom units for low-income seniors at very affordable rents.

The five-story project design includes four floors of residential housing and one floor of commercial office space. Fifty units of senior housing and amenities 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.

Unit Mix

The proposed unit mix and AMI breakdown of Denver Garden Phase II is as follows:

Thirty-four (34) two-bedroom/one-bathroom (943 square feet)

2 units @ 30% AMI

16 units @ 50% AMI

16 units @ 60% AMI

Seven (7) two-bedroom/one-bathroom units (916 square feet)

3 units @ 50% AMI

4 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 and spa, computer lab; central laundry facility; onsite leasing/management office and maintenance area; and intercom electric entry for security. Each unit will contain an energy efficient range/oven, refrigerator with icemaker, garbage disposal, dishwasher, microwave, washer/dryer hook-ups, blinds, ceiling fans and balcony or walk-out patio. All rents include utilities for the convenience of the elderly population.

Mixed-Use Development:

The fifth floor will be utilized for commercial office space. The mixed-use of this proposed development ensures continued diverse development uses and population mix in the neighborhood, which is already an effective mixture of commercial and residential development. Phase II will be an extension of this land-use pattern.

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 (CHC). As described in more detail below, construction of the office space will be funded completely separately from the residential investment. We have included debt and equity commitments for the office space as well as financing details in this application.

Monroe Group, Steele Properties 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 Phase II (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.”

Construction Details

The proposed project design is for the new construction of a five-story concrete and steel framed structure of an attractive assembly of stucco, wood and brick exterior. 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. The development pricing includes installation of energy efficient appliances, meets all criteria of the Enterprise Green Communities and provides for overall energy efficient building practices.

To increase connectivity between Phase I and Phase II, we have commissioned Hoff’s Landscape Contractors to develop a landscape plan that creates a cohesive community between Phases I and II. Hoff’s developed a beautiful plan to increase green space, create gathering space, and improve connectivity with pathways. The plan also increases plantings to shield gathering spaces and walkways from parking and streets. We have submitted the plan with this application.

The CSI estimates were prepared by Alliance Construction Solutions- a quality, experienced and reputable local contractor with ample experience in top of the line market rate multifamily construction (including mixed-use), and hotel construction. Alliance offers a superior housing product at a competitive price and is an ideal partner to produce a higher quality yet very affordable housing development. To gain continued experience in affordable multifamily building, Alliance offers this wealth of experience and knowledge of high quality market-rate building at below-market construction profit numbers. We are pleased to partner with Alliance and introduce a new local construction team with diverse experience, and who offers fresh creative solutions to high quality, affordable housing development.

Location

Perhaps the most important considerations of this development proposal are location, location, location. The site is located in a QCT and, aside from Phase I, rental housing options in the area are 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. Just like Denver Garden Phase I did in 2010, this second phase will improve the quality and availability of needed affordable housing opportunities in Southeast Denver. The location is under full control, is intended to be developed for affordable housing, and is in an important geographical location in the city to serve the target demographic.

The primary demographic of this particular neighborhood is elderly Russian immigrants who utilize the number of walkable services and retail establishments nearby. This is the primary community residing at Denver Garden. We know from our experience operating Denver Garden that the residents have a large extended network of friends and family eager to move to this specific neighborhood as it serves as an important a cultural center. Also, note that our current corporate offices are just two blocks from Denver Gardens. As a company, we pride ourselves as not only operators of quality housing, but true neighbors and members of our housing communities. It is with this principal in mind that we have developed our housing development proposal.

More details on the importance of this site location are included below.

Addressing Concerns:

We understand that this proposed development is somewhat “out of the box” with regard to the residential development in which CHFA has traditionally participated. Specifically, we are proposing primarily two-bedroom units for seniors, and office space on the fifth floor. We appreciate that CHFA may have some reservations with regard to these new ideas, but we truly believe that these qualities enhance, rather than detract from the attractiveness of this proposal.

Two Bedroom Units for Seniors:

Because the existing Phase I of the Denver Garden project provides only one-bedroom units, and given the high demand for two-bedroom units, Phase II is designed with primarily two-bedroom units. Residents and potential residents of Phase I have continually expressed that they would prefer a two-bedroom unit. Denver Garden Phase II already provides 100 one-bedroom units, so Phase II will add 41 two-bedroom units to overall unit mix of the 150-unit, two-phase development. Phase II will expand and diversify the unit mix of the thriving Denver Garden senior community.

All units, both one and two-bedroom, are underwritten to rents that are below the one-bedroom maximum LIHTC rent. That is, we have targeted our pro forma rents for all of the units (both one- and two-bedrooms) at a level that is lower than the LIHTC limit for a one-bedroom unit. 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.

With our proposed affordable rents, we are seeking to serve two market pools. The first pool is the two-person households currently residing at Denver Garden Phase I who are requesting a two-bedroom option. With the combined income of two individuals, a majority of Denver Garden two-person households will be able to afford Phase II 30%-50% two-bedroom units without Section 8 subsidy. This important fact will help reserve one-bedroom units at Denver Garden Phase I for single-income elderly individuals whose income cannot support higher LIHTC and/or market rents. Also, couples will benefit from additional space provided by a two-bedroom option. Phase II will also offer new, affordable senior options to the 3,600 eligible households already residing in the Primary Market Area.

Secondly, Denver Garden Phase II will serve the large number of elderly households seeking rental opportunities in this distinct market area who currently live in other areas of the city. According to the market study, “there are currently no available units in the market area surveyed” for age and income restricted households. We know from our residents at Denver Garden, and reflective in our Denver Garden waitlist, that the distinct Russian immigrant population of this area has a large extended network looking to move closer to their peers and community at Denver Garden Phase I.

Additionally, 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 55+ 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. 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.

In addition to needing accommodations for at-home care, residents at Denver Garden Phase I continually express to us the desire to house visiting relatives more comfortably. While many such seniors would thrive with additional living space, the key is to offer the two-bedroom rents at or below the maximum rent for a one-bedroom. On top of the market study supporting the demand for two-bedroom units at the proposed rents, anecdotally, everyone we ask agrees that they would opt for a second bedroom if it were the same price as a one bedroom.

Commercial Space Concerns:

We believe that our proposed mixed-use development is in line with the surrounding mix of commercial and residential land uses, as well as a great way to maximize the development potential of the site location. It is the most ideal use of space for our corporate offices to be in the same building as our residences. Note that the commercial budget is carrying a significantly higher weight of the building construction cost than the residential component. This means that, at no additional cost to CHFA and with no additional impact to the residential project, we will produce a higher quality, better built, safer and longer lasting residential structure than would be built if only the residential floors were to be developed. The commercial space offsets costs of the residential development, and will continue to offset operation costs in the future.

However, we appreciate that this mixed use may be cause for concern in certain areas. We are providing the information below in hopes of addressing any remaining concern held by CHFA review staff:

- The space will be condominiumized and separately financed, posing no risk to the long term financial feasibility of the residential space below. This structure has been

discussed at length with our proposed residential financial partners, all of whom are completely confident that the office space does not pose financial risk to the residential development below.

- Monroe Group intends to enter into a strict 15-year lease with the commercial space owner as lessee of the office space. It is Monroe Group's intention is to make the fifth floor of Phase II its home as it continues its long-term work of increasing and improving affordable housing opportunities across the country.
- In very highly unlikely chance that Monroe Group should not occupy the fifth floor office space, we have contacted several commercial brokers and obtained an analysis of the marketability of the office space. As indicated in the letters provided with this application, experts in Denver's commercial leasing market are more than confident that for this brand new office space they could broker \$14-16 per square foot gross, which is a conservative projection and based primarily on comparability analysis of the mostly older office buildings in this particular area. Our proposed financing structure for the office space includes approximately \$80,000 in annual debt service. The office space would need to be rented at \$8 per square foot to make this debt service, which would clearly be more than attainable given the projections we have received. Again, Monroe has no intention of leasing this space to outside lessees, but in the unlikely case that becomes necessary, we have no hesitations that the space is easily rentable at a rate to maintain the commercial development's long term financial viability. Note that we will also build into our ownership agreements restrictions as to what type of company may lease the fifth floor. We will require that any business occupying the fifth floor have no negative impact on the residential housing below (ie, no retail establishments with heavy foot traffic, etc.).
- In the unlikely event that a new owner should take over the commercial space, Monroe Group will ensure that agreements require any future owner to pay any shared expense.

High Credit Request:

We whole-heartedly appreciate that the 9% tax credit is highly competitive in the state of Colorado. CHFA is presented with numerous, high quality development proposals to increase affordable housing stock in the rapidly growing housing market in the city of Denver. We value the merit of the competition, and are honored to have the opportunity to submit a competitive application for your review.

LIHTC funding is the only way to successfully offer needed two-bedroom units at the very affordable rents. CHFA funded two senior developments along the south Denver I-25 corridor in 2012, neither of which are within our PMA. CHFA has not funded any new projects in our specific PMA in recent years. While we agree that there is need and opportunity along the I-25 corridor for Transit Oriented Design and are glad to see targeted, affordable residential development there, the location of Denver Garden Phase II is also highly populated with a niche and growing demographic of elderly renters who rely on housing opportunities within this bus-friendly and walkable community.

Though adding a second bedroom does add costs to the overall project, we have made efforts to design a building and work with a contractor that can deliver high quality, needed two-bedroom units in modern building with highly marketable amenities- all at very affordable rents and a reasonable construction price. Because of our low pro forma rents, the property can support a limited amount of debt. Tax credit participation is the only feasible method of constructing needed two-bedroom units at the proposed rents. Denver Garden Phase II offers a rare opportunity for area seniors to live in a comfortable, desirable home that they would otherwise not be able to afford.

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:

Denver Garden Phase II will meet nearly all Guiding Principles of the allocation plan. Phase II 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. It 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. Phase II 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. The reasonable unit-size and mix, as well as the mixed use element of the project, ameliorates any possible over-concentration of rental housing.

CHC has secured strong interest for participation from Denver's Office of Economic Development and the Colorado Division of Housing 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:
Denver Garden Phase II 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 new units in our Primary Market Area- particularly for two- bedroom units. In our PMA, the market analyst indicates that there are 2,602 age and income eligible renter households for the one-person units, and 998 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 11 qualified two-bedroom households. There is less than 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.

In addition to the strong demand identified in the market study, we know through our experience with Denver Garden Phase I that Phase II 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. As described above, current residents and potential residents of Denver Garden Phase I frequently request two-bedroom units.

b. Readiness-to-proceed:

Denver Garden Phase II 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. It is worth noting that City Council unanimously and enthusiastically voted in favor of this rezoning, and made several remarks applauding and encouraging use of the lot for increased affordable housing.

Environmental: The Phase I environmental report indicates no Recognizable Environmental Conditions that would delay the progress of the project.

Site Control: The Phase II applicant has full site control under an executed purchase option agreement. Since the development of Phase I, the intended and anticipated use of this vacant lot has been for the expansion of Denver Gardens given the huge demand at that property.

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 Alliance Construction Solutions 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 October of 2014.

c. Overall financial feasibility and viability:

Denver Garden Phase II 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 \$232,272, which can be paid by year 10.

Financing:

The proposed financing includes a conventional first mortgage through Citi Bank. Citi is the permanent lender on Denver Garden Phase I. Given the huge success of Phase I, Citi was eager to be involved with Phase II. 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 The Richman Group 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.

The commercial space will be financed by equity contribution from the developer, as well as a loan commitment from Steele Street Bank. The intended use of the commercial space is to permanently house the corporate office of the applicant, and therefore marketability and feasibility will not be a concern. In addition, the financing and operations of the commercial space will be completely separate from that of the residential space as a condominiumized unit.

Local Support:

In addition to the projected 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.

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 have successfully completed the new construction of Glenwood Green Apartments in Glenwood Springs Colorado, a 2011 LIHTC development. The project is in service and well-leased. 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.

Alliance Construction Solutions, General Contractor: Alliance has been selected as the Design/Build General Contractor for this project. The developer is excited to partner with this reputable and experienced firm who, through the local experience and reputation of its team, is able to provide a high-quality building at a competitive price. Alliance brings 30 years of construction excellence in the Colorado and Wyoming areas. The team has overseen nearly

\$500 million in project costs, and has a strong portfolio of multi-family and hospitality construction. Alliance will contract E plus A architecture for project design, Adam Pickett, project manager. Pickett is an experienced LEED Green Associate with a focused experience in residential projects including multi-family building types, as well as strong commercial experience in office building types. Please see enclosed resumes included in the Development Team section of this application for more.

e. **Cost reasonableness:**

Alliance Construction Solutions has provided a competitive, reliable design/build construction estimate and provides a remarkable track record of successful multifamily projects and beyond. All costs associated with construction of the office space are separated from the residential costs and are detailed in the CSI cost estimate provided under Tab 7 of this application.

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

There are no tax credit developments currently under construction in the PMA. Denver Garden Phase II will be one of only four existing senior LIHTC developments in the PMA- all of which are 100% full.

g. **Site suitability:**

Ideal Location:

The future development site is located approximately 7 miles from the downtown Denver area at 6801 East Mississippi Avenue. Denver Garden Phase I and Phase II are located in an ideal area for senior affordable rental housing. The site is located along ample public transportation lines:

- RTD bus line Route 11: Mississippi Crosstown stops directly in front of the property and connects to both the I-25 / Broadway and Louisiana / Pearl RTD Light Rail stations.
- 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.

The site is in an established residential and commercial 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.

Site Control and Extension of Phase II:

As described above, the proposed site is ideal for this type of development and the addition of 50 housing units. CHC 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 Phase I and provide additional housing opportunities to meet the high demand for units at Phase I.

Preserving the Area's Affordable Housing Opportunities:

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, 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):

Denver Garden Phase II 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:

Denver Garden Phase II 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.

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.

9% lihtc application narrative



Project Name: Downing Flats
Project Address: 3301 Downing Street
Denver, CO 80205



Overview:

Developed by Sherman Associates in partnership with its local design and construction team, Downing Flats (“Project”) will be a new construction, 50-unit affordable rental housing community located in the heart of Denver. The Project, located in the Curtis Park neighborhood at 3301 Downing Street, is a three-story building that includes a community garden, a rooftop patio and underground secure parking. Residents will enjoy nearby access to Curtis Park and ample public transit options including the adjacent RTD bus stop and walkable proximity to the 30th & Downing light rail station.

Downing Flats represents an opportunity to supply Class A affordable housing units in a community that has seen little new production of affordable units in recent years, despite significant population immigration and extensive redevelopment of the surrounding area. The neighborhood is extremely well-connected with transit and laden with amenities future residents will value.

Construction Type, Green Features & Amenities:

The Project will include a 48,682 square foot building above a 21,211 square foot underground parking garage. There will be 36,390 square feet of rentable space for 50-units; with 1 studio unit at 602 square feet, 35 one-bedroom units at 655 square feet or 677 square feet and 14 two-bedroom units that will range in size from 851 to 916 square feet when constructed. Units will include exterior balconies, large

bedrooms, walk-in closets providing ample storage space and in-unit washers and dryers. The underground parking garage will include 51 parking spaces with secure entry. The project has been designed to accommodate the historic nature of the neighborhood, including the brick circular corners and the positioning of the building off of 33rd Avenue and Curtis Street. The building will be designed and constructed to meet Enterprise Green standards as well as meet the 2012 IECC.

Market & Population Served:

All 50 units will be restricted to households earning at or below 60% AMI. 26 of the 50 units (52% of total units) will have rents at 50% AMI; the balance of units will be rented at 60% AMI rents.

The Project will be marketed to families; services will not be provided. It is expected that the resident profile will be composed of young, small households that will value the Project's proximity and connectivity to downtown and other neighborhood amenities. The Presbyterian/Saint Luke's Medical Center hospital complex, located only 1.5 miles from the site, will likely provide a substantial base of qualified residents.

As per the market study the proposed Project is well supported. The PMA's most recently-constructed tax credit project was placed in service in August 2011 ("Park Avenue Redevelopment"), leaving the area with little new affordable product. Three competitive properties (one under construction and two proposed) are contemplated for the PMA. However, these projects are primarily targeted to the homeless populations, a different market that the proposed project will be occupied by.

The market study does conclude a 53% capture rate – greater than the targeted range for CHFA-funded projects. However, this is counterbalanced by important considerations:

- The PMA has tight supply of affordable product, with the five most competitive properties having just 2 vacant units (0.4% vacancy).
- Affordable housing opportunities are in extremely high demand, with several hundred households on waiting lists for the aforementioned five comparable properties.
- The Project will be new construction with quality common area and in-unit amenities, ensuring marketability and lease-up success.
- The Project location, near the CBD, employment & service opportunities, transit and other amenities ensure that it is indeed located in a desirable, competitive area.
- Approximately 13% - 15% of the capture rate are units that serve and are primarily occupied by the homeless population

Collectively, these factors mitigate the high capture rate. Please see #5 (Market Study), below, for additional detail.

Financing:

The Project will be financed by housing tax credit equity, deferred developer fee and a forward-committed permanent loan:

Source	Amount		
Housing Tax Credit Equity	\$9,656,537	\$193,131 per unit	\$995,519 credits/year, \$0.97
Permanent Loan	\$1,825,000	\$36,500	35-year amortization, 90% LTV, 1.20x DSC, 5.96%
Deferred Developer Fee	\$223,392	\$4,468	Approximately 10 years cash flow
	\$11,704,929	\$234,099	

No soft debt resources are required or requested. Because these resources are extremely scarce, Downing Flats will be able to proceed expeditiously.

Developer:

Downing Flats will be Sherman Associates’ second tax credit property in Colorado, with Phoenix on Fax on East Colfax in Denver (50 units; 2011) being the first. Phoenix on Fax has performed very well, with nearly 100% residential occupancy, and newly-leased commercial tenants. Sherman Associates has a strong reputation for delivering quality developments in the communities in which we serve. Since our inception in 1978, we have developed more than 11,000 rental and for-sale homes, along with several hotels and office/retail properties. The current rental portfolio includes 4,225 units in 42 projects in a five state area, with over 500 new apartments currently in initial lease-up or under construction. Sherman Associates has developed and manages 40 tax credit properties.

Sherman Associates is pleased to partner with EJ Architecture PLLC, Palace Construction and SW Development Group LLC on this proposal. All firms are local to the Denver market and have a wealth of experience designing, constructing and developing LIHTC communities in Colorado.

The project meets the following guiding principles in Section 2 of the Qualified Allocation Plan (QAP):

- a. The Project will include a number of units with rents affordable at 50% of the AMI. Additionally, the Project will remain affordable for 40 years.
- b. The Project is located within a QCT and part of a concerted redevelopment effort. Significant demand in the area with limited new housing tax credit projects.
- c. The Project represents an opportunity to allocate credits to a project in central Denver.
- d. The Project is sponsored by a qualified for profit organization.
- e. The Project will provide housing opportunities to families.
- f. The Project is located less than a half-mile from an LRT station and several RTD bus stops.
- g. The Project includes the new construction of affordable rental opportunities.
- h. The Project has requested substantially less than the \$1.25MM maximum credit award and leverages deferred developer fee and debt to reduce the credit request while maintaining high construction quality and amenity standards

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

a. Market conditions:

The last tax credit property placed in service in PMA was in August 2011. Planned tax credit developments are located on the periphery of the PMA, and are not expected to directly compete with the Project.

The market study indicated the Project's PMA would have a capture rate of 53%, however, the following contributing factors support the market for the Project:

- Large amount of residual demand (1,600 units), causing the Project to have essentially zero impact on the capture rate;
- 0.4% vacancy rate for the five most comparable developments (498 units) and waiting lists totaling several hundred households;
- Rents supported by existing comparable developments;
- Approximately 13-15% of the capture rate is attributable to developments that are expected to primarily serve homeless households.

b. Readiness-to-proceed:

- Financing: The Project has three development sources, requiring only CHFA's approval to proceed. The developer is currently in the process of closing a separate 9% project with the same financing team (RBC Capital, Greystone and Bank of the West), allowing the group to be quickly re-engaged on the proposed project. Please refer to Sections 4 & 5 of the initial application for letters of interest.
- Zoning: The Project was reviewed at a City of Denver Community Planning & Development Department Concept Meeting and no rezoning, variances, CUPs, etc. are anticipated. Please refer to Section 15 of the initial application for Zoning Letter.
- Construction/Design Team: the applicant has engaged EJ Architecture and Palace Construction as architect and contractor, respectively. Both organizations are local and experienced with similar-sized and situated multifamily projects and are able to quickly proceed to additional design development and subsequently construction. Please see Section 10 for resumes for these organizations.
- Environmental: A Phase I ESA completed for the CHFA application indicated no further action required. Please see Section 14 for a copy of the Phase I ESA.

c. Overall financial feasibility and viability:

The Project, as proposed, is financially feasible. No soft debt or other funding commitments are required to close a financing gap. The amount of deferred developer fee has been sized based upon 10 years of cash flow, both making the Project financially

feasible and reducing the credit request. The applicant has secured a financing commitment from a lender with a 35-year amortization and 90% LTV, allowing the property to appropriately leverage additional debt, further reducing the credit request. Proposed expenses, rents, reserves and vacancy loss are reasonable and supported by the market.

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

The development team is led by Sherman Associates Development LLC, the project developer, which is an affiliate of Sherman Associates, Inc. Sherman Associates was founded in 1978 and has developed more than 11,000 rental and for-sale homes, along with several hotels and office/retail properties. The current rental portfolio includes 4,225 units in 42 projects in a five state area. Since its inception, Sherman Associates has developed 40 tax credit properties. Sherman Associates has the capacity and wherewithal to develop the Project.

Sherman Associates, Inc. will act as the Project's property manager. While headquartered in Minneapolis, Sherman Associates manages the vast majority of its properties across its five state footprint of Minnesota, Iowa, Wisconsin, Missouri and Colorado, including Phoenix on Fax in Denver. The Property Management division includes site staff, regional managers, and corporate staff and has a separate compliance department.

e. *Cost reasonableness:*

- The Project is already appropriately zoned, thus additional time and costs will not be incurred to request changes;
- The applicant has secured a purchase agreement on the site at a very competitive \$25 per square foot purchase price. Other properties in the PMA are selling for two to three times this amount;
- The architect and contractor have worked to develop a cost effective development, with a low number of unit types, efficient use of common area and inclusion of cost-effective green building features.

f. *Proximity to existing tax credit developments:*

As per the market study, the PMA's most recent tax credit development placed in service is "Park Avenue Redevelopment" (August 2011). Three additional projects are listed as approved:

- Renaissance Stout Street Lofts (78 units): this development is anticipated to begin occupancy in April 2014 – allowing it to complete lease-up well in advance of Downing Flats. Additionally, the market analyst has indicated this project is on the edge of the PMA, and will draw from a distinct PMA. This project is

developed by the Colorado Coalition for the Homeless and is anticipated to primarily serve homeless populations.

- Renaissance at North Colorado Station (128 units) and Park Hill Village West (155 units): both projects are listed as proposed and are to be financed with a combination of 9% and 4% housing tax credits/PABs. The readiness to proceed of these projects is not known. Additionally, the market analyst concluded that Renaissance at North Colorado Station will most likely market to homeless households, making it non-competitive with the Project. Lastly, as with Renaissance at Stout Street Lofts, both projects are located on the periphery of Downing Flats' PMA, giving them a materially distinct PMA.

g. Site suitability:

The following amenities & services are located within one-half mile of the Project:

- Six parks;
- One existing and one planned LRT station;
- Four bus lines;
- Five schools (child care, elementary, etc.);
- A community health center;
- Numerous employment, service and amenity opportunities.

Please see Section 12 for a site location map and proximity to transportation.

The site is not impacted by unusual slopes, flood plains, railroads, freeways, etc.

As one of the oldest residential neighborhoods in Denver, there is a locally-designated historic district overlay. The Project will comply with architectural design requirements which include stepped corners, an articulated façade, real brick, and other features to preserve the historic integrity of the neighborhood.

2. Provide the following information as applicable:

As summarized below, the Project does not contemplate any deviations from CHFA's underwriting criteria--

- The proposed operating reserve is equal to six months of replacement reserve, operating expense and debt service payments, within CHFA's requirement of at least four months.
- Vacancy, DCR, replacement reserve deposits and income/expense growth all fall within in CHFA's requirements.
- Operating expenses are underwritten at \$5,110 PUPA. Expenses are higher than CHFA's published \$3,900 PUPA due to all utilities being landlord-paid, including in-unit heat and electric. This arrangement is factored into the proposed rent structure through higher rents, resulting is additional revenue for the Project and a net increase in NOI (and correspondingly higher first mortgage).

Market

The market study concluded a capture rate of 53% - in excess of CHFA’s typical range. Notwithstanding the high capture rate, the market analyst concluded the Project was well-supported as proposed. The market analyst specifically called out the Project’s excellent, amenity rich location; competitive and achievable rents; and quality development with appropriate amenities.

As additional support for the Project, the market analyst found the five most competitive properties collectively had a 0.4% vacancy rate over 498 units, with cumulative waiting lists of over 250 households. Please see table below, summarizing these findings:

Vacancies & Wait Lists

	Subject Property	Downing Square	Burlington Hotel Apts	Broadway Plaza Lofts	Villages at Curtis Park II	Blake Street Apartments
Total Units	50	50	38	223	93	94
Vacant Units	NA	0	0	0	2	0
% Vacant	NA	0.0%	0.0%	0.0%	2.2%	0.0%
Vacancy by Unit Type						
Studio Units	NA	0	0	0	1	0
1 Bedroom Units	NA	0	0	0	0	0
2 Bedroom/1 Bath Units	NA	0	0	0	1	0
2 Bedroom/2 Bath Units	NA	0	0	0	0	0
3 Bedroom/1.5 Bath Units	NA	0	0	0	0	0
3 Bedroom/2 Bath Units	NA	0	0	0	0	0
4 Bedroom/2 Bath Units	NA	0	0	0	0	0
# of Wait List	NA	50 families	30	50+ for 2-Bdrms	No list	20 for 1-Bdrms 55 for 2-Bdrms 55 for 3-Bdrms

Environmental

A Phase I ESA has been completed by Corn & Associates. The report concluded no further action was necessary. The Phase I identified the following REC:

The subject property is located within an area designated as the Vasquez Boulevard/I-70 Superfund site. This site includes a large portion of north Denver where soils were contaminated with lead and arsenic from historic smelter operations....

According to the report, these metals are typically limited to the top two inches of soil, if present. Because the proposed redevelopment calls for excavation of soil on-site, no further action is necessary.

Community Outreach

In addition to meeting with Community Planning & Development staff, the applicant has engaged other local stakeholders including the ward’s councilmember, Albus Brooks, and City of Denver Housing staff. The applicant is meeting with Councilman Brooks and the neighborhood in March.

9% lihtc application narrative



Project Name: Falcon Ridge

Project Address: Red Tail Hawk Drive, Estes Park, Colorado 80517

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:

In April of 2000, after being dormant for 7 years the Town of Estes Park reestablished the Estes Park Housing Authority (EPHA) in response to the urgent need for affordable housing in this resort community. The Housing Authority was tasked with researching, developing and managing affordable housing options. In 2002 the Estes Park Housing Authority purchased two parcels of land (Lot 3 and Lot 4) from The Evangelical Good Samaritan Society. In 2003 EPHA, in partnership with the Loveland Housing Authority, completed the 44 unit LIHTC Talon's Pointe project on the 3.75 acres which comprised the Lot 3. Lot 4 (the site of the proposed Falcon Ridge development) was originally slated to be a home ownership development. With the economic downturn that plan was shelved. The Lot 4 land, a 5.5 parcel, was land banked by the Estes Park Housing Authority until now.

At the 2012 Colorado Housing Now conference, the Estes Park Housing Authority participated in the Design Charrette for this property. It was a tremendous opportunity and the experience succeeded in bringing into focus a new concept for the site which has become the Falcon Ridge project.

On September 12, 2013, all of the units owned and/or managed by the Estes Park Housing Authority were full. And then the floods came. The community and its residents were in major turmoil. While the Town and the Housing Authority were able to secure temporary housing for some victims of the floods, it became more evident than ever that additional affordable rental housing was needed.

All of the rental properties under the EPHA ownership have been operating at minimal vacancy rates for the last 3 years. Other property managers in town have been experiencing the same circumstances. Occupancy is up and vacancies are down.

The Town of Estes Park has battled the 'seasonality' of its community for many, many years. Businesses need a more year round revenue so as to be able to offer their employees a more year round stable job. In 2013 The Town of Estes Park assisted in forming its first Economic Development Organization in an effort to bring more viable year round businesses and jobs to the Estes Valley. A key component to the success of this endeavor of course is housing.

In a Housing Needs Assessment, conducted in 2007, business owners identified lack of affordable housing as a critical need. Without adequate housing, businesses are unable to obtain and retain a sufficient, stable and qualified workforce. Also identified in that study was the need for 100 additional income qualified rental units by the year 2015. Although the overall economic environment in the Estes Valley has changed since 2007, the need for additional affordable rental housing has only gotten greater.

PROJECT DESCRIPTION

The Design Charrette we participated in 2012 proved to be a good foundation for the Falcon Ridge project. The Market Study commissioned by the EPHA and completed by Rees Consulting in 2014 has shown that approximately 250 additional rental units are needed. It also showed a very clear need for smaller units, 1 and 2 bedrooms. It also showed a need for units that serve a variety of income levels from 30% to 60%. Falcon Ridge will be 45 units consisting of 1, 2 and a few 3 Bedrooms. Income levels between 30%-60% AMI will be served. There will be both townhome style and apartment flat style of units. The project will have beautiful views and is being designed so as to compliment and not detract from the surrounding areas. A Club House/Community building of 1850 square feet will house the property's personnel and well as a large room that will be available for use by the residents. There will be a small playground and a sports court on the Falcon Ridge campus for the residents' enjoyment.

PROJECT STRENGTHS

- The strengths of this project are the pent up demand for more affordable, work force rental housing due to a lack of any new product being introduced into the market since 2003 and the need for more affordable housing as a result of the September 2013 floods. In aligning with the Market Study, Falcon Ridge will largely serve 1, 2 and 3 person households with 4 of the units serving households at the 30% AMI level - a much underserved population.
- Income targeting and bedroom mix is responsive to demand estimates.
- No other new LIHTC projects are planned for the community.

PROJECT WEAKNESSES

- High costs to build as a result of being a mountain development.
- The walk score for this project is high. Due to the rural and seasonal nature of the Estes community year round transportation is nonexistent. This project is car dependent.
- Capture rate for the 50% and 40% units are higher than recommended.

PROPOSED UNIT MIX

- 16 One bedroom units
- 23 Two bedroom units
- 6 Three bedroom units

RESIDENTS TO BE SERVED

- 4 Units at 30% AMI
- 9 Units at 40% AMI
- 14 Units at 50% AMI
- 18 Units at 60% AMI

This property will be marketed to single person households and small families. The majority of applicants on our waitlists are currently requesting 1, possibly 2 bedroom units. We are confident we can serve the needs of those households in Falcon Ridge. A total of 45 units will be built at this time. Current zoning on the property allows for up to 66 units at total build out. After the initial 45 units are leased and stabilized the Housing Authority will investigate any unmet needs which might be met by an additional 21 units.

Affordable housing in Estes Park is as much an economic issue as a social issue. The targeted occupancy will be those households who earn between 30%-60% of the Area Median Income and work in the Estes Valley. Much of the local workforce who are employed in the tourist related business will be eligible for this property. With so many of the Estes valley employees commuting long distances, Falcon Ridge will offer an alternative to commuting. This additional affordable housing opportunity will enhance local employers' efforts to recruit and retain workers-not only in the hospitality industry but also essential workers for our hospital, schools and local government.

CONSTRUCTION

The residential units are designed in two distinctly different building types, 5- and 6-plex townhomes and 6-plex stacked flat apartments, in an architectural style to complement the surrounding developments and to give the neighborhood a high quality character. The townhomes are all 2-story floor plans, but the stacked flat buildings are a combination of 1- and 2-story elements to reduce the scale and massing of the buildings. All of the ground level units in the stacked flat buildings will be designed as handicapped adaptable, with a minimum of one unit initially designed and constructed to be fully handicapped accessible in accordance with building code requirements. The community building/clubhouse is a 1-story building of similar architectural style, with an expansive attached patio, and all program spaces will be fully handicapped accessible.

Construction of all of the residential buildings and the community building will be Type V-B (non-rated), with all of the residential buildings protected by a NFPA Type 13R sprinkler system. The buildings are light-wood frame construction on conventional concrete foundation walls, footings and slab-on-grade construction. Exterior walls are typically 2x6 cavity wall construction to provide a minimum R-20 thermal insulation value, and roofs are a combination of conventional wood roof trusses with some stick framing at vaulted ceilings, both providing a minimum R-38 insulation value. Roof designs are all simple side gables with dormer accent elements, and roof pitches are 5:12 slopes.

All of the building types share common building construction materials for economy, durability and low maintenance. Siding materials will be painted fiber cement siding in a bevel lap pattern, with 1x fiber cement corner, eave and fascia trims and door/window casings. Gable ends will feature painted fiber cement siding in a shake shingle pattern. Synthetic, cultured stone veneer is used to accent the front facades of all of the buildings, and is also used on the rear facades of the 6-plex stacked flat buildings where they are viewed from the private loop drive. Rough-sawn Redwood timber outlookers and deck beams are used as accent elements. Roofing materials are textured, laminated fiberglass shingles with a 30-year warranty.

Windows are thermally-broken vinyl windows with double insulated Low-E glass. Exterior doors are insulated fiberglass-faced, with full glass lites at the unit patios. Interior doors are molded hardboard. Interior finishes are high-quality, durable carpeting and vinyl plank flooring, with painted MDF molded door casings and base.

ENERGY EFFICIENCIES

- The proposed units address two of Colorado's major sustainability issues by targeting energy efficiency (carbon emissions) and water efficiency both in the unit and on site.
 - The units will include efficient lighting fixtures such as CFLs, T-8 fluorescent lamps, and LEDs or HIDs.
 - The units will include efficient heating systems; either 95% efficient furnaces or a fan coil unit fed by an instantaneous hot water heater
 - Ventilation for indoor air quality will be provided either by ENERGY STAR compliant exhaust fans or Energy Recovery Ventilators (ERVs).
 - Domestic hot water will be provided by high efficiency instantaneous hot water heaters.
 - High efficiency plumbing fixtures will be installed to reduce water use.
 - To reduce energy use, the buildings will not provide mechanical cooling.
 - Exterior walls will be R-20 cavity insulation.
 - Low-E glazing will be provided for windows (0.33 U value)
 - Slab on grade foundation will include R-10 under slab insulation
 - The project will use construction best practices such as recycling waste and sourcing materials with sustainable features like recycled content
- The residents will receive exposure to and education about sustainability. This education will be both formal through the Resident's Manual and informal through day to day living as they use the recycling station, enjoy the open space, and experience the ENERGY STAR rated buildings.

DESCRIPTION AND LOCATION:

This beautiful 4.21 acre (after proposed subdivision) parcel is located in an area known as The North End. Located directly off of Dry Gulch Road, this property is surrounded on 3 sides by residential neighborhoods, including the Talons Pointe Apartments to the east. To the North West is a dedicated Wetlands and Open Space. It is a very short distance to a church, a medical clinic and Crossroads Ministries a source of many services for clients including a food bank and case management. Restaurants and a grocery store are a reasonable distance from this property.

A seasonal transit stop is located a couple of blocks away and the Town of Estes Park has committed to placing a stop immediately adjacent to this new development.

SERVICES

The following is a list of some of the services that are available in the Estes Park community for individuals or households that are in need.

- Via Transportation. Formally Special Transit, VIA will pick people up and take them where they need to go in Estes Park and other communities
- Larimer County. The county offices in Estes Park offer a full range of services, including Food Stamps, AND (aid to the needy and disabled), Old Age pension, TANF and other human services
- Salud Clinic: This medical clinic offers medical and emotional therapies to households whose income does not allow them access to other medical clinics
- Social Security. The office of Social Security offers limited days and hours to discuss ones benefits.
- Crossroads Ministry: Crossroads offers emergency assistance in a variety of forms to individuals and families of the Estes Valley who are temporarily in need. Assistance such as foot, partial rent or utility bills, prescription assistance, short term housing etc.
- Senior and Disabled services. Assists needy and disabled adults in accessing various financial assistance programs such as AND, Medicare, Low Income Beneficiaries etc.
- Disabled Resources. Based in the Loveland area, Disabled Resources offers disabled individuals assistance and resources

AMENITIES

Included on the Falcon Ridge campus will be a 1850 square foot Community Club House. This building will house a Housing Authority office for property personnel. A spacious Community room will be available for use by residents of the Community as well as other service groups. A community garden area and green space is planned for the enjoyment of the residents. A tot lot playground will be constructed on site for use by the resident's children. All units will be generous in size and will include a patio or deck, a washer and dryer, (Energy Star) stove, refrigerator and dishwasher.

FINANCING

Permanent financing:	\$1,800,000
Town of Estes Park Building Permit fees:	\$45,000
CDOH:	\$900,000
AHP:	\$675,000
LIHTC Equity:	\$8,670,595
Deferred Developer Fee:	\$520,892

OVERALL FINANCIAL FEASIBILITY AND VIABILITY

The development and operating budgets were carefully built utilizing our own experiences and that of our successful and experienced development team.

Development in Estes Park as in many resort communities is an expensive proposition.

Materials are more difficult to get here and subcontractors tend to charge more for the travel.

Also more expensive is the annual operating costs. The per unit per annum costs as reflected in the operating budget is based on our experience with projects with similar characteristics.

More costly are things such as snow removal, trash removal, insurance, labor etc.

The Estes Park Housing Authority has a successful track record in managing mountain rental properties.

We have received initial indication from the Colorado State Division of Housing of funding to the level of \$20,000 per unit utilizing CDBG-DR funds for Disaster Recovery funding. We will be submitting an application to the Federal Home Loan Bank of Topeka through their Affordable Housing Program. We are confident our application will be competitive based on previous success with the FHLB grant program.

The Town of Estes Park has tentatively approved the waiving of all building permit fees which are estimated at this time to be \$45,000. The Town of Estes Park is very supportive of the Housing Authority's work. They currently subsidize the EPHA's operations through its annual budgeting, they provide office space, phone service, internet all free of charge.

COST REASONABLENESS

The most current appraisal gave the property a valuation of \$1,250,000. We conservatively valued the land at \$900,000. Costs to build in the resort town of Estes Park are higher than in most other communities in the state. The product we are developing, spacious flats and townhouses, tend to have a higher cost. Estes Park has a high cost of land, tap fees and design requirements that make construction expensive.

MARKET CONDITIONS

There has not been a new income restricted rental development in Estes Park in 12 years. All of the properties owned and/or managed by the Estes Park Housing Authority have been operating with very low vacancy rates for the last 3 years.

NOTE: The Cleave Street Apartments is a small building with only 10 units. One vacant unit will have a dramatic impact on the vacancy rate.

<u>Year</u>	<u>Property</u>	<u>Vacancy Rate</u>
<u>2013</u>	Talons Pointe	1.4%
	Cleave Street Apts	6%
2012	Talons Pointe	3.4%
	Cleave Street Apts	5.00%
2011	Talons Pointe	4.2%
	Cleave Street	3.8%

FLOODS OF 2013

On September 14, 2013 Larimer County was declared a Federal Disaster Area. Thousands of people were evacuated from their damaged or destroyed homes.

While the flood completely destroyed only one home within the Estes Park city limits, the Federal Emergency Management Agency (FEMA) identified 635 residential housing units with some degree of damage. Of these, 81 were renter occupied. Most of these were moderately damaged but a couple sustained major damage. Multiple flood-related pressures on the rental market have come from:

- Renters displaced by damage to their units;
- Owners needing temporary housing (maybe a year or more) while their homes or access to them is repaired;
- Contractors and employees working on road, infrastructure and building repairs;
- Displaced residents of nearby rural areas including the canyons that were inundated and Glen Haven, which was virtually destroyed. According to the 2010 Census, Glen Haven had 85 occupied housing units – 8 renter occupied and 77 owner occupied. Being the closest town to Glen Haven, Estes Park may become a permanent home for many of these households.
- Many households in outlying areas lost access to their homes and have sought housing in more accessible areas.

READINESS TO PROCEED

The Estes Park Housing Authority holds the deed to the subject property. The property is properly zoned and all entitlements/density approvals have been received and in place for many years.

The Estes Park Housing Authority has formed a complete development team. We have enlisted the assistance for the Loveland Housing Authority and entered into a contract for development services. A project Architect, contractor/estimator, civil engineer and other team members have been contracted with for this project. This development team which meets weekly created a site plan, elevations, floor plans and an energy efficiency plan that will make Falcon Ridge efficiently designed and sustainable. Our Development team has met with the Town of Estes Park planning department and has begun the development review process. The decision to proceed with this process, even before the Tax Credit allocation, was made so as not to delay the construction start. Assuming an award of tax credits in the first round, our estimated construction start date is the 4th quarter of 2014.

GUIDING PRINCIPLES

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

Falcon Ridge has included 4 units that will serve those earning 30% of the Area Median Income. The property will actively market to households that hold Section 8 Voucher Holders through the Estes Park Housing Authority. EPHA has elected to maintain long term affordability for this project.

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

The Estes Park community last received a tax credit allocation twelve years ago in 2002. As a result of the September 2013 floods are need for additional affordable rental housing is greater than ever.

PRIORITIES

- To support projects in counties that has been impacted by a Natural Disaster.

Estes Park and the surrounding communities on September 12, 2013 experienced what has been coined as a 500 year event. Many homes were destroyed or heavily damaged by severe and torrential rains. Estes Park continues to strengthen and rebuild from this devastating flood.

EXPERIENCE AND TRACK RECORD OF THE DEVELOPMENT AND MANAGEMENT TEAM

The Estes Park Housing Authority has entered into an agreement with the Loveland Housing Authority for development services. The LHA has extensive experience in developing and managing LIHTC properties.

