Project Name: 960 East

Project Address: 960 E. College Drive Durango, CO 81301

Project Characteristics and why this project should receive an award
The La Plata Homes Fund, a 501c3 based in Durango, Colorado is requesting a Low Income Housing Tax Credit (LIHTC) allocation for 960 East, a green infill housing development that will provide 50 affordable one and two-bedroom apartment units in Durango, Colorado. This is the first LIHTC affordable housing project application in Durango since 2006. Over the past six years local and national affordable housing organizations have looked for affordable land with access to infrastructure to cue up additional LIHTC projects because of the demand for affordable rental in our area. In Durango, there is high demand for housing but very limited developable land. It has been almost impossible to secure sites where an LIHTC funded project could be economically viable. Through a public/private partnership we have the experience of a local developer who can build a high quality project while keeping costs reasonable as well as a mission driven local nonprofit that can subsidize and manage the project over time.

960 East is infill at its best; strategically located on Durango’s busiest transit route, the property is within easy walking distance of both Main Street and Fort Lewis College. This will be the first LIHTC project to offer a significant amount of one and two bedroom units meeting a growing demand from a young workforce, an aging population on fixed incomes and smaller households. This project will exemplify green building techniques resulting in a more sustainable operating model for years to come.

Project Strengths
This 50 unit project meets a significant need for affordable rental housing in Durango. This will be the first project offering a majority of one bedroom units and it will be the greenest LIHTC development in La Plata County. The location is ideal for low-income community members to be able to avail themselves of multi-modal transit options or simply walk to one of the 60 businesses located within an eight block radius of the parcel. The development partner is experienced (over 17 years) in multi-family development and committed to maximizing green features throughout the build (please see green communities worksheet for further details). La Plata Homes Fund’s Executive Director, Jennifer Lopez, has 12 years of experience in affordable housing finance, policy
and program management, and has a team of national consultants that assist with new program implementation. Mercy Housing will manage the property which is located within 6 blocks of an existing Mercy project, Valle de Merced.

Project Weaknesses
This public/private partnership structure for a LIHTC is the first for both Timberline Builders and La Plata Homes Fund. The team is augmenting its lack of LIHTC specific experience by employing experienced consultants to walk the team through the process until lease up and then hiring Mercy Housing to manage and ensure ongoing operational compliance. La Plata Homes Fund will act at the General Partner for this project but financial guarantees will be provided by Timberline Builders. This project also has higher than average land costs than typical LIHTC projects. This is due to its attractive location and access to amenities and employment centers. The location, while more expensive than typical projects, will offer many benefits to its residents. As such, the project is requesting a DDA designation to boost the credit amount to make the project financially feasible.

Construction Overview
The Project will consist entirely of 50 residential apartment units, configured as three, three story, elevator serviced buildings located on the Eastern most side of the site. Configuring the structure in three buildings instead of one larger building allows for more corner units, providing more opportunities for light in each unit, as well as more privacy by providing more space between units. The bedroom mix is anticipated as 28 – One Bedroom Units, and 22 - Two Bedroom Units. Building size and configuration will result in a gross project density of approximately 30 units to the acre on the developable portion of the property. Parking for automobiles and bicycles will be facilitated on a single, on-site surface parking lot. The lot will be aligned along the western side of the property and an adjacent 60’ green space will effectively shield the existing neighborhood from the lot. The established deciduous trees will provide an additional benefit by shading the lot in the summer, while allowing sunlight through to the lot in the winter months.

Construction Specifications
The three-story buildings will be built as R2, Type 5B, wood-framed construction per the City of Durango’s adoption of the 2006 International Building Codes, and 2003 International Fire Code, with fire sprinkling provided under NFPA 13R standards.

The foundation will be constructed per the final recommendations of the project geotechnical engineer, and is anticipated as a spread footing foundation type placed on top of compacted structural fill.

Exterior wall framing will consist of 2x6 studs spaced 24” on center to maximize insulation values and minimize thermal bridging through wood members. Wall shearing will be achieved through the use of 7/16” oriented strand board. Floor trusses will be used to maximize spans and provide easy access for heating ducts, plumbing and
electric chases. Window and door headers, and wood beams will be made of engineered lumber. Wall cavity and ceiling insulation will utilize blown fiberglass achieving minimum R-values of R-22 and R-50 respectively.

Unit demising walls will be comprised of offset 2 X 4 studs sheathed with double layers of 5/8” type X gypsum wallboard with bat insulation installed in the cavities to improve STC (Sound Transmission Classification) ratings between units. A minimum of 1” of self-leveling gypsum cement will be installed over a layer of sound isolation matting to reduce sound transmission between floors.

The roof will be primarily flat using wood trusses with sloped top chords to provide roof drainage. The roofing membrane will be either a TPO or EPDM membrane type. While more costly than a pitched roof, the flat roof will allow for efficient management of rain and melting snow away from the building, and will reduce roof maintenance by eliminating gutters, and problematic ice dams common to pitched roofs in Durango’s climate.

**Population Served and Bedroom Mix**
This 50 unit project will target individuals and small households earning between 30% and 60% of area median income. The bedroom mix includes 28 one bedroom and 22 two bedroom units. The unit mix will be as follows:

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<th>Sq. Ft per Unit</th>
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The income mix for this project provides for incomes from 30% to 60% AMI to provide a mix of pricing and maximize high demands across the income spectrum and low capture rates. The project provides a majority of 60% AMI units because of the extremely low capture rates at this income level. As a first time LIHTC applicant the Homes Fund wants to respond to the market need and provide the most flexible unit pricing to ensure that we can also respond to market changes moving forward.

**Location**
The former site of the Boker Lumber Company, the property is comprised of 5.725 acres, of which, approximately 1.7 acres have been previously developed. Development will occur on the existing graded areas of the site and will not encroach further into the
hillside than is currently excavated, leaving approximately 4 acres of the site natural and undeveloped. The site’s elevated location will provide superior views, overlooking the City of Durango, Perrins Peak and the La Plata Mountains to the West.

Amenities and Services
This project’s location provides significant amenities in terms of walkability and access to services and public transportation. Furthermore, the property is a block from the horse gulch trail system. The units are generously sized and will have walk-in closets, built in desks, and balconies to enjoy some of the best views in Durango. The property will include a fitness room and a community room for programming. In order to cater to a more outdoor oriented lifestyle there will be covered bike parking as well as storage units provided on site. The addition of elevator service will appeal to seniors in our community as well as community members with physical disabilities. Each unit has a washer and dryer as an added amenity.

Energy Efficiencies
The project will meet Green Communities criteria required scoring while seeking certification under the ENERGY STAR Qualified Homes program. In addition to providing direct benefits to the Project, widespread recognition of the ENERGY STAR label will help raise community awareness of the importance and value of sustainable, energy efficient construction methods.