The Estes Park Housing Authority has been extremely successful and profitable in managing the Talons Pointe apartments.

Executive Director- Samuel G. Betters

Samuel Betters has worked for the Loveland Housing Authority since 1976 serving as Executive Director since 1981. The LHA has developed a wide variety of housing programs under Mr. Betters leadership, including Low Income housing Tax Credit properties, HUD Section 221 (d) 3, Section 8 New Construction properties, both Project Based and Tenant Based Section 8 Voucher programs, Public Housing along with Project Self-Sufficiency, Family Self-Sufficiency, Home Ownership opportunities, and Larimer County Home Improvement program. Sam holds a Bachelor of Science degree in Community Development from Penn State University and a Master's Degree in Business Administration from the University of Colorado.

Director of Development, Richard Ekwall:

Rich Ekwall has been with the Loveland Housing Authority since 1999. Mr. Ekwall has over seven years of experience in construction of multi-family housing and ten years of experience in construction of single family and commercial tenant finish. Rich spent 15 years in the healthcare industry providing project management services to national healthcare organizations designing and building Office buildings, Emergency Rooms and Urgent Care facilities. Rich is a licensed general contractor, ICC certification single and multifamily construction and a LEED Associate.

Director of Internal Operations, Sharlet Lee:

Sharlet Lee has worked for the Loveland Housing Authority since 1985. During this time, Sharlet has been responsible for all aspects of account for the Housing Authority. Currently, her responsibilities include financial management, budget development, internal controls, development of key performance data tracking and analysis, Management Information Systems, Risk Management and Corporate Compliance. Sharlet has experience in managing account and development costs for LIHTC properties.

Rita Kurelja, Executive Director, Estes Park Housing Authority

Rita Kurelja has been with the Estes Park Housing Authority since 2002 when she was the program manager. In 2006 Kurelja took over the Executive Director position from Samuel Betters. One hundred rental units have been added since Kurelja has been with the EPHA. Also added were 55 homeownership units. Ms. Kurelja has helped the Estes Park community address the issues of affordable housing while being sensitive to the community's natural assets.

SITE SUITABILITY :

This 4.21 (after planned subdivision) acre parcel represents one of the few remaining parcels of land suitable for a multi family development. It is surrounded on 3 sides by multifamily rentals, 60 unit Condominium complex, a moderate cost single family development. To the North West is dedicated wetlands and open space. Beautiful views can be viewed from all directions. The slope of the land is moderate considering the mountain nature of this property.

1. 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):
High PUPA. As is the case in many mountain and resort communities, cost of providing services is extremely high. Snow removal, water, trash pickup, sewer and insurance costs; just to name a few expenses which cause the per unit per annum cost to escalate.
We are estimating the first year of operations at Falcon Ridge will be approximately \$5000 (primarily due to a more energy efficient building and more economies of scale related to the EPHA portfolio).
 - b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:
Yes. Estes Park is a very high cost area for construction. Materials are more difficult and expensive to get through the canyons, subcontractors charge extra for the travel as well as weather related issues all add to escalating costs for construction. The high cost of land as well as entitlements (water taps, sewer taps etc.) also contributes to making the cost of building high.
2. Address any issues raised by the market analyst in the market study submitted with your application: **The Capture Rates are higher than the QAP suggests.**
The low vacancy rates and historically excellent performance being experienced in the local market will offset the high Capture rates.
3. 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 noted
4. 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 been discussed at several Town Board meeting and has been featured in the local newspaper. Presentations on Falcon Ridge are scheduled for the Association for Responsible Development, the local Rotary club, as well as the Estes Valley Planning Commission.

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.

9% lihtc application narrative



Project Name: Greeley Ice House Lofts

Project Address: 517 12th St., Greeley, CO

Project Overview

The Greeley Ice House Lofts will be a combined historic rehabilitation and new construction multifamily development. Upon completion, it will offer a total of 70 units; 20 one-bedroom units, 45 two-bedroom units, and 5 three-bedroom units. The Ice House Lofts will offer lower income families in Greeley an opportunity to live in new state-of-the-art loft-style units in the heart of Greeley’s growing downtown art scene.

Amenities will 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 at the following rents:

	<u>30% AMI</u>	<u>40% AMI</u>	<u>50% AMI</u>	<u>60% AMI</u>
1BR:	\$290	\$410	\$525	\$645
2BR:	\$350	\$490	\$630	\$770
3BR:	\$400	\$560	\$725	\$890

Project costs will total approximately \$12.3 million dollars, to be financed with the equity generated from the sale of Low Income Housing and Federal Historic Tax Credits, a small loan to the project from the developer, a construction loan from a private lender and a permanent loan from the Colorado Housing and Finance Authority.

The project developer is Garrison L. Hassenflu. Mr. Hassenflu is Managing Member of MW Development Enterprises, LLC and MW Management Enterprises, LLC. 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.

Guiding Principles Compliance

The Ice House should be selected for an award to relieve the pressures on the housing market’s supply. This development would alleviate demand pressures that continue to expand with the oil and gas industry and most importantly, provide new affordable housing opportunities to some of the many families in Weld County displaced by the devastating floods of 2013.

To support rental housing projects serving the lowest income tenants for the longest time period;

The Ice house will add 70 affordable housing units to the Greeley Area. Of the 70 units, approximately 74 percent will be affordable to households earning 50 percent and below area median income. In addition, 15 percent of the units will be set aside for households earning 30 percent, and below area median income. These units will remain affordable for 40 years by committing to extending the affordability period by 25 years. MW Development Enterprises, LLC and MW Management, LLC have successfully developed and managed over 20 mixed-income properties and is experienced with serving the needs of tenants.

To support projects in a QCT, the development of which contributes to a concentrated community revitalization plan;

The Ice House is located in Census Tract 7.01 and is designated as a Qualified Census Tract (QCT). The City implemented several overlay districts in an effort to revitalize the downtown and surrounding area of Greeley. The Ice House is a part of two overlay districts: Downtown Development Authority TIF District and City of Greeley Redevelopment District. In addition, the City developed a historic district, and considers the Ice House a candidate in a potential historic district expansion. The process for individually listing the Ice House is underway and Part 1 approval from the National Park Service was issued in late November 2013. The rehabilitation of the Ice House supports the communities desire to protect historic areas that are significant to the development of Greeley. This project would help to transform this unprotected historic asset from an underutilized site into much needed housing.

To provide distribution of housing credits across the state;

The site, covered in more detail in the Market Demand Section, is in Greeley, which is a City affected by the expansion of the gas and oil industries. In addition, allocations have been limited in the past and the most recent award to the general area focused on seniors, not families.

To provide opportunities in a variety of qualified sponsors of affordable housing, both for profit and non-profit;

MW Development Enterprises, LLC and MW Management Enterprises, LLC as for-profit entities, believe that non-profit participation in projects improves the development's quality overall. MW Development Enterprises, LLC is working with the Greeley- Weld County Housing Authority, a 501 c3 affiliate, to develop social service plans and to identify potential collaborative partnerships.

To distribute housing credits to assist a diversity of populations in need of affordable housing;

The social services that will be a primary focus for the development are still in the preplanning process. However, the rental structure was designed to serve a variety of income levels to assist a diverse population.

To support new construction of affordable rental housing projects;

The project as a whole consists of historic rehabilitation and new construction. The Ice House will be converted during rehabilitation to residential use addition to the stock of affordable housing. The newly constructed complex, like the Ice House, will add to the stock of affordable housing.

To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval Section 2 of the QAP

The Ice House seeks credits that are below the maximum credit amount CHFA allows.

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;

MW Development Enterprises, LLC is ever mindful of the reality that the LIHTC program is a limited resource. The intention of this project is to leverage LIHTC with several funding sources. The project's financing will include, but is not limited to the following (a bill is currently under consideration for State Historic Tax Credits, for which the project would qualify, in the Colorado General Assembly);

- Historic Federal Tax Credits
- Conventional Loans
- Deferred Development Fee

Section 2 Priority Qualification

The Greeley Ice House Lofts meets the priority Criteria for Projects located in Counties impacted by natural disaster.

Section 2 Approval Compliance

Market Demand

Input from local professionals and publication research revealed two important factors that continue to add pressure to the supply of affordable housing in the Greeley market; the oil industry and the September Flood. Greeley, Fort Lupton, and Loveland are the three major cities in Northern Colorado's Weld County. Weld County is currently experiencing an economic boom, especially in terms of job creation, which is tied to the oil and gas industry. Weld County is where a

significant percentage of Colorado's oil and gas production is located and continues to attract job seekers. 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. An article published in the February 6-19, 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." More recent coverage of the market from the Northern Colorado Business Report (October 7, 2013) captured the impact of the oil and gas industry reporting that, "September home sales in the Greeley-Evans market jumped by 65.4 percent over the previous year..." The combination of low vacancy rates and the impact of the September Floods in Greeley have created a severe supply shortage.

The September Flood devastated many areas of the State, including Greeley. Initial reports indicated approximately 2,900 residential parcels were impacted by the flood (Swift 2013) in the Greeley area alone. Families in the area are struggling to find short-term housing and will face similar problems identifying long-term affordable housing options in a tightening market. The supply-shortage has, at least temporarily, raised rental rates according to the Greeley-Weld Housing Authority Executive Director, Thomas Teixeira. This development would help to alleviate the pressure on the housing supply in Greeley and stabilize the existing conditions.

The Market Study has concluded that there is significant need for the project as evidenced by an overall capture rate of 8.5%.

Readiness to proceed

The City of Greeley is supportive of the Ice House project and wants to see the project work. The City has approved the zoning for the project and a preliminary site plan review. A Phase I environmental study was completed and reported that there are no significant environmental issues to resolve. The design architect, e+a architects have had considerable experience in the retrofit design of apartments in adaptive reuse projects and the open character of the spaces in the former Ice House building readily lend themselves to efficient, relatively quick design so that preparation of construction drawings will be expeditious.

Financial Feasibility and Viability

Given the location of the project in a Qualified Census Tract and a revitalization area, its designation as a historic property and the pricing on the Low Income and Historic Tax Credits in combination with the favorable financing offered by the CHFA permanent loan program, the project is financially feasible with only a nominal deferred developer fee, the absolute bare minimum of tax credits and no need for additional soft or grant funds as there is no gap in need of filling.

Given the general demand in the market and the quality of the management provided by MW Management Enterprises LLC (see below), long term viability will not be a problem.

Experience and Track Record of the Development and Management Team

Garrison (Gary) Hassenflu has twenty four years of commercial real estate brokerage and development experience in areas throughout the Midwest and Mountain States and has personally developed over \$140,000,000 in assets in these areas.

Before entering the real estate business, he was an accountant with Arthur Young Company, Kansas City, from 1983-late 1984, where Mr. Hassenflu was responsible for preparing tax returns for various individuals, partnerships and corporations.

From November 1984 to February 1991, he was a Sales and Development Associate with the Leo Eisenberg Company, Kansas City, one of the largest developers and managers of retail developments in the country. Mr. Hassenflu was responsible for the selling, leasing, and managing of office, retail, industrial and multi-family property, as well as, property syndication and development. He redeveloped, financed and leased within 90 days a 15,000 square foot retail center in Grandview, Missouri. Mr. Hassenflu served as Managing General Partner and raised over \$600,000 in the syndication of two land parcels held for investment purposes.

From March, 1991 to November, 1997, Garrison Hassenflu served as Owner/Broker of Garrison Commercial, Prairie Village, KS, where he has acted as a broker of all types of commercial real estate, and as an independent consultant on the acquisition/rehab, site selection, tax credit application and financing of low to moderate income housing tax credit projects in Missouri, Kansas, Iowa, Nebraska, Oklahoma, Utah and Colorado. In November, 1997, Mr. Hassenflu formed Garrison Development Company (GDC) to develop LIHTC and mixed income developments in the above areas. In April, 2001, Mr. Hassenflu formed Garrison Management Company (GMC) to manage the LIHTC communities that GDC developed. And, in May, 2013, Mr. Hassenflu formed MW Development Enterprises, LLC and MW Management Enterprises, LLC to develop and manage his properties.

Mr. Hassenflu is very knowledgeable and capable in combining numerous public and private sources of funds to make an affordable project feasible. He has been successful in working with many communities, including those listed below, that see the benefits of developing safe, clean, affordable housing. These benefits include the extra dollars spent in the community by keeping current residents and bringing others in from out of town, providing nearby housing for employees of local employers, construction dollars spent locally by employing area labor and by purchasing materials from area suppliers, and the payment of property taxes to supplement the City's tax base.

Beginning in 1989, Mr. Hassenflu began exploring tax credit development opportunities with another Kansas City developer. Since that time, he has obtained numerous tax credit allocations in the five-state area. In 1993 and 1994, he obtained an equity commitment of \$1.5 Million for a performing 152 unit tax credit project in Blue Springs, MO for the developer.

Mr. Hassenflu has participated as a development consultant in a successfully performing 96 unit multi-family project in Owasso (Tulsa), Oklahoma where he was responsible for determining the need, planning the project, securing the land and successfully obtaining tax credits from the state's housing agency necessary to finance the project.

Starting in 1995, Mr. Hassenflu started pursuing development opportunities as a sole principal. Mr. Hassenflu has received a loan commitment for approximately \$925,000 for an RECD 515 (multi-family) project (with a tax credit commitment from NIFA) on 18 units in Chadron, NE. Construction start was April 27, 1998 and it was completed in November, 1998 and was fully leased on the first day a certificate of occupancy was issued.

Also, Mr. Hassenflu, acting as general partner and project developer, was one of ten applications selected nationwide by the Department of Agriculture for a \$1,510,000 Section 538 rental housing loan on a 50 unit affordable project in Bonner Springs, Kansas, a suburb of Kansas City. Forty-nine applications were submitted by various developers across the country. Thus, the process was very competitive. Nevertheless, Mr. Hassenflu elected to obtain conventional financing and reduce the project size to 48 units. It was determined that the 538 loan guarantee (being a demonstration program with a less than desirable guarantee structure) was not of interest, so the project obtained conventional perm financing. The project received from the Kansas Housing Resource Corporation (KHRC) annual tax credit reservations of \$291,697. Construction began in November, 1998 and was completed on December 15, 1999. The complex was 100% leased by May 5, 2000.

From KHRC, Garrison Hassenflu, on behalf of his investors, received a commitment for 1998 tax credits in the amount of \$172,979 annually to develop 36 units of affordable family housing in Wamego, Kansas. Construction began in December, 1998 and was completed September 27, 1999. The complex was 100% leased as of April 19, 2000.

In October, 1999, KHRC awarded Mr. Hassenflu a tax credit reservation to construct 48 units for the independent living elderly in Salina, Kansas. Construction was finished in May, 2002 and the project was 60% leased by September 15, 2002.

In October, 1999, Rural Development obligated \$885,000 in Section 515 funds for the construction of a 24-unit family project in Wahoo, NE. Mr. Hassenflu has received a tax credit commitment from NIFA, a loan commitment for AHTF money from NDED, and TIF financing from the City of Wahoo to supplement the financing of this development. Construction began January, 2002 and ended July, 2002 and was 100% pre-leased.

In December, 1999, the Utah Housing Finance Agency awarded Mr. Hassenflu a tax credit reservation of \$115,640 to build 30 units of low-income and market-rate family housing in Ephraim, UT. The development was finished in October, 2001 and fully leased by August, 2002.

In 2001, the Jordan River Apartments were awarded tax credits for its 48 units of senior, affordable, independent living housing in West Jordan, UT, a suburb of Salt Lake City. OWHTF dollars were obtained from Utah DCED, as well. Construction started March 12, 2003. Completion was achieved December 10, 2003. The project is 95% leased.

The Harvester, a 48-unit mixed income loft redevelopment in an area of Wichita that is known as Old Town, started construction on September 12, 2003. The development received 2002 tax credits from KHRC and HOME funds from the City of Wichita. It has state and federal historic tax credits, too. Completion was achieved July 8, 2004 and the project is 100% leased.

In March, 2004, the Pheasant Hill Apartments were started, offering 48 units of senior, LIHTC independent living. The development received funding from the FHLB AHP Program in addition to the tax credit equity and first mortgage financing. Completion was achieved November, 2004.

In April, 2004, the Prairie Sun Apartments, a 50-unit LIHTC general occupancy project in Fort Lupton, CO started construction. The development has State Mineral Loan funds in addition to CHFA permanent financing and the tax credit equity. US Bank is the construction lender. Completion was achieved December 1, 2004. The property was 100% leased by July 31, 2005.

In May, 2004, the Boomer Creek Apartments, a 64-unit LIHTC family project in Stillwater, OK started construction. The development has an AHP Loan in addition to construction/perm financing from a local lender, Pioneer Bank & Trust, and tax credit equity. Completion was achieved April 25, 2005. The property was 100% leased in six months.

In May, 2005, the Surety Apartments, an adaptive re-use of an historic downtown office building to a 37-unit LIHTC, senior residential use in Muskogee, OK, started construction. The project involves LIHTC and federal historic tax credits. Completion was on March 23, 2006 and the building is fully leased.

The Cold Storage Lofts, a 224-unit mixed income and mixed use development in Kansas City's River Market, closed on its equity and tax-exempt bond financing on September, 2005. The \$40,000,000 community is an adaptive-re-use of the historic US Cold Storage Building. US Bank was the lender. The property has Federal and State LIHTC and historic tax credits and has a market rate component. The property was completed March 8, 2007 and was fully leased within 3 months. It remains between 90 and 100% occupied. The development includes a 5000 square foot retail space and 3450 square feet of office space. The project won a national award for the top Mixed Income development in the nation by the National Association of Housing and Rehabilitation Association. Mr.

Hassenflu's company headquarters is now located in the building's office space. Mr. Hassenflu sold his interest in the property to the property's limited partner.

On November 17, 2005, the Bonner Highlands II Apartments closed and started construction of 36 new, affordable units, utilizing LIHTC and RD Section 538 financing through Lewiston State Bank. The development is the second phase, adding on to 48 units in the first phase in the dynamic Bonner Springs, KS market. The property is within two miles of the Kansas Speedway and the Legends Village shopping complex. The project was finished in September, 2006 and is fully leased.

In September of 2007, the Sentney Lofts was completed. It is a 33-unit senior LIHTC and historic tax credit development in downtown Hutchinson, KS. It was formerly known as "the pickle factory" in town, as it processed foods, such as vegetables in the 1920s. It was fully leased for years. Mr. Hassenflu sold his interest in this property to its limited partner.

In August of 2007, the Fairfax Bluffs Apartment development began construction in Kansas City, KS. It is a 254-unit, \$35MM LIHTC and historic rehab project centered around 47 buildings on a 33 acre campus. The buildings were in a very dilapidated and primarily vacant condition when we took ownership. It is slated for a December, 2008 full completion, but the project has been delivering buildings every month to qualified residents starting June, 2008. The buildings were constructed for the purpose of housing civilian workers for the B-25 bomber manufactured at the old Fairfax Airport in 1943. As of 1/26/10, the project was 90% leased and 100% Tax credit occupied. Mr. Hassenflu has since sold his interest in this project to the limited partner.

On March 3, 2008, construction began on the 44-unit Boomer Creek II Apartments in Stillwater. The \$6MM project was funded with low income tax credit equity and conventional debt. This is a second phase to Garrison's earlier Stillwater initiative. Construction was completed by 2/1/09 and was 100% leased by 5/20/09.

On January 6, 2010, the \$9MM Besse Apts. was launched which is the historic rehab/adaptive re-use of the 13-story Besse Hotel into 46 LIHTC units in Pittsburg, KS. Construction completion was December 15, 2010. The project was fully leased within 7 months. KHRC provided 1602 exchange funds coupled with funds from state and federal historic tax credit investors and subordinate loans from the City and FHLB Bank-Topeka to make the project happen. The City also provided 9-year tax abatement on 100% of the increased taxes generated by the development.

The 32-unit Mill Supply Apartments in Coffeyville, KS began construction in October, 2010 and is complete and fully leased. It combines LIHTC with KHRC 1602 Exchange Funds and an AHP loan from the FHLB-Topeka. The development is a 4-story new construction building in Coffeyville's downtown area.

On December 15, 2010, Mr. Hassenflu began construction of the adaptive re-use of the historic 10-story Manhattan Building in downtown Muskogee, OK. It will

consist of 42 senior, LIHTC units. It is located on the same block as The Surety. Completion was 3/1/12. It was fully leased by 12-31-12. The project cost was \$7MM.

Mr. Hassenflu's projects have garnered many national and regional awards, including back to back top Historic Rehab, Adaptive Re-Use, Multi-Family Timmy Award wins in 2007 and 2008 for the Cold Storage Lofts and The Sentney, respectively. The award is given by the National Housing and Rehab Association.

Cost reasonableness

The hard costs of constructing the project at \$119,489 per unit are very reasonable in today's market where family units typically cost upwards of \$125,000 per unit.

Proximity to existing tax credit developments

The following lists the existing tax credit developments in the same zip code as the subject.

Homes Again	204 14th Street	Greeley	80631
La Casa Rosa	1011 W. C Street	Greeley	80631
Meeker Commons	911 6th St.	Greeley	80631
Stagecoach Gardens	1126 3rd St.	Greeley	80631
University Plaza	1534 11th Avenue	Greeley	80631

Site suitability

The site for the Greeley Ice House Lofts is very suitable for a family development, being in close proximity to schools, services, employment sources and shopping. The only negative aspect to the site is its adjacency to railroad tracks that present an issue with noise and vibration. That being said, there are design provisions that will be incorporated to mitigate interior noise levels to acceptable levels, a high, secure fence will be built along the west property line to keep residents away from the tracks and the solid masonry design of the existing building will act as a shield for the new units that will be built to the east.

Detailed Type of Construction

There will be an extensive amenity package and affordable rents offered at Ice House Lofts. It will be constructed with good quality building materials by a development team with a proven track record of success. The project will be designed by E + A Architecture, St. Louis, MO, and will be constructed by Fauss Wygo Construction, an Omaha, NE company. Both firms are experienced in historic preservation and affordable housing development. The development will comply with all of the mandatory requirements of the Green Communities Criteria Checklist and will score a minimum of 30 points from the optional criteria.

Services

Units will be specifically set aside as special needs units. In conjunction with High Plains Development Corporation, MW Management Enterprises, LLC strongly believes that efforts should be made to give residents of our developments necessary programs to prosper and move forward in life. The development will provide services to tenants with specific special needs. In addition, all tenants will have access to supportive services. We will ask for input of needed and wanted services through our Project Services Survey to identify services that will benefit tenants the greatest.

Market Study and Environmental Report Issues

There are no issues raised by the Market Study that need to be addressed.

There are no issues raised by the Environmental Report that need to be addressed. The age of the Environmental Report is outside the range normally permitted but since the building has been totally vacant and unused since the report was prepared, a waiver of the age of the Report is requested.

Community Outreach and Local Support

Community contact has been made with the Greeley Weld Housing Authority, City of Greeley Urban Renewal Authority, Greeley Chamber of Commerce and

Rehab Plan Narrative

The project can be defined as the renovation of the historic Greeley Ice House located at 1120 6th Avenue in Greeley, Colorado, into affordable residential apartments with support amenities and exterior parking utilizing potential local incentives, low income housing tax credits and state and federal historic tax credits. The existing warehouse consists of two (2) connected buildings. The original building is a two-story structure with basement and was constructed in 1927. The three-story addition was constructed in 1946. The existing warehouse buildings will be converted into twenty-seven (27) apartment units, fourteen (14) 1 Bedroom/1 Bath units, three (3) 2 Bedroom/1 Bath units, eight (8) 2 Bedroom/2 Bath units and two (2) 3 Bedroom/2 Bath units. A total of three (3) Accessible Type "A" units will be provided. In addition, new common corridors, lounges and lobby area will be provided. Two (2) fabricated steel stairs will be installed along with one (1) new electronic passenger elevator servicing all 3-stories of the Building. The buildings will be equipped with new Mechanical, Electrical, Plumbing and Fire Protection systems to support the apartments and adjacent common areas. Exterior improvements will include new entry doors, aluminum historic-replica windows, general masonry restoration and cleaning. Site

improvements will include new parking lot, sidewalks, fencing, and landscaping and on-site storm water detention.

Relocation Plan

The building is totally vacant so there will be no relocation necessary.

Ten Year Rule

The project complies with 10-year rule requirements. See attorney's opinion letter.

Two Year Capital Expenditures

There have been no capital expenditures made on the property in the last two years.

Previous Related Party Relationships

There are no previous related party relationships with this transaction. All relationships are arms-length.

Past Local, State or Federal Resources

There have been no Local, State or Federal Resources invested in this project.

Green Build Materials

The project will use the most current "green" design materials and components available as described in the Enterprise Community Green Worksheets, including, but not limited to, low flow faucets and toilets, low VOC paint, glues and materials wherever possible, CFC lighting elements, recycling of construction debris to the extent possible, energy efficient high R windows and insulation, E-Star-rated appliances and vent fans.

Obvious Design Flaws and Obsolescence Issues

There are no obvious design flaws or obsolescence issues.

Safety Issues

The primary safety issue with regard to the train tracks will be addressed with a strong, tall fence between the building and the rail road tracks.

Significant Events That Have Led to the Current Need for Rehabilitation

The most significant event that has led to the need for rehabilitation of the building was the invention of the in-house freezer compartment of the refrigerator. Once that device became common in homes, the need for cutting ice in the winter and storing it for the summer was eliminated. A secondary event that has led to the building's being put on the market was the decline in the wearing of fur coats by women and the need to store them in a cool dry place during the summer, a fashion trend that led to a drastic decline in the use of the building for that purpose.

9% lihtc application narrative



Project Name: Hatler-May Village

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

Project Description:

Christian Church Homes (CCH) is proud to submit its third application to CHFA for a 2014 tax credit equity allocation for the development of Hatler-May Village. Although we were not awarded credits in two previous rounds, feedback received by CHFA staff has been incorporated into this third submission. Specifically, the AMI unit mix has been revised to provide more units at the 50 and 60% level and less at the 40% level. Furthermore, our market study now includes data related to the consistently robust demand in Colorado Springs' affordable senior housing market over the last five years. Need for affordable senior housing in Colorado Springs is evident from our market study, feedback from residents at our local property, Village at the Bluffs, and the uptick in people on waitlists throughout Colorado Springs senior housing properties. CCH looks forward to expanding its service to serving the Colorado Springs community.

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 78,460 sq. ft., with a slanted roof will offer seventy-seven (77) one & two bedroom units. The units are 702 sq. ft. and 955 sq. ft. and will serve seniors from 40%-60% AMI 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 standards. Apartments will include a full kitchen, with refrigerator, microwave, range with ventilating hood, garbage disposer, large closets, in-unit washer/dryer, sink and cabinets. 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. The project will also provide a van to transport residents regularly to a number of activities, appointments and to various locations in the vicinity.

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 assessment, 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. As a nonprofit providing senior housing, CCH is in a unique position to provide a higher level of service to residents. While we operate our properties efficiently, we are driven by our mission, not profit, and provide services that the typical developer cannot.
4. An ADA accessible van will be provided to ensure residents have reliable, regular transportation for shopping and appointments.
5. Hatler-May Village's location includes: walkable amenities, an adjacent senior health center, visibility from busy streets, easy access from I-25 and panoramic views of the Front Range.
6. 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 quality in caring communities. 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.
7. Hatler-May Village offers the largest units in Colorado Springs, with 1-BR units up to 60 square feet larger than nearby competitive properties. 2-BR units are 200 feet larger than competing properties in Colorado Springs.
8. 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 community 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. Additionally, balconies prove to be a long term maintenance liability. 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:

Affordability Mix:

# of Units	AMI Level	Description	Square Footage
14	60%	1 Bed, 1 Bath	702
35	50%	1 Bed, 1 Bath	702
9	40%	1 Bed, 1 Bath	702
6	60%	2 Bed, 1 Bath	955
8	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 service 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 as well as providing a van for transportation.
- 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 access 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
- HVAC System: Individual PTAC units chosen for energy efficiency, located in the living room and bedroom (i.e. 2-3 PTACs per unit depending on the number of bedrooms), PTACs also located in common areas
- Photovoltaic panels to offset some of the electrical needs for the property

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

The 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 bank 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

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%. The 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.

Occupancy rate trends over the last five years at comparable tax credit properties are very strong, see table below from market study. Among these four existing tax credit properties there are 240 units. Thus, there is quite a demand for new affordable housing in Colorado Springs to relieve the number of prospective residents on waitlists.

Colo Springs LIHTC Senior Apts (without PB Sect 8)	Total Units	Occupancy					
		mid-2008	early 2009	early 2010	2011	mid-2012	2013
Tamarac	50	94%	94%	100%	not available	94%	98%
Village at Homewood	70				IN LEASE UP	96%	100%
Wyndham Place I	72	100%	100%	97%	not available	97%	100%
Wyndham Place II	48	UNDER CONST	IN LEASE UP	92%	not available	97%	100%
	240						

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:

Sources of Financing	Amount
Bank Mortgage	\$ 1,450,000
CDOH Home Funds	\$ 300,000
City of CO Springs Home Funds	\$ 300,000
LIHTC Equity Investment	\$ 11,179,615
Solar ITC Equity	\$ 87,612
Deferred Developer Fee	\$ 337,041
Total Sources	\$ 13,654,268

Uses of Financing	Amount
Land and Buildings	\$ 682,400
Site Work	\$ 622,001
Construction	\$ 8,717,054
Construction Interim Costs	\$ 888,097
Professional Fees	\$ 624,910
Soft Costs	\$ 379,693
Developer Fees	\$ 1,280,000
Permanent Financing	\$ 103,800
Syndication Costs	\$ 81,500
Project Reserves	\$ 274,813
Total Uses	\$ 13,654,268

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 \$4,474 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, 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 50% 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 senior properties. 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, Transfer 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 recently was awarded the prestigious MetLife Award for Excellence in Affordable Housing for their Sierra Meadows project in Visalia, CA. The LEED Gold development was chosen based on the combination of its design and the resident focused services that CCH provides.

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 one of 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 Village will cost approximately \$177,328 per unit to develop at a total cost of \$13,654,268 (including reserves and other soft costs). Although this cost is greater than the HUD Section 221 CHFA guideline of \$11,930,007 (approximately \$155,000 per unit), there is only a 14% 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 three year gap for considering construction occurring in 2014. 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.

Senior Property Name:	Village at Homewood Pointe	Tamarac Senior Apartments	Wyndam Place Senior Residences	Wyndam Place II Senior Residences
Distance From Subject	6.2 miles	7.0 miles	7.0 miles	7.0 miles
Percent Vacant	0.0%	2.0%	0.0%	0.0%
Number on Waitlist	235	30	111	111
# of Units	70	50	72	48

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. Rated a “car-dependent” site by walkscore.com, however, the score is higher than that of Colorado Springs as a whole (48 versus 33). 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 alternative 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 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.

Justification for waiver of any underwriting criteria

The project is asking for a waiver of the debt service coverage ratio. The debt needs to be sized such that it exceeds 1.30 in year 1. Due to the rent levels of the project as well as the expense, the debt service trails off and must start above 1.30 in order to stay above 1.15 in year 15.

Basis Boost Justification

CHFA's 2014 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%. The basis boost is necessary due primarily to the high cost of construction. Also the project cannot support as much debt due to the AMI levels and the services that CCH provides.

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 receiving the Conditional Use approval from the city, CCH held community meetings (May 24th 2011 and January 9th 2013) to inform 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.

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.

9% lihtc application narrative



Project Name: JCHA Westminster Senior

Project Address: 73rd Avenue and Sheridan Boulevard, Westminster



PART ONE: Project Description, Strengths and Weaknesses

PROJECT DESCRIPTION & LOCATION

The Jefferson County Housing Authority proposes to construct 72 units of high quality affordable housing for independent seniors in a newly redeveloping area of Westminster. Building on its success with the recently opened Lewis Court Senior Apartments in Golden, JCHA has brought the same team together to develop a similar project in a highly desirable location currently undergoing both residential and commercial development. The site is adjacent to the historical Shoenberg Dairy Farm and within short walking distance of several established retail stores, restaurants, medical facilities, and a new Walmart. The location is on main bus line public transportation routes, both North/South (Sheridan) and East/West (72nd Avenue) . For longer travel, the proposed Northern light rail station at 72nd and Federal Boulevard is a five minute drive.



SITE DESIGN, CONSTRUCTION, AMENITIES & ENERGY EFFICIENCIES

The proposed construction, designed by E.J Architecture, is a single three story elevator building on a 4 acre site. The proposed unit mix is 42 1BR/1BA units averaging 660 square feet each, 22 2-BR/1-BA units and 8 2BR/2BA units, averaging 885 square feet each. The total building square footage will be approximately 73,400 square feet comprised of 54,300 square feet of residential space, and 19,100 square feet dedicated to hallways, stairs, mechanical spaces, and common areas. Interior amenities will include a community room with attached kitchen, fitness room, internet cafe, hair salon, an exam room for visiting medical personnel, and a third floor open viewing terrace. Each unit will include its own washer and dryer and utility sink, features very popular with independent seniors. In addition, units will have private patios/balconies with lockable storage space, walk-in closets, and a mud room.

The site offers attractive outdoor amenities as well, designed to encourage activities to promote a healthy lifestyle. The centerpiece is a large central courtyard, with a patio and flower gardens. Community gardens will be located at the south side of the main building to allow for maximum solar exposure and enable the residents to grow a variety of flowers and vegetables. Storage will be provided for seasonal planting tools. Water will be readily available for residents to water and care for their plants. In addition, a fenced small dog park and a butterfly garden with sitting benches are included on current site plans. JCHA has also initiated discussions with the City of Westminster to secure permission to hold a seasonal Farmer's Market on the site. Walking paths have been included throughout the site to link these various amenities and also to provide foot path access to nearby stores.

On-site parking capacity will be 116 spaces, all covered. Parking will be included in the rent. Current design plans include a photovoltaic solar energy system to be mounted atop the parking structure, which will help reduce overall consumption of electricity from the public power grid. Following its success with a similar system at Lewis Court Apartments, JCHA has elected to include ALL utilities in the rent, including individual unit electricity. This will assist residents, many of whom are on limited fixed income budgets, to be able to predict their living expenses with greater assurance.

POPULATION SERVED

The project will serve independent seniors, 55 and older. JCHA maintains a contractual partnership with Seniors' Resource Center (SRC) that provides a comprehensive set of services at all its senior properties. These services include the development of care plans to assist each resident with a streamlined way to enter the social services system based on their individual needs. Through an on-site office at the project, SRC also offers recreational activities, assistance with laundry, meal planning, shopping, light housekeeping, and other personal needs. Door-to-door transportation for short trips to the store, medical appointments, congregate meal sites,

or hair appointments is available via a dedicated shuttle bus. For adults still interested in the active workforce, job readiness assistance is available for writing a resume, launching a job search, and interview techniques.

The proposed unit mix includes 42 one bedroom 660 square foot units and 30 two bedroom 885 square foot units, 8 of which will include a second bathroom. As indicated in the market study, the proposed rents make these units the BEST VALUE on a square foot basis among all affordable units in the market area. The affordability mix distribution is as follows:

- * 30% AMI - 4 one bedroom units and 4 two bedroom units - 11% of total units
- * 40% AMI - 10 one bedroom units and 5 two bedroom units - 21% of total units
- * 50% AMI - 16 one bedroom units and 13 two bedroom units - 40% of total units
- * 60% AMI - 12 one bedroom units and 8 two bedroom units - 28% of total units

JCHA has elected to pay ALL utilities as part of the rent, so tenants will not be subject to seasonal fluctuations or spikes in utility costs. The market study also reports that the proposed rents, taking the utility payment plan into account, makes this project SIGNIFICANTLY LESS EXPENSIVE than the existing comparable properties.

FINANCING

The financing structure for the project is modeled after the successful Lewis Court Senior project and includes many of the same participants. Current anticipated sources include HOME/CDBG funds from Jefferson County, HOME/CDBG funds and cost waivers from the City of Westminster, HOME/Recycled Jefferson County NSP funds from the State of Colorado Division of Housing, public housing disposition funds and fee deferrals from the Jefferson County Housing Authority, a permanent first mortgage from CHFA, and LIHTC equity investment from a competitively- selected investor. "Soft" financing sources, including JCHA equity and fee deferrals are currently estimated at approximately \$2,400,000, or \$33,300 per unit. In addition, JCHA will make the project a priority on its Section 8 voucher waiting list.

PROJECT STRENGTHS AND WEAKNESSES

STRENGTHS: Why the project should be selected for a LIHTC award.

1. Large, high quality living units at extremely affordable prices. Rents on a square foot basis are The "Best Value" among affordable senior properties in the market area, according to the market analyst.
2. Location is part of larger residential and commercial redevelopment effort already underway in Westminster, providing residents with an immediate and future package of economic and social amenities in a walkable growing vibrant neighborhood.
3. Highly desirable unit designs, based on the success of Lewis Court Senior Apartments in Golden, offering larger than average total unit square footage, in-unit washer and dryer, walk-in closets, private balconies/patios, lockable personal storage, and second bathroom option in the two bedroom units.
4. Expansive common areas for residents including a central courtyard with sitting areas, flower gardens, a butterfly garden, a small dog run, and meandering walking paths. Residents may have their own vegetable garden and participate in a seasonal on-site Farmers Market.
5. A senior support services package available to every resident, coordinated by Senior Resource Center, including recreational activities, assistance with laundry, meal planning, shopping, light housekeeping, and door-to-door transportation for short trips to the store, medical appointments, congregate meal sites, or hair appointments.

POTENTIAL WEAKNESSES: Additional considerations.

1. The site is part of an overall redevelopment that is in the process of being built-out, meaning some commercial and residential construction in the nearby area is expected to occur over the next few years. While the PUD is known to be compatible with this senior project, some temporary inconvenience is expected near any construction.
2. The market study noted no weaknesses in the project as proposed.

PART TWO: Guiding Principles, Priorities, and Criteria for Approval

QAP GUIDING PRINCIPLES & PRIORITIES: As applicable.

1. To Support of Rental Projects serving the lowest income tenants for the longest period.

This development restricts 52 of the total 72 units (over 70% of the entire project) to seniors at 50% AMI or less, including 11% at 30% AMI and another 21% at 40% AMI. The overall average rent at the property is 48% of AMI, including ALL utilities. The property LURA restrictions will be extended to the full 40 year term. Additionally, JCHA, as developer and owner, will make access to its Section 8 voucher program as easy as possible, within the mandated constraints of the Section 8 program. The project will be committed to the maximum period of affordability – 40 years.

2. Providing opportunities to a variety of qualified sponsors of affordable housing.

JCHA, the sponsor, developer and sole general partner of the ownership group, is a public housing authority. JCHA owns and operates a total of 1,065 units of affordable housing in Jefferson County, of which 320 are LIHTC-restricted units. The highly acclaimed Lewis Court project which was completed in 2012 is a testament to the qualifications of JCHA as a sponsor and developer of affordable housing.

3. To distribute housing credits to assist a diversity of populations including ...seniors...

This development is for independent seniors, age 55 and up.

4. To provide housing opportunities within a half mile walk to public transportation.

This development is located at the intersection of two major bus routes in Westminster, one North/South on Sheridan Avenue, and the other East/West on 72nd Avenue. The actual bus stops are located approximately 1 to 2 blocks walk from the property. Additional walkable destinations in less than a half mile include the Super Walmart for grocery, banking, pharmacy, general shopping, an urgent care medical facility, 7-11 Convenience store, Starbucks, four fast food shops, a barber shop, and a public park.

5. To support new construction of affordable rental housing.

This development is entirely new construction of 72 units of affordable housing.

6. To reserve only the amount of credit CHFA determines necessary...and for as many rental housing projects as possible...

This development is requesting less than the maximum credit allowable and is not requesting any discretionary eligible basis boost from CHFA. This is possible because the project will bring an additional "soft money" investment totaling approximately \$2,400,000, equal to \$33,300 per unit from local government and the sponsor.

7. To meet (any of) CHFA's special priorities in the 2014 QAP.

The development does not specifically meet any of the four special priorities stated in the 2014 QAP. Prior to 2013 senior housing was a priority in the QAP and demographic trends indicate that there will be substantial need for affordable senior housing for many years into the future. Although not classified as supportive housing JCHA does make available a high level of services to all residents. These services make it much easier for residents to continue to live independently. These services are described above under the section "Population Served".

CRITERIA FOR APPROVAL

1. Market Conditions.

The market study reports the capture rate for the proposed project, including the project itself, is 17.4%, rising from a rate of 14.7% under existing conditions. The overall vacancy rate for the eight similar competing affordable senior properties in the PMA is only 0.5%. Combined wait lists currently show approximately 393 households waiting for 40% AMI units and 306 households waiting for 50% AMI units. This high occupancy level mirrors JCHA's own experience of continuous strong demand for all its senior affordable rental properties, both LIHTC and non-LIHTC. These conditions, combined with the competitiveness of larger-than-average units and Best Value rents in the proposed project, provide a high level of confidence in the demand for the proposed project.

2. Readiness-to-Proceed.

Current zoning of the site is a PUD. The City of Westminster has performed a preliminary review of the proposed project and has requested that the developer submit a revision to the PUD.

This process has been estimated by the City to require approximately 6 months, which the developer has already begun. The City is currently viewing the project favorably and complimentary to their development vision for the area. Based on these discussions, the developer has elected to proceed with initial site plans and building designs, both of which are included in this Preliminary CHFA application, along with a detailed construction estimate from the general contractor providing predevelopment services. An updated phase one environmental review of the site has been completed and no problems found.

3. Overall Financial Feasibility.

The developer has based the financial structure of this project on its previous success with the Lewis Court Senior Project, also located in Jefferson County, and done with the strong cooperation of the local jurisdictions (City and County). As such, the "soft" funds identified in this application from those sources, which are awarded on a year-by-year basis and represent significant investments from those jurisdictions, are considered to be highly achievable, though not yet possible to receive a firm commitment. Letters indicating this are included with this application. The "hard" funds identified, including construction financing terms, permanent mortgage terms, and tax credit investor pay-in rates, are all based on discussions with the developers' existing relationships with these firms and considered very achievable, given the forecasted conditions for the next 12 months in the financial markets. Proforma estimates of rental income, vacancy rates, operating expenses, debt coverage ratios, reserve deposits all fall within the developer's typical underwriting targets and within CHFA's underwriting standards as well. Finally, the project is not feasible as a PAB/4% LIHTC project, which is probably best illustrated by the need already to provide the significant \$2.4m injection of soft funds. The amount of soft funds required under a "4% scenario", would be simply unachievable.

4. Experience and Track Record of Development and Management Team.

The developer has reassembled the team who recently completed Lewis Court Senior Apartments in Golden, Colorado. Lewis Court came in on time, on budget, and leased up in under three months. JCHA also owns and manages 320 other tax credit units and 745 non-tax credit affordable/subsidized units. In addition to JCHA itself, this team includes EJ Architecture, Martin and Martin Engineering, Palace Construction, Faegre Baker Daniels LLP, Affordable Advisors LLC, and Dan Morgan and Associates, all of whom have experience with the tax credit program in Colorado and are locally based businesses.

5. Cost Reasonableness.

Total development cost of the project is approximately \$225,000 per unit, including land. The construction cost estimate (GMP, including contractor contingency) is \$142,000 per unit, or

\$140.00 per square foot, including all site development costs, photovoltaic allowance, and GMP contractor contingency.

6. Proximity to Existing Tax Credit Developments.

According to the market study, the following existing LIHTC projects fall within the PMA:

Arvada House, Arvada (PAB)
Columbine Village at Arvada, Arvada (9%)
Columbine Village on Allison I, Arvada (4%)
Columbine Village on Allison II, Arvada (9%)
Columbine Village on Allison III, Arvada (9%)
Orchard Hill, Thornton (9%)
Residences at Panorama Pointe Phase I, Westminster (9%)
Westminster Commons Apartments, Westminster (PAB)

The market study does not consider two of these properties (Arvada House and Westminster Commons) to be competitive with the proposed project. Both of these properties are older 100% Project-based Section 8 properties.

7. Site Suitability.

The site is located within the City of Westminster, Jefferson County. It is currently a vacant site, zoned by the City as part of a larger PUD including residential and commercial development, some of which has been constructed over the past 10 years. Public roadway access is directly off 73rd Avenue. Due to the ongoing redevelopment of the larger area, all utilities required for the project are currently available at the site perimeter. The building site itself is essentially flat with no special geological features identified. The Phase One Environmental report indicated no known hazards or requirement for additional investigation. As a residential environment, the location has significant easy access to shopping, medical services, public transportation. Of strong interest to residents is a Super Walmart one block away with groceries, pharmacy, general merchandise, and banking. A large public park is nearby, with lakeside open space, multiuse trails and greenways. Finally, while the site is very near the intersection of 72nd and Sheridan, it is buffered from the effects of passing traffic by the shopping center that wraps around the east and south sides of the site.

8. Justification for any Waivers requested.

No waivers are requested. The only request is for a 5.9% designated DDA basis boost. The basis boost is needed because of several factors:

- o Increase in construction costs

- Inclusion of amenities such as covered parking, gardens and walking paths
- The relatively low mortgage per unit because of the commitments to lower income residents and to providing services

9. Issues Raised by Market Analyst.

No issues or weaknesses identified by market analyst.

10. Local Support sought for this Project.

The City of Westminster and Jefferson County have indicated their willingness to provide financial support to the project in the form of a combination of cash and waivers of certain development fees.

9% lihtc application narrative



Project Name: Mariposa Phase VI

Project Address: 11th and Osage (SEC)

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. Mariposa Phase VI is the 94-unit sixth phase of that redevelopment. The first phase is 1099 Osage (aka Tapiz at Mariposa), a completed 100-unit age-restricted and deeply-subsidized apartment project. The second phase, 10th and Navajo, is a 93-unit mixed-income property that was completed in July and September 2013 and leased up in five months (20 units per month). The third phase, at the northeast corner of 10th and Navajo, is an 87-unit mixed-income property finished construction in late January 2014 and just started preleasing which is going very well. The fourth phase is a 77-unit mixed-income development under construction that will open in late 2014. Its fifth phase includes six residences to be constructed by Habitat for Humanity, which will be homeownership. 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 VI Development Description

Mariposa Phase VI is the new construction project which will include 94 mixed-income (36 public housing/LIHTC, 29 Non-ACC/LIHTC and 29 market rate) units. Mariposa VI will be a free-standing rental apartment complex located in a four-story elevator and townhouse building that has a brick, stucco and hardiplank exterior, staggered setback façade, varied elevation and flat roof. It will be constructed on a site that is approximately 1.32 acres. The elevator-served units will have private entrances located on double-loaded interior hallways. The two-story townhouse units (attached to the main building) will have private exterior entrances. Parking will be available at an on-site at-grade covered parking garage, covered by a second story plaza. The project will have 94 spaces in an attached at grade parking garage, or 1.0 space per unit. The rent will include parking on a first-come, first-served basis. The building will face the surrounding streets.

Mariposa Phase VI 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’ and ‘eyes on the park’ which will encourage more use of the 10th & Osage light rail station and the adjacent 15-acre La Alma/Lincoln Park. The one and two- bedroom units will average 672 and 960 respectively with the three bedrooms averaging 1,408 square feet and the four bedrooms 1,672 sq ft.

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 for some units
- walk-in closet
- Interior storage closet.

Mariposa IV will have the following common amenities, security features and tenant services:

- BBQ/ Picnic area
- Play area
- Limited Access Entry (Elevator Building)
- Surveillance Cameras

The unit breakdown will be as follows:

Unit Size	Av SF	# Units	Total SF
1br	672	45	30,240
2br	960	39	37,440
3br TH	1408	5	7,040
4 Br TH	1672	5	8,360
Total		94	83,080

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

Unit Type	40% AMI	50% AMI	60% AMI	Market	Sub total	% of TOTAL
1BR	13	7	8	17	45	48%
2BR	14	7	5	13*	39*	42%
3BR	1	2	2		5	5%
4BR	2	1	2		5	5%
sub total	30	17	17	30	94*	
% of TOTAL	32%	18%	18%	32%		

*includes a two-bedroom unit that will be unrestricted for resident manager

Relocation

As part of this phase of the redevelopment, 54 households have been relocated. They have either been relocated to Tapiz (1099 Osage Apartments or Phase I of the redevelopment), or Mariposa Phases II and III. Those who did not choose to remain at Mariposa were given other relocation options including moving to a vacant DHA unit within the La Alma/Lincoln Park neighborhood, move to another DHA Public Housing unit, or given a Section 8 voucher. Each household was

assigned a case manager and a relocation specialist who worked with them one on one to determine their housing choice for their household size. The project is bound by the Uniform Relocation Act of 1970. Qualifying residents were given first right of refusal to move into the revitalized Mariposa units if they were temporarily displaced from the site. We have covered these relocation costs outside of the partnership as the relocation occurred a year and half before closing the partnership so the cost is not included in the LIHTC budget.

Site control

At closing of the partnership, DHA will execute a ground lease for the land to the LLLP. The ground lease term will be not less than 20 years. The annual ground lease fee will be determined by an appraisal during financial underwriting.

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 \$ 337 per unit per month. The rent that tenants pay is approximately \$125/month on average, resulting in an per unit payment per month of \$462 (\$237 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 Mariposa redevelopment, including Mariposa Phase VI, 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 through community gardens; improved non-vehicular access routes through enhanced bicycle, pedestrian and mass transit connectivity; and improved access to community amenities available throughout the redevelopment.

Based on ASHRAE 90.1-2009, existing building survey data, and energy consumption calculation procedures, energy models comparing Mariposa Phase VI (which is targeting a LEED Gold certification level) will yield at least a 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
- 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. 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, Auraria Higher Education Campus, and numerous retail locations in Downtown Denver. 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 VI is the highly competitive HOPE VI funds, prorated to just over \$4,700,000 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 approximately 23% 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, none of which is being applied 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.

We are currently assuming just over \$12.14 million in LIHTC equity, with 1,178,762 in credits priced at \$1.03. DHA has a signed letter of interest from Enterprise Community Partners for LIHTC equity and Citibank for construction and permanent debt. Enterprise and Citibank are currently providing debt and equity on Mariposa Phases II, III and IV so they are well versed in the complexities of underwriting this redevelopment and are committed to Phase VI.

In addition to deferring 17% of their developer fee, and making a program loan of \$250,000. DHA has been working on this redevelopment for over seven years and has committed significant staff time and energy to making a successful project.

Project timeline

Financial commitments

- | | |
|--------------------------|----------------|
| • Construction loan | February 2014 |
| • Equity | February 2014 |
| • Zoning | completed |
| • Financial Closing | July 2014 |
| • Construction Start | July 2014 |
| • Construction Completed | October 2015 |
| • Placed in Service | October 2015 |
| • Lease-up Starts | September 2015 |
| • Lease-up Completed | May 2016 |

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:
Mariposa VI provides rental housing to the lowest income tenants (public housing recipients) for the longest period of time.
Mariposa VI is being developed in a QCT and is part of a concerted revitalization plan (the South Lincoln HOPE VI Revitalization Plan awarded by HUD)
Mariposa VI is developing new affordable housing units.

Mariposa VI is a transit oriented development within a ½ mile of both light rail and multiple bus service routes.

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

Not applicable

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. Mariposa Phase II leased up faster than anticipated and has a significant waitlist. Mariposa Phase III just started leasing and is also doing quite well. 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 2014. Planning a construction start in mid July 2014, the timeline shows a October 2015 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, and DHA itself.

- 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:

It is important to note that the costs submitted for this LIHTC application are at a Design Documentation level, meaning the plans are nearly ready for submittal to the City for permits. Far beyond just a concept or Schematic Design level, the costs are realistic and reflect the current state of the construction market,

including recent price increases in the concrete and framing markets (for both labor and materials). Prices have almost doubled since the Phase III site finished construction for these disciplines.

- f. Proximity to existing tax credit developments:
The only other LIHTC projects near Mariposa VI are earlier phases of the Mariposa Redevelopment, Mariposa Phases II, III and IV. Mariposa Phase II was completed over summer and fall of 2015 and was leased completely in five months (20 units/month) while compiling a wait list of 500 households. Mariposa III began leasing units in February 2014 after completing construction. Mariposa IV at 77 units is the smallest of the phases and should lease quickly when it is through construction at the end of 2014. Mariposa VI will not come on line until late 2015 which will allow for full absorption of all previous phases and provide time for demand to build up.
 - g. Site suitability:
The site is suitable in many ways - Mariposa Phase VI 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):
Not applicable
 - b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:
Not applicable
5. Address any issues raised by the market analyst in the market study submitted with your application: None
6. Address any issues raised in the environmental report(s) submitted with your application and describe how these issues will be or have been mitigated:

Not Applicable

7. 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. Mariposa has been recognized locally and nationally as a model for mixed-income, mixed-use redevelopment developed to address the holistic health of residents, employees and visitors.

2013 9% lihtc application narrative



Project Name: Montbello VOA Elderly Housing II

Project Address: 4355 Carson St, Denver CO 80239



PARIKHstevens
architects

Montbello VOA Elderly Housing II



Note: The Updates and Improvements from Previous Round's Submission are noted on page 10.

Development Overview

The Italian word “Montbello” literally means “beautiful mountain.” Spectacular views of Mount Evans, Long’s Peak, and the Continental Divide inspired early developers to name this new Denver neighborhood “Montbello,” after the picturesque mountain region in the Italian Alps that shares that name.

Montbello was the first major annexation of privately owned land to the far northeast area of Denver, taking place in September, 1965. The annexation agreement included a master plan for the area to develop into a mixed use community. This agreement dictated the general land use and densities to provide for the necessary public land sites for parks, schools, and other public facilities.

The most recent Montbello Neighborhood Plan was prepared by the Planning and Community Development Office of the City and County of Denver in 1991. This plan describes a positive vision for the neighborhood’s future that preserves and enhances the following qualities to make the Montbello neighborhood a unique place to live (*see pg 1 of attached Montbello Neighborhood Plan*):

- Diversity of people (ages, income, ethnic and cultural heritage, lifestyle choices).
- Quiet, suburban “small town environment with a sense of safety and friendliness.
- Diversity of architectural styles, sizes, and selling prices of homes.
- Physical features of the neighborhood, including mountain views, parks, and parkways.

The Montbello neighborhood has been identified in the current Denver Housing Plan as a neighborhood in which public support is necessary to improve the quality of existing housing stock (*See pg 12 of attached Denver Housing Plan*).

To address the needs identified in the 2008-2018 Denver Housing Plan, Volunteers of America National Services proposes the development of Montbello VOA Elderly Housing II. Through strong community partnerships and financial support from Colorado State HOME Funds and Denver City HOME Funds, VOANS will develop Montbello II to provide the elderly residents of the Montbello neighborhood a beautiful, new affordable service enriched housing community.

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 of appropriately zoned land 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 building. VOA will leverage its experience as owner / operator of 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. About half of the new units would have a view of this outdoor amenity/garden area. VOANS plans 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, three sets of stairs, and common corridors. A unique feature of this building will be a 4-story “Health Stairs” near the main entrance. These stairs will encourage residents to take the stairs instead of an elevator and will be well lit and inviting. 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. Interior common areas will include: a management office, a computer center, a fitness room, laundry rooms on each floor, 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, as required by CHFA. The households include rent and income targeting at 30, 40, & 50% of the Area Median Income (AMI) or less, per the table below:

Population Served/ Unit Mix Chart

Unit Type	AMI	Square Feet	Number	Percentage	Rent
1 BR/1BA	30%	625	7	14%	\$344
1 BR/1BA	40%	625	6	12%	\$488
1 BR/1BA	50%	625	25	50%	\$632
2 BR/1BA	30%	875	3	6%	\$417
2 BR/1BA	50%	875	8	16%	\$763
2 BR/1BA	Manager unit	875	1	2%	Non revenue
Total			50	100%	

Population Served/ AMI Level Chart

AMI Level	Number	Percentage
30%	10	20%
40%	6	12%
50%	33	66%
Manager Unit	1	2%
Total	50	100%

Location

The Montbello community is 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. The nearest full service grocery store, Safeway, is located 1.5 miles northeast of the property on Chambers Road .

Regional Transportation District (RTD) provides bus service in the market area. The nearest bus stop is at the intersection of Albrook Drive and Anaheim Court, 300 feet north of the subject. Residents can ride buses from this location a block from the subject property to the RTD Park-n-Ride station less than a mile from the property and on to destinations throughout the Denver metropolitan area.

The buses run every 15 minutes, from 6:00 am to 10:00 pm, weekdays. The one-way fare is \$2.25 for all riders and \$1.10 for senior citizens. RTD provides dial-a-ride to destinations throughout the Denver area, on demand.

In addition to the RTD bus service, Volunteers of America will consider more transportation options including possibly reinstating a weekly grocery shuttle that was discontinued at Montbello I due to infrequent use.

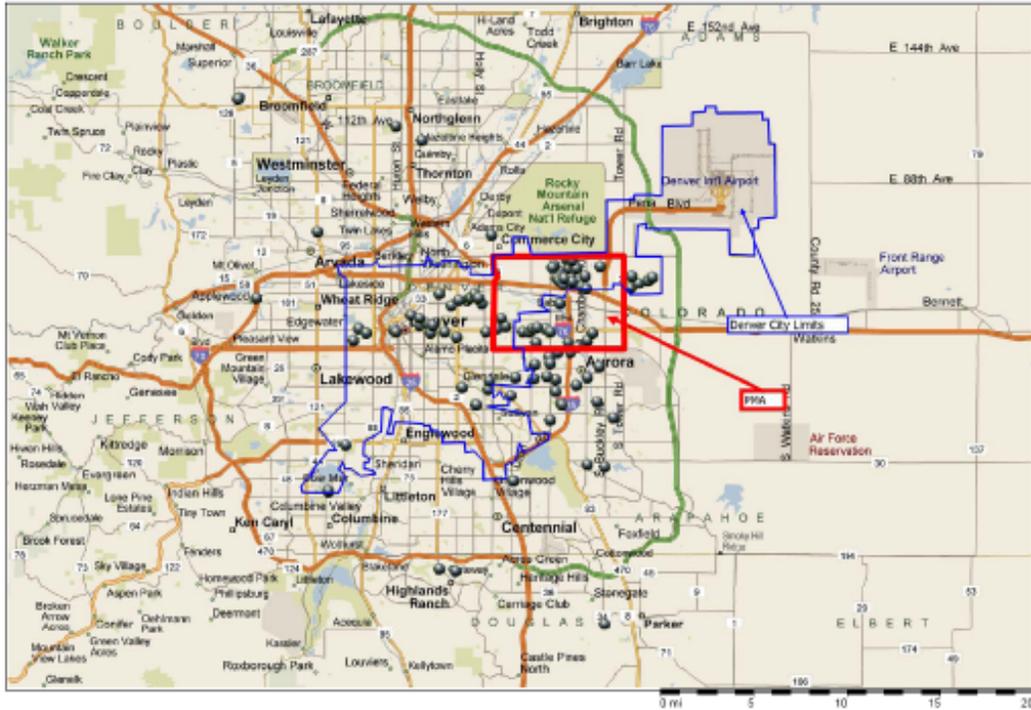
Another option for residents will be use of the new light rail system coming to northeast Denver, via the East Rail Line, which is scheduled to open in early 2015. Montbello residents will be able to take a bus to the closest light rail station, the Peoria Station, which is 1.75 miles from the property.

The Typical Montbello Resident

To better understand the demographic of the typical Montbello residents, Prior & Associates analyzed the tenant profiles of the current Montbello I residents. The following map and analysis shows a very high, 75%, in-migration rate. Due to this high rate of in-migration, Prior has performed the capture rate

analysis utilizing a higher in-migration rate of 50% as a comparison to the capture rate. This additional analysis helps support that Montbello II will be well positioned in its market (see Pages 23-24 in Market Study).

Previous Residence of Montbello Tenants



Previous Residence	Total	Percentage
PMA Only	45	32.4%
Aurora Outside PMA	19	13.7%
Denver Outside PMA	40	28.8%
Other MSA	14	10.1%
Outside MSA	21	15.1%
Total	139	100.0%

Source: VOA National Services Montbello Applicant Roster

The typical resident of Montbello I is in their 70's and has migrated to the property from outside its Primary Market Area (PMA). There are many motives for seniors outside of the PMA to migrate to Montbello I. Some residents move to the neighborhood to be closer to family. Others enjoy the quiet, suburban Montbello area. Family and location coupled with VOA's truly service enriched housing attracts seniors from all over the map to settle at the Montbello property. Volunteers of America is happy to attract seniors from a wide area and hopes to continue facilitating their aging in place.

Service Coordinator

Volunteers of America believes that **service enriched housing** is paramount to the long term independence and success of the people we serve. A service enriched home allows seniors to age in place with dignity. Service enriched housing delivers better outcomes to the resident we serve at a lower public cost than other settings. Every resident within every Volunteers of America properties deserves a safe, affordable place to call home and access to services that strengthen futures (*see attached VOA Housing Principles*).

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 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*)

Healthy Living Amenities Table

Design Element	Description	Benefits
Montbello Gardens	The planned Montbello Gardens consist of a one acre area which includes picnic tables, a tool shed, crusher fine garden trails, raised vegetable garden beds, fruit trees, and outdoor healthy living signage. Denver Urban Gardens will assist with design and Implementation.	<ul style="list-style-type: none"> ▪ 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.	<ul style="list-style-type: none"> ▪ 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.	<ul style="list-style-type: none"> ▪ 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.	<ul style="list-style-type: none"> ▪ Provides community space ▪ Promotes physical activity ▪ Encourages social engagement ▪ Educates about healthy living
Community Room 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 upgraded appliances and a cooking island to accommodate educational cooking demonstrations.	<ul style="list-style-type: none"> ▪ 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!"	<ul style="list-style-type: none"> ▪ Promotes physical activity ▪ Encourages social engagement ▪ Educates about healthy living

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 construction 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 \$8,000,000 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:

Funding Type	Source	Amount	Type
Permanent Loan @ 5.50 % (including 0.25% MIP)	CHFA	\$1,000,000	Loan (Hard)
Deferred Development Fee	VOANS (11.23% of fee)	\$70,000	Loan (Soft)
HOME Funds	City of Denver	\$500,000	Loan (Soft)
HOME Funds	State Div. of Hsg.	\$500,000	Grant; (Loaned into Partnership)
LIHTC Equity @\$0.94	NAHT	8,917,348	Equity
GP Equity	VOANS	\$892	Equity
TOTAL		10,988,240	

Updates and Improvements from Previous Round's Submission

Changes and Explanations

This proposal represents several changes to sources and uses since the 2013 Round 2 submission, reflecting some changing external factors, as well as some upgrades.

Changes to Sources and Uses

- **Loss of Grant from the Colorado Health Foundation** – Montbello II. no longer has a grant commitment for \$159,500 from the Colorado Health Foundation (CHF) to implement healthy living features at the property due to a change in funding priorities at the foundation. The CHF is now prioritizing funding for families and children over senior projects. However, Volunteers of America still has opted to keep the healthy living features since they believe the healthy living elements will significantly contribute to better living conditions for the Montbello residents.
- **Increased Construction Costs** – Construction costs for our proposed project increased 8.6% from \$5,869,654 to \$6,373,331 as estimated by SHAW Construction (SHAW). These costs have risen due to the boom in construction of market rate apartments in Denver, labor shortages in various trades such as framing, and increased material costs. According to SHAW, overall construction costs are up between 7-8%; cost of wood is up 10%, concrete is up 10%, insulation is up 15%, and plumbing/mechanical are up 15%. Road and bridge construction materials have increased due to the flood disaster rebuilding effort.
- **Annual Credit Request** – Overall, the credit request increased from last round, largely because of the construction cost increases. Montbello II is eligible for \$995,005 in Annual Credits given its presence in a QCT, but VOA has decreased this maximum request by \$46,351 to \$948,654 through deferring developer's fee and increased equity pricing.
- **Increased Equity** – Due to the project now being located in a Qualified Census Tract and improved equity pricing, the project now generates approximately \$1,000,000 in additional equity from last year's application (\$8.9 mm vs \$7.9 mm).

Improvements from Previous Submissions

- **Deeper Rental Targeting** – Montbello II will now serve more extremely low income households as the number of units targeting 30% of Area Median Income (AMI) has been increased to from six (6) to ten (10) units (20% of the project). This is a 66% increase over the previous submissions.

- Increased Scoring – Scoring increased 11 points from 152 to 163. The improved scoring is the result of deeper rental targeting, qualification for the non-profit points, and being located in a Qualified Census Tract and contributing to a community revitalization plan.
- Increased Equity Pricing – The equity pricing letter of intent indicates improved equity pricing from \$0.93 to \$0.94. This updated pricing adds almost \$95,000 of additional equity to the project, which allowed a lower annual credit request to CHFA.
- Increased Operating Expenses – The operating expenses were increased 3% from the 2013 application to keep up with inflation, resulting in \$4,210 per unit, not including Reserve for Replacement.

We feel the revised proposal addresses the new circumstances, yet maintains sound underwriting and the Healthy Living vision for Montbello II.

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 10 units at 30% AMI and 6 units at 40% AMGI for 40 years.

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

The proposed project is located in a QCT and contributes to the Denver Housing Plan. The Denver Housing Plan identifies the Montbello areas as a “neighborhood in which little investment is occurring, and in which public support is necessary to improve the quality of existing housing stock (see page 12 of the Denver Housing Plan)”. By bringing investment to the Montbello neighborhood, Volunteers of America will contribute to this community revitalization plan.

- *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 \$2,070,000 from four non LIHTC sources. In addition, VOANS is voluntarily reducing its credit request for Montbello II by deferring \$70,000 of its Developer Fee. This amount was chosen to mitigate the credit request while also balancing the ability to defer additional developer fee if needed for the project. This cushion helps mitigate risk associated with unforeseen cost increases in the development budget, changes in the finance plan (rates on the debt and equity), and allows an additional \$105,531 of developer’s fee to be deferred and paid off in 10 years in needed.

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 146 senior (62+) renters each year. As the market study addendum confirms, a high rate of in migration is anticipated to supplement the demand within the market area. 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. 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, though we have received positive feedback from those sources.

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 \$116 per square foot and \$127 per square foot including all construction related costs. Total construction cost per unit is \$127,467. 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.

g. Site suitability:

The site is flat and appropriately zoned for the intended use, with infrastructure in place and no environmental conditions. Many neighborhood amenities are less than a mile from the property including: a park, a medical center, a

recreation center, a library, and an existing bus stop near the front of the property, and an RTD Park-n-Ride station right up the street.

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:

The Montbello II project is located in a QCT and is thus entitled to the 130 percent basis boost. Per CHFA’s Basis Limit Calculation, Montbello II is eligible for \$995,005 in annual credits, but the project is only requesting \$948,654 in annual credits. Forgoing this \$46,351 in Annual Credits allows the LIHTC resource to be used more efficiently and promote more Affordable Housing development in Colorado.

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 17)

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 27.9% (p 3)

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%. 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.

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 raised 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 receive the following improvements: upgraded landscaping around their building, fencing around their building, and access/use of the outdoor amenity/garden area.
7. **Healthy Living Features** – Volunteers of America believes the healthy living features and the resulting healthy living culture is a strength of the Montbello II project. Despite losing the grant from the Colorado Heath Foundation, these features were kept in the project to enhance the quality of living for the Montbello community.

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. In addition, the market analyst estimates a high in migration factor, based on an analysis of the Montbello I resident profile, of which 75% lived outside the PMA market area before moving to Montbello.

9% lihtc application narrative



Project Name: Northfield @ Stapleton Apartments (NSA)

Project Address: Northfield Blvd. & Trenton St. (NE Corner), Denver, CO 80239



Project Description:

Northfield @ Stapleton Apartments, a unique eighty-four unit sustainable affordable housing development, is located in Stapleton, the tenth best-selling master planned community in the United States. Recognizing the critical need and rare opportunity to produce affordable housing in a self-sustaining neighborhood where everything needed is a short walk, bike or bus ride away, the City of Denver, the master developer Forest City Stapleton, the State of Colorado and the developer Northeast Denver Housing Center (NDHC), are supporting the project with significant funding. In collaboration they have also created and/or implemented the Affordable Housing Plan for Stapleton making affordable housing a priority. Northfield @ Stapleton Apartments is distinguished by its sustainable approach; a building designed for livability and providing the lowest affordable rents in a self-sustaining location within walking distance to jobs, commercial services and retail, top rated schools, healthy living amenities, and transit stops connecting to the entire Denver Metro area.

The project developer, Northeast Denver Housing Center (NDHC), is a thirty-one year old non-profit community development corporation experienced in the design and construction of quality affordable housing. Organized in 1982 to serve the Denver metro community, NDHC's mission is to create sustainable, healthy housing and development opportunities for underserved households through outreach, education and economic development programs

and projects. NDHC leads locally and nationally with a long track record of success in developing energy efficient and green built award winning affordable housing.

Building Designed for Livability

This development will include one three-story Type V-A building of wood construction built on a post-tensioned slab on grade. Designed as an updated version of the 3-story walk-up, modeled after market rate rental housing recently completed by Forest City in Stapleton, the building marketability is superior due to the increased livability of the units and unit design features. Additionally, the building creates a strong corner presence with a community center with street level access.

The apartment flats will have secured limited access entry with private entrances located on seven interior stair corridors with access to twelve units per staircase. Since the units are not located on long double-loaded corridors, tenants will have no cooking odor or noise issues and will have reduced common area energy usage and costs. The opportunity for tenants to interact with their neighbors is increased because there are only four units per entry level. Each individual unit contains 9' high ceilings and the units have large windows to allow more natural light to reach all parts of a unit, enhancing day-lighting and decreasing energy cost/usage. A solar PV system will provide 8% of the electricity for the development. All of the units have private patios, balconies or Juliet balconies, many having mountain views. Main level units on Trenton and Tamarac streets will have private exterior entry stoops allowing front door street level access.

A total of thirteen ADA Type A fully accessible units are located on the street level, exceeding ADA requirements and meeting Enterprise Green Communities Universal Design Guidelines. Common outdoor areas and terraces, including a community garden and a picnic space, are interspersed in clusters throughout the site, creating a greater sense of community. The building will feature cement-fiber panel exteriors with metal and brick accents, varied elevations and low pitched and some flat roof areas. The surface parking lot contains 97 parking spaces and is located behind the building in order to allow the building to front onto the streets. In addition, the project will have 24 off-site street loaded parking spaces on Trenton and Tamarac Streets, as highlighted on the attached project site plan. Affordable housing developments, managed by Ross Management, typically need 1 parking space per 50% and 60% AMI units whereas 30% and 40% AMI units only require .66 spaces per unit, due to the fact that the parking need decreases as the income decreases. As such, the 97 spaces plus 24 off-site spaces are more than adequate for our residents needs and easily accommodate visitors.

Secure bike and stroller storage will be located on site, for families and residents who need extra storage space thus encouraging residents to bike and walk. An all-purpose community room with a computer lab, exercise equipment, and a meeting space which will be available to residents 24 hours a day, seven days a week.

Residents of the Northfield @ Stapleton Apartments will be provided with support services. Some of these services include organized activities that will be held on a regular basis in the community room including after school classes, computer classes, healthy living classes, cooking classes, and exercise classes. Additionally, residents will have access to Northeast Denver Housing Center housing programs including programs for healthy living and eating, financial literacy, exercise and health, and housing and homeownership, as well as connection to other social service agencies. These services will be in conjunction with the Stapleton Healthy Living community collaboration Northeast Denver Housing Center has already established. On-site management will be provided for Northfield @ Stapleton Apartments residents and will include landscaping, security, upkeep of public spaces, property management, supplies and repair, and general maintenance. These services will be provided with the residents in mind, ensuring the use of durable and easy to clean products, low maintenance, and non-toxic cleaning supplies. Northeast Denver Housing Center has a proven track record in providing these services that help residents maintain healthy lifestyles.

Providing the Lowest Affordable Rents

The opportunity to live in middle and higher income Denver neighborhoods for low-income households is rare due to the high cost of housing. These households do not have sufficient income to afford to live in market-rate rental units or are forced to pay well over 40% of their income in neighborhoods like Stapleton where the average rent is well above \$1,000 per month. With eighteen one-bedroom one-bath units, forty-two two-bedroom one and two-bath units, and twenty-four three-bedroom two bath units, NSA will provide affordable housing to households making less than 30, 40, 50 and 60% of Denver’s median income. Almost half of the units, forty-seven percent, will serve households making less than forty percent AMI.

The 84 affordable housing units are targeted to serve as follows:

AMI	Number of Units	Percentage
30% AMI or Below	9	11%
40% AMI or Below	31	36%
50% AMI or Below	13	15%
60% AMI or Below	31	36%

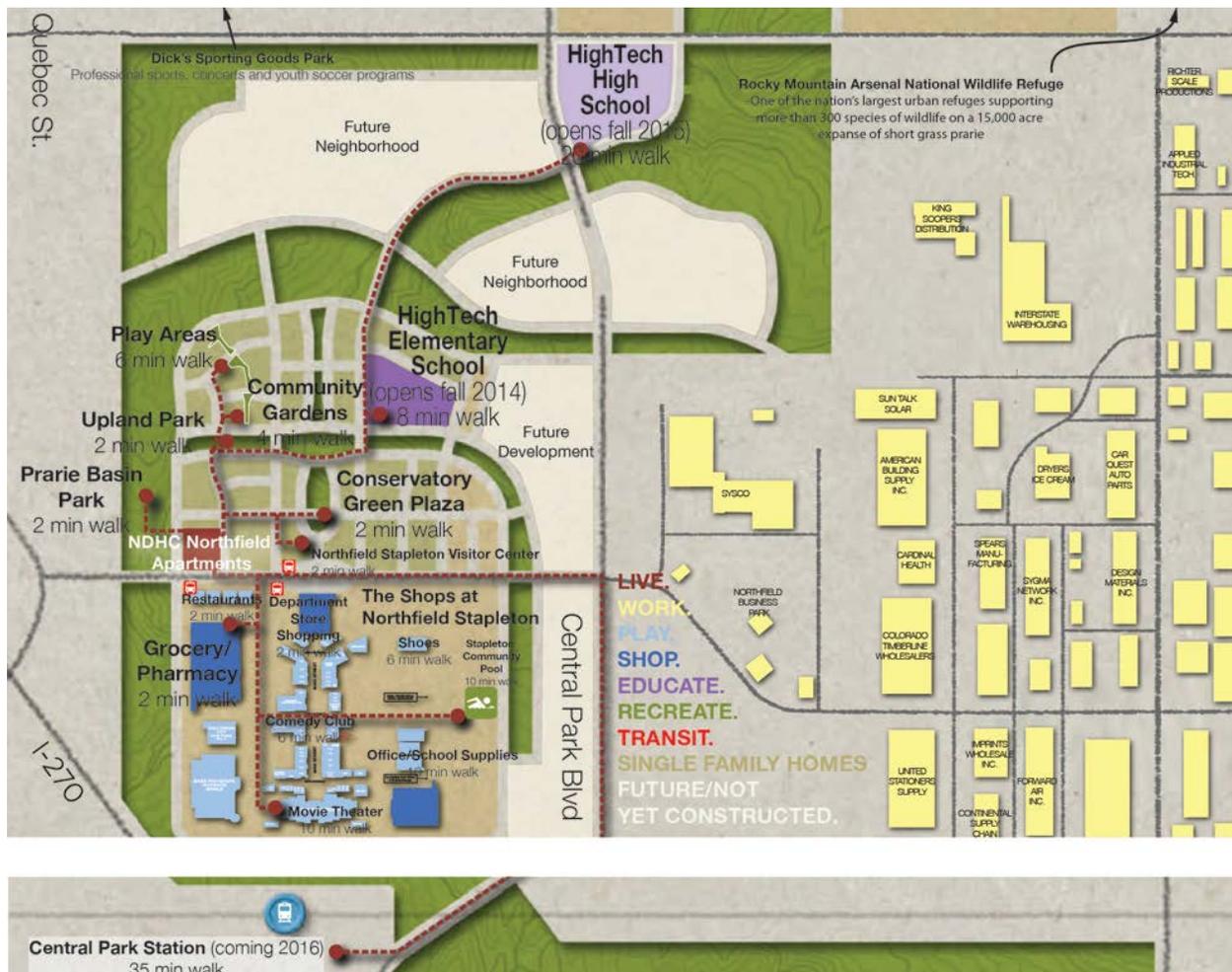
Unit Type	Number of Units	Monthly Rent	Unit Average Sq. Ft.
1 Bedroom 1 Bath	18	343 – 631	610
2 Bedroom 1 and 2 Bath	42	414 – 760	855
3 Bedroom 2 Bath	24	477 – 876	1,107
TOTAL	84 UNITS		

Northfield @ Stapleton Apartments rents are priced not only below market and maximum LIHTC allowable rental rates, but are also below existing LIHTC units in the PMA, 30% AMI rents are 5% below to 1% above, 40% AMI rents are 8% to 18% lower, 50% AMI rents are 12% to 17% lower and 60% AMI rents are 11 to 18% below (page 1: Prior & Associates Market Study). These rent structures are designed to provide affordable rentals substantially below current market rate rentals and all LIHTC rental units (excluding senior housing or those serving homeless with special subsidy). LIHTC rents are up to 19% lower than the 2014 maximum allowable amounts. Currently, the LIHTC units surveyed were 97% occupied with waitlist indicating pent-up demand. Northfield will serve these households and the growing demand due to the economic growth related to the airport and the build out of Stapleton’s commercial and industrial areas.

Northfield @ Stapleton Apartments immediate two-mile radius has over 6,000 jobs that fall within the target income range. “According to Molly Morrow, Director of Marketing of the Shops at Northfield, the shopping center employs approximately 3,000 part-time and full-time workers among its 60 to 65 merchants.” (Market Study page 15). A door-to-door survey completed by a third party consultant (Eckalizzi Design) contacted 32 businesses to the east of the site (warehouse and industrial corridor) with employee numbers ranging from 10 to 200. The report stated “...overwhelmingly the response to the project was positive.....most of the workforce drive over 10 miles to work.....the potential for employees to be very close had a mass appeal both to employees and employer..” (Eckalizzi : Feb. 24th, 2014 report- attached). Northfield @ Stapleton Apartments will be drawing from this market. NSA will be positioned to serve and meet the growing need of affordable housing in this market area that is expected to have significant growth in the coming years.

Self-sustaining Location Within Walking Distance to Jobs, Commercial Services and Retail, Top Rated Schools, Healthy Living Amenities, and Transit Stops Connecting to the Entire Denver Metro Area.

Northfield Apartments @ Stapleton is located at the intersection of Northfield Boulevard and Trenton Street in Stapleton’s Conservatory Green neighborhood, and is the first new neighborhood north of Interstate 70 in Stapleton. This self-sustaining location is within walking distance to jobs, commercial services and retail, top rated schools, healthy living amenities and transit stops connecting to the entire Denver Metro area. When the Northfield a@ Stapleton apartments open they will be within walking distance of a major community shopping center, Community Gardens, a public elementary and secondary school, a thirty-three acre park and community swimming pool. (see large scale map in application – location map)



Forest City Map adapted by NDHC Design/ Development Studio

Jobs/ Commercial Retail

Northfield Apartments @ Stapleton is across the street from a major community shopping center that includes a grocery store, pharmacy, shops, cinema, and restaurants. The center has between 60 and 65 stores and employs approximately 3,000 workers earning wages within the target income range for future renters of the Northfield Apartments. Approximately one mile east of the apartments several industrial and warehouse businesses employ thousands also earning wages within Northfield Apartment's target income range that would benefit from having nearby affordable housing.

Top Rated Schools

The Denver Public Schools located in the Stapleton neighborhood schools are highly rated. Children living in the Northfield Apartments will attend the High Tech Elementary School (K-8) and the High Tech High School. The elementary school is 0.3 miles northeast of the apartments and the high school is under construction near the intersection of Central Park Boulevard and 56th Avenue and is 1.2 miles northeast of the Northfield Apartments. Both schools are within walking distance of the apartments.

Healthy Living Amenities

Several interconnected parks, including Prairie Basin Park, Upland Park, Conservatory Green Plaza and two community gardens, play areas and pools are under construction and will be open in the summer of 2014 before Northfield apartments would be placed in service.

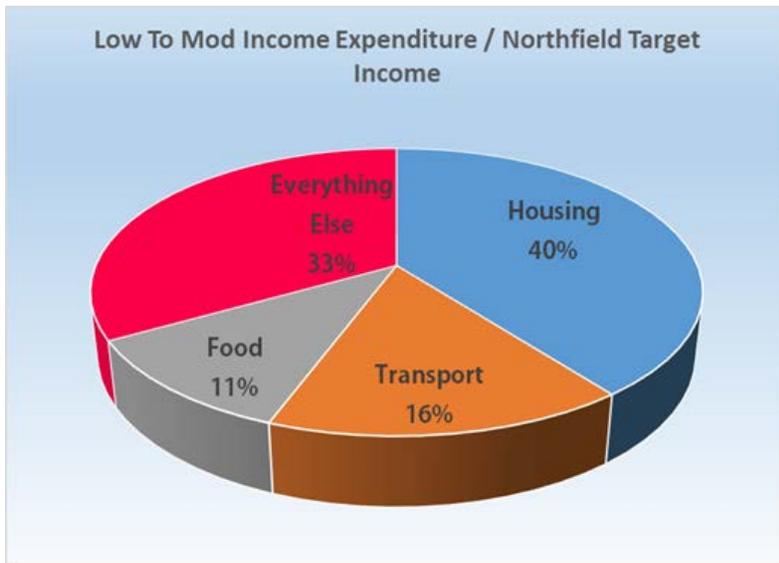
In Addition, Northfield Pond Park is a community park located 4801 Spruce Way, 0.1 mile southwest of the apartments. This facility has a pond, trails, grass, and other amenities.

Approximately 1.3 miles southwest of the apartments is the MLK Jr. Recreation Center, which has a gymnasium, an indoor swimming pool, and other facilities and is open from 6:00 am to 7:00 pm, six days a week. Dick's Sporting Goods Park, which has soccer fields and hosts U.S. Major League Soccer matches, is approximately one mile north of the apartments.

Bicycle access for residents using a bicycle for transportation, are available including bike trails and bike lanes connecting the Northfield @ Stapleton Apartments to other Denver metro communities.

Transit Stops Connecting to the Denver Metro Area

The nearest bus stop is located at Northfield and Trenton, just fifty feet from the Northfield Apartments. Residents can ride buses from this location to Denver, the Green Valley Ranch/Park-n-Ride and Thornton, with connections throughout the metropolitan area. The buses run every hour, from 4:00 am to 2:00 am, seven days a week. The one-way fare is \$2.25 for all riders and \$1.10 for senior citizens. An RTD Light Rail stop is planned along Central Park Boulevard, approximately one mile southeast of the apartments. The light rail stop will be completed as part of the East Corridor Commuter Rail line, a twenty-three mile long line that will connect downtown Denver with Denver International Airport. Construction is underway on the line and has a tentative opening date in early 2016. There will be a high frequency bus connecting the subject site with the new light rail station.



Bureau of Labor Statistics: 2012 Consumer Expenditure Survey

NSA will address 67% of its resident's household income:

- LIHTC will assist reduce HOUSING COST
- NSA's location close to jobs, grocery, mall, over 35 shops will reduce car travel cost (estimated at 10 to 15% reduction)
- The supportive services of healthy living will help households eat right/ exercise and live within budget.