A primary project goal will be to minimize future energy costs for project residents. This will be achieved through numerous efforts, beginning with the implementation of Whole Building Energy Modeling as part of the ENERGY STAR certification process. Building a tight, well-insulated building envelope through the use of advanced framing techniques, in conjunction with increased insulation R-values and high performance windows (low emissivity, U - .30) and doors will provide the baseline for a high performance building. All units will be individually metered for electricity and natural gas, and sub-metered for water use providing an incentive for the residents to conserve energy. All appliances, furnaces, and hot water heaters will be ENERGY STAR rated or compliant.

Project Financing
The project will apply for an $847,743 credit allocation. Construction and permanent financing will be provided by a selected bank after a competitive request for proposals is completed. Currently we have strong interest from Alpine Bank to provide the financing. Additional subsidies are anticipated from the Division of Housing for the 30% AMI- 50% AMI targeted units. The City of Durango will be approached for fee waivers if an allocation is awarded.
1) Guiding Principles in Section 2 of the QAP

Provide for Distribution of Housing Credits across the State
This project is only one of a few western slope projects proposed in 2012 and is the only new construction project from Southwest Colorado. In many western slope communities high land costs and limited availability of land in the urban core make it challenging to create successful LIHTC projects, yet the need for this kind of housing stock continues to grow. La Plata County and Durango in particular, have not received an allocation since 2006. This is a very unique opportunity to provide a LIHTC not only in Durango but within eight blocks of Durango’s downtown business core.

Provide Opportunity to a Variety of Qualified Sponsors both For-Profit and Nonprofit
This will be La Plata Homes Fund’s first LIHTC application but it will hopefully not be its last. There are no other nonprofits based in La Plata County with the capacity or desire to create LIHTC housing projects. Previously Mercy housing had been a key developer for the area but they have since changed their business model to focus on expanding their property management services rather than increasing development activities. Montezuma County Housing Authority has a strong track record for LIHTC projects but they are restricted to serving Montezuma and Dolores Counties. By providing La Plata Homes Fund an allocation of credit CHFA will be building significant affordable housing development capacity in a very robust county that anticipates continued growth over the next twenty years (35,000 plus additional residents by 2030). La Plata Homes Fund will mitigate its lack of LIHTC experience through extensive use of consultants and through its project partners Timberline Builders and Mercy Housing.

Provide Housing for Diverse Populations
This will be the first LIHTC project providing primarily one-bedroom units in La Plata County which we believe will result in a diverse resident population including young workers, retired seniors, persons with disabilities and folks transitioning out of supportive housing. The two bedroom units will also attract single head of households, and seniors on fixed incomes.

2) Housing Priorities Addressed in Section 2

Counties with populations less than 175,000
La Plata County has a population of 51,334 and the City of Durango has a population of 16,887. Durango is a unique community in that it is considered rural by many definitions yet its affordable housing challenges mimic those of larger metro areas and resort communities on the western slope. This is a result of the strong real estate market in an area that does not have the development capacity or the developable land base to keep up with growing housing demand.

Submarkets where overall rental vacancy are lower than 4%
The 1st quarter of 2012’s housing rental study indicates a vacancy rate of 3.9% which is down significantly from 4.66% in the third quarter of 2011. All indications of local
employment growth from companies such as Mercury Payment Systems coupled with a lack of new multi-family development indicate that this vacancy will remain below 4% for years to come.

The applicant would also like to note that even though the project does not qualify technically for a transit oriented development (TOD) it does meet the intent of this priority in that it is located eight blocks from the central business district, ½ a block from a covered public transit bus stop and nine blocks from the central transit center. The applicants believe that this may be the only infill LIHTC project for Durango for many years to come given the lack of infill property available for development.

**Project meets criteria for approval in Section 2 of the QAP**

**Market Conditions**
Historical and recent housing market data indicates a major shortfall of affordable rental housing in La Plata County, and more particularly, the Durango market area. As a result of this shortage, the construction of subsidized rental housing using Low Income Housing Tax Credits has been a priority in La Plata County’s housing plan since 2006 (the last year that an LIHTC allocation was made for a project in Durango). The data strongly support the need and demand for the proposed 960 East project.

**Stability of LIHTC and market rate properties in the Primary Market Area (Durango)**
As of late May, only two out of a total of 271 LIHTC units were vacant and available to rent, which equates to a very low overall vacancy rate of 0.74% among the LIHTC properties within the PMA.

A survey of four of these five LIHTC projects in March, 2012 by La Plata Home Fund indicated that these projects had 117 prospective renters on their wait lists (one project did not report).

As for market rate projects in the Durango market area, DOH’s market study indicated a vacancy rate of 3.9% in the first quarter of 2012, indicating some shortage of supply. The rate was down from 4.66% in the third quarter of 2011.

For year-round rental housing (not including resort rentals), there are no indications of concessions or reduced rents in the Durango market area in recent memory or at this point in time.

**Capture rates and overall demand for LIHTC rental units**
The overall capture rate for comparable LIHTC projects within the Durango primary market area is now moderate at 13.6%. The capture rate varies by AMI from 1.6% for 30% AMI units to 18.6% for units restricted at 40% AMI.

The overall capture rate of 13.6% will increase to 16.6% with the addition of the proposed 50 units, a gain of three points. This overall increase will be spread across all
AMI categories, most greatly impacting the two categories with the lowest existing capture rates – 30% AMI and 60% AMI. The proposed rents for the 960 East project average $742 per month (after adjustment for utility allowances). The rents are considerably lower than average market rents, which have risen sharply from $851 to $947 from the third quarter of 2011 to the first quarter of 2012, per the Colorado Division of Housing’s statewide rental survey.

The demand estimates are based on the DOH survey of market rate housing, the market analyst’s survey of vacancies in existing LIHTC projects, and the La Plata Homes Fund survey of waiting lists. The estimates do not include data from studies of homeless units, rural farmworker units or projected in-migration, because no such studies are available.

**Population Growth Projections**
According to Ribbon Demographics, an estimated 5,049 renter households currently reside in the Durango market. This estimate represents an increase of 18.2% since 2000. By 2016, the market area’s renter population is expected to grow to 5,422 households, which equates to 373 additional households or a 7.4% rate of growth. Assuming this growth occurs at a steady pace throughout the five-year period, the renter population will increase by 75 households per year.

The proposed project is distinctive and easily differentiated from other LIHTC and market projects in Durango. Its unit mix targets singles more so than other LIHTC projects, which are primarily family oriented. It will be the only non-senior apartment property in Durango with an elevator making it appropriate for persons with physical disabilities. Its location is also unique. While it is near Valle de Merced, 960 East is the only LIHTC project in central Durango within walking distance of the downtown area. Valle de Merced’s location up Geoglein Gulch is far different in character and not part of central Durango.

**Readiness-to-Proceed**
The impact of this development on City facilities and infrastructure is significantly less than other similar developments that would be located away from the City’s urban core. All necessary infrastructure with sufficient capacity to support this development, such as water, sewer, natural gas, electric, telephone, and cable television is already in place and adjacent to the property.

- **Water:** Water for this project will be provided by the City of Durango, with adequate capacity available in either 9th Avenue or College Drive.

- **Sewer:** Sewer service for the Project will be provided by the City of Durango, with capacity available in either 9th Avenue or College Drive.
• Natural Gas: Natural gas will be supplied to the Project by Atmos Energy, and is adjacent to the property in College Drive.

• Electricity: Electricity will be provided to the Project by La Plata Electric Association, Inc. Electric service is currently adjacent to the Project along 9th Avenue.

• CATV: Cable and telephone service will be provided to the Project by Optimum Cable and Qwest. Cable and telephone lines are currently adjacent to the Project along 9th Avenue.

If awarded an allocation of tax credits in 2012 the project will break ground in the spring of 2013. This timeline allows us to finalize all the necessary components to begin construction, while avoiding the complications and additional costs associated with construction during the winter months in Durango.

The subject property is under option by the Homes Fund, and while the site is currently zoned as Heavy Commercial, it's identified in the City of Durango's Future Land Use map as Mixed Use. The Homes Fund has been assured by both City Staff, and the Durango City Council that they will process the project through the entitlement process this coming fall, well within the anticipated project timeline requirements. See attached letter of support from Greg Hoch, Director of Planning, City of Durango.

We have completed Phase I Environmental Studies which show no further action required. Preliminary soils analysis did not identify any unanticipated soils conditions. Architectural Schematic design has been completed. Cost estimates from a third party cost estimator are complete. Our funding sources, including LIHTC equity investors, have expressed strong interest in participating in the project.

**Overall financial feasibility and viability**

Given the projects location and the incredibly strong rental market in the Durango area, this project has significant interest from investors and lenders. The current lack of affordable rental units in the downtown/Ft Lewis area and the lack of potential future development sites in the area will give this project a competitive advantage for many years.

**Experience and Track Record of the Development Team**

**Homes Fund Executive Director, Jennifer Lopez**

Jennifer Lopez, Executive Director has twelve years of experience in the affordable housing field She has a master’s from University of New Mexico in Community and Regional Planning. She has worked with the Santa Fe Community Housing Trust in New Mexico as a lender and organizer of an extremely successful land trust with a full array of homebuyer programs including a robust second mortgage program. She is a graduate of Achieving Excellence IV, a prestigious eighteen month leadership program sponsored by Fannie Mae, NeighborWorks and Harvard University. Jennifer has created a five-point action plan, launched four new programs, successfully negotiated $30 million in
affordable housing agreements with developers, launched the first Down Payment Program in the four corners, leveraged 2.6 million in new funds, and anticipates creating 80 new housing opportunities per year as a result of the agency’s work. Jennifer’s expertise is in grant writing and program compliance, project management, policy development and program implementation. In 2011 Jennifer was appointed to the Colorado Housing Finance Authority Board. Jennifer will be responsible for the successful execution of this Low Income Housing Tax Credit project from application lease up.

Jennifer has had significant success in setting up complex yet effective local housing programs. Much of that success is attributed to the experienced and committed consulting team she has used for the last four years. Grant funds from Enterprise Community Partners and the CDFI Fund have aided in the creation of loan programs, and a developer support program which is the basis of the Homes Fund’s undertaking of this exciting affordable housing development.

**Homes Fund Development and Financial Consultant, Robert Barron**

Barron Enterprise LLC provides development management services to investment funds, landowners and developers. Development management services provided include formulating project concepts, creating financing plans, testing project feasibility, managing the design and construction professionals, managing the leasing and marketing professionals, creating financial plans and budgets, negotiating development agreements with cities, managing the sale and disposition or properties. Robert, a CPA, provides the Homes Fund with various accounting services, including development of financial policies and procedures, participating in establishing loan procedures and helping with land development strategies.

**Homes Fund Program Consultant, Peter Werwath**

Peter helped to establish the La Plata Homes Fund in 2008 and was its first contract Executive Director. Peter Werwath has been a community development consultant for over 25 years, working with local governments and nonprofits nationwide to design and implement inclusionary zoning programs, housing trust funds, loan funds, homebuyer assistance programs, redevelopment projects, green building programs, large-scale land developments and employment programs.

From 1985 to 2008, Peter served as a vice president and in other positions with Enterprise Community Partners, a leading national community development organization. During this time, he managed numerous internal and external consulting projects for Enterprise, resulting in the start-ups of four major national affordable housing programs—including the Housing Rehabilitation Work Group and the Green Community Initiatives. At Enterprise, he also helped to start up nearly two dozen housing programs with local nonprofit affiliates, which have since developed or preserved tens of thousands of affordable homes.
For six of those local programs, Peter planned and founded new nonprofit organizations—still operating today—that specialize in rental housing rehabilitation, home construction and sales, land development, homebuyer assistance, acquisition and sales of vacant homes, housing trust funds, and administration of inclusionary zoning programs.

Prior to launching Werwath Associates, Peter founded and managed a housing department for the City of Lewiston, Maine that arranged packages of bank and public-sector financing for responsible landlords, resulting in renovations and energy retrofits of over 200 low-cost rental apartments annually. Prior to that, Peter founded and managed a construction company in Maine and a nonprofit neighborhood newspaper in Boston.

Peter has served on the faculty of Harvard University’s Affordable Housing Institute and written a number of books and articles promoting best practices in community development, including: “The Housing Production Manuals,” “A Consumer’s Guide to Home Improvements,” “Business Planning for Nonprofits,” “Helping Families Build Assets: Nonprofit Homeownership Programs,” and “Helping People Get Jobs.” He wrote the first version of Enterprise’s Green Communities Criteria, a residential green building standard and has been providing advice to HUD and local implementers of the new $3.92 billion federal Neighborhood Stabilization Program. Peter is based in Columbia, Maryland, a “new town” that was planned and founded as a racially and economically integrated community in the 1960s by his mentor, the late James W. Rouse, who also founded Enterprise Community Partners.