NSA's uniqueness – compared to other sites is exemplified by the fact that it will have multiple GENERATIONAL IMPACT.

Energy Efficiency and Green Building:

NDHC is a leader in developing energy efficient and green built affordable housing. Some of its recent achievements are:

- The first HBA awarded energy efficient & green built affordable infill single family unit in Denver.
- The first LEED GOLD certified LIHTC multi-family Development in the State of Colorado (Central Park Apartments @ Stapleton).
- Governor's Award for energy efficiency and funding for solar photo-voltaic on an existing LIHTC with recovery funds. (Whittier).
- Well established data base and product specification in green building and energy efficiency by NDHC professional staff with master's degree in urban planning and licensed architect on staff to assure product design is integrated with key benchmarks aimed at keeping products green and sustainable thus reducing the risk of "value engineering" for sustainability.

NSA will meet and exceed the Enterprise Green Communities (EGC) standard. Currently the project scores sixty-three points. While NSA currently, as proposed and designed, will meet the EGC standard, NDHC will continue to look for funds from the corporate, philanthropic and public sector in order to add value to the development without redesigning the product. We

have done this repeatedly and it has become our trademark to ensure success through the significant professional staffing input we contribute to our developments. The current green and energy features include:

- Energy star rated appliances reducing energy usage/costs.
- High efficiency heating and cooling systems reducing energy usage/costs.
- Low E vinyl thermal pane windows.
- Low water usage fixtures and landscaping plan.
- Energy efficient building envelop with high R-value reducing energy usage/cost.
- Construction waste management.
- Sustainable product selection such as low voc paint, and recycled components in carpets and other products.
- Indoor air quality to meet national healthy homes standards such as low-no formaldehyde products, green label carpets, pad and adhesives, energy-star bathroom/ kitchen fans exhausted to outside with a humidistat sensor-preventing mold, radon mitigation, integrated pest management, vapor barrier and foundation drains to prevent water infiltration and mold, carbon monoxide detectors and power-vented combustion equipment.
- Healthy Living in home maintenance, supplies and repair and property management- and finish products will be installed that are durable and easy to clean/maintain. A tenant manual detailing maintenance, operation, cleaning and care will be provided.
- No smoking management policy.

Type of Financing and Subsidies:

The Northfield @ Stapleton Apartments has a total development budget of \$ 16,009,507. Nineteen Percent (19%) of the funds or \$2,966,049 is contributed by the public sector, Forest City and NDHC's deferred developer fee. The City of Denver is contributing \$ 700,000, State of Colorado \$450,000 and NDHC's deferred developer fee is \$ 566,049. Forest City Stapleton is donating the 2.1 acre land with a market value of \$ 1,250,000.

- \$2,600,000 First Mortgage 5.5% 30 years
- \$ 700,000 City and County of Denver performance grant
- \$ 450,000 State of Division of Housing
- \$ 566,049 Northeast Denver Housing Center deferred developer fee

This amount of funding from these public and private sources shows the significant amount of support for the Northfield @ Stapleton Apartments that addresses the Stapleton Affordable Housing Plan that makes affordable housing a priority. With the award of the Low Income

Housing Tax Credit of \$10,961,161 this project will be scheduled to begin construction within four months of receiving the award.

Specific Responses

1. Qualified Allocation Plan, Section 2 Guiding Principles:

Below we have identified the guiding principles in Section 2 of the Qualified Allocation Plan (QAP) that the Northfield @ Stapleton Apartments will meet, with an explanation of how the Northfield @ Stapleton Apartments will achieve each specific guiding principle.

- *To support rental housing projects serving the lowest income tenants for the longest period of time.*
 - Northfield @ Stapleton Apartments will support 100 percent low-income tenants, with 84 units at below average tax credit prices. As listed above, we are targeting tenants with an income between 30 and 60 percent of the average area median income, reserving nearly half of the units for households at 30 to 40 percent of the average area median income. Our rental rates are significantly below market rates and below other Low Income Housing Tax Credit rates, creating opportunity for even the lowest income households. These affordable rates will be available at 40 years, long-term use restriction that will keep the units committed as affordable for the maximum amount of time. The Northfield @ Stapleton Apartments will not only give low-income households an affordable option for living, but is also located in a community that can help support these households and help them grow, with good jobs, schools, and community activities all within walking distance.

- *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 Northfield @ Stapleton Apartments have been developed in support of the Stapleton Affordable Housing Plan, which is a plan developed by the City of Denver to provide affordable housing in a neighborhood with significant attractions. This is further supported through significant funding of Northfield @ Stapleton Apartments by the City of Denver, State of Colorado, and Forest City Enterprises who are working together to implement the Stapleton Affordable Housing Plan that makes affordable housing a priority.

- *To provide for distribution of housing credits across the state, including larger urban areas, smaller cities and towns, rural, and tribal areas.*
 - The location of the Northfield @ Stapleton Apartments in the Denver area of Stapleton is a growing area outside of the inner city limits. By locating the Northfield @ Stapleton Apartments in the outskirts of the inner city Denver area, we will be creating opportunity for low-income Denver households to relocate to a great neighborhood in close proximity to jobs and other local amenities within

the Denver area. Additionally, the Northfield @ Stapleton Apartments will provide a much-needed level of diversity in one of Denver's major residential and commercial development sites that supports Denver's economic growth.

- *To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit.*
 - The Northeast Denver Housing Center is a well-established non-profit corporation with a range of partners and sponsors including both for profit and non-profit, public and private organizations that are sponsoring and supporting the Northfield @ Stapleton Apartments. We are always reaching out to the community for sponsorship and have a dedicated page for donations on our website.
- *To distribute housing credits to assist a diversity of populations in need of affordable housing, including families, senior citizens, homeless persons, and persons in need of supportive housing.*
 - The Northfield @ Stapleton Apartments will provide a variety of apartments suitable for households of varying sizes including families and singles. Additionally, the Northfield @ Stapleton Apartments will support handicap and low mobility residents in need of ADA accessibility with 13 ground floor ADA Type A compliant apartments. These units will be available and priced for households making thirty to sixty percent of the average area median income, bringing highly undeserved households to a community with opportunity for growth and success.
- *To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail.*
 - The Northfield @ Stapleton Apartments are located in an extremely accessible location with ample public transportation providing easy access to downtown Denver and other near-by communities with jobs, schools, and other amenities. There are three RTD bus route stops within .5 mile of the development, including the Route 40, Route 43, and Route 88 buses that also provide easy connections to Park-n-Rides, Colorado Light Rail Stations, and additional bus routes. These bus routes are easily reached by safe pedestrian walkways making transportation easy for residents. The nearest bus stop is located at Northfield and Trenton just fifty feet from the Northfield Apartments.
- *To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market rate housing.*
 - The Northfield @ Stapleton Apartments will be a new construction low-income housing development in an area with a critical need for low-income housing. Stapleton currently has a waitlist of over 200 applicants for low-income housing

because of the unique job and community opportunities in the area. The Northfield @ Stapleton Apartments will help to fill this demand for low-income housing.

2. Qualified Allocation Plan, Section 2 Housing Priorities:

Below we have identified an explanation the Northfield @ Stapleton Apartments in regards to each specific housing priority listed in Section 2 of the Qualified Allocation Plan (QAP).

- *Projects serving Homeless Persons as defined in Section 5.B 5.*
 - The Northfield @ Stapleton Apartments is a residence targeting working households and families looking for an opportunity to live in a quality and sustainable community with opportunity for good jobs and quality education. Due to this specific target residents and community, we are currently unable to provide housing at the Northfield @ Stapleton Apartments for homeless persons, however we have targeted an extremely low-income population with nearly half of our units reserved for households with an income at 30 to 40 percent of the area median income in an area that provides many job opportunities.
- *Projects serving these populations will provide supportive services to help maintain or increase independence.*
 - Although the Northfield @ Stapleton Apartments does not directly serve homeless persons, the Northeast Denver Housing Center is an organization that not only gives housing opportunities to underserved households, but also continues to work with these households to maintain their new housing and assists them in working toward greater independence.
- *Projects serving persons with special needs as defined in Section 5.B 5.*
 - The Northfield @ Stapleton Apartments have 13 ADA Type A units, which will be made available, with priority, to households with persons with special needs in a location with accessibility to many outdoor activities to support healthy lifestyles.
- *Projects serving these populations will provide supportive services to help maintain or increase independence.*
 - As stated above, the Northeast Denver Housing Center not only provides opportunity to low-income households for quality housing, but also offers programs to continue to assist these households towards maintaining their new housing and working toward greater independence including households with persons with special needs.

- **3. Qualified Allocation Plan, Section 2 Criteria for Approval:**

- a. Market Conditions:**

The existing Low Income Housing Tax Credit apartment units identified in our market study show less than two percent vacancy with a waiting list of more than two hundred households. The Stapleton area has experienced significant growth, including households with low to moderate income, and is expected to continue in the coming years due to the number of good jobs, quality schools, and other amenities in the immediate area. We anticipate that the demand will grow maintaining almost no competition between the Northfield @ Stapleton Apartments and other nearby Low Income Housing Tax Credit apartment units; therefore we are confident that every unit will be in demand by low-income households in need of the opportunities the Northfield @ Stapleton Apartments offer.

One of the unique advantages of the Northfield @ Stapleton Apartments is the highly desirable location, which creates extremely high demand for housing units. With jobs, transportation options, open space parks, schools, entertainment, and other amenities all within walking distance, plus the superior amenities the building will offer, this is extremely desirable affordable housing that will continue to be in high demand and is in line with the City of Denver affordable housing goals. Even with a market decline this neighborhood will still be in high demand. Also, the Northfield @ Stapleton Apartments rental rates will remain lower than any other competing housing development thus maintaining demand for this development.

The critical need and strong demand for low-income units is demonstrated by the low vacancy rates of LIHTC developments/market conditions. Recognizing the need, this project has an extensive amount of support from the City of Denver and the master developer for the greater Stapleton community that are contributing significant funds and land to make this project a reality to fulfill the great demand for affordable rental units.

- b. Readiness-to-Proceed:**

The initial project team for the Northfield @ Stapleton Apartments is already assembled and includes the Northeast Denver Housing Center-developer, Northfield Apartments LLLP - owner, the Cunningham Group – architect, Palace Construction – general contractor, Ross Management – property manager, Mark Berry Law Firm – legal consultants, and Dan Morgan and Associates – financial consultants, in addition to a large number of other public and private supporters. This team has already completed schematic design and design development and the project has been approved as meeting Stapleton zoning restrictions and design standards. As soon as the Low Income Housing Tax Credit is awarded to the Northfield @ Stapleton Apartments development project, we anticipate taking only two months to secure all other

financing and preparation for construction with the anticipated groundbreaking within four months of the award. With such great support, particularly from the City of Denver, we anticipate a very smooth construction process.

c. Overall Financial Feasibility and Viability:

The Northfield @ Stapleton Apartments has many public and private funding and development partners that make this project viable including First Mortgage, the City and County of Denver, the State of Division of Housing, Forest City Enterprises, the Cunningham Group, Palace Construction, and the Northeast Denver Housing Center. Notably, Forest City Enterprises, the master developer of Stapleton, has donated the 2.1-acre site for the Northfield @ Stapleton Apartments showing extensive support by the Stapleton community for this unique affordable housing opportunity. This project supports the City of Denver's goal of creating new affordable housing and making affordable housing a priority in the area, and will be funded, in part, by the City of Denver. The extensive support and funding already committed to this project demonstrate the sound foundation of the Northfield @ Stapleton Apartments development and will make it possible to draw in additional investors if necessary.

d. Experience and Track Record of the Development and Management Team:

The Northfield @ Stapleton Apartments development and management team is highly experienced and has completed many similar projects within this same area including the Central Park Apartments @ Stapleton completed in 2006 with Low Income Housing Tax Credit funding. Specific experience that the development team has to ensure a smooth project completion include:

- Northeast Denver Housing Center has more than 31 years of experience in community development, including the development and management of affordable housing, property management, and comprehensive housing counseling. The Northeast Denver Housing Center has completed four Low Income Housing Tax Credit projects and has developed over 1,500 affordable housing units over the past 31 years.
- The Cunningham Group has been in architectural business for more than 45 years earning a reputation for designing and delivering exceptional, award winning buildings.
- Palace Construction has been building in Denver for more than 50 years, and has an extensive commercial portfolio of projects in and around the area.
- Daniel G. Morgan & Associates is a well-established financial company in the Denver area.
- Mark Berry Law Firm has extensive experience working to make Low Income Housing Tax Credit projects a reality.
- Ross Management is an expert in Low Income Housing Tax Credit property management and has over 10 years of experience managing Northeast Denver Housing Center developments.

e. Cost Reasonableness:

With total development costs of approximately \$190,000 per apartment unit, inclusive of one, two, and three bedroom units and including parking and amenities, the Northfield @ Stapleton Apartments has very reasonable cost for such a desirable neighborhood, high level finishes, and exceptional design. Some additional upfront costs such as Stapleton design standards, ENERGY STAR equipment, solar panels, and other building efficiencies, may increase the initial cost of the project, but will help to keep the Northfield @ Stapleton Apartments a sustainable low-income housing development by keeping resident costs low. Additionally, with a credit request of \$14,500 per unit NSA will be one of the most efficient uses of tax credits especially given the amount of two and three bedroom units.

f. Proximity to Existing Tax Credit Developments:

Northfield @ Stapleton Apartments will be the only tax credit rental apartment complex in its neighborhood. Additionally, there are few existing tax credit developments in the primary market area, only seven existing LIHTC projects. There are more than 200 households on waitlists for affordable housing in the PMA . The Parkside Apartments are located 2.4 miles away and offer 68 affordable housing units, the Bluff Lake Apartments are located 2.3 miles away and offer 91 affordable housing units, and the Park Hill Village West, currently under construction, is located 2.5 miles away and offers 155 affordable housing units. The Northfield @ Stapleton Apartments will supplement these developments as demand continues to grow, and offer lower rental rate structures for families as compared to the rental rate structures of competing housing developments. LIHTC units were 97% occupied with waitlists in February 2014, indicating pent-up demand for income-restricted units. Considering the existing and planned LIHTC units in the pipeline and considering the high occupancy rates of the LIHTC units in the PMA, the Northfield Apartments @ Stapleton will be competitive in the market and have minimal impact on the vacancy rate at PMA LIHTC projects.

g. Site Suitability:

Stapleton is a very suitable site for the Northfield @ Stapleton Apartments with a community infrastructure and a master plan already in place. Stapleton is a highly accessible neighborhood, with close proximity to jobs, schools, hospitals, shopping, open space parks, and other amenities including a major shopping center directly across the street. This area provides access to many forms of transportation including walkable paths and sidewalks, bike paths and lanes, RTD bus stations located on the same block, and park-n-rides and light rail stations less

than one mile away. This high level of access to jobs and amenities both within the immediate area and surrounding communities creates greater opportunity for households at the Northfield @ Stapleton Apartments allowing them to maintain a sustainable, healthy lifestyle.

Stapleton is also a very family friendly neighborhood, with parks and open spaces, superior schools, and a safe and healthy community plan, making this a suitable location for the family-sized units of the Northfield @ Stapleton Apartments.

The amenities provided by this community are extremely rare in affordable housing and make the Northfield @ Stapleton Apartments a unique opportunity. This development project has received an extraordinary amount of support from the City of Denver and the local community because it will provide low-income households with the strong foundation they need.

4. Applicable Information:

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 waiver requested.

b. Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis: The Northfield @ Stapleton Apartments is asking for a small basis boost of about 5%. The project is located in the extremely well planned, healthy and sustainable community of Stapleton. As a part of healthy housing plans, there are higher design standards that the development must meet, but will have significant benefits for the residents. These higher design standards have added an estimated seven percent to the cost of development. In addition, the Northfield @ Stapleton Apartments will employ the use of many energy efficient and sustainable building products and strategies that often have a slightly higher cost upfront but are important in keeping costs down for residents and giving them a greater opportunity of success.

5. Market Study Issues:

No major issues were raised by the market study. Our last submission for the Low Income Housing Tax Credit called attention to the walkability and connection of the greater Stapleton neighborhood due to early development of the area. The area is now much more developed, and this is no longer an issue.

6. Environmental Report Issues:

No issues were raised by the environmental report, in fact this site and development are extremely environmentally suitable with accessibility to alternative transportation, location in

an urban area with close proximity to necessary amenities including open space, and the extensive use of sustainable and energy efficient materials and appliances.

7. Local Outreach and Support:

The Northfield @ Stapleton Apartments has extensive support and outreach through the City of Denver and the Stapleton Affordable Housing Plan, developed by the City of Denver and Forest City Enterprises, Stapleton's master planner and making affordable housing a priority. Additionally, the City of Denver, Forest City Enterprises, and other local support is emphasized through major project funding.

The Northeast Denver Housing Center participates in active outreach to local communities and partners for support on all projects including the Northfield @ Stapleton Apartments and will continue this outreach as the project advances. Specific community and local outreach has included a Northeast Denver Housing Center bulletin that was released in September in order to create greater awareness of the need for low-income housing in the Stapleton area, as well as awareness of the Northfield @ Stapleton Apartments project. We have presented the Northfield @ Stapleton Apartments development at the Stapleton master planned community association that has a very active committee. These community members provided support and acceptance for the project.

8. Rehab Projects:

The Northfield @ Stapleton Apartments is a new construction project, located in a thriving neighborhood, and requires no rehabilitation.

9% lihtc application narrative



OAKRIDGE SENIOR APARTMENTS FORT COLLINS, COLORADO

NARRATIVE:

1. Housing Priority: Projects in counties impacted by national disaster

As outlined in the 2014 QAP, CHFA has established a priority for projects in counties impacted by a natural disaster. Oakwood Senior Residences will be located in Larimer County, Colorado. Larimer County was severely impacted by a natural disaster, the Colorado floods of 2013.

During the week beginning September 9, 2013, a slow moving cold front stalled over Colorado, clashing with warm humid monsoon air flow from the south. This resulted in heavy rains and catastrophic flooding along the Front Range, from Fort Collins south to Colorado Springs.

The flood waters spread across a range of almost 200 miles, affecting 17 counties. Governor John Hickenlooper declared a disaster emergency on September 12, 2013 for 17 counties, including Larimer County. Federal emergency declarations covered these counties, including Larimer, on September 15, 2013.

Larimer County was hard hit with 1,120 square miles affected by flooding and 1,500 homes and 200 businesses destroyed. An additional 4500 homes and 500 businesses were damaged. Three dams failed and major as well as minor roads and bridges were destroyed or severely damaged.

Thousands of Larimer County citizens were displaced by the floods, losing their homes and belongings. Many of these citizens were seniors. Oakwood Senior is being developed to assist seniors who may have been affected by this natural disaster, as well as other seniors that make up the surging senior population in Larimer County, which has grown to 12.9% of the population.

The full impact of the natural disaster and the response to the need created by the catastrophic damage is detailed in the [Colorado Partial Action Plan for Disaster Recovery](http://dola.colorado.gov/ckbg-dr/sites/dola.colorado.gov.cdbp-dr/files/cdbp-dr_docs/Colorado%20Partial%20Action%20Plan%2021_14FV.pdf). This 118 page plan is available on line at: http://dola.colorado.gov/ckbg-dr/sites/dola.colorado.gov.cdbp-dr/files/cdbp-dr_docs/Colorado%20Partial%20Action%20Plan%2021_14FV.pdf.

The Action Plan states that the impact on rental housing was severe. The Plan indicates that the impact was great upon people with low to moderate incomes, particularly those earning less than \$30,000 per year.

The Plan also states:

“Vacancy rates have gone down in Larimer and Weld Counties while rent prices have gone up. This contraction in the housing market post-flood identifies a recurring need that will be addressed by constructing more affordable units.” (Page 22)

The development of Oakridge Senior Apartments is a response to CHFA’s Housing Priority and the Colorado Action Plan.

2. Meeting Guiding Principles:

Oakridge Senior Apartments meets seven (7) of CHFA’s guiding principles.

Guiding Principle: To support rental housing projects serving the lowest income tenants for the longest period of time

Oakwood Senior meets this principle by serving very low income residents who earn no more than 30% AMI, 40% AMI and 50% AMI. Very, very low income seniors are targeted with 10% of the apartments set aside at 30% of area median income. The low income use of the project will be extended by 25 years.

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

To support this principle McDermott Properties focused on affordable housing needs across the state. CHFA’s priority emphasis on areas impacted by a natural disaster, directed us to Larimer County, where we found serious housing devastation due to the September flood and a growing senior population.

Guiding Principle: To provide opportunities to a variety of qualified sponsors of affordable housing, both for profit and non-profit

McDermott Properties, LLC, a for profit sponsor, and it’s non-profit co-developer, the American Community Experience, Inc. appreciates the opportunity to provide affordable senior homes in Fort Collins.

Guiding Principle: To distribute housing credits to assist a diversity of population in need of affordable housing, including families, senior citizens, homeless persons and persons in need of supportive housing

Oakwood Senior Apartments will provide quality affordable apartment homes for lower income seniors, thus achieving the diversity of population principle.

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

Oakwood Senior Apartments will be located on a major Fort Collins bus line known as TransFort Bus Service. Numerous buses are available on McMurry Avenue, the major street adjacent to the property. Oakwood Senior residences will have a McMurry Avenue address.

Guiding Principle: 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

Oakwood Senior requires an allocation of \$1,024,231 in annual credits to be successful. Oakwood Senior will operate with a 1.15 debt service coverage ratio thus providing low income housing throughout the credit period.

Guiding Principle: To support new construction of affordable rental housing projects

Oakwood Senior Apartments will provide 88 newly constructed senior apartments with supporting amenities including a physical fitness center, library, pool hall and crafts room. This new construction will be built from the ground up on land that is currently vacant.

3. Criteria for Approval

a. Market Conditions:

As it did throughout Colorado, the recession that began in 2008 had an impact on Larimer County and Fort Collins, with the level of building permits issued falling dramatically.

Recovery for new multifamily construction began in 2011 when four permits were issued for 456 apartments, followed by 29 permits in 2012. In the first eleven months of 2013, 159 multifamily permits were issued.

The Integra Market Study indicates that the Fort Collins/Loveland MSA had a vacancy rate of 2.8% for the 3rd Quarter of 2013.

The natural disaster flooding of September 2013, has put more pressure on rental units due to the destruction and/or damage of single family houses, apartments and mobile homes.

Unfortunately, as described in the State of Colorado's "Partial Action Plan for Disaster Recovery," lower income individuals and families were hardest hit by the disaster.

This situation is substantiated by the occupancy reported by the five (5) comparable senior properties identified in the Market Study. **Each comparable senior community is 100% leased with a significant waiting list.**

Due to September's floods, all of the rental apartments in Larimer County have been impacted. Displaced homeowners, renters and mobile home occupants have migrated to existing apartments that were undamaged. This migration has lowered the capture rate for Oakwood Senior Apartments.

Capture Rate

The Existing Capture Rate is 12.9%.

When 88 affordable senior apartments are added to the market, the rate increases to 19.4%. This increased rate is well below the 25% rate benchmarked in the QAP. However, the increase from 12.9% to 19.4% is a 6.5% rate increase and requires additional information on why these apartments are needed.

Unfortunately, the demographic analysis required by the QAP cannot totally capture the partially objective and partially subjective factors that drive the need, the market demand, for affordable senior housing.

These apartments are needed because of the natural disaster of September 2013 which had a devastating impact on Larimer County. This County, along with Boulder and Weld, was one of the three (3) hardest hit counties in the state. High velocity flood water resulted in ten (10) lost lives and forced evacuation of more than 8,000 people. The Colorado Partial Action Plan for Disaster Recovery estimates 28,363 dwellings were impacted with 1,852 homes destroyed. Families, including seniors, many of low to moderate income, had to abandon their homes.

The Action Plan, using statistics developed by FEMA, states that the housing damage impact is approximately \$676 million. Of the \$676 million impact, an estimated \$199 million in resources have been made available. This \$199 million comes from FEMA, SBA, private insurance and non-profit assistance, resulting in an Unmet Need for housing of \$476 million (see page 15 of Plan). Larimer, Boulder and Weld Counties have the highest amount of unmet housing need, making up 96% of the total (see page 17 of Plan).

The impact on rental housing has been severe. FEMA Full Verified Loss data reports that approximately 2,500 rental properties sustained physical damage.

Again, Boulder, Larimer and Weld Counties were the most impacted. The Plan notes that compared to Boulder, Larimer and Weld Counties have higher proportions of the population with low to moderate incomes, in particular those earning less than \$30,000 (see page 22 of the Plan).

The Plan also states:

"Vacancy rates have gone down in Larimer and Weld Counties while rent prices have gone up. This contraction in the housing market post-flood identifies a recurring need that will be addressed by constructing more affordable units." (See page 22 of the Plan)

The State of Colorado acknowledges the need in the Action Plan. Our development of Oakridge Senior Apartments is a response to this need. Oakridge Senior Apartments responds to CHFA's priority of providing housing in counties impacted by natural disasters.

There are many other reasons why Oakridge Senior Apartments are needed. The major reasons:

- *The other affordable senior properties in the market area are 100% occupied
- *Maximum rents have been achieved.
- *No other affordable senior properties are planned or proposed for the area.

Additionally, national trends highlight the need for additional affordable senior housing. To support this claim, the following information from the AARP Foundation and the Joint Center of Housing Studies of Harvard University is insightful.

According to the AARP Foundation,

"... today, approximately 13 million low-income 50+ households in America cannot afford their housing costs and/or live in inadequate housing. Many are paying over 30 percent of their household income to maintain housing that barely meets their physical needs. Many find themselves forced to choose between paying their mortgage or rent and buying groceries or medicine. Their high housing costs also make it impossible to perform basic

maintenance and add needed modifications like railings or ramps, making things more unsafe as they, and their homes, age."

Further, the AARP Foundation describes adequate senior housing as all the things that Oakridge Senior Apartments will be:

- structurally and mechanically safe and sound.
- has features that meet the physical needs of the residents and their guests.
- costs no more than 30 percent of a person's income.
- located in a safe community that provides adequate transportation options, access to employment opportunities, access to food options (preventing hunger), and opportunities for social engagement (preventing isolation).

Next, according to the report issued by the Joint Center for Housing Studies of Harvard University report issued in December 2013,

"...Over the next decade, two broad demographic trends—the aging of the population and the increasing importance of minorities for household growth—will drive significant changes in rental demand. Assuming current rentership rates, the aging of the baby-boom generation will lift the number of renters over age 65 by 2.2 million in the ten years to 2023, generating roughly half of overall renter growth. The older profile of renters means much of the increase will be among single persons and married couples without children, each group accounting for about 30 percent of growth. Many of these older households are already renters, but will be aging into the next phase of life. This trend suggests growing demand for smaller rentals, with good access to transportation and located near communities where households in their 50s and 60s are currently living."

The report goes on to say,

"...With the aging of the baby boomers, the number of renters over age 65 will increase by 2.2 million and account for roughly half of renter household growth, and that "...The aging of the population means that the numbers of renter households that are either single or married couples without children will rise."

Reflecting on these conclusions, the AARP Foundation observes that,

"With insufficient new construction of rental housing, affordability is likely to remain an issue as high unemployment rates limit tenants' ability to pay. The report predicts that, with supply remaining low, rents will only continue to rise as the economy recovers."

Rent and utility costs that consume less than 30 percent of a household's income are commonly considered to be affordable. Moderately burdened renters pay between 30 and 50 percent, and the severely burdened pay more than 50 percent.

In 2009, the share of those paying between 30 and more than 50 percent jumped to 49 percent, compared with 38 percent in 2000 and 24 percent in 1960."

Next, Oakridge will benefit from being across the street from the very high end MacKenzie House senior development where the monthly charge for shelter, food and services averages over \$3,000 per month. Being in the same location but with markedly lower rents can only help attract seniors who make too little to live in McKenzie House and too much to qualify for Section 8 or Public Housing.

Finally, there is the unquantifiable attraction of living in Fort Collins, a city that has ranked as high as Number 1 (in 2006), 6th (in 2010) and 70th (2012) on *Money Magazine's* list of the top 100 Best Small Cities in which to live in America. In 2003, *AARP The Magazine* named Loveland/Fort Collins at the top as "The Best Place to Reinvent Your Life", stating "Loveland/Fort Collins, Colorado: These neighboring cities are just 45 minutes from Denver, in an area where technology fueled job growth in the 1980s and '90s. The Rocky Mountain National Park offers skiing, hiking and fishing. Fort Collins is home to Colorado State University; Loveland, the smaller and quieter of the two with an appealing mix of professors, students, artists, and computer jockeys, is considered one of the best art towns in the United States."

In addition, Fort Collins has also received the following honors and recognition:

- 2013 Best Towns in America: [Outside Magazine](#) - Oct 2013
- 4th Healthiest Mid-Size City in U.S.: [2012 Gallup-Healthways Survey](#) - Feb 2013
- Ranked 3rd on Allstate America's Best Drivers Report: [AllState](#) - Sep 2012
- One of the Top 10 Best Places to Retire: *CBS Money Watch* - Feb 2012
- One of the Top Ten Places to Retire in the Nation: *Charles Schwab's On Investing* - Apr 2011

b. Readiness-to-Proceed:

McDermott Properties is ready to proceed with the development and construction of Oakridge Senior Apartments. Key indicators of our readiness are:

- ✦ The site is zoned for apartments (see enclosed Zoning Letter from the City of Fort Collins Planning Office).
- ✦ The Phase I Environmental Report indicates that the site is environmentally "clean," with no present hazards.
- ✦ Initial schematic drawings have been prepared by the project architect. Oakridge Senior Apartments will be similar to Dahlia Square Senior Apartments in design, construction and operations. We have constructed this building type before at Dahlia and Conter Estates. Oakridge expands and improves on the Dahlia and Conter apartment design.
- ✦ Our construction cost estimates are competitive and the General Contractor is experienced. We have worked successfully with the contractor on other projects.
- ✦ An experienced tax credit investor (RBC Capital Markets) has offered to purchase the credits; construction and permanent financing are lined up (Bank of America and Key Bank).
- ✦ If approved, McDermott Properties will submit the Carryover Application within 90 days after the start of construction, well within the required time period. McDermott Properties has never had an issue meeting Carryover submission deadlines.

c. Overall Financial Feasibility and Viability:

The financing for Oakridge Senior Apartments has been structured to maximize financial resources to the extent possible and to reduce the amount of credits necessary for financial feasibility and economic viability as follows:

- ✦ Permanent financing will be requested from CHFA which offers the most affordable interest rate and terms available leveraging net income to maximize the permanent loan amount.
- ✦ A portion of the Developer Fee will be deferred to further reduce the gap between sources and uses to a level that will permit the fee to be repaid within 15 years to satisfy the programmatic requirements of Section 42.
- ✦ Should there be a need for additional savings, a portion of the construction loan will be pursued through the DOH CHIF program to further reduce costs.
- ✦ Competitive tax credit pricing from RBC Capital and favorable construction and permanent loan interest rates offered by lenders create strong financial feasibility for Oakridge Senior Apartments.

Construction and transaction costs, operating expenses, the level of market rate rents in the community, the 4% tax credit percentage, pricing for 4% credits and tax-exempt interest rates combine to make this project infeasible using private activity bond financing.

McDermott Properties has a long history of developing and operating affordable housing complexes across the State of Colorado in a highly efficient and responsible manner that has earned industry recognition and praise from lenders, local communities, state and federal agencies and above all, satisfied and happy residents.

d. Experience and Track Record:

McDermott Properties is one of Colorado's leading tax credit developers. Serving as a General Partner/Developer in 20 projects, including new construction and acquisition/rehabs, McDermott Properties has developed 2,017 affordable apartment homes for individuals, families and seniors. ComCap Asset Management, Inc., owned by McDermott Properties, has proven its experience and capacity in marketing, lease up, management and compliance for thousands of affordable housing units.

The company currently manages 2,306 tax credit units and has a stellar track record with no compliance issues. Further, the number of units managed by ComCap creates significant operating cost efficiencies and economies of scale that create demonstrable lower operating expenses.

Phase One of Dahlia Square Senior Apartments, a prime example, was 100% leased three (3) months ahead of schedule. Compliance performance has been timely, precise and correct.

Our Development Team includes seasoned and industry recognized professionals in the legal and accounting areas.

Legal: Faegre, Baker, Daniels
Bill Callison

Accounting: Novogradac and Company
Mike Morrison

e. Cost Reasonableness:

The cost of construction of Oakridge Senior Apartments is very reasonable based on historical data contained in the tax credit applications for Dahlia Square and Dahlia Square II Senior Apartments.

In 2010, the hard costs for Dahlia Square, including significant common area, were \$95,388 per unit as shown on the Development Summary worksheet of the tax credit application. In 2012, the per unit costs Dahlia Square II were \$88,893, reflecting very limited common area and site development costs. The hard costs per unit for Oakridge Senior Apartments, a project virtually identical to Dahlia Square are \$107,876 after deducting the cost of tap fees and city use tax from the total costs (neither of these costs were part of the hard cost budgets for Dahlia Square and Dahlia Square II), an increase of only 13% over 4 years. Considering the rate at which labor and material costs have increased in the marketplace over the last two years as the economy has improved and construction of apartments in Colorado has escalated, this is a reasonable increase. The product at Dahlia Square is one of high quality and livability enjoyed by the many happy residents there; Oakridge will be the equal of Dahlia Square and will be a safe, warm home to many future residents.

f. Proximity to Existing Tax Credit Projects:

In the primary market area, there are four (4) existing tax credit properties with units designated for low income seniors.

These are:

- ✦ Peakview Court
- ✦ Reflections Senior Apartments
- ✦ Woodbridge Senior Apartments
- ✦ Legacy Senior Residences

Additionally, Windtrail Park has ten (10) senior designated apartment homes.

All of the surveyed properties were 100% occupied and were collecting the maximum allowable rents. The exception is Legacy which began leasing in January 2014 and while 100% occupied, appears to have given some rent concessions for 50% and 60% AMI rent level apartments.

No other senior tax credit projects are proposed or planned for the Ft. Collins market area. Since all existing senior communities are 100% leased, Oakridge Senior will not compete with the existing projects.

g. Site Suitability:

The Oakridge Senior Apartments site is extremely well suited for an affordable senior community that will feature independent living in one and two bedroom apartments. Additionally, as will be pointed out later in this Application, the site qualifies as a transit oriented site (TOD).

Located on McMurray Avenue, a few hundred feet south of a major east-west arterial street (Harmony Road), this TOD site, Oakridge Senior, is right across the street from MacKenzie Place, a large market rate senior community consisting of independent living apartments, assisted living units, memory care facilities and senior cottages.

MacKenzie Place took the lead in establishing the area as “senior friendly” and a desirable place for seniors to live. This market rate community is completely full, contains 147 units, and has a waiting list.

Because of the high rents charged by MacKenzie Place it is doubtful people on their waiting list will be income eligible for Oakridge. However, MacKenzie Place has caused the location to be identified as a “senior area”, which will enhance the marketability of Oakridge Senior Apartments. The development of Oakridge Senior will complete the spectrum of senior living options by adding an affordable component to the housing mix.

Nearby dining and shopping options add to the suitability of the site. Six restaurants (not fast food) are within one (1) mile of the site. A Safeway super market is one (1) mile away. Sam’s Club, Office Depot and Staples are one (1) to one and one-half (1½) miles from the site.

A hospital, always important for seniors, is located 6/10th of a mile away (1 minute). This is the Poudre Valley Hospital Harmony Campus.

Access to public transportation adds to the suitability of the TOD site. As outlined in the Narrative, regular transit bus service is available throughout the day.

4. Waivers

a. PUPA Waiver

Waivers are requested for a PUPA that is below the CHFA \$3900 PUPA for senior properties.

Expenses are Below Required PUPA

Oakridge Senior Apartments annual operating expenses, as of the end of the first full year of operation, are estimated to be \$3716 per unit (excluding replacement reserves). This is \$184 per unit below CHFA’s requirement of \$3900 per unit.

Paragraph 4.C.3 of the 2014 Qualified Allocation Plan (page 47) allows senior projects such as Oakridge to present lower expenses based on actual expenses from an existing senior property.

Additionally, a lower PUPA may be accepted for projects exempted from real estate (property) taxes.

Oakridge Senior Apartments is estimated to have lower operating expenses due to:

1. Lower expenses based on actual expenses from Conter Estates and Dahlia Square Senior Apartments.
2. An exemption from real estate taxes.

Full details on projected lower operating expenses may be found at Section 12 (Tab 12).

b. Utility Allowance Waiver

Oakridge Senior Apartments will be designated as a Green Community. The architectural, structural, electrical and plumbing systems will be the same, if not improved over the design of Dahlia Square Senior Apartments.

Oakridge, which will replicate the Dahlia design, will use the Energy Consumption Model (Option 3) of the IRS Treasury Regulation regarding utility allowances for tax credit properties. This Model was submitted to CHFA and approved for Dahlia Square.

Because the construction drawings for Oakridge Apartments will not be completed until after the project receives a reservation of tax credits, it is not possible to submit plans to an engineer to perform the work necessary to complete the Energy Consumption Model. Based on the prior experience with Dahlia Square Apartments, CHFA has allowed McDermott Properties to submit Oakridge utility allowances based on the Energy Consumption Model. Final approval of the Model will be forthcoming once Oakridge is designed, the Energy Consumption Model is completed and submitted to CHFA.

5. Market Study: No issues were raised in the Market Study.

6. Phase One Environmental Study: No issues were raised in the Study.

7. Outreach and Local Support

There has been strong interest and growing support for Oakwood Senior Apartments. The need for additional affordable senior housing is recognized, and has become particularly acute due to the September 2013 floods that caused Larimer County and surrounding areas to be categorized as "natural disaster" areas.

Meetings have been held with the City of Fort Collins Office of Social Sustainability, the City's Planning Department staff, Building Department staff and members of the City's Affordable Housing Committee. Each of the meetings confirmed the immediate and urgent need for Oakridge Senior Apartments and offered support. The Office of Social Sustainability provided direction and guidelines for City financial support in the form of CBDG and/or HOME funds. The City also provided information on possible waivers of City fees in order to cushion the financial burden on development.

While no actual commitments have been made and will not be until Oakridge receives a reservation of tax credits and becomes a reality, Fort Collins has a history of recognizing the need for affordable housing and understands the particular need for senior housing, due to the growing senior population which makes up 12.9% of Larimer County's population.

City financial support would come in the form of the waivers of certain City fees.

Meetings were also held with the Fort Collins Housing Authority which encouraged us to proceed with the project and provided a letter indicating they would refer potential residents to Oakridge Senior.

The Fort Collins Senior Center has been approached and discussions are underway to create a partnership that would benefit both Oakridge Senior residents and the Center. Details of future programs have not been clarified at this early date.

It is gratifying to be working with a community that recognizes the plight of lower income citizens. Fort Collins Office of Social Sustainability is unique in its mission and structure and represents the attitude of the City regarding the well-being of all of its citizens.

Enclosed in the Correspondence Section, are letters of support for Oakridge Senior from:

- ✦ Jared Polis, U.S. Congress District 2, Colorado
- ✦ John Kefalas, Colorado State Senator, District 14, Fort Collins

Other letters are forthcoming, but were not received in time to include with the Application.

9% lihtc application narrative



Project Name: ***Oakshire Trails (A community for Seniors)***

Project Address: ***2400 Block of Oakshire, Pueblo, Colorado***

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

The city and county of Pueblo have a dire need for affordable senior housing. Despite being the 9th largest city in the State of Colorado, they currently have only 25 LIHTC units.

In its simplest form, *Oakshire Trails*, a project presented by Four Corners Development, LLC will be a newly-constructed, four-story planned residential community designed for moderately active, independent, seniors. *Oakshire Trails* will provide a total of 62 high quality, energy efficient units; a mix of both one- and two-bedroom options. The attraction of *Oakshire Trails* is that it offers not only a peaceful setting with an array of pleasing activities, but residents can also enjoy a stroll on the Riverwalk, attend a festival, participate in the free activities offered by SRDA, or dine at one of the many local restaurants within a short (< 5 min) commute to the heart of downtown Pueblo. *Oakshire Trails* offers seniors the best of both worlds; the enjoyment of suburban life and attraction of the urban downtown amenities within close proximity.

Oakshire Trails is designed to promote active engagement among the residents to help promote a sense of community and belonging. This philosophy is apparent throughout the property. The community room offers an inviting atmosphere with large windows and pockets of quaint seating for enjoying the warmth of the stone fireplace to a hand of gin rummy with a good friend. For the serious gamer, there is a separate room where residents will find everything from shuffleboard to board games, and tables to host a weekly bridge tournament. For those looking to keep up with world events or escape into solving a mystery, they can take advantage of the on-site library or computer stations available. Additionally, residents will have the flexibility to offer an invitation to their family, friends and/or groups they belong to, a place to gather. Whether for a special event or merely because they want to, the entertainment kitchen and dining area will provide the necessary equipment and seating needs. A large patio with grills and picnic tables connect to the dining area, once again to promote a transitional and engaging opportunity to the outdoor amenities.

The design of the outdoor space is as intentional as the indoor spaces. For those whom already have green thumbs, they will have the opportunity to work the dirt and foster the growth of a vegetable, herb

and/or flower garden in the raised bed planters; perhaps even mentoring less experienced gardeners-to-be along the way. The flat, meandering walking path throughout the property will be useful for not only general enjoyment of the outdoors, somewhat because of the benches sprinkled along the way, but also as an opportunity for continued light exercise or help with rehabilitation after a minor surgery or health issue. If not physically engaged in one of the several sporting activities available; putting on the putting green, badminton, croquet or beanbag toss, residents have the opportunity to cheer their comrades on by watching from the shaded gazebo area or benches. Along with an outdoor shed to store the above-mentioned sport and gardening equipment, *Oakshire Trails* will provide a total of six (6) 2 and 3 wheel bicycles for use by residents and their guests. These will provide another option to promote a healthy lifestyle beyond the exercise machines and weights available in the fitness room. The amenities and location of *Oakshire Trails* are most intentional.