Homes Fund CFO, Terryl Peterson

Terryl has over 20 years’ experience as a CPA and works with numerous small businesses to efficiently manage their finances and ensure checks and balances. Previously Terryl was the CFO of a very successful mid-size company in the Professional development industry specializing in executive coaching, talent management consulting, and specialized classroom development in interpersonal, leadership, and business development content for corporations. As the CFO of Lore Terryl:

- Managed all operating aspects as the CFO, guiding growth from annual revenue of $1.2 million up to $19 million
- Participated as a full member of the executive team in developing and implementing corporate strategy and in development of business model to sustain growth and profitability
- Served in many aspects, including office and facilities management, human resources, and operations manager in addition to financial responsibilities.
- Managed all aspects of financial accounting including opening an office in Zurich, Switzerland
- Managed contracts and legal agreements with clients, independent contractors, and strategic partner companies
Homes Fund Fee Developer Partner, Emil Wanatka (Timberline Builders)
Emil is well respected in Southwest Colorado for his high quality multi-family and commercial construction projects. Emil has been developing in the region for over 17 years and has done numerous multi-family rental and for-sale projects, many of which are stylish townhomes that are in high demand. Emil is known as an infill developer and many of his urban core projects are the most desirable developments in Durango. Emil also consistently brings in new product at a cost that the local workforce can afford to rent and/or purchase. It is his interest in workforce housing which brought him to the partnership with the Homes Fund and the 960 east project. Please see Emil’s attached CV which highlights photos of these projects.

Cost Reasonableness
The hard costs per units are $131,566 which is very reasonable given the typically high construction costs in Durango. The total development costs per unit are $213,886. This figure is skewed slightly high based on the high land costs which have been previously discussed. However, given the location, services, and amenities and nearby employment opportunities, the land cost is very reasonable.

Proximity to Existing Tax Credit Developments
This project is six blocks away from Valle de Merced, a 48 unit property developed and managed by Mercy Housing. There is one other project in Durango and two projects outside Durango’s business district, Pinion Terrance and Southwest Horizons Ranch. We believe that 960 East will be a very desirable project due to location, income targeting, smaller bedroom units and that it will be elevator serviced, the first LIHTC in Durango to have this amenity.

Site Suitability
As mentioned previously this site is ideal for a LIHTC because of its proximity to public transit and because of its infill location and reduced costs related to offsite infrastructure. Furthermore the soils are stable, and there are no significant environmental issues on the site. The rezoning of the property from commercial to residential will mean fewer potential impacts to the neighborhood and less traffic as well.

Justification for DDA
Land costs in Durango are significantly higher than in other communities across Colorado. A few years ago the Regional Housing Alliance conducted a housing cost analysis to better understand why housing costs were significantly higher in our part of the state. This study found the following issues in creating barriers to affordable housing development. Many of these barriers are still relevant in today’s development environment:

Cost of land:
The cost of land at 960 East is about $26,000 per unit which is relatively high compared to other projects. The driving force behind this cost is the lack of political will to set
aside land for affordable housing and no commitment to carry out long range planning to provide land near jobs. Land in Durango may now sell for as much as $1,000,000/acre, while land in Bayfield is ranging between $35,000 to $50,000/acre. Unfortunately the jobs are located in Durango, while the only “affordable” land is to be found in outlying areas.

Lower Credit Percentage Rate
The current applicable credit percentage is 7.37% which is historically low and significantly lower that projects that last year were able to use the fixed 9% rate.

Environmental Issues
There are no known environmental issues with this site. Phase one environmental studies have been completed.

Local Support
In 2006, local governments formed and provided operating support for the Regional Housing Authority of La Plata County (which later was renamed the Regional Housing Alliance of La Plata County). RHA’s governing body includes representatives of the County government and all three incorporated cities and towns in La Plata County. In 2007, RHA completed a housing needs study and adopted a Housing Action Plan that included a high-priority goal for constructing more affordable rental housing. In order to implement this aggressive plan the RHA sponsored the development of a nonprofit organization that could become a CHDO and serve as a financing entity under the Department of Treasury’s CDFI program.

In 2011, RHA and its affiliated CHDO, La Plata Homes Fund, initiated a Housing Developer Support Program. The top priority of the program was to provide assistance and incentives in developing new rental housing using the LIHTC program. La Plata Homes Fund has issued several RFQs for land owners and developers with the goal of forging a partnership with one or more developers to produce a LIHTC project. As incentives, the Homes Fund offered to provide technical consultants and—for a feasible project—to apply for HOME and CDBG funding, as well as below-market-rate predevelopment financing. As a result of this effort, the 960 East project site was identified. Local governments provide between 285,000 and 300,000 a year to support the work of the Regional Housing Alliance and La Plata Homes fund and each government entity has additional programming to support affordable housing. The City has a long history of providing fee waivers and deferrals, and will be approached if an allocation is received.
Project Name: 1175 Lee Hill
Project Address: 1175 Lee Hill Dr.
Boulder, Colorado 80304

Project Overview
1175 Lee Hill is Boulder County’s first Housing First apartment community. The Boulder County Ten-Year Plan to Address Homelessness (completed in April 2010) sets forth the goal to “provide permanent housing with supportive services to meet the long-term needs of chronically homeless individuals,” as one of the primary means of addressing homelessness. The concept, design, location, and financing of 1175 Lee Hill are modeled on national best practices, thereby providing the assurance that the building and its residents will be successful over the long-term.

The property, 1175 Lee Hill, will be designed and managed according to the Housing First model, which is also referred to as permanent supportive housing. It is based on the premise that a homeless person’s primary need to gain stability and function with their disabilities is housing. It differs from the shelter model that involves transitioning persons and households from emergency shelters through up to two years of supportive housing into a more permanent situation. The Housing First model recognizes that many chronically homeless persons with one and often multiple disabilities will need supportive services in order to remain housed over the long term and sometimes indefinitely. Permanent supportive housing is not time limited.

The purpose of the project is to: (1) help address chronic homelessness in Boulder County through the provision of permanent housing and supportive services; (2) integrate the building and its residents into the surrounding community; and (3) construct a well-designed, high-performance building that is energy efficient, secure and cost effective to operate. These goals will be achieved through the project management, resident intake and qualification, and project design elements described below.

Project Ownership and Case Management
The project will be owned and operated by a typical tax credit partnership where Boulder Housing Partners (BHP) will be the General Partner. Case management services will be provided by the Boulder
Shelter for the Homeless (BSH). Each resident will be assigned a case manager who will design a program for each resident to help them achieve long-term stability and self-reliance. This may include basic services, such as guidance for cooking and cleaning, or complex services, such as accessing treatment for substance abuse and mental health issues. Case managers will facilitate access to healthcare, counseling, job training and federal benefits for residents. Complex services such as medical care or mental health treatment are not proposed to be delivered on site; rather residents will be referred by their case managers to locations where such services are available.

**Project Description**

Designed as a single two-story, multifamily apartment building, 1175 Lee Hill contains 31 one-bedroom apartments. Located in the City of Boulder, the project is ideally situated on the periphery of the award-winning mixed-use/mixed-income Holiday Neighborhood (a tax credit project also developed by BHP). The site is across the street from BHP’s office, adjacent to the Boulder Shelter for the Homeless, and within a short walk of a variety of retail and commercial establishments, residential neighborhoods, and open space trails. Denver-based Humphries Poli Architects were selected to design the building, primarily due to their extensive experience designing permanent supportive housing for the Colorado Coalition for the Homeless. They have created a design that is distinctive, functional, and compatible with the commercial uses surrounding the property. The 31, one-bedroom units are efficiently programmed to maximize available space and views of the western foothills. Residents will be able to enjoy a variety of indoor and outdoor community spaces including a second floor exterior deck facing the mountains, a ground floor patio with seating, raised garden beds, and a bocce ball court, and an indoor community room complete with a residential cooking range for social events. Four offices, a small conference room, and other amenities are provided on-site for case management staff.

Designed to be 30 percent more energy efficient than code, the wood-frame construction will integrate a variety of energy efficiency features contributing to a low maintenance, comfortable and healthy living environment that is affordable to operate. The building is designed “solar PV ready” and will be able to accommodate rooftop-mounted panels once suitable financing is available. An unfinished basement can be programmed for future uses (i.e. storage, fitness room, additional offices) as needed. Given the high percentage of residents with disabilities, all units are designed to maximize accessibility and all floors will be accessible via elevator.

As with many affordable housing communities operating under Housing First principles, 1175 Lee Hill will be operated like a standard rental property. Residents will live independently and will pay 30 percent of their income towards rent. They will be required to adhere to the terms of their lease agreement and are expected to be good neighbors. Unlike transitional housing for the homeless, there is no time limit on the length of stay. In order to enable their success, each resident will be assigned to a case manager who will help them access supportive services (i.e. federal income benefits, health care, counseling, job training, etc.). Twenty-four hour staffing, as well as various other safety features (i.e. surveillance cameras, random patrols, and restricted access) will be provided at the outset, primarily to monitor visitors and guests.
**Target Population**

According to the 2012 Point-in-Time survey, almost 2,000 Boulder County residents are experiencing homelessness. Although the city of Boulder is one of Colorado’s most affluent communities, the number of people who live in poverty is higher than the national average. Further, the 2012 Point In Time Homelessness Survey found 135 people in Boulder County are classified as “chronically homeless,” meaning an unaccompanied homeless individual with a disabling condition who (1) has been homeless for a year or more or who (2) has had at least four episodes of homelessness in the past three years. While the Point-in-Time survey does provide the best available data on the homeless, it is commonly accepted that the data underestimates the true size of the homeless – and the chronically homeless population. Based on conversations with six of our partner organizations (OUR Center in Longmont, Mental Health Partners of Boulder County, and the Addiction Recovery Center among them), there are 344 known individuals who meet the requirements to reside at 1175 Lee Hill - today.

The homeless service providers in Boulder County will provide resident referrals to the Boulder Shelter for the Homeless case managers who will then screen potential residents for eligibility and evaluate their potential for success. Eligibility requirements include the following: must earn less than 30% of the area median income ($19,500), must have a diagnosable disability, and must demonstrate a motivation and willingness to participate in the program. Preference will be given to individuals who have lived within the city of Boulder for at least one year and also to individuals who classify as chronically homeless. According to the HUD Project-based Section 8 voucher requirements. BHP will conduct a criminal background check on all applicants. Sex offenders and individuals convicted of the manufacture or distribution of methamphetamine will be deemed ineligible.

**Location**

The 1.2-acre site, which is located at 1175 Lee Hill Drive, was purchased in 2010 with grant funds from Boulder County. The site is zoned for the proposed use and is “by right,” meaning the land use approval process is administrative rather than discretionary. Located on the north end of Broadway, one of Boulder’s primary north/south public transportation routes, residents will be able to utilize frequent and direct bus connections (and bike lanes) to access local retail, grocers, restaurants, coffee shops, trails, and service providers as well as to downtown Boulder and the University of Colorado. The site’s immediate proximity to BHP’s office and the Boulder Shelter for the Homeless will allow for additional oversight by property managers, case managers, and maintenance staff.

**Amenities and Services**

Each resident will be assigned a case manager whose role is to assist them in, first and foremost, obtaining federal income benefits such as social security or veteran’s benefits so that they can begin paying for rent and other monthly expenses. Case managers will also facilitate resident access of crucial services, such as medical care, mental health counseling, addiction recovery or treatment, and job training. Case managers will also help residents identify and achieve other goals and aspirations whether they be as simple as learning to cook or as complex as obtaining an advanced degree or certification.
Additional amenities include free bus passes, covered and secure bike storage, a large community room equipped with a residential cooking range, and a second floor outdoor deck with westerly mountain views. The community spaces of the building and grounds enhance the livability of the site. The 900 sf community room will be available for individuals and groups to use, and is connected to a community laundry room. The property also includes a large enclosed courtyard with patio seating, raised garden beds, and a bocce ball court for recreation and entertainment.

Each apartment will include a bedroom, full kitchen and three-quarter bathroom (shower instead of a tub), and a generous living room. Basic furniture and sundry household goods will be provided to each resident upon move-in. Each apartment will have hard-surface, wood textured floors for easy maintenance and individual heating and cooling units. Large windows maximize both views and passive solar gain.

Case management staff will be able to enjoy individual offices and a multi-purpose conference room with access to a private outdoor patio facing Broadway. A shared employee shower and storage space will provide convenience for the many employees who regularly bike to work. The basement will remain unfinished and un-programmed until staff and residents can evaluate and determine future needs (i.e. storage, fitness room, etc.).

**Energy Efficiency Features**
The City of Boulder requires all multifamily new construction projects to meet the Boulder Green Points Requirements, which include a 30% improvement in energy efficiency over Code. In the area of energy efficiency, therefore, 1175 Lee Hill will exceed the Enterprise Green Communities requirement by 15%. The project will accomplish this goal through the installation of the following key features: R-38 attic insulation, R-27 wall insulation, R-10 foundation insulation, energy efficiency lighting, passive solar lighting through south-facing windows and skylights, and E-Star doors and windows. The roof will be designed “PV ready” so that solar panels can be easily installed in the future when substantial funding is available. The project will also include an energy monitoring system so that the building’s operator can monitor and, where possible, improve the building’s (and its occupants) energy performance over time.

**Project Financing**
The approximately $7 million project will be funded with local, state, and federal grants, as well as with Low Income Housing Tax Credits (LIHTC) and grants from private foundation sources. This includes HOME dollars (federal funds allocated by the City of Boulder and the Colorado Division of Housing), McKinney-Vento funds (federal funding for homeless housing development and operations), and grants from philanthropic foundations. Rent paid by the residents, vouchers, and grant funds will support operations. Rent subsidy vouchers will make this project financially feasible. A combination of vouchers is likely:

- BHP will project base up to 31 of its Section 8 Housing Choice vouchers. These vouchers will require potential residents to either meet HUD’s definition of homeless or chronically homeless at the time that they apply to be a resident at Lee Hill.
• BHP may secure and project base up to five Veterans Affairs Supportive Housing (VASH) vouchers, which would set aside units only for homeless veterans.