Four Corners and the Housing Authority of the City of Pueblo worked in tandem to find a site best suited to independent, active Seniors. While fully understanding the decision to locate the project in an area with a lower walk score could be somewhat risky to being awarded LIHTC funding, Four Corners Development and the HACP believes it is in the best interest of the future *Oakshire Trails* senior resident to do so. Seniors today are healthier and more active than ever before. By living in the 'silver lining', the area slightly outside of the urban downtown area, these seniors will have the opportunity to experience all that life continues to offer them! *Oakshire Trails* is the perfect choice. Every day they will be able to choose from a long list of options, yet will require little effort on their part to enjoy. Without leaving *Oakshire Trails*, they have the opportunity to garden, exercise, entertain a group, enjoy a challenging game or hand of cards, be entertained with friendly conversation by the fire or catch a free movie in the theater room, re-live childhood memories by engaging in a game of badminton, read a book, surf the internet or improve their putting. Yet, the option to run errands or enjoy other activities 'off site' is as close as a parking space or front curb. *Oakshire Trails* is serviced by two (2) bus routes with frequent service to shopping, medical services, and recreational opportunities available throughout, and including downtown, Pueblo. This availability to transportation provides another key component to creating this paradise of 'silver lining' for the residents of *Oakshire Trails*.

Although residents will need transportation for larger grocery needs, they will have easy access for basic needs from a Dollar General and Family Dollar Stores that are within close proximity (.25 miles) of *Oakshire Trails*. These stores also offer a wide variety of grocery items, as well as general household and pharmacy items for day-to-day needs. Additional quick service restaurants and a convenience store are also available within walking distance.

Why seniors:

While certainly there is a need for affordable housing among all segments, unquestionably the greatest need will be among those aged 65 and older. A recent article [*Housing America's Graying Population*](#) reported that, "housing will be the biggest challenge for the coming wave of aging baby boomers." Additionally, not only will homeowners 65+ increase by 65% over the next 16 years, but renters in that same age group will increase by 100%. (Urbanland, 6/3/13) Perhaps a better understanding of this

information is to break it down to the daily impact: On January 1, 2011, the first baby boomer turned 65 and every single day thereafter, more than 10,000 have, and will continue turn 65 for another nineteen (19) years. Not only are the baby boomers 'coming of age' but they are healthier, and more active. With the advancements in health education, technology and medical breakthroughs, they most certainly will enjoy a longer life than any prior generation has experienced. At first glance, an additional thirty (30+) years of life sounds delightful, yet the reality of it delivers a host of challenges which among other things includes: limited financial resources to remain independent.

Why Pueblo:

Pueblo is facing similar significant increases to their senior population over the next six (6) years. The current population of seniors in Pueblo County (Age 60+ based off 2010 Census), is 32,392 and is projected to be 43,066 in 2020; an increase of 10,674 (33%). Pueblo is an economically challenged community yet only has 25 LIHTC competitive and comparable units available to seniors in the primary market area. This shortage of housing is evidenced by extremely low vacancies, capture rates and extensive waiting lists at all senior housing developments in Pueblo, even without taking the projected growth numbers listed above into account. With the exception of the 25 unit competitive LIHTC built in 2010, all other units were built before 1994, with the oldest dating back to 1978. What then, beyond the shortage of housing makes Pueblo a compelling choice?

Pueblo is a city rich with amenities. Whether long-time residents of Pueblo, also known as “America's Home of Heroes”, or seniors searching for the perfect location to retire, Pueblo offers a multitude of desirable amenities for seniors. One of the most enticing attractions, in addition to the inviting mild climate, is the Historic Arkansas Riverwalk. The **Historic Arkansas Riverwalk** of Pueblo (HARP) is a 32-acre urban waterfront experience open to the public daily. The Riverwalk’s current location serves the community by revitalizing a segment of the downtown area that was previously unsightly and unusable. This urban development has been vital in attracting new businesses, thereby helping to stabilize the economic base of the city.



Pueblo is a community enriched with both cultural and physical activities, many of which are appealing to seniors. In addition to golf, tennis, baseball, parks, open trails, ice skating and the Whitewater Park Kayak course, Pueblo offers cultural festivals, the Medal of Honor Memorial, the Aircraft Museum and a diverse variety of local ethnic food and shopping options. As a compliment to the above listed area amenities, Senior Resource Development Agency (SRDA) in Pueblo provides a host of senior services, such as nutrition (Meals on Wheels), transportation (city/county wide), homemaker (laundry, meal prep, grocery, errands) and recreation (bridge, yoga, line dancing, etc.).

The City of Pueblo is committed to protecting its heritage and attracting growth; demonstrated by the Pueblo Urban Renewal Authority (PURA), which was established in 1959 to promote the revitalization of Pueblo. The Executive Director and 11-member board, identifies areas with little or no investment and creates a plan to stimulate the neighborhood through various redevelopment projects. PURA participates in development projects either by offering direct incentives to private developers or by investing in public improvements in designated project areas.

Why Four Corners Development:

While the formation of the partnership itself is young (formed in 2011), Four Corners is the continuation of a legacy, whose partners boast a long history (54 years of combined experience) of designing, developing and managing LIHTC developments. Individually, Rita Baron, Michael Hamra, Douglas Hamilton and Ryan Hamilton have been intimately involved in many LIHTC projects. Rita Baron has worked with developers Kenneth Hamilton and Sam Hamra, with H&H Development Co. since 1999. Similarly, Ryan Hamilton began working with his father in 1995 and Douglas Hamilton joined Hamilton Properties Corporation in 2003. These individuals have great depth of experience in the affordable housing industry.

The combined experience of the partners, who now make up the entity of Four Corners Development, LLC have personally been involved in over 42 projects, which span four (4) states; NE, OK, TX and MO, for a total of 1,368 family and senior units, of which 1,136 are LIHTC. Four Corners continues to build its portfolio; currently three projects which represent 148 units. (see Exhibit A)

Rita Baron, Principal of Baron Design & Associates, is lead on all design work, Mike Hamra spearheads the development portion, Ryan Hamilton manages the financial and property management pieces, and Douglas Hamilton handles all construction issues. With the completion of each project, the team scrutinizes and evaluates it to determine what improvements, if any can be incorporated into future projects. Beyond the self-evaluation process, Four Corners Development actively seeks to keep abreast of segment specific changes and incorporate them into future projects as appropriate for the selected target.

Partnering with additional local organizations enhances the strength of the development team. Our mutual commitment to high quality facilities provided the platform to build our team. The Housing Authority of the City of Pueblo (HACP) has extensive successful experience in the development, design, construction, management and maintenance of over 900 units. Their experience, professionalism and understanding of the market are invaluable. HACP will provide input and knowledge in multiple facets of the project. Additionally, Printz Constructors comes highly recommended by the HACP. They have extensive experience in the Pueblo market in addition to LIHTC projects built with the HACP, which is outlined in their resume. We believe the combination of these 3 teams will provide successful results over the next 40 years.

Applicant should document the project's strengths and address its weaknesses:

The Strengths of Oakshire Trails

- Desirable unit amenities: Large windows to allow natural light. Balconies/patios to expand living space to the outdoors and allow for fresh air. Large, walk-in closets to allow for plenty of storage. Vaulted 9' ceilings and full sized, energy star appliances. Washer/dryer provided in each unit.
- Community environment: The entire design of the common areas (indoor and outdoor) of Oakshire Trails promotes a feeling of community with a strong focus on activity. The indoor common space offers a mix of quaint spaces with the warmth of a fire and also integrates larger areas for gathering to play games, watching a movie, or celebrate a special event. The outdoor space invites residents to enjoy activities to satisfy their mood; picnic with others, garden, take a leisurely stroll, play an outdoor game or ride a bike.
- Ease of mobility: A bus stop for the local transit service, which provides frequent service throughout Pueblo, is within .25 miles of the property. Required parking spaces (93) are provided for residents who own their own vehicles. A covered awning will allow for residents to unload guests and/or packages without being subjected to adverse weather conditions. Carts will also be available to assist with getting packages to their residence.
- Answers a severe need: The addition of these 62 units will increase the available units to low-income seniors by 248% (25 to 87) and still return an overall capture rate of 7.5% for the project. Only property to offer 2-bedroom units in the PMA.
- Promotes healthy lifestyle: Fitness room, walking trail, outdoor games (badminton, putting, croquet, beanbag toss), gardening and bicycles (2 and 3 wheel) are free to residents and their guests.
- Strength in Partnership: Local service providers, Senior Resource Development Agency (SRDA) and InnovAge will provide a range of additional services; most of which are free or covered under Medicare and Medicaid. These range from Meals on Wheels, laundry/housekeeping, grocery shopping/errands, and recreational programs to specialized transportation and care coordination services.
- Sustainable: Materials and design used for *Oakshire Trails* utilize energy efficiencies.

Potential weakness of Oakshire Trails

- Walkscore: Although the site does not have a particularly strong (17) walk score, Pueblo as a whole is considered a car-dependent city with only a slightly higher (36) walk score. Given these references, and the close proximity of the bus stop to the property, residents without a car should have little trouble running errands, getting to medical appointments, shopping, and enjoying recreational opportunities.
- Limited grocery: While there is not a major grocery store within walking distance, Family Dollar offers a large variety of food, household and over-the-counter pharmacy items at very affordable prices and is within walking distance (.25 miles) of *Oakshire Trails*.

- Tub/Shower: The market study recommends substituting step-in showers for the tub/shower combination currently planned. Four Corners Development will follow this recommendation.

Description of the project as proposed

Oakshire Trails will be a newly-constructed, four-story planned residential community designed for moderately active, independent seniors. The project will be located on approximately 5.13 acres of relatively flat undeveloped ground. There will be 62 high quality, energy efficient units; a mix of 46 one-bedroom and 16 two-bedroom options. There will be a total of 93 surface parking spaces for residents and their guests. The total square footage of the building will be 76,744 square feet. The large grounds will encourage activities to promote an active lifestyle.

Detailed type of construction:

- The building will be four (4) stories of wood frame and steel construction.
- The roof will be pitched; a mix of composite shingles and metal roofing will be used.
- The exterior of the building will be a combination of stucco and stone facade, with horizontal siding.
- All units will be accessible via an internal corridor and serviced by two (2) elevators and two (2) sets of stairs (one at each end of the corridor).
- There will be large windows throughout the unit; in the kitchen, bedroom(s) and dining area.
- The units will have 9-foot ceilings, ceiling fans, walk-in and/or oversized closets, washer/dryer and individually controlled heat and air conditioning.
- Kitchens will be equipped with full-sized, energy-star rated appliances; refrigerator, electric range/oven, dishwasher, and disposal.
- Each unit will have a useable balcony or patio.
- All units will be equipped with an emergency pull cord that will be routed to an emergency call center.

Population being served:

Independent Seniors (55+). *Oakshire Trails* will appeal to the full range of 'limited to moderately active' seniors. The grounds and amenities will provide a wide variety of recreational options.

Bedroom mix:

Oakshire Trails will include 46 1-Bedroom units and 16 2-Bedroom units; a total of 62 units.

- 1 Bedroom/1 Bath = 700 sf.
- 2 Bedroom/ 1 Bath = 881 sf.

Location:

The project site is located at approximately the 2400 block of Oakshire Lane, about 1 block east of the intersection of Troy and Oakshire Lane in Pueblo, CO. The property is on the south side of Oakshire. The

entire parcel is approximately 5.13 acres and is zoned Mixed Residential District (R-4). This classification use includes Residence, over four-family. The site is a flat, four-sided site that is adjacent to an assisted living facility to the east and vacant land to the south and west. There are no permanent structures on the site and all curb and gutter and public infrastructure improvements have been made.

Water and sewer mains are available to the site. The property is bordered by paved roads and sidewalks. Our purchase agreement for the property is with the Housing Authority of the City of Pueblo, who is the current owner.

Oakshire Trails is perfectly located in a 'silver lining' zone. With transportation virtually curb-side, residents have the option to travel throughout the city of Pueblo with ease for daily errands or jobs, medical appointments, activities offered through SRDA or to enjoy any of the many recreational or cultural options available. Yet, when the resident is craving a more low-key day (or overall lifestyle) but still wants to 'piddle', they will have a host of choices in their 'community' to do so; indoor or outdoor. One a clear day, residents will also enjoy a view of the mountains off in the distance.

Within one (1) mile of the site residents will find Family Dollar, which offers a good selection of grocery, household, and over-the-counter medications. Additionally, there is a gas station, several quick-service restaurants, and church. The nearest major grocery store, Safeway, is located about 1.2 miles from the site, as is the nearest health and medical services; Pueblo Community Health Center. Belmont Shopping Center is located within two (2) miles of the site. Residents will find a Save-A Lot, Walgreens, the Public Library, a nail salon and Big R Stores. Additionally, Walking Stick golf course is within this 2-mile radius of the site for those who are golf enthusiasts. Overall, the strength of the combination of amenities and location provides a highly desirable community for seniors.

Amenities included:

- Community Room
- Entertainment kitchen
- Exercise Room
- Media Room and Theater
- Internet Cafe with self-serve beverage counter
- Library
- Walking trails
- Bicycles (2 and 3 wheel) for resident and guest use
- Game room
- Putting green with artificial turf
- Outside Event area (also artificial turf) for larger gatherings (private party) and/or activities such as badminton or croquet.
- Gazebo (located next to event area)
- Outdoor grill/picnic area
- Raised bed garden area (community garden)

Services, if provided:

Health and wellness services:

- Oakshire Trails will be managed by the Housing Authority of the City of Pueblo, who will provide an on-site manager.
- Four Corners Development will provide a part-time activities/service coordinator. Ideally this coordinator will provide a healthy mix of activities that will promote introducing new residents while continuing to strengthen the core community.
- There will be an office available for minor health screenings – blood pressure checks, eye exams, etc. These checks may be provided free by local service providers, or coordinated by the activities coordinator for a nominal fee.
- The activities/service coordinator will work with Senior Resource Development Agency (SRDA) and Adult Resource for Care and Help (ARCH 2-1-1). This will provide a vital link between our residents in need of services and the organizations and programs that are available to them. *i.e. Helping Elders Live Program, Nutrition education, Meals on Wheels, house keeping services, grocery shopping, errands, etc.*
- As residents need to make transitions into facilities more suited to their needs, the service coordinator will assist the family by helping connect them to an organization or facility to educate them on the options available.

Transportation services:

- Pueblo Transit offers an hourly fixed route service throughout the city of Pueblo Monday-Saturday from 6 a.m. to 6:30 p.m. at a cost of .55 cents per one-way trip.
- Should specialized transportation services be needed, the service coordinator will make arrangements with SRDA and/or InnovAge to accommodate the resident's need. (see letters of support from these agencies)
- A minimum of 3 free passes per day (Monday – Saturday) will be available for resident's use on the public transit system to help offset the cost of transportation services. These will be on a first-come, first-served basis, however residents will be limited to 4 round-trip uses per month to allow all residents the opportunity to use this added benefit.

Description of energy efficiencies:

The grounds have been designed with efficiencies such as raised-bed planters and surface stormwater retention. Additionally, the landscaping will utilize a drip irrigation system for the native, more draught tolerant, species planned. The close proximity of the transit service should promote fewer single-occupied automobiles and the availability of bicycles and sidewalks should encourage 'natural transportation' especially for trips to Family Dollar or Dairy Queen. The open green-space will help keep residents active, thus extending their ability to continue 'natural transportation', weather permitting. Each unit will be equipped with Energy-Starr appliances and utilize water-conserving fixtures; toilets, showerheads, and faucets. Efficient lighting for both interior and exterior spaces will be utilized. Signage which promotes and reminds residents to recycle will be prominently displayed along with strategically

placed collection bins to encourage on-going participation are planned. The use of Solar ITC is also included. The Green Communities checklist includes additional efficiencies that will be used.

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

The following financing sources will be used:

1 st Mortgage	\$ 1,500,000
CDOH Home Funds	\$ 500,000
Solar ITC Equity	\$ 71,520
Deferred Developer Fee	\$ 275,005
Other Owner Equity	\$ 0
Tax Credit Equity	<u>\$ 10,541,112</u>
	\$ 12,887,637

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 approximately 15% of the units available for tenants at or below 40% AMI; 55% of the units available for tenants at or below 50% AMI; and the remaining units (30%) will be available to tenants at or below 60% AMI. This development will provide much needed affordable housing for 40 years plus.

- b) To provide for distribution of housing credits across the state.

In the Pueblo PMA there are only 25 units of tax credit senior housing. These were built in 2010 and provide no 2-bedroom units. The market study indicates there are 3,492 age 62+ renter households in the market area in 2014, with 1,085 of those income-eligible for the proposed units. There is an immediate need for additional senior housing.

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

Four Corners Development, a for-profit developer is partnering with the Housing Authority of the City of Pueblo to maintain and manage the property due to their extensive experience and knowledge of this diverse market.

- d) 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 development will serve seniors 55+ for a diverse population of ethnicities and cultures.

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

The project is only requesting an amount of credit necessary to make the project feasible. They have sought other sources and will be leveraging \$500,000 in CDOH funds. The estimated total development cost per unit is \$207,865, which is reasonable in the current environment.

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

This property will serve seniors. Much care and deliberation has gone into providing amenities specifically designed to meet their current and future needs. Current activities that promote community and an active lifestyle are provided for indoor and outdoor enjoyment. Future needs that may require assisted lifestyles and/or living will be coordinated through organizations like SRDA and InnovAge, or the assisted living facility located next door.

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

- a) Market conditions:

The market study indicates there are 1,085 income-eligible age 62+ renter households in the market area for the proposed units. The overall capture rate including the proposed projects units is 7.5%. Currently only 25 income-eligible units for seniors exist in the Pueblo market area; none of which are 2-bedroom units. There is an immediate need for additional senior housing.

- b) Readiness-to-proceed:

The land is secured with a signed option to purchase from the Housing Authority of the City of Pueblo (HACP). The property is zoned properly with all infrastructure in place. The HACP will assist with construction management.

- c) Overall financial feasibility and viability:

All sources of funding are in place. No waivers from underwriting are requested and all CHFA required tests and ratios meet compliance criteria. Project meets feasibility even with rents for 60% AMI below the maximum allowed.

- d) Experience and track record of the development and management team:
Collectively the partners that comprise Four Corners Development have combined experience of designing, developing and managing close to 500 senior LIHTC units. Under the entity Four Corners Development, which was formed in 2011, they have designed, developed and currently manage 148 LIHTC units. Once the Housing Authority of the City of Pueblo (HACP) reviewed the quality of Four Corners' previous projects, they were not reluctant to suggest offering their management services and helping us find a desirable location for our project. Likewise, we are excited to utilize their extensive experience not only in their property management of over 900 units, but also in their development expertise. Four Corners will utilize their vast knowledge and experience in the local market during the construction phase and consider additional input to ensure a successful project over the next 40 years. Additionally, Printz Constructors comes highly recommended by the HACP. They have extensive experience in the Pueblo market in addition to LIHTC projects built with the Housing Authority of the City of Pueblo, which is outlined in their resume. We believe the combination of these 3 teams will provide successful results.
- e) Cost reasonableness:
Given the devastation created by the recent flooding, contractors and building materials are in high demand, which unfortunately translates to higher construction costs. Even with revised costs from the previous application round, the per unit hard cost is \$155,986 with the total development cost per unit at \$207,865; both of which are reasonable. The project is sustainable over the required 40 years and will remain a valuable asset to the community.
- f) Proximity to existing tax credit developments:
Ashwood Apartments, the only senior tax credit project in the primary market area (Pueblo), is located .7 miles from the proposed project and was built in 2010. The next closest senior project is located 36.7 miles away in Colorado Springs.
- g) Site suitability:
The site is flat with paved sidewalks and curbed streets. Transportation is available within .25 miles of the site. There are nice views of the mountains to the south and will be most enjoyable to residents on the back-side of the building. The site offers a generous area for green-space which has been designed to promote an active lifestyle. The location of the site fits our 'silver lining' definition: a place that provides the best that life has to offer; daily peaceful enjoyment with the opportunity to easily reach the urban center when you desire to.

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):

None requested

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

This project is seeking a DDA boost. This boost is necessary for the financial feasibility of the project due to the high construction costs, low rent levels in Pueblo County and the project serving many 40% and 50% income seniors.

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

The site is not particularly walkable and is not close to a major grocery store: Pueblo overall only has a walkscore of 36 and is considered a car-dependent city. The site, however is well-served by public transit. The developer has contacted 2 additional sources for transportation for assistance in addition to public transit should the residents need special accommodations: SRDA and InnovAge. The developer will also provide several bus passes (minimum of 3 per day) to be used to help offset the cost of transportation. These will be available on first come, first served basis with a limit of 4 round trip uses per month, per unit.

The Market Study recommended walk-in showers instead of the current tub/shower combination. We will follow 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:

None were 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):

The vision of this project began in the early months of 2013, knowing there was a great need for senior housing in Pueblo. Visits with Ted Ortiviz, Executive Director, Housing Authority of the city of Pueblo and Tara Morrow, ARCH/211 Director confirmed this initial suspicion. The Market Study confirmed the need.

Gary Trujillo spent several days locating, contacting current owners, confirming zoning and showing us available property throughout Pueblo. Beyond the selection process, he has continued to be supportive not only by assisting with questions and contacts, but more importantly with recommending a local contractor he has worked with on projects for HACP. Gary has stepped in to help us understand some of the building practices he uses that have been successful. We also plan to use the landscape architect he uses. Our plan is to use Gary's expertise during the construction phase. He will serve as our architect consultant, along with completing site visit inspections to keep the project on time/budget. We have partnered with HACP for the maintenance and management of the property, based on seeing some of the properties in their portfolio.

Ada Clark, Director of Housing, City of Pueblo provided a letter of confirmation that Oakshire Trails does support their comprehensive plan.

Alfonso Trujillo, VP, Market Development and Care Management for InnovAge also provided a letter of support for the project.

We believe investing in Pueblo by hiring the local talents of the HACP and Printz Constructors will not only provide a higher degree of success for the project, but will boost the local economy with much needed additional jobs.

9% lihtc application narrative



Ruby Hill Residences

1144 South Pecos Street

Denver, Colorado 80223

February 15, 2014

Project Narrative

Introduction

The Ruby Hill Residences (“Project”) is designed to be a supportive services project which will house homeless persons and low and moderate income families. Twenty-eight units (25% of the Project) will be reserved for previously homeless Veterans (some of whom may be physically handicapped) who will receive supportive services from the Veterans Administration through the Veterans Affairs Supportive Housing (“VASH”) program. These residents will earn less than 30% of the Adjusted Area Median Income (“AMI”). The Denver Housing Authority (“DHA”) will provide 28 HUD Section 8 project-based vouchers, and subordinate financing will be provided by the Colorado Division of Housing (“CDOH”) and the City and County of Denver (“City”). In addition, 59 units will be set aside for residents that earn less than 50% of the AMI under the Low Income Housing Tax Credit Program (“LIHTC”) and the remaining 27 units will be market rate. The Project is expected to start construction in June of 2014 and will be ready for occupancy in August of 2015.

Project Description

The Project will be a new 114-unit development constructed on a 134,624 s.f. Site located in southwest Denver, at the southeast corner of Mississippi and Pecos in the Ruby Hill Neighborhood, approximately two blocks north of the Ruby Hill Municipal Park. This neighborhood has seen very little development over the past 40 years. The Site plan includes a single four-story, elevator structure with a 3,508 s.f. community center, and 114 surface parking spaces. The Site is located in a Qualified Census Tract and is zoned General Mixed Use 5 which allows a four story multi-family housing development. All utilities are available to the site.

The 110,410 s.f. building will include 78 one-bedroom units and 36 two-bedroom units. Within these 114 units, 28 VASH units will be furnished and reserved for homeless and/or disabled Veterans that earn less than 30% of the Adjusted Area Median Income (“AMI”), 44 units will be set aside for households making 40% of the AMI, and 15 units reserved for households earning less than 50% of the AMI. The remaining 27 units will be unrestricted market rate units. Each unit will be equipped with a complete kitchen and bathroom and there will be a central laundry on each floor. The Project will include seven fully handicapped accessible units and the entire building will be accessible for handicapped persons. The community center will contain the management office, offices for supportive services, recreational space, and space available for group gatherings, educational classes, and family events. One of the two landscaped courtyards will be located adjacent to the community center while the second will contain a children’s playground.

The unit mix of the project reflects the findings cited in the market analysis. Approximately, one third of the one bedroom units will be reserved for Veterans. The two-bedroom units will have two baths which greatly expands their marketability to a wide range of families. Most of the units will have a balcony or a patio. These unit amenities have been consistently found to be the most desirable by families residing in the four other family LIHTC projects in Denver owned and managed by the Burgwyn Company. All four projects have extensive waiting lists.

Exhibit One: Occupancy by Income and Unit Type

Unit Type	30%*AMI	40%*AMI	50%*AMI	Unrestricted	Total
One Bedroom	25	28	10	15	78
Two Bedroom	3	16	5	12	36
Total	28	44	15	27	114
Percent	25%	38%	13%	24%	100%

Project Location

The Site is irregular in shape since it was formed from several adjacent parcels. It is situated along West Mississippi Avenue, a very busy street with excellent visibility and a major bus line. Vehicle access to the Site is currently from West Mississippi Avenue on the north and South Pecos Street (a small neighborhood street) on the west. Upon Project completion, resident access to the project will be from South Pecos Street. West Mississippi Avenue is the main east-west thoroughfare in this area and provides primary access to the neighborhood. The property is not located within a 100- or a 500- year floodplain.

The site is located within easy walking distance to the recreational facilities (i.e. playgrounds, sledding hills, etc.) located within the Ruby Hill Municipal Park. Elementary and Middle schools are located within several blocks, as is the Athmar Park Library and the Athmar Recreation Center. On the corner of Federal and Adams (about 10 blocks away), is Abraham Lincoln High School and a King Soopers. Retail shopping is available along Mississippi Avenue and Federal Street.

A challenge to the curb appeal of the Project is a high-power electricity transmission tower that is located at the same southeast corner of Mississippi Avenue and Pecos Street, and the 60-80 foot high power lines that continue to run along Pecos Street. These same power lines run west along Mississippi Avenue through the heart of the Ruby Hill commercial corridor. The safety of such high power transmission lines has been thoroughly studied by Xcel and the National Electrical Safety Board and deemed safe to residents of the neighborhood. These findings have enabled the U.S .Department of Housing and Urban Development (“HUD”) to issue an environment release of HOME funds for the Site. Given the unattractive view of the transmission tower and power lines, the Site plan for the Project has been designed to focus visual attention on the interior courtyards and the community center which face south. The Project will include a 96 inch storm sewer which will transfer storm water through the Site into Mississippi Gulch, alleviating storm water runoff problems that have plagued the neighborhood for decades. This facility is the first to be built in the Sand Creek Basin. In the process of construction, Pecos Street will be reconstructed by the Project owners

Supportive Services

Pursuant to the HUD VASH program, the VA will provide case workers for the Veterans who reside at the Project. The case worker and the Veteran will develop an Individual Action Plan that identifies housing needs and sets medical treatment goals requiring active participation from the Veteran. This plan and the progress in meeting its goals will be reviewed monthly at the Project by the case worker and the Veteran. Case management services are intended to assist the Veteran with making personal adjustments to enable him/her to become a productive member of the community and develop connections to needed treatment, benefit, and vocational services. Participation in the supportive services program is a requirement for Veterans that reside at the Project. The Denver VA has more than five years' experience in providing supportive services to Veterans.

To supplement the efforts of the VA case workers, Burgwyn Residential Management Services LLC ("BRMS") has created a menu of services that will be provided by the project staff for the VASH units. These services will include:

- Coordination with local resources and services such as food banks, care givers, and neighborhood resources.
- Access to transportation resources and bus tokens.
- Trips to local retailers and large big box retailers for necessary items.
- Group activities and entertainment.
- Group outings and special events.
- Coordination with the VA case workers and staff to fully support the resident's needs.
- Training and support for the transition to sustainability.
 - Cooking classes
 - Cleaning demonstrations
 - Preparation of employment and education applications
 - Conflict resolution

This menu of services provided by Project staff is based on our experience over the past four years owning and managing The Fourth Quarter project in Denver, which has twenty-five VASH units. BRMS will employ experienced persons (with social work backgrounds) to provide these supplemental services at the Project. We have included \$31,200 in the annual operating budget to cover the cost of this resident services program: \$19,200 allocated for the salary of the recreational therapist who will also serve as the assistant property manager, and \$12,000 for the costs of delivering services. These services will be provided in the 3,508 square foot community area in the building. This space will also include private offices for meetings with case workers assigned by the VA.

Type of Construction

The general contractor, Shaw Builders, has prepared a detailed cost estimate based on the architectural drawings and specifications and the current Davis-Bacon wage rates required by the City, CDOH, and DHA. The estimate amounts to \$12,500,239 which is about \$112/sf. Shaw will also develop a Section 3 plan that will include opportunities for WBE/MBE firms.

Due to the poor soils on the Site, major excavation and soil compaction will be required to support the slab on grade foundation. The four-story building will be wood frame with a single traction

elevator. The exterior siding material will be Hardie plank and a thermo-plastic roof with R20 insulation will be installed. The building will be heated and cooled with electric heat pumps and there will be a 40 kw photovoltaic solar system on the roof. A central gas-fired boiler will provide domestic hot water and the entire building will be fire-sprinkled.

Green Building Features

The Project will be compliant with all of the mandatory Enterprise Green Communities criteria and many of the optional criteria to achieve a score of 51 points. In addition to being a smoke free building, optional criteria include reduced energy consumption due to the use of Energy Star appliances, windows, and lighting as well as low flow toilets, shower heads, and faucets. The Site plan qualifies the Project as a compact development with more than 30% open space. Storm water will be detained on the Site and there will be a dedicated waste recycling program. The Project has qualified for the Xcel Design Assist program which measures the sustainability and the energy efficiency of the design. Xcel has calculated the gas and electric consumption of the building and established the electric utility allowances. The Owner will receive a \$71,585 payment from Xcel in recognition of its high level of sustainability. To enhance the energy efficiency of the Project, a 40 kW photovoltaic solar system will be installed on the roof which should reduce the electrical operating costs by approximately 10%.

1. Guiding Principles

The Project meets the CHFA guiding principles for the selection of projects to receive an award of credits by reserving 25% of the total units for households earning less than 30% of the Area Median Income and 39% of the total units for households earning less than 40% of the AMI for 40 years.

2. Housing Priorities

The Project will reserve 25% of the total units for homeless persons participating in the VASH program.

3. Approval Criteria

a. Market Conditions

The market analysis prepared by Prior and Associates concluded that the proposed Project will be one of a very small number of new multi-family developments in southwestern section of the metro area and the only new affordable multi-family development currently slated for its Primary Market Area (“PMA”). Its location, close to downtown Denver and nearby Lakewood, is good, and there is ample bus transportation to the Site. The Project also benefits from its relatively close proximity the South Broadway light rail line.

Based on the findings of the market analysis, the unit mix and the unit sizes of the proposed development are well-positioned for its market. The units are in line with, or slightly larger than, the other comparable developments in the market. Future demand for both market-rate and LIHTC units will increase in the PMA due the extremely low vacancy rate (1.9%) and the expectation that 234 renter households will enter the market annually. Community amenities are a strength of the subject property and are typically more generous than competing market rate properties. The market analysis revealed an average capture rate of 18.5% which is below the CHFA threshold of 25%. It is worth noting that the

four Burgwyn Company family LIHTC projects in Denver County are 100% occupied with long wait lists for the 50% and 60% AMI units. The existing LIHTC projects in the market area all reported vacancy rates of 1% or less with long waiting lists of households desiring one and two bedroom units.

In summary the market study concluded that:

- There should be no changes to the project.
- The proposed rents provide a good value to potential residents and the project should fill 16 non-subsidized units per month and reach stabilized occupancy within five months.
- The presence of two-bedroom/two-bath units will be a competitive advantage for the subject property since many affordable multi-family developments often incorporate only one bath in two-bedroom floor plans, which is the case with most of the comparable properties.
- The “green” (i.e. environmentally friendly and/or environmentally sustainable) concepts and initiatives incorporated into the final development plan for the Project will help the marketability of the Project.
- The Metropolitan Denver Homeless Initiative 2012 Point-In-Time Study found that more than 12%, or 710 individuals, were Veterans. A subsequent study concluded that the Veteran count has increased about 3% during the past year.

b. Readiness to Proceed

VA and HUD have approved the VASH funding and DHA has executed the Agreement to Enter Into the Housing Assistance Payments Contract (“AHAP”). DHA has also agreed to join the ownership entity, the HOME Funds have been approved by the City, and CHIF funds have been approved by CDOH. The environmental clearance has been issued by HUD and a Voluntary Clean Up Plan has been submitted to the Colorado Department of Public Health and Environment. The Project has debt and equity commitments in place. The Site plan has been submitted to the Denver Planning Office for approval and the final architectural plans have been submitted to the Denver Building Department with a building permit expected in June. Construction will commence in June and the Project will be completed in August of 2015. The Mile High Community Loan Fund has originated a \$520,000 pre-development/bridge loan.

The General Partner of the Ownership entity currently owns the Site and has expended over 10% of Project costs, thus enabling the Project to qualify for a Carryover reservation in July of 2014. The Burgwyn Company does not have any IRS Form 8823 non-compliance citations.

c. Overall Financial Feasibility and Viability

The Project is expected to cost \$18,589,882 or \$163,069 per unit as illustrated below, thus producing a high level of cost reasonableness.

Exhibit Two: Uses of Funds

Project Costs	Amount	Per Unit	Percent

Site Improvements	\$ 1,862,365	\$ 16,336	10%
Construction, FFE, and Permits	\$ 11,797,884	\$ 103,490	64%
Professional Fees	\$ 702,250	\$ 6,160	4%
Construction Interim Costs	\$ 688,484	\$ 6,039	4%
Permanent Finance/Syndication	\$ 240,915	\$ 2,113	1%
Soft Costs	\$ 252,492	\$ 2,215	1%
Reserves	\$ 397,337	\$ 3,485	2%
Development Fee	\$ 1,865,537	\$ 16,364	10%
Property Acquisition	\$ 782,828	\$ 6,867	4%
Total	\$ 18,589,882	\$ 163,069	100%

The primary funding will be 30 year permanent loan from Bellwether Enterprise Real Estate Capital amounting to \$4,766,600. The construction period financing amounting to \$10,680,000 will be provide by the Chase Bank. The Project owners have received HOME funding from the City of Denver amounting to \$490,000. CHIF funds amounting to \$925,000 will be provided by the State Division of Housing. First Sterling has agreed to purchase the Low Income Housing Tax Credits and the Solar Tax Credits for \$11,673,825 (\$0.93/TC\$). The Xcel energy conservation payment will amount to \$71,585. The developer will defer \$662,872 of its fee (36%) to balance the sources and uses of funds. The Denver Housing Authority will be a member of the ownership entity, therefore enabling the Project to qualify for property tax exemption and relief from sales taxes on material purchases. DHA will also provide 28 Section 8 Project Based vouchers under the VASH program.

Exhibit Three: Sources of Funds

Funding	Amount	Per Unit	Percent
Perm. Loan	\$ 4,766,600	\$ 41,812	25%
State CHIF Loan	\$ 925,000	\$ 8,114	5%
HOME Funding	\$ 490,000	\$ 4,298	3%
LIHTC/STC Limited Partner	\$11,673,825	\$ 102,402	63%
Deferred Dev. Fee Note	\$ 662,872	\$ 5,815	3%
Xcel Conserv. Payment	\$ 71,585	\$ 628	1%
	\$	\$	
Total	\$ 18,589,882	\$ 163,069	100%

To achieve a high level of financial viability, the permanent mortgage has been sized based on a seven percent vacancy rate and 1.22 debt service coverage on all debt (including the HOME and CHIF loans). Furthermore, to create a cushion, the rents for the unrestricted units for underwriting purposes have been set at the Fair Market Rent level. Finally, at the request of the LIHTC purchaser, the Operating Deficit Reserve has been set at \$75,207 higher than the amount required by CHFA.

d. Development Team Experience

The Development Team will include Burgwyn So-Oli Developers, LLC as the Developer, OZ Architecture as the architect, and Shaw Builders as the general contractor. This team has worked together on numerous affordable multi-family housing projects during the last five years including: Clay Street Residences, Chaffee Park Senior Residences, Shoshone Senior Residences, and most recently Residences at University Hills.

The Burgwyn Company has a long track record as a developer and manager of affordable and special needs housing in the Rocky Mountain Region. During the last eleven years, TBC has served as the developer on 19 rental housing developments which total approximately 1,400 units of which 1,200 are affordable including 600 HUD Section 8 units. A subsidiary of the Company serves as property manager for many of these projects. The total cost of these projects is approximately \$200 million. The finance plans for these projects have included the use of LIHTC, private activity bonds, HOME loans, HOPE Six grants, and Federal Home Loan Bank grants. Mr. Burgwyn will serve as developer and general partner in the ownership entity for the Project.

So-Oli, Inc.

Douglas F. "Rick" Johnston, President So-Oli, Inc. Mr. Johnston has served as a developer, adviser, and investment banker in the area of affordable housing for 25 years. He has completed \$20 billion in financings as an investment banker, including over \$1 billion for affordable rental housing. In July 2000 he started his own business, So-Oli Affordable Housing to build, acquire, rehabilitate, and preserve affordable housing projects in targeted states in the U.S. Since starting his own business in 2000, he has acquired and rehabbed 1380 units of rental housing. Mr. Johnston is a partner with Mr. Burgwyn in the Residences at University Hills, a 101 unit affordable, mixed-income development in Denver that is near completion. Mr. Johnston will serve as developer and general partner in the ownership entity for the Project.

Shaw Construction Shaw Builders, LLC was incorporated as a Colorado Corporation on August 2, 2004 as a general contractor of wood frame multi-family homes, apartments, and single-family homes under lump sum contracts and guaranteed maximum price provisions. Shaw Builders, LLC is a wholly owned subsidiary of Shaw Construction which was established in Denver in 1962. Since its inception, Shaw Builders has worked successfully with a wide range of developers, from non-profits to housing authorities to for-profit organizations to construct over 50 affordable developments. The company's preconstruction services in the affordable segment have helped architects and developers get projects off the ground where many other contractors have failed. One of Shaw Builders' greatest assets in the affordable market is the ability to draw from a deep subcontractor base with extensive affordable housing experience. We see building affordable housing not only as an opportunity for new business, but also as a moral imperative for a healthy Colorado. Project Manager Kristie Walters is a graduate of Stanford University, and has significant experience managing the construction of multifamily residential projects. She is highly organized, responsive, and believes in delivering an accurate picture of project status at all times.

OZ Architecture has decades of experience designing multifamily residential buildings. The project range is very diverse including single family and townhome projects, affordable housing, market-rate apartments, resort condo's and hotels, as well as urban mixed-use projects. Ed Parcell, AIA, a Senior Associate at OZ has worked on multiple affordable housing projects such as the Residences at University Hills and Chaffee Park Senior Residences. The OZ Affordable Housing Team brings a passionate approach towards this important project type. We also have a great depth of experience and completed projects from which to analyze and critique ourselves, and are continually improving our techniques in

affordability, sustainability, operational costs, speed to market and process. We also have an in-house interiors group which is committed and focused on creating interior environments that are durable and enduring. For these reasons, OZ Architecture is considered a leader in Affordable Housing in the Rocky Mountain Region.

Burgwyn Residential Management Services LLC, a Colorado limited liability company, commenced operations in June of 2012, to serve as a property management company serving market rate and affordable housing projects in the Denver Metro Area owned by The Burgwyn Company. BRMS is a full-service management company that currently manages six properties in the Denver Metropolitan area which total 392 units. BRMS manages the Fourth Quarter which is a 36 unit project for homeless veterans located at 32nd and Downing in Denver. Underlying management philosophy is a strong commitment to resident satisfaction, efficient project operation, financial controls with an emphasis on cash management, and clear communication channels between management staff and project owners.

The Fourth Quarter Residences is a 36 unit apartment community in Denver that has 28 apartments reserved for formerly homeless veterans. Additionally, there are five apartments reserved for households making less than 50% AMI, and three apartments that are not rent restricted. The building was constructed and completed in 2010, with full occupancy occurring that Spring. BRMS has successfully worked with VA case workers to create a unique community to support the rehabilitation and self sufficiency of its residences.

The BRMS personnel that will be assigned to Ruby Hill Residences will be Grace Burgwyn and Jill Montgomery, both of whom have experience with the Fourth Quarter project.

Jill Montgomery, On-Site Manager, Jill has been with the company since 2008. She has been in the property management business for four years now. She currently manages a 55 unit Low Income Housing Tax Credit building and the Fourth Quarter. She is well versed in fair housing, leasing, on-site daily duties, evictions, and all other property management needs. She holds a Bachelors of Science from Regis University.