• BHP anticipates securing McKinney-Vento funds to offset a portion of construction costs and subsidize case management for all residents who meet the McKinney-Vento eligibility requirements. Funding for case management is renewed annually.

Community Engagement Process
Since September 2011, BHP has been actively engaged in a community-wide dialogue about 1175 Lee Hill. While many neighbors have been critical of the project, its location, and its prospective residents, hundreds of Boulder citizens have also voiced their support (see Tab 1: Correspondence). In an effort to address community concerns, BHP has voluntarily committed to engaging the public in the development of a Statement of Operations that will govern the proposed project, as well as in the building design. The Statement of Operations will address, at a minimum, the following: resident eligibility and selection, the role of case management, terms of the lease agreement, building and site maintenance, and neighborhood communication. In an effort to ensure full transparency, BHP will continue to update the public on the project’s status through its monthly e-newsletter and the project website (http://www.boulderhousing.org/content/1175-Lee-Hill). This process is voluntary and will be complete by the end of the year, well before construction is anticipated to begin.
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**
1175 Lee Hill is a project that significantly embodies this guiding principle. Although 1175 Lee Hill residents will be required to earn less than 30% of the AMI, most will earn far less. Based on our experience serving 26 residents through the Boulder County Housing First Program, we know that 92% of residents earn less than $15,000 per year and as many as 8% earn no income at all. As indicated in our application, we intend to covenant the affordability for an additional 25 years beyond the initial compliance period, demonstrating our intent to serve these residents for the longest period of time afforded under the LIHTC program. The project will be further bound by recorded covenants with the City of Boulder insuring its permanent affordability which exceeds the typical 50 years of a tax credit project under the extended use period.

**To support projects in a QCT, the development of which contributes to a concerted community revitalization plan**
1175 Lee Hill is not located in a QCT.

**To provide for distribution of housing credits across the state**
Based on the LOIs submitted for the July Round of LIHTCs, 1175 Lee Hill is the only project in Boulder County applying for an allocation. The last time BHP was awarded LIHTCs was in 2009 for the 59-unit Red Oak Park family development.

**To provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit**
BHP and the BSH both have proven extensive expertise housing and providing supportive services to the homeless. Moreover, the two agencies have a 5-year track record co-managing the Boulder County Housing First Program, 26 units of scatted site housing, which further demonstrates their ability to work collaboratively and successfully as true partners. The Shelter’s case management expertise is a perfect complement to BHP’s success as a qualified sponsor of affordable housing. Through this partnership, both agencies are expanding their areas of expertise – BSH is affordable housing and BHP in the provision of supportive services.

**To distribute housing credits to assist a diversity of populations in need of affordable housing, including homeless persons**
An award of credits to 1175 Lee Hill, a new housing community built to serve 100% formerly homeless residents and the first and only project of its kind in Boulder, will enhance the current scattered site program currently in place by more than doubling the number of housing units.

**To support new construction of affordable rental housing projects**
1175 Lee Hill is a new construction project and will be covenanted permanently affordable in perpetuity.
To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections.

We believe that the size, density and location of the 1175 Lee Hill project presents a unique opportunity to construct a new Housing First project for the highest needs residents, pursuant to approved community plans, for a relatively low annual credit amount.
Identify which housing priority in Section 2 of the QAP the project qualifies for
(please select only one):

**Homeless Persons:** 1175 Lee Hill will target 100% of its units to homeless persons and will be Boulder County’s first single site Housing First community. An award of 9% low income housing tax credits to 1175 Lee Hill will ensure that Boulder County, which has the second largest homeless population in the Metro area outside of the city of Denver, receives the necessary support to help address homelessness where the need is great.
Describe how the project meets the criteria for approval in Section 2 of the QAP:

**Market Conditions**
In the city of Boulder, vacancy rates as of the first quarter of 2012 were low at 4.6% except for the University area where the rate was extremely low at less than 1%. Vacancies have declined since peaking during the second quarter of 2010 at 6.9% in the non-university area. With a few exceptions, vacancies in Boulder have been lower than in the metro Denver region. In the first quarter of 2012, the vacancy rate was highest among two-bedroom/two-bathroom rentals followed by one-bedroom units. No vacancies were reported among the three-bedroom units surveyed.

Rents in most of Boulder except the University area are higher than the metro Denver average. The overall average for most of Boulder was $1,178 as of the first quarter of 2012 compared with $953 for the metro region, a difference of $225 per month. *Contract rents* (no utilities) for studios, one-bedroom and two-bedroom/one-bath units were roughly equal to the maximum allowed *gross* rent for 60% AMI including the utility allowance. These market rents were therefore roughly equivalent to rents affordable for households with incomes at approximately 65% AMI. Rents for two-bedroom/two-bath and three-bedroom units were considerably higher, at approximately 70% AMI. Rents are increasing throughout the Denver metro region and northern Front Range. The overall average increased 13% in the last two years (first quarters of 2010 and 2012 compared).

There are no competing properties in the city or county of Boulder. Comparable properties located in Denver report no to very low (less than 2%) vacancy rates. Demand is high due to ample referrals primarily from the Veteran’s Administration, shelters, mental health centers and street outreach programs.

**Readiness-to-proceed**
With all capital and operating sources of funding either secured or backed by binding commitments from the owners and operators, 1175 Lee Hill represents a low risk LIHTC investment. Moreover, BHP has complete site control; not only is the property paid for, in full, but the “by right” zoning allows for the proposed use. The project team can secure the final, non-discernionary administrative approval of the project’s proposed design in as little as two weeks. Additionally, in April 2012, Boulder City Council, in an 8 to 1 motion, acknowledged their support for the project and its proposed location.

**Overall financial feasibility and viability**
Per Board Resolution #18, the BHP Board of Commissioners has committed up to 31 project-based Section 8 vouchers to support the operations of 1175 Lee Hill. Along with substantial grant funding for supportive services from McKinney-Vento, the project can easily maintain an investor-supported income to expense ratio of 1.05. This proposed operating finance scenario is more than sufficient to support the project’s expenses. Moreover, BSH’s Board has also issued a letter of funding commitment stating they will make every effort to ensure supportive services planned for the project are financed should 1175 Lee Hill not receive an award of McKinney-Vento grant funds in 2012. Should there be a short term deficit in the supportive services funding, BSH will fill the gap.

However, in the unlikely event that project-based Section 8 vouchers are no longer available, the project’s affordability covenant (AMI mix) would be revised to reflect market demand for permanently affordable 1-bedroom units. In this case, we can assume the project would be repositioned to serve a
population with some stated income (i.e. seniors) and not the homeless. A loss-run analysis conducted by the project’s underwriter (Enterprise Community Partners) indicated that an average per unit rent of $757/month, not including utilities, is realistic and would preserve the project’s financial viability. This rent corresponds to approximately 42% AMI for one-bedroom units in Boulder in 2012. Additionally, under this scenario, the supportive services/case management expenses and supplemental income (i.e. McKinney Vento) would also be eliminated, reducing the PUPA from $12,211 to $5,284.

Per Board Resolution #16, the BHP Board of Commissioners has committed to secure up to $2.5 million for the development of 1175 Lee Hill. While we anticipate that BHP will be awarded these funds (comprised of Division of Housing HOME funds, McKinney-Vento grant funds for construction, private foundation grants, and additional City of Boulder funds – among others) by the end of 2012, we also recognize that a financial commitment for the full amount is essential. This Board resolution is intended to provide CHFA and potential investors with the assurance that the project will not be delayed if these funds are not secured in a timely manner.

**Experience and track record of the development and management team**

BHP has developed, owned, and managed six low-income housing tax credit communities since 1986. BHP and the Boulder Shelter for the Homeless have partnered for the past five years to operate the scattered-site Boulder County Housing First Program. In partnership with the Mental Health Partners of Boulder County, BHP provides ten units of supportive housing to individuals with mental illness who are formerly homeless or were at risk of homelessness.

The project consultant team - including the project’s architect, civil engineer, accountant, tax credit attorney, and cost estimator - have extensive experience with Housing First, affordable housing, and housing development in the city of Boulder. Please see the development team’s résumés for more detailed information.

**Cost reasonableness**

Total project costs for 1175 Lee Hill are approximately $7.4 million, which is $238,013 per unit and $283/sf. While higher than the state average for affordable housing developments, the total costs do include $885,005 for the acquisition of a 1.2 acre parcel and over $500,000 in City tap and impact fees. Unlike other communities, the cost to develop in Boulder is incredibly high. Reducing the total project costs by the cost of the land reduces the cost per unit to about $209,000. Based on recent project experience (High Mar, 4600 Broadway, Red Oak Park), the total cost to develop averages $215,000-250,000 per unit and $225-275 per sf. We believe that the lower than average density (31 units as opposed to 59 units, each, for High Mar and Red Oak Park) and the fact that the project is new construction versus an acquisition provides justification for the fact that 1175 Lee Hill is at the higher end of these ranges. The same rationale applies to the higher than average, but reasonable, hard cost ratios ($144,531/unit and $172/sf). Compared to other projects, 1175 Lee Hill has a higher ratio of common space to units (10,852 sf versus 15,190 sf, or 42%). The purpose of this is to provide the target population with the necessary amenities and services (i.e. case management offices) that are commonly associated with Housing First projects.
**Proximity to existing tax credit developments**

1175 Lee Hill is within one mile of 4600 Broadway, a 36-unit affordable housing apartment building which BHP expects to purchase in 2012 using 4% tax credits. Although this project is currently under construction, it will not compete with 1175 Lee Hill for either residents or tax credits since the two projects serve different populations and are intending to use different LIHTC programs.

1175 Lee Hill is also within five miles of four other LIHTC projects developed and managed by BHP (Holiday Neighborhood, Foothills, Broadway West, and Broadway East). These other four sites have already received their tax credit allocations and are fully leased and have been stabilized for several years. They also serve families and therefore will not compete with 1175 Lee Hill for residents. Please refer to the Market Study for more detail.
Provide the following information as applicable:

Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA’s minimum):
The $12,221 PUPA (without replacement reserves) is high compared to other affordable housing developments, but on par with permanent supportive housing. The reasons for the higher than average expenses are as follows:

- Management Salaries includes approximately $63,000 in salaries and benefits for a resident services program coordinator (1 FTE at $17/hr) and a leasing agent (0.33 FTE at $17/hr). Since most of the target population is disabled, unable to work, and elderly, on-site programming is essential to ensure residents are engaged and successful.

- A $12,000 annual training and events fund will provide support for the delivery of programs targeted to residents (i.e. resume writing, computer classes, cooking classes, music instruction, etc.).

- $50,000 in staffing and security costs includes expenses for random security patrols (nights and weekends) as well as costs for staff to provide 24/7 on-site monitoring of visitors and guest (supplemented by case management staff during work hours).

- BHP is required to provide bus passes to all residents for the first three years of operation in order to secure a building permit for the project’s development. The continued provision of bus passes will also be covered by operating income in order to ensure residents have safe and predictable methods of transportation. At a current cost of $550/pass, the EcoPasses cost the project approximately $17,000 annually.

- A $70,000 annual case management contract with the Boulder Shelter for the Homeless.

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

Address any issues raised in the market study submitted with your application:
The four recommendations provided in the market study and our responses to them are provided here:

- Provide computers. We have established an annual training and events fund of $12,000. This fund could cover not just the cost to provide a few computer stations, but also training and classes. While we agree that computers provide tremendous value, we intend to allow the residents, the resident program coordinator, and the case managers determine if this is an appropriate use of funds.

- Expand opportunities for social interaction. Based on the available square footage of the property, we believe that an indoor community room, an outdoor patio with seating, raised garden beds, and a bocce court, and a second story outdoor deck provide both sufficient and
diverse opportunities for social interactions. In fact, these gathering places were modeled on those offered at other permanent supportive housing communities in Denver.

- Exercise equipment and programming for it is recommended. While we agree that exercise and a healthy lifestyle are ideals worth promoting, we intend to allow the residents, the resident program coordinator, and the case managers determine if this is an appropriate use of funds. It is worth noting that there is unfinished space in the basement that could accommodate this use. Additionally, there are numerous hiking trails within a ½ mile of the project site. The north Boulder Recreation Center is also within 2 miles and does offer discounts to low income residents.
- Market the project through referrals. BHP and the BSH have an extensive network of connections and partnerships with the homeless service providers in the area and BHP intends to utilize this existing network for potential resident referrals.

Address any issues raised in the environmental report(s) submitted with your application:
Not Applicable

Describe and demonstrate local support for the project (including financial support):
See Tab 1: Correspondence and Tab 7: Development Financing for letters from project supporters and funders.
(Note: CHFA template language is in grey, Artspace responses are in black.)

Project Name: Artspace Loveland Lofts

Project Address: 140 West Third Street, Loveland, CO 80537-5520

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 to 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.