Grace Burgwyn, Regional Supervision, Grace has been with the company since 200 and is a 50% owner. She currently oversees 392 units in the Denver area including the Fourth Quarter. Currently her responsibilities include financial planning, compliance, and staff direction. . She holds a Bachelors of Science from the University of Oregon, and a Masters Degree in the Urban and Regional Planning program from the University of Colorado at Denver.

e. Cost Reasonableness

The Project is expected to cost approximately \$163,083 per unit which is approximately 80% of the amount allowed under the Method Three Basis Limits test (\$203,481). The LIHTC allocation requested amounts to \$10,952 per LIHTC unit for 87 LIHTC units.

f. Proximity to Existing Tax Credit Developments

There are thirteen LIHTC projects in the PMA containing 1,100 units. Two projects are age restricted development containing 353 units and there are 280 project based Section 8 units. Hence,

there 467 units in the current family LIHTC inventory. The 50 unit Los Altos de Alameda constructed in 2011 is the most recent addition to the LIHTC project inventory and its vacancy rate is currently 2 percent.

g. Site Suitability

The Property is at the southeast corner of West Mississippi Avenue, which serves as a major east-west arterial, and South Pecos Street in the southwest section of the City of Denver. The market analyst gave the Project an above average walk score of 69 and described the area as very walkable. Commercial districts are located along Federal Boulevard approximately one mile west of the subject Property with grocery stores located at 1339 S. Federal (Alberstons) and Evans and Federal (King Soopers). The Project will provide transportation resources to access the grocery stores. A new shopping center, anchored by Costco and Super Target recently opened three miles south of the subject Site, just west of the Englewood City Center. The Ruby Hill Municipal Park which includes a large children’s play area is located three blocks south of the Site. The City has invested heavily to upgrade the park facilities for children and Denver Urban Gardens recently opened a new garden in the park. The Athmar Recreation Center is located ten blocks west of the Park and the Athmar Park Library is located three blocks from the Project.

Godsman Elementary School, Schmitt Elementary School, Goldrick Elementary School and Rishel Middle School are all within a one-mile radius of the subject Site. The Property is also within one mile of the Broadway/I-25 RTD light rail station and Park-n-Ride lot. The West Line of RTD’s light rail system, which is currently under construction, will pass a few miles northwest of the Project. In addition to access to the current or future light rail lines, several bus lines serve the Project, thus providing excellent public transportation to the VA Centers in Denver and Lakewood. Denver RTD bus route 14 which stops one block from the Project travels along Mississippi Avenue and services the Broadway Station lightrail stop. This bus line provides local service throughout the surrounding neighborhood and provides connection service to several other bus lines that can be used to access Denver General Hospital at Eight and Broadway and the VA Hospital at 10th and Colorado Boulevard.

4. Justification for Underwriting Criteria Waivers

a. Operating Expenses

The Project operating expenses at \$3,646 per unit per annum are below the CHFA minimum of \$3,900 due to the property tax exemption (worth approximately \$690 per unit per annum according to Apartment Appraisers and Consultants) and the fact the residents are paying the electric bills (\$413 per unit per annum according to Group 14 Engineering). When these two factors are considered, the operating expenses equal \$4,749 per unit per annum.

5. Issues Raised by the Market Study

An overhead power line runs along the west side of the property , an Xcel Energy power station is nearby and, a nearby multifamily is in deteriorating condition. To address these conditions, the Site plan has designed to focus visual attention on the interior courtyards and the community center which face south. Trees and landscaping will screen the building from the power station.

The subject property will have wall mounted heat pumps that provide air conditioning rather

than a central system. Group 14 concluded in their energy consumption analysis that the heat pumps were much more energy efficient than a central system. The Project does not have washer/dryer connections in the units. There will be laundry room on each floor containing four large commercial washers and dryers.

6. Issues Raised by the Environmental Reports

The tests conducted by CTL Thompson and Family Environmental revealed asbestos in the soils in two locations on the Site. The asbestos will be removed prior to construction pursuant to a Voluntary Re-Use Plan approved by the Colorado Department of Health and Environment.

7. Outreach Efforts and Local Financial Support

Meetings have been held with representatives of the Ruby Hill and Athmar Park Neighborhood Associations to discuss the site plan, building design, and proposed occupancy. The City has approved a \$490,000 HOME Loan for the Project that will be used to cover a portion of the Site acquisition cost. The City has provided a statement that the proposed project meets community housing needs.

9% lihtc application narrative



Project Name: **Sol Naciente**

Project Address: **East Beaver Ave at Warner St, Fort Morgan, CO 80701**

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 meets several of the guiding principles in the QAP. The development will serve the lowest income tenants, ensure that housing credits are distributed across the state, is in a county affected by a natural disaster, and will meet the needs of a target population that is not generally served by housing credits.

Sol Naciente will be a 50-unit, rental subsidized development for agricultural workers **earning less than 60% of the area median income** and working in Fort Morgan, Colorado. While the restriction is 60% of AMI, Community Resources and Housing Development Corporation's (CRHDC) experience with other farmworker housing projects indicates that **almost all qualifying residents will have incomes below 30% AMI, as all units will have USDA rental subsidies**. CRHDC is committed not only to serving very low income populations, but also to maintaining the affordability of the project in perpetuity, so that agricultural workers can continue to benefit from the development of the units for years to come. Truly, this project is designed to meet the first guiding 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 a development in Fort Morgan was allocated housing credits was in 1995. In addition, Morgan County is a rural county with a population of approximately 28,000.

The project further works to distribute housing credits to assist a diversity of populations in need of affordable housing, particularly agricultural workers and their families who are in need of supportive housing. While agriculture is a key industry for Colorado, contributing more than \$7 billion to the state economy annually, low income agricultural workers are a very much underserved population. Like all families, they need access to services, schools, recreation and shopping. Agricultural workers frequently face the housing market with low agricultural wages, limited skill sets, and few other resources.

In addition, the *Sol Naciente* development is in **Morgan County**, a county impacted by a recent natural disaster. Several parts of the county were evacuated on September 13th and 14th during the height of the severe flooding and the property and infrastructure damages are estimated at well over 10MM.

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.

While this project does not involve the "preservation" of existing rental assistance properties - it will bring new units that have allocated rental subsidy on-line, if LIHTC are awarded. Without LIHTC, it is not likely this project will be developed, and the allocated USDA rental subsidy will be lost in the state of Colorado. This loss of federal subsidy would effectively keep the state from being able to best serve the lowest income tenants for the longest period of time.

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-1990s. 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*, 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 indicate that the housing availability in the community is 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 have expressed concern that this development might cause vacancies in the other units in the community, primarily privately-owned rental units. There is evidence, however, that there are 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 Priority Market Area 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 from USDA, which will allow tenants to pay rents based on 30% of their incomes while USDA subsidies pay the remaining rent. In order to

qualify for the housing, a household must receive at least sixty five percent of its income from agricultural work. In many successful similar projects around rural Colorado, CRHDC has found that this model of providing quality and affordable permanent housing for agricultural workers stabilizes families. Families are able to live together as one unit. Children perform better in school, and many families move on to be economically-stable and rooted members of the community, creating a more consistent workforce for the local agriculture businesses. Additionally, CRHDC has identified a number of supportive services that will be available to residents through partnerships 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
- Local banks, schools, grocery, and employment like Cargill Meat Solutions

A supportive service plan and commitment letters from service providers are attached.

b. Readiness-to-proceed:

It is anticipated that if LIHTC are awarded this round that CRHDC could start construction of this development by the Fall of 2014. A total of \$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. USDA does not allow a project to go to bid until all funding is secured. Therefore, CRHDC is as far along in the construction process as USDA will allow until LIHTC are awarded.

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, which was located on the northeast edge of Fort Morgan, was officially annexed into the City and has been re-zoned for multifamily development, the project can move forward without any further permissions from the City.

c. 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, NSP Program Income, rental subsidies from USDA, LIHTC, Solar ITC Equity, and a portion of the developer fee deferred. The USDA subsidy combined with the Low Income Housing Tax Credits make the project viable.

It should be noted that the cost per square foot is within the range of the costs for other LIHTC awarded projects, however the cost per unit is likely higher due to the fact CRHDC is developing large units with three and four bedrooms to better accommodate families. USDA also requires a large replacement reserve each year. The property must save at least \$50,000 per year in *an additional* replacement reserve to meet the underwriting criteria for USDA. Also, because CRHDC pays all utilities for its residents of farmworker housing, the Per Unit Per Annum operating costs are likely higher than other LIHTC properties. This will be offset in part by the energy created by the solar array planned for the development. The solar array currently operating at the Alta Vista de la Montana development in Delta provides anywhere from 50-100% of the electrical costs each month. This is an important factor because CRHDC pays the cost of utilities for its agricultural housing developments due the fact that the residents are often migratory in nature and lack the financial resources (money, credit, credit history) to provide deposits with the utility companies to obtain service.

There is also a large amount of soft funding built into the development. CRHDC, USDA- Rural Development, the Colorado Division of Housing, the City of Fort Morgan and Rural Community Assistance Corporation are all providing some form of equity. Letters from each of these sources are attached to this application. Additional project-related soft costs have been covered by smaller grants from NeighborWorks, Enterprise Community Partners, and the Department of Labor.

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

CRHDC is a statewide, private non-profit organization providing affordable housing opportunities for low and moderate income individuals in the state of Colorado. Created in 1971, 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.

CRHDC has a long history of promoting safe and affordable housing for agricultural and migrant workers in rural areas throughout Colorado. CRHDC has been developing farm worker rental housing for the past 43 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.

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.

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.

CRHDC has engaged the services of Daniel G. Morgan and Associates (DGMA) to serve as LIHTC consultant. DGMA 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.

e. Cost reasonableness:

The project will offer three and four bedroom units arranged in two story townhomes and flats. The project is arranged in multiple buildings giving a more community feel that is more in keeping with the lower density rural community. The

construction and development costs are reflective and reasonable for this type of rural development.

f. 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.

g. Site suitability:

The selected site is an ideal 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):

Sol Naciente has a unique financing structure in that the project will utilize the not only CDOH funding but also USDA RD 514 Loan, which is a low interest rate (1%) loan for \$2MM, the USDA 516 Gran for \$1MM as well as the RD Section 521 rental assistance. Because these USDA RD funds are used our project has a few underwriting criteria requirements that are more conservative than CHFA’s underwriting requirements.

The project will carry a \$167,000 operating reserve. However, in addition to this the project will need to retain a high replacement reserve. USDA requires 1% of the total development budget to be saved annually as a replacement reserve. Due to the fact that this project is a new development the USDA has agreed to reduce the annual

replacement reserve requirement to \$50,000 annually. This same reduction was allowed for our project in Delta.

As a result of the high replacement reserve requirement and the necessity of an onsite property manager our PUPA is also higher. Again, using our project in Delta as a prescient, we have found that housing multi-cultural communities takes a large effort in that our organization has to work very closely with translation services, schools, and it take time to teach the residents how to properly use the different aspects of their apartment, specifically the thermostats.

This is the only debt the project will carry is the USDA 514 loan, as a result the projects debt coverage ratio is higher than 1.30. Even though our DCR is high in the first year, every year the USDA will review our rents, operating budget and cash flow. USDA will adjust our replacement reserve (or possibly other aspects of our operating budget) resulting in less cash flow and a lower DCR. USDA will restrict the amount of surplus cash flow and this amount must stay in the project.

Under the USDA program, the rental subsidies are adjusted annually based on actual expenses and incomes of the resident so the project will not produce as much free cash flow as may appear on the pro-forma. USDA does not allow any distribution of cash flow so the GP and LP will not receive any distributions (the GP will receive a management fee).

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

Our current boost is relatively small at about 5%. We have attempted to leverage all sources available and request just enough tax credits to make the project feasible.

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

There were no significant concerns outlined 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. Additionally, both the USDA and HUD have providing written notice determining that this project does not require compliance or mitigation with any of the Federal laws and authorities, and that the development may proceed as proposed.

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):

CRHDC 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 Manager, Attorney, Community Development Manager and Public Works Director have been working closely with CRHDC staff to facilitate the development of the proposed project. 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 was evidenced by their assistance with expediting the annexation and zoning of the site. There also seems to be broad-based community support. At the public hearing for the annexation and zoning, not a single person came forward to speak in opposition of the development.

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 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.

The supportive service plan and letters of commitment are attached to this narrative.

Letters of support are attached from the following:

- Centennial BOCES
- Rocky Mountain SER
- Salud Family Health Center
- Caring Ministries of Morgan County
- Morgan County Department of Human Services
- Cargill Meat Solutions
- Morgan County, Board of County Commissioners
- Morgan County Economic Development
- Badger Creek Dairy, LLC

Soft funds documentation:

- CRHDC
- USDA- Rural Development
- Division of Housing

9% lihtc application narrative



Project Name: **South Fork Heights Apartments**

Project Address: **170 Bonnaville Drive, South Fork, CO 81154**

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.

Development Overview

Belmont Development Company, LLC (“Belmont”), and its affiliate IUI Housing of Kansas, LLC are proposing to acquire and substantially rehabilitate the South Fork Heights Apartment complex located in South Fork Colorado. South Fork Heights is a 48 unit apartment property originally constructed in 1990 using a combination of low income housing tax credits and USDA RD 515 funds. The 15 year compliance period for the LIHTC’s has long passed but the property continues to provide affordable housing to the area through the RD restrictions associated with the 515 funds. IUI Housing of Kansas, LLC shares common ownership with Belmont Development Company, LLC who will act as the developer for this proposal. Belmont was made aware of this property’s availability by the Colorado RD State Office. Belmont Development specializes in the acquisition and rehabilitation of Rural RD properties and after further discussions with the State Office this opportunity seemed like a perfect fit for a struggling, cash poor, rural RD property in serious need of major rehab to be acquired by an experienced rural rehab LIHTC developer with a proven track record and the ability to secure adequate funding from multiple sources and complete the necessary repairs.

This particular property is unique in the affordable housing world in the fact that it has 100% Rental Assistance through RD yet struggles to remain fully occupied. The RD State Office is concerned that continued poor performance from this property could seriously jeopardize its ability to continue to receive rental assistance putting this already cash poor development into

a considerably more dire situation in the near future. We believe that a renovation and a focused management approach would allow this property to achieve a stabilized occupancy and provide an excellent affordable housing community Rio Grande County. By transferring this property to a new owner, the existing RD 515 loan balance will be reduced and the term and amortization periods will be extended. This savings will allow this property to operate more efficiently and allow additional funding to complete the much needed rehabilitation and capitalization of a healthy replacement reserve. We have worked together with local and State RD officials to come up with this plan of action.

As of the date of this application H2H Group of South Fork, LLC (“H2H”) is the general partner of the current ownership entity. Belmont was recently approached by the H2H and Rural Development with an opportunity to take over as the general partner of the current ownership entity as well as management. South Fork Heights is the only affordable housing development that H2H owns and manages. H2H’s principal is located in Topeka Kansas and does not have a local presence in Colorado. The unique characteristics and requirements of owning and operating an affordable housing development take an experienced team like Belmont in order to be successful. IUI Housing of Kansas, LLC has agreed to take over as the general partner and has taken the appropriate steps with Rural Development and the other interested parties to effect this change. The formal transfer of the general partner is still awaiting final approval from Rural Development but Belmont Management Company, Inc. has recently taken over as management agent. This property has been troubled for quite a while so there is no doubt that it will require special attention that Belmont is committed to provide. Although, this commitment does not come without risk and the approval of LIHTC and recapitalizing the property is a major component in transforming this underperforming, cash poor development in need of major repairs and in jeopardy of losing the RA that it relies on to continue its operations, into a newly renovated development that CHFA, RD and City of South Fork as a whole can be proud of.

A separate item specific to the site that must be addressed soon is environmental in nature and deals with the well water tanks that provide the drinking water for the site. The tanks desperately need a new chlorination system in order to bring them up to code with the Colorado Department of Public Health and Environment (CDPHE). The estimated cost to the property to correct this issue has been initially set at \$15,000. It is not hard to imagine that a major capital repair like this will put significant strain on the property which due to the previously mentioned performance issues is struggling to cash flow sufficiently as it is. This additional financial strain provides further evidence of the need for this development to be put into a better position that will allow it to cash flow sufficiently to cover necessary ongoing

maintenance and operational expenses as they happen so they do not turn into larger problems down the road.

It must include a description of the project as proposed;

detailed type of construction;

Construction will involve the rehabilitation of an existing RD 515 development.

population being served and bedroom mix;

Belmont is proposing a 100% affordable development that will serve individuals and families at 50% and 60% of AMI. The unit mix for the affordable units will consist of 12 one bedroom, 24 two bedroom, and 2 three bedroom units. One of the two bedroom units will be designated at a non-income employee unit.

location;

South Fork Heights Apartments is located in Southwestern Colorado where the Rio Grande joins its south fork on the western side of the San Luis Valley. The specific address is 170 Bonnaville Drive, South Fork, CO 81154.

amenities;

Project amenities include a picnic area, playground, basketball court, laundry facility and parking lot. In-unit amenities include range/oven/above range microwave combinations, refrigerators, specialty laminate flooring, walk-in closets and coat closets.

description of energy efficiencies;

Just some of the steps Belmont Development intends to take toward providing a more energy efficient property and building process include providing new Energy Star appliances and installing Energy Star lighting throughout. Installing new Energy Star qualified windows with Low-E glass. Using only low/no VOC paint throughout. The installation of water conserving appliances and fixtures. Installing additional insulation in the attic to bring the value to R-38. Additionally, an on-site recycling center will be set up for the tenants use.

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

This development will utilize a combination of various funding sources from multiple agencies:

- Sterling Bank will provide a construction loan in the amount of \$2,700,000 at 6% for 18 months
- Sterling Bank will provide a conventional perm loan in the amount of \$625,000 at 5.75% with a 30 yr term / 40 yr am.
- USDA RD will provide a transfer and re-amortization of the current 515 loan in the estimated amount of 1,294,000* at 1% interest with a 30 yr term / 50 year am.

- Boston Capital will act as the syndicator for this transaction and purchase the \$405,451 worth of credits awarded by CHFA resulting in equity financing in the amount of \$3,442,589.
- Additionally the Colorado Division of Housing will provide soft funds in the amount of \$500,000. We anticipate structuring these funds in the form of a 1% cash flow only loan.

** because this is a currently operating property there is no way to know the exact amount of RD 515 funds that will be transferred until closing of the actual transfer occurs.*

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

South Fork Heights will support a range of income levels from 60% down to 50% AMI. Additionally Belmont Development has opted to pursue an additional extended use period beyond the required 15 year compliance period required by the Code. Through section 5.A 2 of the QAP we have chosen to commit to 25 additional years of waiving our right to terminate the extended use. This will ensure the developments affordability to the residents of South Fork for a full 40 years.

To provide for distribution of housing credits across the state

Since the inception of the Low Income Housing Tax Program only six developments in all Rio Grande County have received any type of LIHTC award and four of those six were located in the City of Monte Vista. As a whole, the County has not received an allocation of any type of credits since 2001 and to date there has never been an award of competitive 9% credits made within Rio Grande County.

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 as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those at risk of converting to market rate housing

We believe that these two priorities can actually be addressed together in this particular instance. The proposed South Fork Heights development is an acquisition/rehabilitation of existing affordable Rural USDA RD housing stock. As we have discussed previously in this narrative the RD State Office is concerned that the past poor performance of this property is likely to jeopardize its ability to continue to provide Rental Assistance for the families that are living in these units. Furthermore, as this property is already struggling to cash flow, a loss of this much needed RA could likely exacerbate an already fragile situation.

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

We feel confident that we have only requested the amount of credits that would be necessary to make this deal financially feasible though, of course, we defer to CHFA's underwriting team to make the final decision on that.

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

Belmont Development has worked hard to secure a large amount of outside funding from various sources. This has allowed us to keep our credit reservation request very low relative to the average amount of credits generally needed to produce a given number of units in a LIHTC financed development. Specifically if you look at the average amount of credits awarded per unit recently in the State of Colorado, the amount that South Fork is requesting significantly less than that amount!* Of course there is much more that goes into developing a successful tax credit project than just this one simple metric but our ability to bring this type of development structure forward gives CHFA some flexibility to be able to award funds to as many different developments as possible which in turn acts to further another previously discussed principal in allowing CHFA more room to spread the distribution of credits throughout the State.

*This calculation was based on information posted on CHFA's website. By looking at the award reports for 2012 and the first round of 2013 we were able to calculate that the total credits awarded during that period was \$16,812,331 which resulted in the construction or rehabilitation of 1,201 total units, which equates to \$13,998 credits/unit. South Fork is requesting \$405,051 in credits and consists of 48 total units resulting in \$8,438 credits/unit. ($\$8,438/\$13,998 = \text{approx. } 60\%$ of the average credit award)

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

Acquisition and rehabilitation of existing affordable properties, including those with subsidized low income rental units facing conversion to market rate units

The proposed South Fork Heights development is an acquisition/rehabilitation of existing affordable rural USDA RD housing stock. This is a cash poor property that is in need of major renovations. Past poor performance has caused the RD State Office to become increasingly concerned that this property could be in jeopardy of losing its ability to continue to provide Rental Assistance if the economic conditions of this property do not improve. The full rehabilitation work that will be made possible through the infusion of tax credits will ensure the long term viability of the property as a financially sound affordable housing development ensuring the necessary amount of affordable units are kept safe through the performance of the property as a whole.

Counties with populations of less than 175,000

According to the 2010 census information the population of Rio Grande County is 11,982.

Market areas of pent-up demand for affordable housing

According to the results of the market study that we had commissioned, the PMA which is all of Rio Grande County has very low overall rental housing vacancies and the overwhelming majority keeps extensive waiting lists. In fact, the only vacancies reported in the Study came from the subject property and will be corrected through the new management and rehabilitation of the property. There is clearly an area of pent-up demand for both affordable and market rate housing units throughout this area.

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

a. Market conditions:

As can be evidenced in much more detail in the Market Study provided, the overall market in within the Primary Market Area is strong. There is no doubt that there is demand for affordable housing in the area but through numerous detailed conversations with RD Staff, local officials, surrounding apartment managers, and housing authority personal. We feel confident that the rehab and new management will adequately address the unique market characteristics of this particular community and area.

b. Readiness-to-proceed:

The South Fork Heights property is currently secured through an Option Agreement. Once a reservation of tax credits is secured we will submit final applications to RD and CDOH, and begin acquiring firm commitment letter for all funding sources.

c. Overall financial feasibility and viability:

South Fork is currently struggling just to cash flow. The improvements that will be provided through the rehabilitation process along with the recapitalization will address the unique demands of the community and ensure the financial viability of this property over the long term.

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

If approved, South Fork Heights would represent the first award of tax credits for Belmont Development within the State of Colorado. However the Development and Management team that we present has extensive experience in the development of LIHTC properties, specifically USDA RD Acquisition/Rehab properties. In fact it is this specialization in RD Acq/Rehab's that led the RD State Office to initially contact us about the situation at South Fork. Since its inception in 2007 Belmont Development has completed 10 LIHTC developments representing 555 affordable housing units in three separate states. Additionally we have secured awards for another 6 developments that are each in various stages from preparing to close to nearing construction completion. All 16 of the LIHTC awards that Belmont has received to date represent rural Acq/rehab developments utilizing a combination of LIHTC's and RD funds.

Belmont utilizes in-house management and will act as the management agent for South Fork. Belmont Management was established in 2004 and currently oversees 111 properties representing 4,446 affordable housing units throughout a 5 state region in the Midwest.

Once Belmont Development had established itself within the industry we formed the Belmont Construction Company with trusted General Contractors that we had experience with previously. Since then Belmont Construction has been acting as the GC for all awarded developments and we feel that the results speak for themselves.

We fully acknowledge that the core development team that we are proposing has no previous experience in the State of Colorado. We explored the possibility of changing our model and bringing in a local General Contractor or Management Agent, but after weighing the possible options we strongly feel that the team we have in place is the best possible one for this particular development. The fact is that we have a history of success with this particular development team when it comes to addressing the unique needs of USDA RD Acq/Rehab developments all the way through the process from start to finish.

e. Cost reasonableness:

The costs for this development are very reasonable. The hard cost/unit is \$53,600 and the total development cost per unit 122,191. The total cost per unit figure is slightly inflated due to the large amount of up front reserves that RD requires in order to approve their transfers. Furthermore as previously noted the credits per unit that we are requesting for this development at only \$8,438/unit is very low relative to past awards. Belmont Development and Belmont Construction, as well as our Project Architect Larry Blackledge (who functions in such capacity on most of our developments) each have extensive experience in the rehabilitation of existing RD 515 deals. There are certain aspects of the Colorado landscape and green building standards that have caused us to increase our costs a bit more from other states that we have previously participated in, but based on our research within the state and our own wealth of knowledge with this particular type of development we are confident that the costs shown are accurate and fall in line with similar development structures.

f. Proximity to existing tax credit developments:

There are currently no tax credit properties located in South Fork, and the subject property itself represents the only award of credits ever made within the city which occurred in 1989. The next closest Tax Credit developments are 30 miles East/Southeast in Monte Vista.

g. Site suitability:

The subject is a currently operational RD 515 property; therefore we see no issues with the continued suitability of 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):

This item is not applicable to this development.

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

Belmont Development is requesting that CHFA utilize their discretionary basis boost for South Fork Heights in the amount of 22.20%. Belmont has worked hard to bring in multiple outside funding sources but still needs a portion of the allowable 30% boost to cover the remaining financial gap and allow this development to be fully financially feasible.

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

We do not feel that the Market Analyst brought up any issues that would require additional explanation outside of that information contained within the analysis.

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 most significant issue raised in the Phase 1 environmental report deals with the need for the South Fork property to acquire a new chlorination system for its water tanks in order to come in line with CDPHE standards. This issue was raised in the Phase 1 report but the correction process to take care of this problem was already underway. Plans for the new chlorination system have already been approved by and are on file with CDPHE and this item will be corrected within the timeframe allotted. There were no other major concerns identified in the Phase 1. Corrective action for any other less significant findings is addressed in the Phase 1 itself.

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):**

We have been in contact with numerous local officials from RD and the City throughout this process and the feedback has always been very positive. The South Fork property, in its current state, is greatly underperforming and everyone that we have reached out to is in agreement that they want to help in whatever way they can to see that something is done to correct it.

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).**

The rehab plans call for a full inside out rehabilitation to bring the property up to like-new standards. Any and all structural deficiencies will be addresses along with specific upgrades to bring the property in line with all current ADA standards. Just a few of the capital improvements set forth in our scope of work include the following

Site

1. Repair parking lots and drives where needed

2. Repair all sidewalks and convert access to meet ADA requirements
3. Fully remodel the Office/Laundry facility and convert restroom to comply with ADA.
4. Repair roof as necessary and install new specialized guttering and spouts to assist in rainwater collection
5. Install a new community garden
6. Improve landscaping in line with Green Communities commitments
7. Remove existing siding and replace with new stronger fiber cement siding
8. Install all new energy efficient windows per the Green Communities standards

Units

9. Provide new energy star appliances and water conserving fixtures
10. Install new energy efficient lighting throughout interiors
11. Install and caulk new countertops and provide all new cabinetry
12. Install new shower/tub combo in all bathrooms
13. Remove all carpet/vinyl and replace with specialized laminate flooring
14. Provide new hardwired smoke detectors
15. Install new insulated front and rear entry doors

Relocation:

All of the exterior and site improvements will go on without requiring any relocation; however, due to the level of interior repairs proposed, tenants must be removed from their units for a portion of the construction phase. Given the high number of vacancies at this property, the need for any off-site relocation should be minimal. Regardless, as a standard practice Belmont Development budgets \$1,500 per unit to cover any costs associated with tenant relocation, including temporary storage rental and when necessary arrangements for temporary lodging. We have had successes recently by partnering with a 3rd party relocation specialist and would likely consider doing so again if deemed necessary.

Other Ac/Rehab considerations

Regarding the 10-Year Rule, South Fork is a federally subsidized project with rental assistance and interest credit. We do not believe the 10-year rule applies. Per CHFA's guidance, a copy of properties rental assistance agreement is located in tab 20 in lieu of the Attorney's Opinion Letter. There have been only minimal capital expenditures over the past two years. Neither Belmont nor any of its affiliates have any shared relationships with any parties currently or previously involved in the South Fork Heights property.

2013 9% lihtc application narrative



Project Name: Town Center North Apartments

Project Location: 7300 W. 44th Avenue
Wheat Ridge, CO 80033

I. PROJECT SUMMARY

a. General Project Description

- The Town Center North Apartments project is a proposed 50 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 \$965,327.

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 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 combined existing Wheat Ridge Town Center Apartments project, and the proposed project exceeds 670 persons;

- Readiness to Proceed: 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) immediately in front of the property;
- Brownfield Redevelopment: The proposed site is a Brownfield. While the property is undergoing active testing and remediation, the site meets all the HUD requirements in terms of finance-ability and is safe to develop and occupy. (See Exhibit 4 of the Phase I ESA)
- Site and Operating Efficiencies: The proposed project is located directly to the north of the existing Wheat Ridge Town Center Apartments.
 - Shared Gardens - both projects will benefit from an expanded and combined resident garden area, which will include the addition of a potter’s shed for joint community use.
 - Shared Front Access Drive – both properties will share the same entrance off of Vance Street, thus saving the construction costs necessary to complete a separately accessed entrance.
 - Leasing & Site Management – both properties will be managed by Walnut Street Management, LLC (“WSM”). WSM believes cost efficiencies can be realized by staffing the properties with overlapping personnel.
 - Maintenance & Service Contracts – WSM will be able to perform in-house maintenance work and staffing more efficiently and can achieve cost efficiencies for maintenance contracts by virtue of the close proximity of the properties.

II. SUBSIDIES AND LOCAL SUPPORT

a. Federal Subsidies

The Project intends to apply for permanent mortgage loan financing via the CHFA 542(c) Risk Share program. This federally insured mortgage loan provides debt financing at a significantly lower cost than is available in the conventional market.

Additionally, the Sponsors have also received a Letter of Support from the State of Colorado Division of Housing to provide a \$250,000 subordinate HOME loan. This cash flow note reduces the mandatory annual debt service burden on the property while still providing enough funds to complete the development of the Project.

b. Local Subsidies

The Wheat Ridge Town Center North 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 North 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 1st Bank loan is coming due in late 2014.

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 North project is obligated to continue paying real estate property taxes.

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, Joyce Jay
- (ii) Wheat Ridge City Manager, Patrick Goff
- (iii) Renewal Wheat Ridge (fka Wheat Ridge Urban Renewal Authority) – Steve Art, Economic Development & Urban Renewal Manager
- (iv) Wheat Ridge 2020 – Britta Fisher, Executive Director
- (v) 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 North 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 provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and non-profit.*

Rationale: The Sponsors of the proposed Project have redeveloped or developed over 670 low income housing tax credit units across three states. To date, the Sponsors have received one competitive 9% tax credit allocation for the Wheat Ridge Town Center Apartments.

3) *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 North 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 670 senior citizens have expressed interest in renting an apartment at the proposed Project.

4) *To provide opportunities for affordable housing within a half mile of walk distance of public transportation such as bus, rail and lightrail.*

Rationale: The 44th Avenue RTD bus stop is located directly in front of the proposed Project. The bus stop is approximately 200 feet from the front door of the proposed building.

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

Rationale: If awarded a tax credit allocation, the proposed project would be only the second new, multifamily apartment construction project in the City of Wheat Ridge over the last 20+ years.

- 6) *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: In order to take as little tax credit as possible, the Sponsors have pursued CHFA 542(c) financing to maximize the amount of mortgage proceeds available to fund the project. Additionally, the Sponsors have sized the permanent mortgage loan to a 1.23 debt service coverage ratio – which ensures the project will meet the minimum 1.15 debt service coverage through the initial fifteen year compliance period. The project Sponsors have also nearly maximized the allowable deferred developer fee to approximately 29% in order to bridge the sources and uses gap. This deferred development fee is nearly the maximum amount of deferred fee that can be repaid within the required ten year period. Finally, the sponsors have received a Letter of Support from the State of Colorado Division of Housing for a \$250,000 HOME cash flow 2nd loan. 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 23.3% - below the 30% maximum basis boost allowable.

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

i. Market conditions:

- The capture rate for the project overall (16.1%), as well as the capture rate for 40% AMI units (16.2%) and 50% AMI units (13.4%) are all near the threshold at which CHFA is typically comfortable with a project. The capture rate for 60% AMI units is just 12.5%.
- The Wheat Ridge Town Center Apartments waitlist of 670+ age and income qualified persons demonstrates demand for income-restricted senior apartments in the area.
- 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.

- The PMA for this site has some of the greatest density of seniors in the Denver metro area.
 - All of the tax credit senior apartments in the PMA, which opened between 1998 and 2013, 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:
- No issues were noted in the market study.
- iii. Readiness-to-proceed:
- Zoning: The property has in-place, proper zoning. No change in zoning is required.
 - Site Plan: The project's concept plan has been submitted to the City of Wheat Ridge and no comments were identified. The sponsors have also met with the Community Development staff and there were no changes recommended.
 - Building Permit: Upon a successful tax credit award, the Project would be building permit ready by December of 2014.
 - Phase I Environmental: The Phase I ESA has been completed and has identified a Recognized Environmental Condition. No Phase II ESA is necessary as the project is undergoing remediation. [Note: please see Section 8 below for a further discussion of how the identified environmental REC will be mitigated.]
 - Schematic Drawings: Schematic Drawings are complete.
 - Cost Estimate: The cost estimate accompanying this application was made by BC Builders, a general contractor with extensive experience in the construction of LIHTC projects.
- iv. Overall financial feasibility and viability:
- The Town Center North project meets or exceeds all of CHFA's minimum operating requirements. The Sponsors have balanced maximizing the mortgage loan proceeds available to the proposed Project by sizing the 1st mortgage loan to a 1.23 DSCR and having a State Division of Housing \$250,000 home loan as a 2nd cash flow only subordinate loan.
 - Operating Expenses. The property has an operating expense budget of \$5,061 per unit per annum, excluding replacement reserves of \$300 per unit per annum. With replacement reserves, the operating expense budget is \$5,361 per unit per annum. This exceeds CHFA's minimum operating expense requirement of \$3,900 by \$1,461

per unit per annum but is in line with tax credit investor minimum underwriting assumptions.

- Debt Service Coverage Ratio. CHFA's minimum Debt Service Coverage Ratio is 1.15x. The Town Center Senior Residences project will maintain a minimum Debt Service Coverage Ratio of 1.22x. The sponsors have also agreed to defer an additional \$240,460 of developer fee, which is just below the maximum amount of fee that could be deferred and repaid within 10 years.
 - Financing Commitments. The Sponsors have received strong interest from the proposed Construction 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 CHFA 542(c) financing provides more mortgage loan proceeds than would be available in a conventionally financed mortgage. Additionally, the Sponsors have also received a Letter of Support from the Colorado State Division of Housing to provide a \$250,000 subordinate HOME loan.
- 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 \$11,644,471 or \$232,889 per unit. Based upon LIHTC applications for projects of similar size and unit count, the project's cost per unit is in line with general market conditions.
- 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 24 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 of the same study, the market analyst notes: "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 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.
 - On page 4 of the Market Study, the Highland Group Notes: "The location of the site within Wheat Ridge Town Center Redevelopment Area offers a dynamic suburban living experience, which we believe will enhance the lives of seniors. Walkability is high, with many local amenities nearby. Also, public transportation is easily accessible."

- This project will be compatible with the surrounding uses and the Wadsworth Boulevard 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 2.75 acre property to the southwest of the site. The Sponsors have this property under contract and intend to purchase the property as future development land inventory in October of 2014 with development plans to be determined.
- The site is zoned for multifamily use and the site development concept plan has been reviewed by the City without any comments.
- 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 southern boundary of the property.
- There are no wetlands issues associated with the site.
- The topography of the site is generally flat..
- The City, at its sole cost, has already buried the existing above grade power lines.
- 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 Urban Renewal Authority 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 a detention vault located underneath the resident parking lot.

IV. BUILDING PROFILE & AMENITIES

a. Overall Profile:

- The proposed project is a four story, 50 apartment unit, single building complex;
- The building will be 57,896 square feet.
- There will be 40,835 square feet is gross rentable apartment space and 13,529 square feet is common area space, hallways and circulation;
- The remaining 3,532 square feet is comprised of surface garages.
- The building will be situated on a roughly 1.4 acre site;

- Resident parking will consist of 43 surface spaces and 16 garages, for a total of 59 fully dedicated residential car spaces. This equates to a parking ratio of 1.18 to 1. The garages will be provided free of charge on a first come first served basis.

b. Unit Bedroom Mix and Unit Amenities:

- There will be 33 1-BR/1-BA units and 17 2-BR/1BA units consisting of a total of three unit types:
 - 33 Type A-1 Units (1BR/1BA) at 667 net rentable square feet (741 SF gross);
 - 3 Type B-1 Units (2BR/1BA) at 793 net rentable square feet (878 SF gross);
 - 14 Type B-2 Units (2BR/1BA) at 897 net rentable square feet (982 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 in a majority of units;
 - Step in showers;
 - 10' ceilings level one, 9' ceilings level two, three and four;
 - Individually-controlled heat, air conditioning and domestic hot water;
 - Patio or balcony for every unit ranging between 48 and 56 square feet;
 - Kitchen center island/eating area;
- *Parking.* There will be 43 surface spaces and 16 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 674 square foot community room in an open access room from the common area foyer. It is intended to be a multi-purpose, multi-function flex space for community gatherings (birthday parties, pot lucks, guest speakers, holiday parties, etc.) or small group resident get-togethers. There will be a big screen television for movies. It will

- normally be configured with lounge seating and tables and chairs. A storage area just off the community room will house stackable tables and chairs.
- *Club Room:* This 451 square foot club room will provide a more private and intimate gathering place. It will have the ability to function as a private event room that can be reserved for resident functions, but can be combined with the community room as a “Great Room” for community events. At the northeast corner of the club room is an event kitchen featuring a table high counter with built-in cook top for cooking demonstrations and use during small group events.
 - *Fitness Room:* 910 square feet of multi-use and multi-function wellness space. The exercise room will be equipped with wellness equipment, treadmills and exercise bikes, but will also have enough space for group exercise (tai chi, yoga, etc) classes. 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 197 square feet.
 - *Library:* This 683 square foot library room has a south facing glass wall and is located on the third floor. It will be lined with built in bookcases and will feature a computer center for residence use, training and demonstrations. There will be two computers and a resident copier, scanner, fax machine.
 - *Craft Room:* The craft room will also be located on the second floor adjacent to the elevator bank and will also have a south facing window bank. The 693 square foot room will host a variety of arts and crafts classes and functions.
 - *Social / Flex Room:* The social room is a rectangular space totaling 693 square feet and is located on the fourth floor. It also serves a flexible space for meetings, games and other events.
 - *Resource Center Office:* The 243 square foot resource office is a dedicated space for the senior service coordinator (provided by either the Senior Resource Center or Jewish Family Service). 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:

- A 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 northeastern edge of the property;
- Resident vegetable and herb gardens (approximately 21 raised planters – enough for 42 individual resident gardens);
- A potter’s shed for the storage of gardening tools, fertilizers and other gardening equipment;

V. POPULATION SERVED

- The Project will be 100% affordable and will contain units with rents between 40% and 60% AMI;
- Ten (10) units will be restricted to 40% AMI rents, fourteen (14) units will be restricted to 50% AMI rents and twenty-six (26) 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 44th 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 been in ongoing discussions with the Senior Resources Center and Jewish Family Services regarding an on-site office and part time coordinated care staffer at the proposed Project. The Senior Resource Center and the Jewish Family Services Foundation recently received a grant to provide senior care and outreach services in Wheat Ridge. 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 243 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 liaison to families who live elsewhere;
 - Evaluation and make recommendations for alternative living arrangements as needed;
 - Provide crisis intervention and health care advocacy;
 - Provide 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. PHASE I ENVIRONMENTAL RESULTS & RECOGNIZED ENVIRONMENTAL CONDTIO STRATEGY

The Phase I Environmental Site Assessment performed by Weson Solutions Inc. identified a Recognized Environmental Condition (“REC”) associated with the property. A portion of the site previously contained a gas station and transmission shop, which has since been demolished. The site had been a source of leaking petroleum plume, which is in the process of being cleaned. The plume impacts a small portion of the north east corner of the proposed site, but is not in an area which interferes with the construction of the building or the development of the property. The majority of the contaminated plume is to the northwest of the property, underneath 44th Avenue.

A Corrective Action Plan (“CAP”) has been approved and is being administered by the Colorado State Office of Oil and Public Safety (“OPS”). A copy of the CAP has been included as **Exhibit 1** to the Phase I Environmental Site Assessment. Because the property is actively being cleaned, and has not yet completed the full remediation, a No Further Action Letter (“NFA”) has not yet been issued by the OPS. However, the OPS has issued a Letter of No Responsibility confirming that neither Wazee Partners, LLC or any potential lender or investor is responsible for the environmental cleanup. A copy of the Letter of No Responsibility has been included as **Exhibit 2** to the Phase I Environmental Site Assessment.

A “Responsible Party”, Silco Gas, has been identified by OPS and is responsible for the cleanup and full remediation of the contaminated area. Silco is in the process of finishing the remediation on the property and the OPS expects the remediation will be completed sometime during the middle of 2015. Silco has indemnified the current property owner (the Seller, i.e. Renewal Wheat Ridge) against all liability associated with the environmental contamination. Furthermore, that indemnification is assignable and the Seller has agreed to assign the indemnification to the Purchaser upon closing. A copy of the Agreement to Indemnify and Assign is included as **Exhibit 3** to the Phase I Environmental Site Assessment.

Weston Solutions has been coordinating cleanup on this site since 2008 and has intimate knowledge regarding the level of contamination. The Phase I ESA does not require a Phase II because of the specific knowledge of the site (i.e. – the vast institutional OPS compliance records and quarterly testing results) and the fact that it is currently being cleaned.

Tax credit investors, construction lenders and permanent lenders all look to the HUD standard in terms of the develop-ability and finance-ability of a site undergoing active environmental cleanup. If the site passes the HUD threshold, investors and lenders will provide proceeds to finance the transaction. Wazee Partners has engaged Dominion Due Diligence Group Consultants (“D3”), a recognized HUD environmental compliance expert, to determine if the site, in its current state of ongoing cleanup, satisfies HUD’s threshold requirements for finance-ability.

Page 5 of the report from D3 states:

“It is D3G’s professional opinion that the Town Center North aka Renewal Wheat Ridge Project is in compliance with the HUD environmental standards contained in 24 CFR Part 58.5(i)(2), whereby the property is free of hazards which could affect the health and safety of occupants or conflict with the intended utilization of the property.

Therefore, although the property is undergoing active remediation, the site in its current form meets the HUD guidelines for finance-ability and the site would qualify for HUD financing. A copy of the D3 report is included as **Exhibit 4** to the Phase I Environmental Site Assessment.

IX. FINANCING OVERVIEW

The total costs of the project are \$11,661,064, equating to \$233,221 per unit. The total annual credit amount required to finance the Town Center North project is \$965,327 per year. The project has received letters of interest from the following financial institutions for the construction and permanent loan financing:

a. Construction Loan

The Sponsors believe traditional community lending bank financing is the most attractive construction loan available to the project. The Sponsors have engaged Wells Fargo Bank as the construction lender. Wells Fargo Multifamily Capital believes the Project can support an \$8,192,000 construction loan.

b. Permanent Loan

The sponsors intend to utilize the CHFA 542(c) FHA risk share program to provide \$2,000,000 of permanent financing to the project. The permanent loan has been sized according to CHFA’s standard loan parameters.

c. 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 \$240,460 of developer fees (or approximately 28.29% of the total developer fees) in the form of notes to the project. This amount of deferred fee is close to the maximum amount of possible deferred development fee that can be repaid within the required 10 year period.

d. HOME Loan

The State of Colorado Division of Housing has provided the Project a Letter of Support for a \$250,000 HOME Loan.

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 \$7,381,603 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 North project meets or exceeds all of CHFA’s minimum operating requirements as well as the underwriting standards of the proposed lenders and tax credit investor. The Sponsors have also balanced maximizing the mortgage loan proceeds available to the proposed Project, while simultaneously meeting the underwriting standards of CHFA, Boston Capital and Wells Fargo.

The overall budget of \$11,661,064¹ for the project is in line with the average costs of other similarly sized (smaller) projects. In order to take as little tax credit as possible, the Sponsors have pursued CHFA 542 (c) financing to maximize the amount of mortgage proceeds available to fund the project. The project Sponsors have also nearly maximized the allowable deferred developer fee to approximately 28.29% to help bridge the sources and uses gap. Lastly, the State of Colorado Division of Housing has provided a Letter of Support to provide a \$250,000 subordinate HOME loan to the project. 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. The basis boost requested is 23.3% - below the 30% maximum basis boost allowable.

X. CONSTRUCTION OVERVIEW, GREEN BUILDING & ENERGY EFFICIENCY

- The Project will consist of four stories of wood frame construction, elevator served with a post-tensioned slab;
- 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 “2011 Green Build Initiatives” as revised by CHFA in the 2014 Green Communities Worksheet;
- 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 approximately two blocks south of 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;

9% lihtc application narrative



Project Name: **Venetucci Village Senior Housing**

Project Address: Near the intersection of Southmoor Dr. and US Highway 85/87, Security CO, 80817

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:

Venetucci Village Senior Housing is a 69-unit, 100% affordable senior-focused apartment building located in Security, Colorado; a suburban/rural enclave southeast of Colorado Springs. The project is located in the lowest-income portion of the Colorado Springs metro area where the need is great for affordable senior rental housing, including for retired military personnel near Fort Carson. In response to the need for highly affordable apartments in this area, half of the units in the building are affordable to those earning 30% and 40% of the AMI. This will be the first LIHTC-financed project in the southeast

Colorado Springs/Fountain Valley area. According to the project market study, this project will compete well in the market because of the demand for senior housing and that it will provide more spacious apartments and comprehensive amenities than currently provided by other LIHTC and other senior-focused projects in the larger Colorado Springs metro area, or by the competitive market rate projects in the market area. The project's success as a housing community for seniors comes from the strong sponsorship of El Paso County's Fountain Valley Senior Center, Inc., a comprehensive community senior service provider in the southeast Colorado Springs metro area. The Senior Center itself is located directly across Southmoor Dr. from the Venetucci Village Senior Housing development, and transportation to and from the Senior Center and throughout the area is provided at a low cost through the Senior Center.

The project's three-acre parcel is located within the 53-acre Venetucci Village Master Planned Development Area owned by an affiliate of the Pikes Peak Community Foundation. A significant component of the area is the historic Venetucci Farm, a working farm and favorite local pumpkin patch, which is owned and operated by the Foundation and offers community-supported agriculture, educational opportunities, and events for the local community. Ultimately, the Venetucci Village master planned community intends to integrate the agricultural activities at Venetucci Farm as part of the community and civic life available for its residents. Obtaining an award of credits will serve as a catalytic investment in this underserved area, creating a renewal area in a state Enterprise Zone.

The Venetucci Village Senior Housing is the product of a development partnership between the Pikes Peak Community Foundation's Real Estate Foundation, which currently owns the land, Kevin Walker of Walker Strategies, LLC, Richard Sullivan of Housing Options, LLC, Lee Wolf, a Colorado Springs-based multifamily development consultant, and the Fountain Valley Senior Center (FVSC) acting as the General Partner. ConAm, Inc. will provide management services to the project. El Paso County Housing Authority supports the project financially, and has contributed \$48,625 to support pre-development because of their strong commitment not only to the project but to the vision presented in the Venetucci Village Master Plan as well as the economic development of the Security/Fountain Valley area.

Construction:

Venetucci Village Senior Housing is a three-story, 69-unit new construction apartment building oriented around outdoor picnic and barbecue areas, walking paths, and raised-bed gardens. Residents will have both one-bedroom and two-bedroom apartments to choose from, ranging in size from 600 square feet to 825 square feet. The building footprint will be approximately 38,500 square feet per floor with a total residential square footage of approximately 140,000 square feet. The building will also contain an elevator, covered patios on each floor, an exercise room, and a multi-purpose room. Storage rooms will be provided for each resident apartment. A total of 69 parking spaces will be provided with 40 car ports that are reserved for residents on a first-come, first-served basis.

Population and Bedroom Mix:

Venetucci Village Senior Housing serves resident households age 62+ in an apartment setting surrounded by on-site and community amenities in Security, CO. Consisting of a population of many retired military personnel, Security is a suburban/rural enclave located southeast of Colorado Springs, bordering Fort Carson military base. The Primary Market Area includes Security and Fountain, Colorado. The presence of the Fort Cason Military Base and the large contingent of military personnel and their families in the area creates a deficiency in the housing options for more permanent residents. Due to a

focus on housing for the young and constantly moving service-members, there are insufficient housing options for seniors, including military retirees, living in the area long-term, especially options for those seeking to downsize out of a single-family house. This project and its comprehensive amenities and surrounding services provide the tenants an ideal residence in a beautiful setting in the southern part of El Paso County.

According to the most recent Census data, the area has a Poverty rate of 35.1%, the Median Family Income is 51.6% and an Unemployment Rate of 12%. It is in a Qualified Census Tract (45.01)

The building will contain 52 one-bedroom/one-bathroom units and 17 two-bedroom/one-bathroom units. Five units will be available for residents with an Area Median Income (AMI) of 30% or below, 30 units for 40% AMI, 22 units for 50% AMI and 12 units for 60% AMI. The project's overall capture rate is 12.2%, a quantitative indicator of the desirability of this site for seniors looking for affordable housing options and services. This mix of unit sizes and AMI levels provides a diverse set of options for future residents. This mix accommodates residents of many different income levels and provides appropriate one and two bedroom options for different household sizes and space needs.

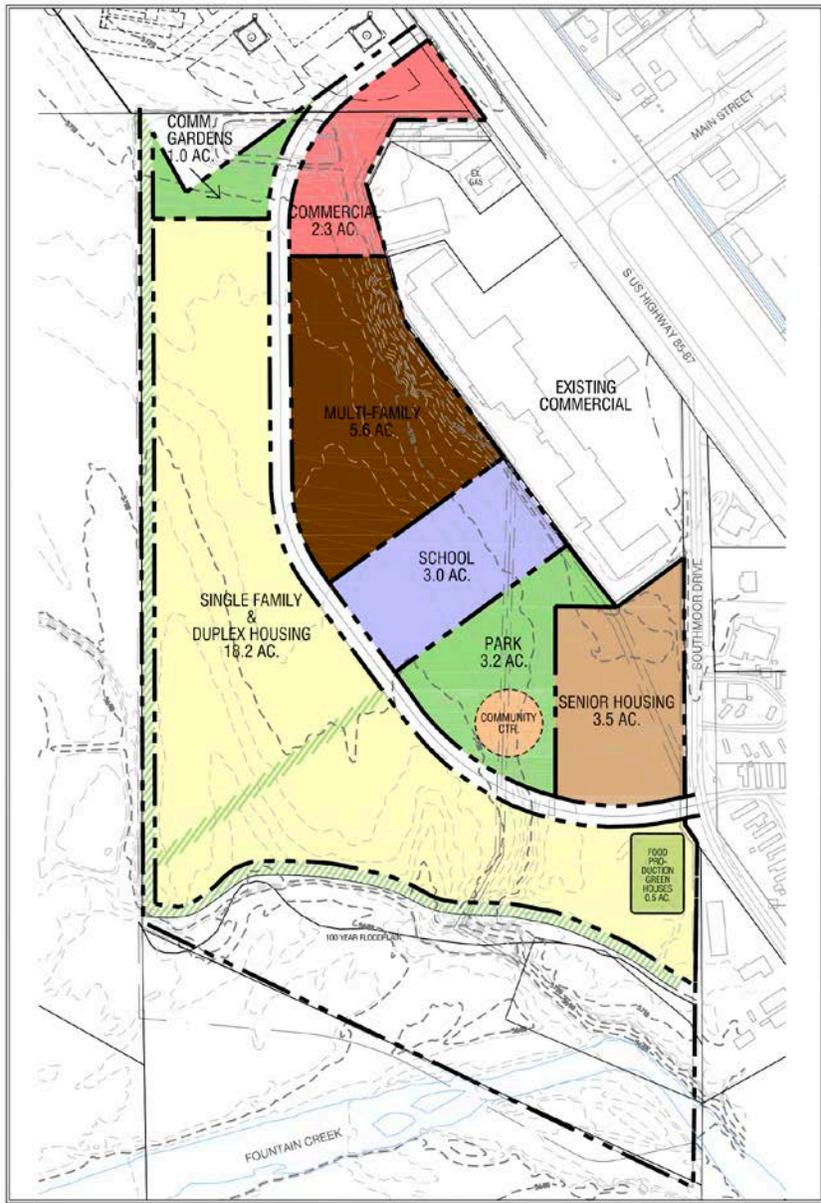
Location:

Venetucci Village Senior Housing, together with the Fountain Valley Senior Center, is an idyllic location for senior living in this rural enclave located right outside of Colorado Springs. The project is ideally situated across the street from the Fountain Valley Senior Center, the area's largest senior services and transportation provider. As development in Colorado Springs has grown primarily northward and eastward, the towns of Security and Fountain have seen lackluster amount of development or redevelopment. Receiving an award of credits will enable this project to be the first step of a Master Plan to revitalize the area through creation of a mixture of affordable housing, family multifamily and single family options, site development, and community amenities, including amenities that integrate agriculture through proximity with the Venetucci Farm. The site has striking panoramic views of the mountains to the west, including Pikes Peak. The property borders I-25 on the west end and Highway 85/87 on the east, a major business thoroughfare through Security. The project will also be directly connected to the Fountain Creek Regional Trail running through the historic Pinello Farm owned and preserved by the Colorado Springs Utility company. Within a mile of the site, residents can access a fire department, bank, a dental office, and a Walmart in addition to other various businesses including a Goodwill thrift store, auto services, and restaurants. The modest shopping center immediately next to the site also includes discount retail, restaurants, chiropractic services, a barbershop, and a bowling alley. A thrift store operated by the Fountain Valley Senior Center is located across the street.

The Pikes Peak Community Foundation placed the Venetucci Farm under a permanent conservation easement to preserve the history and heritage of the working farm, which has served as a favorite Colorado Springs area "pumpkin patch." In addition, the Pikes Peak Community Foundation was gifted the nearby 53-acre parcel not used in farming production. Walker Strategies, LLC, in partnership with the Pikes Peak Community Foundation, developed a master plan for the development of the Venetucci Village area, to be constructed on the 53-acre parcel and integrating the Venetucci Farm. Kevin J Walker & Associates, Inc. is under contract to purchase the land for development of the Venetucci Village Senior Housing project from the Pikes Peak Community Foundation and the contract will be assigned to the future LIHTC-partnership. Both affordable senior housing production as well as planned

development for the sake of economic revitalization are highly appropriate uses of a parcel of land originally owned by a community non-profit like the Pikes Peak Community Foundation.

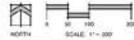
The location for Venetucci Village Senior Housing within the overall Master Plan was chosen because of the site's proximity to the Fountain Valley Senior Center, and considered for the first project phase because of the significant need for affordable senior housing options. In addition, the project will integrate well with the existing senior services provided by the Senior Center to create a high quality livable, self-sufficient community while the other project phases are built out. Although the planned community amenities will be built as part of a later project phase, the location of Venetucci Village Senior Housing directly across Southmoor Drive from the Fountain Valley Senior Center ensures that these residents have immediate access to comprehensive community amenities.



VENETUCCI VILLAGE

DATE: 8/14/12
ISSUED FOR:
DRAWN BY: M. KIEMEL
DWG. REF.:

SCALE: 1"=200'
DWG. #:



N.E.S. Inc.
303 South Taylor Street
Colorado Springs, CO
80901
Tel: (719) 441-1073
Fax: (719) 441-1087
www.nes.com



Project Amenities and Services:

The Venetucci Village Senior Housing common areas feature many amenities for the use of its residents, including a 2,775 sq. ft. common area and clubroom, a multi-purpose room with kitchen, a fitness center, two covered patios and interior lounge areas on each floor, raised garden beds and orchard areas, and a BBQ area with a grill and tables. With the outdoor landscaping and patio, and the view of Pikes Peak and surrounding Rampart Range from the open farmland and natural areas, this parcel of land has a very tranquil and rustic aesthetic for its residents.

The units themselves will feature:

- Spacious interiors
- Washers and dryers in each unit
- Energy-efficient kitchen appliances including microwaves and dishwashers
- Energy-efficient, individually-controlled air conditioning and heating
- Individual balconies

Each unit will have access to separate on-site storage facilities. Covered parking will also be offered on a first come, first served basis.

The building will employ a full-time campus manager/program coordinator who resides in the building. This person manages day-to-day operations of the property while also providing additional on-site resident activities and services. Lease-up and ongoing property management offices will also be located within the Housing complex as well as on-site maintenance staff.

The Fountain Valley Senior Center is a short walk from Venetucci Village, immediately across Southmoor Drive. Currently, the Fountain Valley Senior Center, Inc. provides both services at the Senior Center as well as “referral, networking, advocacy and collaboration for adult protection and leadership on issues affecting senior residents.” Direct services provided at the Senior Center, “enhance dignity, support independence and self-sufficiency, and encourage involvement in the community keeping the quality of life at optimum levels and avoiding premature institutionalization.” The Fountain Valley Senior Center also operates an area transit service throughout Security and the surrounding community for older adults, those with mobility constraints, and their companions and caregivers, for a donation-based fee. The transit service “is provided for medical/dental appointments, grocery shopping, nutrition site, employment/education, recreation and socialization.”

Future residents of the Venetucci Valley Senior Housing community, many of whom are likely to be current customers of the Senior Center, will be able to walk, drive, or take transit across the street to the Senior Center. Residents will be able to become members of the Senior Center for a very low annual fee. There, they will be able to:

- Receive breakfast on weekday mornings and a hot lunch through Golden Circle and the Rural Area Meal Program (RAMP);
- Take an offered fitness class, like Forever Fit and Healthy Bones, Tai Chi, Chi Kung, Modern Interpretive Dance, or Line Dancing classes;
- Receive a blood pressure check, hearing check, or vision screening, visit the foot clinic, participate in the Diabetic Support group, or receive a flu shot;

- Volunteer to help the Senior Center in its day-to-day operations, or volunteer for the community at large through the Seniors in Service program in collaboration with the El Pomar Foundation;
- Join in on indoor activities including Game Day and Movie Day as well as playing billiards, bowling, ping pong, bingo, or joining the Harmonizers;
- Attend events held at the Senior Center by other community organizations (like the Salvation Army or the Pikes Peak Area Agency on Aging);
- Vote
- Receive assistance in accessing or updating public benefits
- Sign up for planned group excursions, both local, State-wide and out-of-state; and
- Be a part of a support group for widows and widowers, as appropriate.



Energy Efficiency:

Energy performance of the building will be maximized through integration of a high degree of envelope insulation, Energy Star appliances, energy-efficient heating and cooling systems, including in-unit PTAC units, high-performance windows, compact fluorescent lighting, and occupancy sensor switches in the public restrooms. Low-VOC paints, adhesives, and carpet systems will be incorporated into the building specifications. Other construction materials will be evaluated by their ability to be locally sourced within 500 miles. Recycling will be integrated into the waste disposal areas of the building, with the on-site manager available to promote recycling in the building. Venetucci Village will be a non-smoking residence. The construction of the building will comply with the environmental and energy conservation guidelines established by Enterprise Green Communities.

Additionally, the electricity needs of the building will be offset by the installation of a 42 kW photovoltaic panel system. Solar panels will be installed on both the building roof as well as on top of the carport structures, and will offset the electrical needs of the new project.

With the completion of the Venetucci Village master planned development, the Senior Housing community will be a part of an integrated, walkable community that is poised to take advantage of community based agriculture, water conservation, and sensitivity to the natural environment.

Financing:

Construction of the \$10 million project will include LIHTC equity, conventional financing, pre-development funding from El Paso County Housing Authority, and a deferred developer fee. The Venetucci Village Senior Housing site qualifies for additional credits based on its location within a QCT. Obtaining an award of credits will be the impetus for the overall development plan of this critically underserved area.

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:

Venetucci Village meets a number of the guiding principles in the QAP. Specifically, the project responds to CHFA's guiding principles:

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

The project is 100% affordable, and provides 30% AMI units as well as 40%-60% AMI units, a feature unique to this LIHTC project. The project will be covenanted for the maximum time required by CHFA.

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

The project is located in a QCT, and furthers the community sustainability goals of the Pikes Peak Regional Council of Governments regarding location efficiency, diversity of housing types and affordability, energy-efficient building, neighborhood access to public outdoor spaces and trails, and creating housing within integrated community and civic settings.

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

This will be the first project in the Fountain Valley area of El Paso County to receive LIHTC. This is the lowest-income area of the Colorado Springs metro area.

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

The sponsor is an active non-profit serving seniors in the community immediately surrounding the project site. The sponsor has hired a number of qualified development team members to assist in creating a successful affordable housing development.

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

This project provides affordable housing options to seniors, including retired military personnel in need of options within the Fountain Valley area.

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

An allocation of credits supports the creation of some of the first new affordable senior housing to be constructed in this area.

- *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 request for allocation equals approximately \$12,400 worth of tax credits per unit, a comparably low per-unit request. This allows the current year's credits to be distributed amongst more projects.

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

Venetucci Village Senior Housing does not meet any of the priorities listed on page 6 of the 2014 QAP, but does not need to meet a priority in order to qualify for tax credits.

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

a. Market conditions:

There is strong market need for a project with the features provided by this project. Below is an excerpt from the project market study:

1. *The Fountain Valley Senior Center, adjacent to the subject site, will provide an extensive array of services to residents of the proposed project. Specialized transportation services, daily meals, and other planned activities and classes will all be located across the street from the property. The location of the center is a very strong amenity for the proposed project.*
2. *The Venetucci Farm, located to the northwest of the site and owned and operated by the Pikes Peak Community Foundation, offers community supported agriculture, educational opportunities, volunteer opportunities, and events for the general community, including residents of the subject project. Not only will the presence of the farm provide a quiet and compatible neighbor for the proposed project, but the planned vision for the agricultural community surrounding the farm could provide additional amenities as it is further developed.*
3. *The subject plans to offer a strong mix of common amenities, which will exceed*

those offered at the only true tax credit peer in the PMA (Tamarac Senior Apartments). The planned amenities include a 2,775 square foot common area and clubroom; multi-purpose room with kitchen; fitness center; two covered patios and interior lounge areas on each floor; barbecue area with a grill and tables; and raised garden plots.

4. *The 69 interior storage spaces and 40 covered carport parking spaces that will be available free of charge on a first-come, first-served basis are a strong amenity offered by the subject project.*
5. *The subject site and the PMA are located in one of the lowest-income portions of the Colorado Springs metro area, where there is strong need for affordable senior apartments.*

b. Readiness-to-proceed:

Venetucci Village, LLC, wholly owned by the Pikes Peak Real Estate Foundation, an affiliated organization to the Pikes Peak Community Foundation owns the land, and has been properly zoned for senior housing by El Paso County. The developer anticipates a smooth approval process for the site plans; such will be ready by September with construction and financial close in late 2014. An architect has been selected, and the project has received interest from a number of lenders and LIHTC investors. Once the project receives an award of credits, construction will begin in approximately four months.

c. Overall financial feasibility and viability:

Because of its location in a QCT, the project financing will be sufficiently aided with LIHTC equity, financial support from the El Paso County Housing Authority, and conventional debt. The development team has spoken with several lenders and 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 affordability mix of the project is appropriate in balancing the need for 30%-60% AMI units with the project's long term operating success.

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

Developer Experience:

Kevin Walker, Walker Strategies, LLC:

Mr. Walker is an experienced developer in the Fountain and Colorado Springs area with over 30 years of experience in the region. Most recently, Mr. Walker led the 600 acre development in the City of Fountain known as Mesa Ridge that included over 350 single family lots and the entitlements, design and financing of the Mesa Ridge Apartments, a 240 unit project completed in 2013 and now fully leased.

Over his career, Mr. Walker has acted as development manager for numerous large scale developments including Mesa Ridge, Stetson Hills, Woodmen Heights, Northgate Highlands and Woodmen Oaks. This included development for residential, commercial and office uses and was in direct supervision of community development amenities, infrastructure construction, budgeting and sales for well nearly 1,000 single family lots and hundreds of acres of land sales. Woodmen Oaks, a prestigious 96 lot development in northwest Colorado Springs was developed by Kevin J Walker & Associates, Inc. in the late 1990s.

None of the properties developed with the involvement of Mr. Walker have experienced financial issues.

Richard Sullivan, Housing Options, LLC:

Mr. Sullivan's experience includes the development and management of nine senior housing complexes for the Colorado Springs Housing Authority and a consulting/developer role in the Rio Grande Village and Wyndam Place I projects in Colorado Springs and Josephine Commons in Lafayette, CO as consultant for the Boulder County Housing Authority.

From January 1972 until November 2004, Mr. Sullivan was Executive Director of the Colorado Springs Housing Authority. During that period he was directly responsible for the development of 5,400 units of affordable housing for the agency. Additionally, he developed the Senior Heritage Plaza senior property for Silver Key Senior Services using the HUD Section 202 program in 1987. Since retiring from the Authority, he has been involved in the development of Wyndam Place I at 725 S Weber St and Rio Grande Village at 600 S Corona St, both in Colorado Springs. He was also the lead development consultant to the Boulder County Housing Authority for the development of Josephine Commons at 455 N Burlington Ave in Lafayette, Colorado. None of the properties developed with the involvement of Mr. Sullivan have experienced financial issues.

Mr. Sullivan has long-standing working relationships with the senior service agencies in the Pikes Peak Region and created the Golden Circle Nutrition Program, which provides hot lunches at senior program sites throughout the Region and is a partner of the Fountain Valley Senior Center.

Lee Wolf:

Mr. Wolf has many years experience with development including analyzing market demand and impact of LIHTC development, new residential and retail development as well as historical rehabilitation in Colorado and other states. He has also provided professional property management oversight for over 500 apartment units. Many housing developments Mr. Wolf has been involved with used FHA 221 (d)(4) program, tax-exempt bond, LIHTC, and HOME funds.

Please see the attached resumes for more detailed information about the development team.

Management Experience:

ConAm has been selected to the property manager for the site. Their Colorado Springs-based team has significant experience managing affordable housing units, including both LIHTC-financed and HUD-financed properties. Staff receives national accreditation in LIHTC compliance. Additionally, the company is a highly experienced property management and real estate investment company with a national presence. Please see the attached resumes for more information.

e. Cost reasonableness:

As per the cost estimate contained within this application, Venetucci Village is estimated to have a total development cost of approximately \$146,800 per unit. This cost is in line with most LIHTC developments.

f. Proximity to existing tax credit developments:

There is a single LIHTC-funded senior property in the PMA, listed as Tamarac Senior Projects. This development is located in south Colorado Springs and is experiencing 98% occupancy. Because this project is fully leased and the demand for the Venetucci Village Senior Housing project is high, we believe this project does not impact the success of our project to perform financially.

g. Site suitability:

Because of its location immediately next to comprehensive community services and transportation, and the parcel's ownership by the Pikes Peak Community Foundation, this site is very suitable for the development of affordable senior housing. Its proximity to the Venetucci Farm supports the vision of the Master Plan to integrate agriculture, civic and community amenities with a mix of housing types and populations.

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 only issue raised by the market study is the condition of the shopping center immediately to the north of the site, and its potential negative impact to the marketability of the project. We believe that the strength of the nearby services and community amenities far outweighs any negative impact brought by this shopping center. There is potential that this shopping center could be redeveloped either independently or in conjunction with the Venetucci Village Master Plan sometime in the near future. The center is in the City of Fountain's Urban Renewal Area and has experienced recent interest in redevelopment opportunities.

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 no evidence of recognized environmental conditions in connection with the project 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 strong local support surrounding this project due to the ongoing need for affordable senior housing in the area and a need for development in this area of El Paso County. The Master Planned Development has received strong support from the El Paso County Housing Authority, of which the construction of Low Income Housing will be the first step overall. The Fountain Valley Senior Center has agreed to be the sponsor of the project because of the need for the housing offered by the project, and the ability of the sponsor to provide significant services to residents. The Project has also received support from the City of Fountain, Pikes Peak Area Council of Governments Area Agency on Aging, the Fountain Urban Renewal Authority, and the El Paso County Housing Authority and the El Paso County Commissioner Dennis Hisey based on the need for affordable senior housing in the Security/Fountain Valley area. Colorado Springs Housing Authority also intends to partner with the project as the administrator of the Golden Circle meal program, and has agreed to add this project to available projects for households on its waitlist.

9% lihtc application narrative



Project Name: Victor F. Smith Senior Housing

Project Address: 800 High St., Erie, CO

1. Request Statement:

Brothers Redevelopment, Inc. (BRI), as Applicant and Sponsor/Managing Member, requests a reservation of \$519,561 in 9% Low Income Housing Tax Credit (LIHTC) which will be exchanged for cash equity in the 30-unit, combination acquisition/rehabilitation and new construction senior affordable rental housing property known as Victor F. Smith Senior Housing (VFSSH). The property is located within the city limits of Erie, Weld County, CO. and has been owned by the Erie Housing Authority and the Town of Erie, CO since 1992. In 2013, at the request of the Town of Erie, BRI assumed operation of VFSSH using Pillar Property Services (Pillar) as the Property Manager. Since March 2013, BRI has expended approximately \$70,000 in predevelopment costs, including typical report and architecture costs, in anticipation of acquiring the existing property from the Town and applying for LIHTC. Solvera Advisors is under contract to BRI as Development Consultant at VFSSH.

2. Project Summary

- a. **Ownership Structure:** VFSSH has been owned by the Erie Housing Authority and the Town of Erie, CO since 1992. The existing 12 units of senior affordable rental housing were constructed in 2001. Upon approval of a LIHTC reservation, BRI will form a single-asset entity specifically structured to own VFSSH. BRI will be the Managing Member. No investor has been chosen at this time.

Formed in 1971, BRI is a Colorado non-profit organization whose mission is *to provide safe, affordable, accessible housing and housing services for Colorado's low-income, elderly and disabled residents*. BRI provides comprehensive homeownership and affordable rental housing services. In 2013, BRI helped 2,876 individuals and families gain and maintain homeownership longer, safer and with more comfort and dignity. Currently, BRI owns and operates 12 affordable rental multifamily properties, totaling 578 units. Six properties (404 units) are available to Senior residents and qualified Disabled persons. Six properties (174 units) are available to Seniors and Families. All properties are federally-subsidized, many of which have Project-Based Section 8 Rental Assistance contracts supporting the residents. All BRI properties are managed by Pillar.

- b. Location:** VFSSH is located at 800 High St., Erie, Weld County, CO.
- c. Land:** VFSSH is controlled through an Option Agreement dated February 25, 2014 between BRI and the Erie Housing Authority, as owner of the existing 12-units of affordable senior rental housing, and the Town of Erie, as owner of all the land associated with the development. Total land acquired is approximately 5.5 acres. This application is comprised of the eastern portion of the land containing approximately 3.2 acres. The remaining 2.3 acres will be held by BRI for future development.

The following is a list of nearby services, stores, etc.:

<u>Facility</u>	<u>Mileage</u>	<u>Facility</u>	<u>Mileage</u>
Fire Station	1.0	Police	4 blocks
Full Hospital	5.5	Emergency Health Care	1.7
Grocery Store	3.8	Pharmacy/Medical Offices	1.25
Grocery/Sundries	1.25	Restaurants/Cafes/Stores	3 blocks
City Offices	4 blocks	Parks	2 blocks
Community Center	1.25	Library	1.25
Churches (all within)	5 blocks		

- d. Site Plan:** See attached exhibits. The total site is irregularly shaped and contains approximately 5.5 acres. The existing 12-units are located on approximately 1.3 acres at the south end of the property. The ‘to-be’ constructed 18-units are located on approximately 1.9 acres at the northeast side of the property. The site is surrounded primarily by vacant land (east and north), single-family residential (south) and a church being constructed to the west. All utilities are extended to the site including Xcel Energy for electric and natural gas, and Town of Erie water and sewer. The entire site is zoned MR (Medium Density Residential) for as many 48 multifamily units. The portion attributable to the application will have 30-units total, and is compliant with the zoning. The remaining 2.3 acres will be held by BRI for future development. As planned, Town of Erie parking requirements will be met. This location is not part of a Home Owners Association (HOA) or other covenant control entity.

The site is bordered by a natural gas wellhead and an Xcel electric substation to the north. These facilities have been in existence for numerous years, and have not created any issues for the neighborhood. The Market Study calls out that the natural gas well may be a negative influence on leasing and marketability of VFSSH. Over the term that BRI has been operating the property, no previous or current resident complained

about the facilities, and no prospective resident has declined to live at the property due to the proximity of these facilities. BRI does not consider the presence of these facilities a deterrent to property success.

- e. **Construction Type:** VFSSH will consist of the existing two 6-unit buildings and four newly constructed buildings, one each of 3-units, 4-units, 5-units and 6-units. New construction will be wood frame over a post-tension concrete slab foundation. The buildings will have asphalt shingled roofs and HardieBoard siding. Windows will be vinyl, dual pane, Low-E, energy efficient with vertical blinds. Floor coverings will include laminate flooring in the kitchen and bathroom areas, and carpet in the living and bedroom areas. All units will feature wood cabinets, laminate countertops, low flow plumbing fixtures and Energy-Star rated appliances including a frost free refrigerator, electric range and self-cleaning oven, dishwasher, disposal, and in-unit, full size washers and dryers. The HVAC system will be individual gas forced air heating with individual unit air conditioning condensers. Each unit will have its own gas-fired hot water heater. Construction will include completion of all interior roads, parking, water detention requirements, and exterior common area amenities.

Rehabilitation of the existing units will follow the recommendations of the Condition Needs Assessment completed February 4, 2014. Pursuant to that report, BRI will conduct a scope of work of approximately \$251,000, or \$20,900 per unit. Work will include, but may not be limited to, roof replacement and exterior painting on the buildings, exterior door and storm door replacement. All units will receive replacement of all carpeting and vinyl flooring, all appliances with E-Star rated refrigerator, range/oven, range hood, dishwasher and disposal units. All units will also receive new furnaces, gas hot water heaters, air conditioning condensers, and bathroom fans. Improvements will also include new kitchen cabinets, shower and tub enclosures, sinks in both bathroom and kitchen, complete interior repainting and new window treatments. Remaining items for replacement will be covered by the CNA Replacement Plan and funded through initial sizing of the Replacement Reserve and annual deposits therein, as further discussed later in this narrative.

- f. **Environmental Efficiencies:** The new construction buildings will be designed to be energy efficient and comply with the Green Communities program. The buildings will be physically situated and architecturally detailed to take advantage of passive heating and cooling opportunities. The buildings enclosures will be energy efficient with Energy Star windows and doors, R-30 insulation in the attic, R-20 insulation in the walls, and R-14 insulation at the foundation. Energy Star appliances will include in-unit clothes washers

and dryers, refrigerators, dishwashers, bath fans and air conditioning units. Heating and cooling equipment will be sized according to best practices and balanced for optimal operation in units of this type and size. All lighting and light fixtures will be Energy Star. To encourage residents to conserve energy, gas and electric utilities will be individually metered for each unit. Finally, BRI and VFSSH will go through a planning/Green charette.

Rehabilitation, by definition, is 'moderate' due to not opening the building envelope. However, all replacements will be E-Star rated and will use environmentally friendly materials.

g. Building(s):

- (1) Number:** Four new buildings will be constructed. One building each comprised of 3 units, 4 units, 5 units and 6 units respectively. The two existing buildings contain 6 units each. All units are one-bedroom, one bathroom.
- (2) Parking:** Existing parking totals 16 off-street spaces including 2 handicap accessible spaces. The new construction will include 28 off-street spaces and 9 on-street 'guest' spaces for a total of 37 new parking spaces. In the aggregate, VFSSH will contain a total of 53 parking spaces which meets Town of Erie parking requirements.
- (3) Unit Type and Mix:** VFSSH will contain a total of 30 one-bedroom, one bathroom units, 12 existing and 18 new construction. VFSSH will have a minimum of one fully accessible ADA unit.
- (4) AMI Mix:** The current affordability requirements for the existing 12 units at VFSSH are composed of 1 unit at 30% Area Median Income (AMI); 1 unit at 35% AMI; 1 unit at 45% AMI; 8 units at 50% AMI and 1 unit at 60% AMI. These affordability requirements will be carried forward in this LIHTC application in accordance with existing CDOH and AHP funding requirements. The 18 new units will all be restricted at 60% AMI. Additionally, 9 new units will be supported by Project-Based Section 8 Vouchers provided by Greeley/Weld Housing Authority. Typically, persons qualifying under the Section 8 voucher program earn at or below 30% AMI. Therefore, VFSSH will have 10 units, or 33% of the total units, serving persons at 30% AMI.

(5) Amenities: VFSSH will provide a very competitive amenity package:

Unit Amenities include front porch and back patio for each unit, 9' ceilings, central air conditioning, ample overall closet space, window coverings/blinds, E-Star refrigerator, dishwasher, stove/oven, disposal, in-unit washer and dryer, and bath fan. Units will also include a ceiling fan in the living/dining area and skylight. Each unit will also have a 'pull cord' security system. New construction units will have walk-in closets in the bedrooms, and closets at both the front and back doors.

Project Amenities, which will be available to all 30 units, include one unit dedicated as a 'community' unit. Within that unit, the 'living/dining' area will include full furnishings and TV, a full kitchen, and a combination leasing office and library in the 'bedroom'. The outdoor areas include a large pergola, BBQ area, seating areas, walking paths, and community gardens. The property will be served by a part-time on-site manager and maintenance staff.

(6) Services, if applicable: VFSSH will participate in the Town of Erie 'Transportation' program including the 'Jump Along Arapahoe' and the VIA Mobility Services. Further, Erie is in the RTD District, and has access to all RTD programs. Details of these programs are available on the Town of Erie website. The Town of Erie through the Parks and Recreation Department conducts several programs focused at Seniors. These programs include, but are not limited to, the Active Adults Program, Weekly Lunch Program including Meals-On-Wheels, After Lunch Entertainment calendar, Day-Trips and Special Events calendar, various classes focusing on healthy living, etc. Most of these programs are available through the Town of Erie's Community Center, which is located within 1.25 miles of VFSSH. Details of these programs are available on the Town of Erie website. BRI and Pillar Properties are currently assisting residents in coordinating access to these services through the Town of Erie Active Adults Coordinator.

(7) Financing Structure including all Federal, State, Local support: VFSSH will be financed by a commercial bank construction and permanent loan, LIHTC equity, additional CDOH CDBG funds, assumption of existing CDOH funding and AHP funding requirements, a reasonably sized deferred developer fee loan and owner equity.

3. Guiding Principles

- a. **To support rental housing projects serving the lowest income tenants for the longest period of time:** BRI, as Sponsor/Applicant, commits to maintain 100% of the units at 60% AMI or less, including 9 units whose residents are supported by Project-Based Section 8 Vouchers and 1 unit each committed to 30% and 35% AMI residents.
- b. **To provide for distribution of housing credits across the state:** The population of Erie, CO in 2012 was less than 20,000. It is located in the southwest corner of Weld County, and this municipality has never received an LIHTC allocation.
- c. **To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and non-profit:** BRI is a Colorado non-profit organization formed in 1971. Although BRI currently owns 12 affordable multifamily rental properties, VFSSH will be BRI's first LIHTC property.
- d. **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:** VFSSH will be the first LIHTC property in Erie, CO and will continue a 15+ year plan by the Town of Erie to meet the needs of its senior population. Further, through the association with Greeley/Weld Housing Authority, VFSSH will provide much needed affordable rental housing to seniors from many parts of Weld County, including those seniors who may have been displaced by the 2013 floods.
- e. **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:** VFSSH will provide much needed new construction of 18 units as well as rehabilitation to 12 existing units that, in many respects, have several components that have reached the end of their useful life.
- f. **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.
- g. **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:** VFSSH 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 \$0.90 per LIHTC. This figure meets CHFA minimum standards. Debt financing for VFSSH is a combination construction loan converting to a permanent loan from a commercial bank. The loan is sized at a maximum level that balances the percentage of 30% AMI units (30+% of total units including Project-Based Section 8 Vouchers) and the attendant low revenue stream from all units due to the lower Weld County income levels with the estimated higher operating costs (\$3,915 PUPA before Replacement Reserves) than is typically seen in senior only properties. This higher PUPA level is due to the smaller size of VFSSH. The resultant loan sizing creates a permanent loan financial coverage factor necessary for prudent operation over the fifteen year Compliance Period. 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, VFSSH is maximizing the available resources in order to minimize the utilization of the 9% LIHTC.

4. Housing Priority

- a. **Counties with populations of less than 175,000:** Based on the current Market Study for VFSSH, the additional 18 units will add much needed affordable rental housing stock to an ever growing rental housing 'gap' in Erie, Weld County, CO (2012 population less than 20,000).

- b. **Projects in counties impacted by natural disasters:** Although the Town of Erie was not directly affected as deeply as many other localities in Boulder, Larimer or Weld County, VFSSH, through the Greeley/Weld Housing Authority, will be identified as a viable replacement housing option for seniors in Weld County displaced by the 2013 floods. Review of the Colorado Partial Action Plan for Disaster Recovery identifies significant flood impact on Low to Moderate Income senior households in Weld County. Specifically, approximately 867 senior (65+) households were damaged in Weld County. And approximately 37% of those households are income qualified to utilize VFSSH housing. While these potential renters are not specifically identified in the VFSSH Market Study calculations, approval of the VFSSH LIHTC application will allow it to be one of the first 'replacement' housing opportunities for Very Low and Low Income senior renters affected by the Weld County floods. And VFSSH has already identified itself to both CDOH and Greeley/Weld Housing Authority as a willing participant in that Disaster Recovery 'replacement' housing endeavor.

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 VFSSH 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%:** Because VFSSH is the first LIHTC property within the Primary Market Area identified in the current Market Study, it is not possible to meet this statistical measurement.
- (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:** The 40% in-migration allowance is considered reasonable and attainable by the Market Study Analyst, and is within CHFA limits. Further, the experience of both BRI and Pillar in leasing the existing 12-units indicates that this value is very achievable. This in-migration figure is further supported by the information in Section 4.b above relative to 'replacement' housing for Flood Disaster affected senior households in Weld County.
- (6) Achievability of proposed rents within the PMA:** Based on 2014 AMI levels, VFSSH pro forma rents are 100% in all affordability categories. However, due to the decrease in 2014 income levels in Weld County, all pro forma rents are below current rents for AMI and unit types at the four comparable properties, 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 and existing units are controlled by BRI through the Option Agreement dated Feb. 25, 2014. Discussion with construction lenders and LIHTC investors corroborate the estimate to close both the construction loan and the LIHTC investment by January 2015. Based on this information, VFSSH should meet a Carryover target date estimated at June 2015.
- (3) Pre-Construction Steps:** Communications with the general contractors corroborates meeting an April 2015 construction start target. Because the architecture and building designs are reasonably simpler than other, multiple-story properties, complete construction drawings are targeted to be completed

by Dec. 31, 2014. The local approval process would then have approximately 3 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 presently anticipated.

- (4) **Construction Steps:** Permit processing is estimated at approximately 60 days after final approval, a timeline the local building department believes is achievable. A construction period of 12 months is conservative 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-Constructions Steps:** Solvera, as Development Consultant to BRI, will be primarily responsible for monitoring construction progress, but will use a local architect to assist. 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 Greeley/Weld Housing Authority, 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 December 2016 target.

c. Financial Feasibility including analysis of:

- (1) **AMI and Rent positioning:** Both Solvera and third-party Market Study analyses of the AMI targets and Rent Positioning indicate that VFSSH 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 analyses of the Vacancy Rate indicates extremely low vacancy rates, which has led to increases in rents and further stress on limited income seniors. Based on a Feb. 18, 2014 Market Study, the LIHTC Property Comparison Chart performed by The Highland Group, vacancy in comparable properties in the PMA is 0%. Based on the data provided by BRI over the last year of operation at VFSSH, vacancy rate at the existing 12 units has been and is 0%. Overall market vacancy rate for all rental properties is less than 5%. VFSSH will add 18-units of new affordable rental housing to help address that need. Further, in conformance with CHFA Qualified

Allocation Plan (QAP) standards, the VFSSH pro forma uses the standard 7% vacancy rate, a full 7 percentage points higher than current affordable senior rental property levels.

- (3) **Operating Expenses:** Operating Expenses have been estimated at \$3,915 PUPA. This amount is slightly higher than current operating expense levels and is much higher than many other senior affordable rental properties operating data. The reason for the higher estimated costs include the small overall size of the property, the larger than usual amount of 'grounds' requiring maintenance, and the current experience of BRI and Pillar in managing VFSSH.
- (4) **Debt Service Coverage Ratio (DSCR):** DCR on the 15 Year Pro Forma begins at 1.31:1 ratio and is estimated to decrease over the first 15 years to a 1.24:1 ratio. This DCR level 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 small property size, very low rents and income levels in Weld County.
- (5) **Absorption/Lease Up Schedule:** Based on the very low market and comparable affordable property vacancy rates, long affordable rental 'wait lists', competitive rents, and attractive project amenities, both Solvera and the third-party Market Study analyses estimate lease up and stabilized absorption within 5 – 6 months.

d. Development/Management Team:

- (1) **General Partner/Managing Member:** Formed in 1971, BRI is a Colorado non-profit organization whose mission is *to provide safe, affordable, accessible housing and housing services for Colorado's low-income, elderly and disabled residents*. BRI provides comprehensive homeownership and affordable rental housing services. In 2013, BRI helped 2,876 individuals and families gain and maintain homeownership longer, safer and with more comfort and dignity. Currently, BRI owns and operates 12 affordable rental multifamily properties, totaling 578 units. Six properties (404 units) are available to Senior residents and qualified Disabled persons. Six properties (174 units) are available to Seniors and Families. All properties are federally-subsidized, many of which have Project-Based Section 8 Rental Assistance contracts supporting the residents.

Mr. Jeff Martinez took over as President of BRI approximately 18 months ago after more than 8 years as Program Manager. Mr. Martinez has significant background and experience in managing and leading non-profit organizations.

- (2) Developer:** Brothers Redevelopment, Inc.
- (3) Contractor:** Mr. David Garabed
Deneuve Construction Services
2344 Spruce Street
Boulder, CO 80302
303-444-6633
- (4) Management Company:** Mr. Paul Malinowski
Pillar Property Services
2420 W. 26th Ave., Ste. 480-D
Denver, CO 80211
303-477-5117
- (5) Consultant:** Mr. Bob Munroe
Solvera Affordable Housing Advisors LLC
1553 Platte St., Ste. 208
Denver, CO 80202
303-204-4662
- (6) Legal Counsel:** Mr. Mark Berry
1 Wren
Littleton, CO 80127
303-932-2909
- (7) CPA:** Mr. Michael Morrison
Novogradac & Co.
246 First Street, Second Floor
San Francisco, CA 94105
415-356-8025

- (8) **Architect:** Mr. Chad Holtzinger
Shop Works Architecture
2882 Wyandot St.
Denver, CO 80202
303-433-4094
- (9) **Environmental/
Phase I Preparer:** Mr. Roger Azar
Navant Group LLC
Denver, CO 80206
720-431-5678
- (10) **Capital Needs
Preparer:** Mr. Mark Howard
4624 Raleigh St.
Denver, CO 80212
720-441-7784
- (11) **Cost Estimate
Preparer:** Deneuve Construction Services (see above)
- (12) **Green Consultant:** Shop Works Architecture (see above)

- e. **Cost Reasonableness Analysis:** Based on the construction ‘hard cost’ estimate provided by Deneuve Construction Services, said estimate reviewed and analyzed by Solvera staff, this estimate is considered reasonable, including prudent contingency allowances in this escalating construction cost environment.

Overall, VFSSH has a reasonable ‘hard’ cost per unit on the new construction compared to other projects. However, the cost per square foot is higher than typical primarily due to the small number of units and the multiple buildings required to meet Town of Erie requirements. Land price is very good and rehab of the existing 12 units, estimated at approximately \$20,900 per unit, is reasonable, given the age of the buildings and CNA findings. Solvera believes these estimates will hold from the time of an approval of LIHTC reservation to the construction start April 2015.

- f. **Proximity to existing LIHTC properties and Community Outreach Discussion:** Per the Market Study, there are four existing affordable senior rental properties in the primary market area. Overall, the Market Study indicates that VFSSH will compete very favorably with these properties in terms of amenities, AMIs served and rent levels, and

that all the properties have very low vacancy levels with wait lists. As noted in the Vacancy Rate section of the Financial Feasibility Analysis, there is no vacancy in any comparable affordable senior rental property in southwest Weld County.

BRI and Solvera continue to meet with Town of Erie officials and City Council. The communications are centered on explanation of the VFSSH plans and an open dialog concerning the impact of this property and our desire to include all our neighbors in the planning and program development. BRI and Solvera continue these meetings throughout the development process.

Further, the residential neighborhood immediately adjoining the existing units has been very pleased with the property management over the last year. They believe the use of the property as an affordable senior rental location is very beneficial to the neighborhood.

- g. Site suitability and environmental issues discussion:** Pursuant to the Market Study analysis, the site is completely compatible for the intended use, including the increase in the number of units.

VFSSH has conducted a Phase I review. Based on the findings of the Phase One report, a 'no further action' report was issued. Copies of the Phase I are included in this application.

The site is bordered by a natural gas wellhead and an Xcel electric substation to the north. These facilities have been in existence for numerous years, and have not created any issues for the neighborhood. The Market Study calls out that the natural gas well may be a negative influence on leasing and marketability of VFSSH. Over the term that BRI has been operating the property, no previous or current resident complained about the facilities, and no prospective lessor has declined to live at the property due to the proximity of these facilities. BRI does not consider the presence of these facilities a deterrent to property success.

6. Waiver Request and Other Matters

a. CHFA Discretionary Boost:

This application requests an approximate 29.38% CHFA Discretionary Boost based upon the following:

- (1) current rents at the 30% and 35% AMI levels do not 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 associated with the number of buildings, certain materials, and the small size of the project;
- (3) the very low income and rent levels for Weld County, which saw the AMI for a family of four decrease by \$3,300 per year in 2014, down from 2013.

b. Rehabilitation Overview: VFSSH will be undertaking a 'moderate' rehab of the existing 12 units of senior rental housing. The CNA was performed on Feb. 4, 2014 and noted the original construction of these units was completed in 2001. The rehab called for in the CNA will not 'open' either building envelope, which, pursuant to the Enterprise Green Communities definitions, is the most important factor between the definition of 'moderate' and 'substantial' rehab. The rehab will, however, provide for new roofing and exterior painting on both buildings. Existing storm and entry doors on each unit will be replaced. Units will receive 'environmentally friendly' new carpet in the bedroom and living areas, vinyl flooring in the kitchen and bathroom areas, new window treatments, and will be completely repainted. Bathrooms will receive all new E-Star rated venting fans, environmentally friendly fixtures and ADA compatible accessories. Kitchens will receive new E-Star rated appliances including refrigerators, oven/stove, dishwasher and disposal, and each unit will have a clothes washer and dryer provided. Security and safety systems will be enhanced with newer smoke detectors, pull cord systems, and overall system upgrades.

It is currently estimated that each unit will take approximately 3-4 days to complete the rehab work. BRI and Pillar will work with each resident to schedule the work. A Relocation Budget has been estimated at \$24,000 or \$2,000 per unit, which would cover the cost of moving and storing furniture on site, lodging, meals, and other sundries during the rehab period.

Although the rehab schedule has a significant amount of work planned, several items will not need to be replaced at this time. A current estimate for those replacements has been made on the attached Replacement Reserve schedule. An initial Replacement Reserve deposit in the amount of \$70,000 has been estimated, so that when combined with the annual Replacement Reserve deposits, all items identified for future replacement will have sufficient funds available to cover the work at the time necessary. This entire schedule is based on the information received within the CNA.

7. Strengths and Challenges

Strengths:

- a. The Town of Erie specifically asked BRI to take over the existing 12-unit property, and has supported the acquisition of the property with a substantial discount of the sales price versus current outstanding indebtedness. The Town will in fact provide over \$220,000 in cash for payment of the existing loan to facilitate the sale of VFSSH to BRI.
- b. 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.
- c. Although not statistically included in the Market Study information, according to CDOH staff, VFSSH could readily support needed replacement housing for seniors in Weld County who have lost their homes due to the 2013 floods.
- d. VFSSH, upon approval of LIHTC reservation, will receive a maximum of 9 Project-Based Section 8 Vouchers from Greeley/Weld Housing Authority, thus making the property affordable to 10 seniors at 30% AMI or less.
- e. Vacancies at other affordable properties are zero, regardless of unit type.
- f. Market vacancies remain extremely low (less than 5%) and this vacancy rate has been 5% or less for over a year.
- g. Market rents continue to increase, and are higher than calculated 60% AMI for Weld County by at least \$100 per month.
- h. Capture rates are moderate (18.4% overall), even in light of the small statistical size of the PMA. However, in-migration is a significant factor and has been directly experienced by BRI and Pillar in leasing the existing 12 units.
- i. Income targeting at VFSSH is responsive to market need.
- j. No other new construction LIHTC multifamily projects are planned in Erie or the PMA.
- k. The one-bedroom units and the open site plan at VFSSH have been very well received by the leasing marketplace, and it serves as distinction to certain other affordable rental comparable properties.
- l. The site is located within blocks of the 'old town' Erie including its shops, restaurants, parks, numerous churches and other amenities.
- m. BRI and the Town of Erie will coordinate and utilize the Erie Community Center and the Town of Erie Active Adults Program Coordinator for use of its transportation and event services for all residents at VFSSH.

- n. Overall development team has substantial experience developing LIHTC multifamily properties, and BRI has significant experience owning and operating affordable senior multifamily rental properties.

Challenges

- a. The site is bordered by a natural gas wellhead and an Xcel electric substation to the north. These facilities have been in existence for numerous years, and have not created any issues for the neighborhood. The Market Study calls out that the natural gas well may be a negative influence on leasing and marketability of VFSSH. Over the last year that BRI has been managing the property, no previous or current resident complained about the facilities, and no prospective lessor has declined to live at the property due to the proximity of these facilities. BRI does not consider the presence of these facilities a deterrent to property success.
- b. The VFSSH location has a low 'walk score' and is dependent on auto transportation. VFSSH will participate in the Town of Erie 'Transportation' program including the 'Jump Along Arapahoe' and the VIA Mobility Services. Further, Erie is in the RTD District, and has access to all RTD programs. Both BRI and Pillar are currently utilizing the Town of Erie transportation programs and will continue to coordinate these services through the Town of Erie Active Adults Programs Coordinator on behalf of VFSSH residents. Finally, the low Walk Score is not indicative of the property leasing performance nor is it reflective of how the current residents appreciate the property and its location.
- c. Market Study Analyst suggests erecting some carports to provide some weather protection for resident vehicles. BRI and Pillar are considering this option, and may include it if there are sufficient funds to cover the costs.
- d. Market Study Analyst suggests outdoor activity equipment and bicycle storage in order to promote wellness. BRI and Pillar are considering these options, and may include them if programs can be coordinated with the Town of Erie Parks and Recreation Department, and there are sufficient funds to cover the costs.

9% lihtc application narrative



Project Name: Village Springs

Project Address: SEC E San Miguel and N Yuma St, Colorado Springs, CO 80909

Project Description

Village Springs will be a 65 unit new construction 100% affordable senior community located in Colorado Springs. The building will 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. All carports and surface parking spaces are unassigned, and are available on a first-come, first-served basis at no charge.

Every floor has unique community spaces, including an expansive community multimedia 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 first floor also includes a salon area that will allow residents to have their preferred beautician visit them at the property. There will also be a counseling/medical room that allows for private on-site consultations between residents and medical personnel or social service providers. This room will be equipped with standard medical office features such as an examination table, chairs, storage and a sink.

The second floor features a large exercise room with a variety of exercise equipment for a number of activities. Although all units will be equipped with in-unit washers and dryers, a common laundry will be provided for any resident who needs additional capacity or for visitors staying with residents. On the third floor, a multipurpose room will be provided equipped with comfortable seating as well as project tables and chairs to accommodate games, hobbies, or crafts. Although it may be used for a number of uses by residents, it will be stocked with board games and other materials for the residents to use as they see fit. Also located on the 3rd floor is a small chapel which will allow residents to meet their spiritual needs should they not be able to attend a religious facility off-site and/or to increase their spiritual time. 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 the principle of "aging in place" in mind utilizing universal design concepts in the offering of amenities. With over 30 years of experience in developing affordable senior housing and after evaluation of the market, we will offer amenities which have been proven to enhance and extend the independence of residents as they age. Four (4) units will be designed to be fully

accessible, and all others will have ranges with front controls to prevent accidents from reaching across the burners, comfort height toilets to limit pain and stress, grab bars around the toilet and shower to limit falls, one third of the units will have bathtubs with seats, and the balance of units featuring showers with fold down seats to provide stability when bathing, hand-held showerheads in all units to provide greater control during bathing and an emergency call system with notifications in the kitchen, bedroom and bathroom to allow an injured resident to contact help in the event of an unexpected fall or mishap. The four accessible units will have 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. These units will meet the full intent of the Federal Code for accessibility requirements for apartment living. 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. To provide additional assistance, we have enlisted the support of Silver Key Senior Services and the Pikes Peak Area Council of Governments Area Agency on Aging. Details of the services these organizations offer are provided in this application.

Sustainability is an important consideration, and to that end this community will include water-conserving fixtures, energy-efficient lighting, energy-efficient windows and construction materials with recycled content. The property will have permanent designated space for recycling, bike racks for residents who opt to utilize bicycles for transportation, and two city bus lines have stops within ¼ mile of the site. Furthermore, Silver Key Senior Services provides door-to-door scheduled transportation services for residents as well.

The applicant will also install 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 2 projects in Arizona with the same system, one of which was the first state LIHTC project to offer solar. Village Springs is designed to exceed the solar design/production of that project (Itom A'e), which in just over its first 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 low maintenance exterior finishes of cement fiberboard and stone, with a pitched roof and solar panels on southern and eastern roof pitches. After a reservation of credits, the applicant would target a financial close by October 1, 2014 and delivery by October 2015.

It is our policy to give qualified local subcontractors first preference as part of the construction team based on their experience and capacity for a project of this size.

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 2,100 units over 56 properties in multiple states, a portfolio that includes LIHTC, Section 8, Section 514/515/538, 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 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 applicant has contacted multiple local senior service providers, and a detailed list of the services they will offer is included in this application.

The exterior of the building will include an outdoor recreation area with picnic tables and permanent grill, ramada/shelter, and 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. Two separate bus stops and lines are within ¼ mile, and Silver Key Senior Services will provide point to point transportation for residents for shopping appointments, or visits to the city's senior services, Silver Key's facilities, or other service providers in the city.

As noted in the market study, this site's walk score of 71 is 58% higher than the average in Colorado Springs, and 18% higher than comparable apartments.

Energy Efficiencies

Village Springs will utilize a number of elements to achieve a high level of energy efficiency met through the Green Communities Program, including: compact infill development, surface stormwater management, advanced water-conserving plumbing fixtures, renewable energy source, increasing the

baseline for construction waste management, recycling storage for the residents, recycled content construction materials, and Energy Star roofing and appliances.

Exceeding the Green Communities options, we also plan on using Energy Star windows/exterior doors/storefronts, 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 by the Arizona Department of Housing 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. Furthermore, the City of Colorado Springs has committed to provide \$700,000 in HOME financing at 1.5% interest with a 30 year term and amortization. As noted in the letter of support provided by the City's Housing Development Division, this is an explicit demonstration of the priority the City places on the construction of this project, a level of municipal support that few other applications could meet.

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 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 39 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. The project’s market study notes that the PMA is adding nearly 500 seniors annually and its existing senior LIHTC properties have a 99% occupancy rate.

“To provide opportunities for affordable housing within a half-mile walk distance of public transportation, such as bus, rail, and lightrail”: Village Springs is located ¼ mile or less to two different bus stops, served by separate city bus lines. This offers residents very close access to public transportation at the reduced senior rate of 85 cents per ride and the ability to travel throughout the city without the need for an automobile. Tab 14 of this application includes a section describing the site’s proximity to key service providers, health centers, and public facilities and how they may be reached via public transport.

“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. The most recent allocation of credits for an independent senior project in the city was 2009.

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

Projects in Counties impacted by a natural disaster

The Black Forest fires of June 2013 were the most destructive in Colorado state history and occurred in close proximity to the City of Colorado Springs, and within the confines of El Paso County. Over 500 homes were destroyed or damaged, resulting in losses estimated to be over \$85 million.

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 11.9% of the age-restricted market in Colorado Springs.

The global vacancy rate for senior LIHTC properties in this market is only 1.7%, and multiple properties reported waiting lists, and the vacancy rate for market and affordable properties in the market area is just 3.4%.

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. The market analyst for this project concluded that due to strong demand the property would lease up at 11 units per month.

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.

Overall financial feasibility and viability: The proposed project meets all CHFA underwriting criteria, and we have presented our application with financing from tax credit equity, 1st position conventional debt, and 2nd position low-interest financing offered from the City of Colorado Springs. 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 39 years, including Section 8, Section 514/515/538, 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. Two of most recently-completed projects in neighboring Arizona were featured in the Novogradac Journal of Tax Credits. It is our policy to maximize the use of local contractors and vendors in the development of our projects.

Our property management affiliate, Vasil Management Company, Inc. d/b/a Village Management Company, operates over 2,100 units of housing over 56 properties 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 4 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 with LIHTC construction experience for its estimates of cost to ensure that the development budget is sufficient to produce a high quality project at a realistic 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, or an area of about 12.5 square miles. 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. There are three public parks located approximately 0.5 miles away to the west, north, and east.

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. Due to its distance from Circle Drive and the likelihood of future development on the land between the project site and Circle, there are no anticipated impact in terms of unusual traffic noise or hazards.

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.

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 housing 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: There are no environmental issues noted in the Phase I, and it did not indicate a need for a Phase II.

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 Colorado Springs Senior Center, the Office of the Mayor, Housing Authority, Planning Department, Housing Development Division, Office of Economic Vitality, and multiple local service providers such as Silver Key Senior Services, Pikes Peak Area Council of Governments Area Agency on Aging, The Independence Center, and Peak Vista Community Health Centers. Letters of support from the Mayor,

the City's Housing Development Division, Senator Udall, and multiple service organizations are included in this application.

Further, we have conducted a community meeting in the summer of 2013 at a facility across the street from the site to directly communicate with a number of neighbors about the project, who have in turn signaled their support by signing a petition that is included in this application. A second community meeting was originally scheduled for this winter but at the request of the neighbors was postponed until the spring because a high percentage of neighbors and attendees are seniors who felt they would have difficulty attending due to unusually harsh winter conditions. The applicant will conduct this second meeting prior to its presentation to the CHFA allocation committee to ensure it has the most up to date input from stakeholders.

9% lihtc application narrative



Project Name: Willows Apartments

Project Address: The North East Corner of Highway 67 and Valley View Drive
Woodland Park, CO.

Project Overview: Medici Communities, the Applicant/Sponsor, is requesting an allocation of 9% Low Income Housing Tax Credits in the amount of \$796,484 to help build 42 affordable townhomes in the town of Woodland Park, Colorado. With the opening of the Charis Bible College the town of Woodland Park has recognized an impending rental housing crisis and is proactively searching for solutions. There are currently no affordable housing units in the Woodland Park PMA and the town is desperately looking for ways to preserve affordable housing which will be lost as the rental market becomes tighter and tighter. The Willows Apartments offers one solutions the town is actively pursuing to help alleviate the looming shortage. This is the last chance for this project, Medici's option on the property expires on August 31st 2014 and all indications are that the property owner will not extend the contract and pursue other opportunities that have become available with the improving economy. Teller County is also a flood impact zone having been affected by the floods of the summer of 2013.

- a. **Location:** The project is a rural project located in Teller County within the city limits of Woodland Park at the North East corner of Highway 67 and Valley View Drive.
- b. **Site:** The 3.33 acre site is currently vacant, covered in grass, and is essentially flat with no known REC's and stable soil conditions. The site is on a commercial corner with great visibility and is zoned for multifamily development in a desirable area of moderate and middle income homes. Access will be provided from a single entrance off Valley View Drive.
- c. **Building Type:** The project will consist of a mix of one and two story Townhouses in 10 individual buildings evenly distributed throughout the site. The style will be "Mountain Modern". Between each building will be open space to compliment the adjacent neighborhood and mountain style. Elevations will vary according to the unit mix of the particular building. Eighty nine off street parking spaces will be provided exceeding the number required by code by six spaces.

- d. Construction Type:** Buildings will be wood frame, slab on grade, with shallow foundations. Floor joist and roof trusses will be pre-engineered. Exteriors will be finished in stone, siding and timber accents. The pitched roofs will be covered in asphalt shingles. The HVAC system will be individual gas fired furnaces with central air and individual 40 gal. gas fired hot water heaters.
- e. Project Amenities:** Project amenities will include a community garden, BBQ and picnic area, playground/tot lot, on site leasing and maintenance office, recycling center and the site will be extensively landscaped with drought and fire resistant native species.
- f. Unit Amenities:** All units will have private at grade entrances with parking in front of the units. Unit amenities will include fireplaces, vaulted ceilings, ceiling fans, balconies and/or porches. Entry floors will be covered in ceramic tile, living areas and bathroom floors will be covered in laminated plank flooring and bedrooms will be carpeted. Appliances will include in-unit full sized washers and dryers, frost free refrigerator/freezers, self-cleaning electric ovens, dishwashers, garbage disposals and built in microwave ovens. A large amount of storage will be made available to accommodate a mountain lifestyle including a large storage closet, coat closet, pantry and walk in master closet. All windows will have vertical blinds.
- g. Energy Efficiencies:** The project will comply with the Green Communities criteria but Because of the mountain location extra attention will be given to energy efficiency. Wall insulation will be R-20, but we will use blown insulation to make sure there are no gaps and voids, extra insulation, R-40, will be blown into the attic, and the exterior foundation walls will be insulated to an R-19. Windows will be vinyl and have insulated low-E glass and exterior doors will also be Energy Star. Low flow plumbing fixtures will be installed, all appliances will be Energy Star and all electrical fixtures will be LED Energy Star. All utilities will be individually metered to encourage tenant conservation.
- h. Target Population:** Because of the overall lack of affordable housing in Woodland Park Medici Communities envisions and will encourage this development to become a multigenerational (independent senior/family) project. The townhouse configuration is perfect for this type project; it prevents many of the problems associated with other multigenerational product types. There are no entry lobbies where seniors can congregate and impede passing residents, and noise issues between units are minimized because there are no units above or below and there is no central corridor. The single story townhouse configuration also allows for barrier free access.

- i. **Unit mix and Rents;** The project will include ten 1-Bd/1-ba units; twenty five 2-Bd/2-ba units; and seven 3-Bd/2-ba units. Seven, (15%) of the units will be fully accessible. Three units will be targeted to 30% AMI persons, seven units will be targeted to 40% AMI persons, sixteen units will be targeted toward 50% AMI persons and sixteen units will be targeted towards 60% AMI persons. The 50% units will be discounted 5% and the 60% units will be discounted 10% from their maximum allowed rents
- j. **Services:** Services will not be provided directly by the property but we will partner with local service providers to see that seniors are accommodated and families in need find the right assistance.
- k. **Financing:** Sources are straight forward and reliable with a combination of Tax Credit Equity, Construction and Permanent Debt, and Deferred Developer Fee. We have several letter of Interest for the tax credit equity at a purchase price of \$0.91 providing \$7,248,000 of equity, we have several Letters of interest for a construction loan in the amount of \$6,000,000 at an interest less than 3.0%, and we will source the permanent loan through CHFA in the amount of \$1,625,000 with a 30 year term/amortization and an interest rate of 5.50%. In addition we as developer would responsibly defer approximately \$205,000 or 19% of our fee which would be repaid from cash flow in 10 years.
- l. **Development Timeline:** Upon receipt of a reservation in June we could have all plans and permits ready for a loan closing in early December 2014 and make carryover application by the end of January 2015. Construction is projected to take 12 months with occupancy and Placed in Service occurring in December 2015. Our market study predicts a four month lease up, but we have proformed a six month lease up which would have us reaching stabilization by July 2016. We will submit our Final Application a couple of months after construction completion in March 2016, and we would convert to perm in August 2016.

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 remain affordable for the longest period of time, 15 years plus 25 year waiver (40 years). The units are targeted to a wide range of incomes, three units are targeted to the lowest income bracket, 30% or less AMI, seven

units are targeted at 40% AMI, 16 units are targeted at 50% AMI, and 16 units are targeted at 60% AMI. Overall, 62% of the units are target toward 50% or less AMI.

- **To provide for distribution of housing credits across the state:** Woodland Park is a rural mountain community in Southern Colorado in Teller County west of Colorado Springs. Woodland Park does not have any LIHTC properties and Teller County has only one. Both Teller County and Woodland Park have been so isolated from the affordable housing community that they do not even have their own housing authority and rely on the Tri-County Council of Government in Canon city for their affordable housing administration.
- **To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit:** Medici communities LLC is a qualified Colorado based for profit affordable housing developer.
- **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:** Because of the broad AMI spectrum, this project will serve a wide variety of clients. Medici Communities envisions the development as multigenerational project serving rural, low income seniors and families. The most at risk tenants will be supported by the efforts of a group of local nonprofit service providers. In the rest of the world multigenerational projects are the norm not the exception.
- **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:** With the impending opening of Charis Bible College in 2015, Woodland Park is in jeopardy of losing all of its affordable housing because there are no permanently affordable projects anywhere in the area. With the influx of new residents from the Charis Bible College the laws of supply and demand will create a rental housing shortage that will result in the lowest income persons spending more on rent or being pushed out altogether. This project will ensure that 42 new permanently affordable units will be built and preserved in Teller County and Woodland Park.
- **To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections:** For a project that meets or exceeds all priorities and criteria the \$18,963 the per unit allocation amount is very reasonable ensuring that more tax credits will be available to build more units.

- **To reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low income housing project through the credit period:** This project reflects the perfect balance between allocation amount and long term viability. The requested reservation amount is very reasonable and the project has been conservatively proformed to ensure its viability throughout the 15 year compliance period and beyond.

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

- **Counties with populations of less than 75,000:** The population of Teller County is estimated to be 23,350. In 2006 Teller County contracted and published a Housing Needs Assessment designed to identify the need for affordable housing. The study documented the need for affordable housing showing Teller County having only one LIHTC project and Woodland Park, the PMA, not having any. Teller County has no housing authority and has their affordable housing programs administered by Tri-County Council of Governments in Canon City. Teller County has a lack of experienced affordable housing developers and it was the Town of Woodland Park that approached Medici Communities about the possibility of building affordable housing at this site. Affordable housing was not always a priority in Woodland Park but the current administration has seen the dire need and economic necessity of affordable housing and made it a priority. With the convergence of need and will there now exists a window of opportunity to get affordable housing built in Teller County and Woodland Park.
- **Projects in Counties impacted by natural disasters:** Over the past two years Teller County and the region have been plagued by several natural disasters ranging from massive fires in summer of 2012 to extreme flooding in the summer of 2013. These back to back disasters in combination with the recession have had a devastating effect on the area's economy, transportation system, and housing supply. Communities located in these areas continue to struggle to recover and have been identified by the state as being located in Fire and Flood Impact Zones. The communities hardest hit by these disasters are generally smaller and interconnected. Recovery for these communities cannot be accomplished one community at a time but must accomplish regionally. These communities realize that rebuilding in one community will help the entire region

recover, a family that receives housing in one community will work and shop in the adjacent communities.

- **Market Areas of pent-up demand for affordable housing:** Overall the Woodland Park PMA has a vacancy rate of 1.0%. Understandably no concessions or discounts are being offered anywhere in the market. On top of that the market study predicts strong rental household growth adding an additional 264 renter households by 2015. The above vacancy rates clearly demonstrate pent up demand and the market study concurs stating a demand for 210 additional units.
- **Seniors:** The single story townhomes will be attractive to seniors offering barrier free entry and ADA accessibility. Parking will be right out their front door and a community garden will be offered. Senior services will be coordinated through a local service provider so seniors can age in place in a healthy multigenerational neighborhood.

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

- **Market conditions:**
 - **Capture rates:** The total combined capture rate for the project is 12.8% and is well below CHFA's threshold of 25%. In no case does any individual capture rate approach the CHFA threshold. Individual capture rates are as follows; 30% AMI @ 8.4%, 40% AMI @ 9.8%, 50% AMI @ 8.2%, and 60% MI @ 7.2%. Please note none of these capture rates include the addition of any new renter households created by the Charis Bible College. All of the above capture rates increase by more than 6% only because there are no existing affordable units in the PMA.
 - **Achievability of proposed rents:** The market study clearly states that the proposed rents are entirely achievable.
- **Readiness-to-proceed:** The project is ready to proceed in every way, all that is needed is allocation of credits.
 - i. **Zoning:** The property is zoned multifamily and the site plan has already been reviewed by the city.
 - ii. **Phase I:** The site is clean, there no known REC's, the soils are stable and there are no ground water issues
 - iii. **Schematic Drawings:** A complete set of permit plans have been completed, all that needs to be done is to have the plans updated for our program and current code.

iv. **Third Party Cost Estimate:** BC Builders has provided the third party cost estimate. Medici Communities has completed several projects in partnership with BC builders and is very confident in the accuracy of their numbers.

- **Overall financial feasibility and viability:** To ensure financial feasibility, development costs for the project were conservatively underwritten. To ensure long term viability all minimum underwriting criteria were exceeded. This was all done while maintaining a reasonable allocation request of \$18,963/unit.

The projects DCR hits the sweet spot, not only does it meet lender minimum requirements ensuring the long term viability of the project but it also does not get too high indication a wise use of tax credits. In no year does the DCR dip below 1.15 nor does it exceed 1.30.

Another sign of the viability of the project is that the deferred developer can be paid within 10 years. Taking into consideration all of the above this project represents an efficient use of tax credits dollars. Because of the projects small size this project is not financially feasible as a 4% bond project.

- **Experience and track record of the development and management team:**
The developer, architect, contractor and property manager are all Colorado based with proven track records in affordable housing. It is not unusual for other developers and housing authorities to seek out Medici's expertise. Medici continually completes projects on time and on budget without having to request additional credits. After completion Medici's projects are well managed, leasing up on schedule with timely reporting and no compliance issues.

Development Team;

Applicant/Sponsor;	Medici Communities LLC
Contractor;	Medici Construction Management Inc.
Property Manager;	Echelon Property Group
Consultant;	SB Clark Companies
Tax Attorney;	Winthrop & Weinstine, P.A.
CPA;	Suby, Von Haden & Associates, S.C.
Architect;	EJ Architecture, PLLC

Medici Communities Projects list;

West Meadows Peaks Apartments – Colorado Springs, CO - 216 units

Florence Square – Aurora, CO – 110 units
Casa Dorada – Denver, CO – 72 units
Florence Square II - Aurora, CO – 71 units
Casa de Rosal – Denver, CO – 55 units
Evans Station Lofts – Denver, CO – 50 units (completion 7/13)
Westminster Commons – Westminster, CO – 130 units (completion 11/13)

- **Cost reasonableness:** Uses are in line with what you would expect to find at a project built in a high cost rural area and are similar to CHFA's Basis Limits. Total project costs are \$221/sf, total unit costs are \$216,143/unit, and total hard costs are \$146/sf. Land was a very good buy at \$11,904/unit, and municipal fees, permit fees and taps are very reasonable at \$2,855, \$1,277 and \$7,669/unit respectively. In 2013 the City of Woodland Park actually reduced tap fees to encourage multifamily development. There are no exceptional costs associated with the site, and the rest of the soft costs are in line with a typical LIHTC project.
- **Proximity to existing tax credit developments:** There are no other existing or planned LIHTC properties in the Prime Market area.
- **Site suitability:** The townhomes will complement the existing neighborhood which is composed primarily of single family houses and condominiums and conform to the existing land use patterns offering plenty of open space. The site is flat and free from any environmental, wetland, or soil problems. Both the environmental report and market study note a gulch and associated flood plain at the south end of the property. The civil plans call for site modifications that will allow FEMA to issue a Letter of Map Amendment (LOMA) that will remove the site from the flood plain.

The site is proximate to all required services. The closest shopping district is 1.4 miles away and includes a grocery store, hardware store and fast food restaurants, the closest big box store is 2.5 miles away. A day care is 0.25 miles away, an elementary school is 0.6 miles away and a middle school and high school are both 0.9 miles away. The closest park is 0.4 miles away and includes a basketball court, children's play structure, grass, BBQ and picnic area. A library is 1.5 miles away, and city hall is 1.2 miles away. The closest health care facility is an urgent care 1.3 miles away and a full service hospital is 2.75 miles away. There is no public transportation in Woodland Park.

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

- **Justification for waiver of any underwriting criteria:** No waivers are being requested for any underwriting criteria. In all cases this project meets or exceeds all minimal underwriting criteria.
- **Justification of the financial need for CHFA's DDA credit up to 130 percent of qualified basis:** This project requires a CHFA boost of 28.80%. The project requires the boost because it is located in a high cost rural area and because the rents for the 30% and 40% units do not cover operating expenses. The 30% and 40% units are included in the unit mix to meet the demand of the community and represent 24% of the total units.

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

- **At the proposed rent levels, the subject's 60% AMI units would be setting the high-end of rents in the market area. However, this is primarily due to the lack of quality market-rate housing in the PMA. Its 30%, 40% and 50% units will have a strong market rent advantage:** There are no quality market rate units in the PMA to establish the upper end rents so it is impossible to determine if there is a rent advantage for the 60% units. As stated in the market study the proposed rents are achievable because the units will be by far the highest quality product in the PMA and should therefore be setting the high end rents. Woodland Park needs rental competition so market rate owners will upgrade their existing properties to remain competitive. The competition will improve the living conditions for all renters.
- **The subject will be slightly farther from most community shopping and services than surveyed comparable:** Woodland Park and Teller County are rural and suburban in nature. A lot of the residents prefer to live further out. Residents understand that to live in these areas a car is a required. Once one gets into a car a slightly greater distance is of no consequence. Being suburban, the city of Woodland Park is diffuse; one amenity might be closer to one apartment whereas another amenity might be closer to another. That being said, the units are from a quarter mile to a mile and a half to most amenities and services. The distance from some community services and amenities will be offset by the good visibility and desirable location of the property.

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 indicates no REC's, and the geotechnical reports states that the site has stable soils and no water table issues.

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):** It was actually the community that reached out to Medici Communities. Both Teller County and the City of Woodland Park commissioned studies showing the need for affordable housing. These studies acted as the catalyst to change local political will. Both Communities now understand the economic necessity and need for affordable housing for their residents and are now proactively searching for affordable housing opportunities. It was the City of Woodland Park that put the land owner in touch with Medici Communities and started the whole process.

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Yale Station Family Apartments

Project Narrative

Project Basics

Yale Station Family Apartments will consist of sixty six (66) affordable family/workforce housing units in a four (4) story, wood framed, and 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 Family 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. The Option Agreement has been assigned to Koelbel and Company, and this assignment, which is included in the Application, has been approved by ULC.

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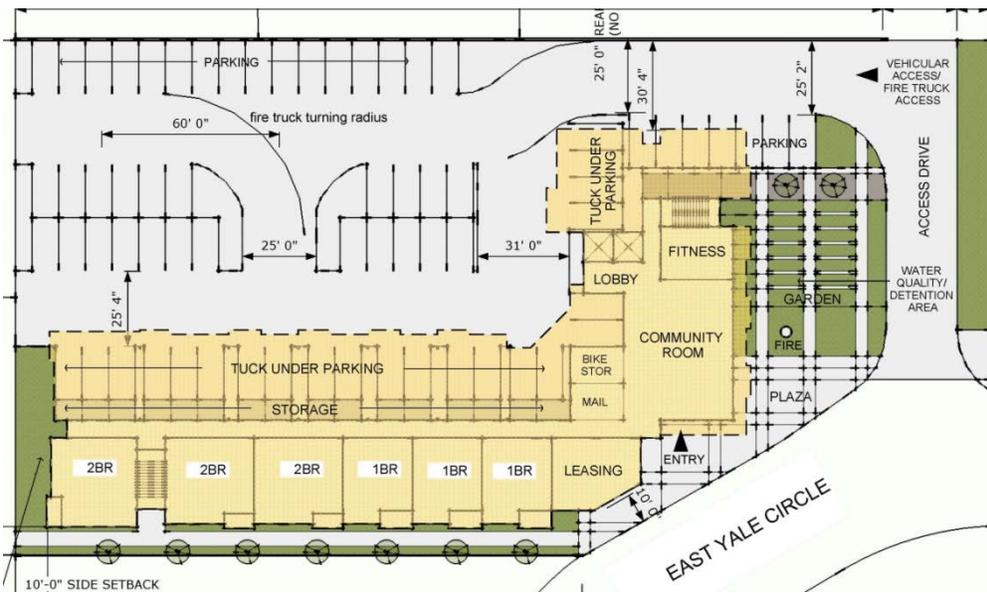
With an efficient use of the site, parking will be provided in a surface configuration without the need for a parking structure, and an expensive concrete podium usually necessary in TOD projects this close to a light rail station.

Because of family and workforce orientation of the proposed project, 3 three-bedroom units have been provided in the unit mix, which will include 45 one-bedroom units and 18 two-bedroom units. Unit amenities include a 1,700 square foot community room with kitchenette and entertainment center, indoor bike storage, a 400 square foot gym and a unique community garden for the use of the residents.

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 a light rail station, it has been planned as a four story building rather than a five story building, which the zoning would

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allow, thus being more “neighbor” friendly to the single family neighborhood directly adjacent to the north.

60% AMI Units

Number of Units	Bed	Bath	SF	
	13	1	1	654
	5	2	2	824
	1	3	2	995

50% AMI Units

Number of Units	Bed	Bath	SF	
	20	1	1	654
	9	2	2	824
	1	3	2	995

40% AMI Units

Number of Units	Bed	Bath	SF	
	8	1	1	654
	2	2	2	824
	1	3	2	995

30% AMI Units

Number of Units	Bed	Bath	SF	
	4	1	1	654
	2	2	2	824

66 Total Units

Neighborhood ECO Passes

Each of the 66 units will be given a Neighborhood ECO pass for use on the RTD public transit system. This represents a unique opportunity in the Denver area for residents to live a car-free lifestyle.

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

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

At Yale Station Family Apartments, we have taken it one step further. By including NECO passes with the rent we allow the residents to substantially decrease the monthly burden of housing and transportation costs. With easy access via light rail to the state's two largest employment centers (Downtown and the Denver Tech Center) as well as to the Fitzsimons Medical Campus by 2017, Yale Station Family Apartments provides an opportunity for residents to substantially decrease the transportation cost burden on their monthly paychecks.

Sustainability

The building will be constructed to comply with "Green Communities" criteria. Numerous green materials and features will be incorporated in the project and the units. The location adjacent to the 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

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- Flat roof with white EPDM
- Native and Xeriscape landscaping



Guiding Principles

Yale Station Family Apartments will provide 6-30% AMI units and will restrict that housing/income level for 40 years.

The project meets CHFA's guiding principle of providing affordable housing near transit; the location of the project is less than ¼ mile to the

nearest light rail stop, Yale Station. In fact, it is only a few hundred paces from the Yale Station light rail platform.

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 4.3% is extremely low which bodes well for the timely lease-up of the project.



Readiness to Proceed

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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 18 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 and County 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 City and County of 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.

Sources of Funds

First Mortgage	\$2,250,000
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LIHTC Equity Investment	\$10,761,190
City of Denver OED Loan	\$300,000
Deferred Developer Fee	\$305,000
<hr/>	
Total	\$13,616,264

Uses of Funds

Land	\$1,665,000
Site Work	\$701,032
New Construction	\$7,882,233
Professional Fees	\$731,700
Construction Interim Costs	\$697,986
Permanent Financing	\$85,000
Soft Costs	\$310,650
Syndication Costs	\$58,850
Developer Fees	\$1,252,313
Project Reserves	\$231,500
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Total	\$13,616,264

Experience and track record

Koelbel and Company has been developing in the Denver metro area for over 60 years and has experience in almost every type of real estate development. In conjunction with Mile High Development they recently completed the Apartments at Yale Station. The team recently completed their second affordable housing project, University Station Apartments. Koelbel and Company is also involved in two additional affordable housing deals in Boulder totaling 130 units.

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Mile High Development is the developer on this project. Mile High has a history of strong public private partnership development that includes the Wellington E. Webb Municipal Office Building in 2001/2002 , Lakewood City Commons in 2000, and the Denver Art Museum Expansion 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 cost for Yale Station Family Apartments 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 Existing 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

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The site is located in an enclave that was created when the T-REX project was completed in 2006. The “anchor” of 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 affordable 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.

Community Outreach

As stated above Mile High Development and Koelbel and Company in addition to the Urban Land Conservancy conducted a station area planning exercise, since the City and County of Denver had never done a station area plan for the Yale Station area. Through that process we met with most of the immediate neighbors as well as Councilwoman Peggy Lehmann, who approved of the size and location of the project. In addition, we have strong support from the City of Denver and as a team have been successful in the past of receiving loans for our projects. Please see the attached letter of support from the City.