NARRATIVE

A Snapshot of the Arts Industry in Loveland

Loveland has a rich arts history as the home of America’s largest outdoor sculpture show weekend. Held annually in August, these events – Sculpture in the Park, Loveland Sculpture Invitational, and the Arts & Crafts Festival – attract more than 50,000 visitors. Loveland is home to Art Castings of Colorado, one of the premier bronze sculpture foundries in the nation; a second foundry, Bronze Services; and a host of ancillary sculpture molding and finishing operations. Loveland is the first municipality in the state of Colorado to enact an Arts in Public Places program in 1985, and receive the Governor’s Arts Award for Community Excellence in the Arts in 2008. The City’s downtown cultural assets include the newly expanded Rialto Theater Center and the Loveland Museum/Gallery, as well as a number of
creative businesses including three dance studios, graphic design firms, Interweave Press, a leading fiber arts magazine publisher, architects’ offices and numerous galleries and sculpture studios. The newly opened ArtWorks Loveland, a project of Loveland’s Erion Foundation, provides 18 studio and career development programs for working artists across the street from the Artspace Loveland site.

Downtown Loveland has played host to a number of signature cultural events including national exhibits at the Loveland Museum/Gallery featuring Chuck Close, Dorothea Lange, and the artistry of Bud Shark’s printing studio. The Museum attracts nearly 50,000 annual visitors. Most recently, two contemporary light and art exhibitions, Love + Light and glass.fiber.stone, featured local, regional and national artists and attracted more than 1,000 visitors each to their inaugural weekends.

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

Leveraging the Arts

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

Following the guidance of the 2005 Master Plan, the City of Loveland has demonstrated its commitment to supporting and expanding Loveland’s artists and creative industries through the establishment of the Office of Creative Sector Development. This new city agency is charged with “creat(ing) a vital art-related economy in Loveland, Colorado by facilitating the growth, development and retention of the Creative Sector including: artists, businesses and organizations.”
Additional community cultural initiatives have demonstrated commitment to these goals to-date including the completion of the Rialto Theater Center addition, and the initiation of planning for the next Loveland Museum/Gallery expansion and for the remodel of the 1935 Pulliam Community Building.

**Artspace Loveland Lofts**

The desire to develop the site of the historic Loveland Feed and Grain Building into an arts campus to anchor the creative market found in Loveland’s downtown core is another example of this commitment. Phase one of the arts campus will consist of 30 units of permanently affordable live/work spaces for income-eligible artists—the Artspace Loveland Lofts. Phase two will be the preservation and adaptive re-use of the Feed and Grain as a community arts center. The courtyard between the Feed and Grain and the newly constructed affordable, multifamily housing property creates opportunities for outdoor gatherings, art exhibits, small performances, and more. As a key component of Loveland’s Downtown Strategic Plan, this transformational project will not only provide much needed affordable housing in Loveland’s downtown, but will also serve as a catalyst for other downtown revitalization efforts.

See *Addendum B-Downtown Loveland Strategic Plan.pdf*

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

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

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

**Project Strength: Artist and Community Impact**

While Artspace has over 30 affordable properties in successful operation across the United States, the organization wanted to understand the metrics of this success in terms of artist impact, community impact, and sustainability. From 2009 through 2011, Metris Arts Consulting did an in-depth examination of five Artspace projects: the Northern Warehouse Artists’ Cooperative (St. Paul, MN), the Tilsner Artists’ Cooperative (St. Paul, MN), the Traffic Zone Center for Visual Art (Minneapolis, MN), the Tashiro Kaplan Artist Lofts (Seattle, WA), and the Riverside Artist Lofts (Reno, NV). The three Minnesota projects are among
Artspace’s earliest efforts and therefore address questions of long-term impact and sustainability.

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

The results of the studies suggested **art spaces benefit artists by:**

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

On a larger scale, **art spaces benefit communities by:**

1. Animating deteriorated historic structures and/or underutilized spaces.
2. Bringing vacant and/or underutilized spaces back on the tax rolls and/or boosting area property values.
3. Fostering the safety and livability of neighborhoods without evidence of gentrification-led displacement.
4. Anchoring arts districts and expanding public access to the art.
5. Attracting additional artists, arts businesses, organizations, and supporting non-arts businesses to the area.
A general overview of the research has also been compiled. See Addendum D-Taking a Measure of Creative Placemaking.

Artspace strives to continue to work with each community in order to reach these transformational results. Our projects are more impactful than traditional affordable housing projects as our work addresses a variety of challenges: **affordable housing, creative placemaking, and economic development.** Loveland’s growing list of arts and cultural assets combined with the City’s vision for downtown to remain *the cultural heart of Loveland* and be *revitalized as a pedestrian-friendly area with shopping, restaurants, cultural facilities, employment, and housing* makes Loveland a more-than-ideal community for a successful Artspace Project. Another benefit of the Artspace Loveland Lofts project will be to mitigate the impacts of gentrification on those artists currently living in the downtown core as Loveland’s Downtown Strategic Plan gains traction.

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

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

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

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

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

The aforementioned local community organizations contributed funds for both Artspace’s Prefeasibility Visit and the Arts Market Surveys. The City of Loveland has committed over $500,000 towards project predevelopment and related infrastructure. The local philanthropic community has currently pledged $200,000 contingent on the project receiving low income housing tax credits.

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

Jan Rosetta Schockner and Mel Schockner, a sculptor and a photographer living in Loveland, suggest, “…if we were young artists just starting out, the kind of affordable live/work space that Artspace builds for eligible artists would have been an immense help to us in launching our careers in the arts.”

City Council Member and Director of Loveland Community Relations for the Community Foundation of Northern Colorado, Phil Farley, states, “The strong, visible support this Artspace Project has received from the local arts community, City Council, and the philanthropic community defines the broad based consensus that the Project should move forward.”

The energy continues with artist-led events planned at the proposed site to raise awareness and cultivate interest in the project. Love + Light, a contemporary light and art installation organized and curated by two young local artists, drew more than 1,000 people to the Feed & Grain in 17 ° weather to experience both the art and the historic building. Most recently, glass.fiber.stone, an art exhibit featuring 17 contemporary artists working in glass, textiles, stone sculpture and clay, drew more than 970 people to the feed & Grain in triple digit heat. Demonstrating their commitment to community as well as to their art, half of the admissions fees to glass.fiber.stone were donated to the fire relief efforts in Larimer County.
Loveland residents, local artists and representatives from local arts-related organizations, City leaders, and Loveland-based foundations continue to rally around the proposed Artspace Loveland Lofts project.

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

**Project Strength: Campus Approach**

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

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

After reviewing the results of the arts-market surveys and speaking with a large number of artists, future uses of the Feed & Grain may include studios, classrooms, gallery space, and arts-related retail. The courtyard between the Feed & Grain and the newly constructed affordable, multifamily housing property creates opportunities for outdoor gatherings, art exhibits, small performances, and more.

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

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

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

To understand how rents are trending in Fort Collins-Loveland, the Colorado Division of Housing reviewed average rents in the third quarter of 2009 compared to average rents in the third quarter of 2011. Studio rents have increased 16% with a current average vacancy rate at 2.0%; one-bedroom unit rents have increased 10% with a current average vacancy rate at 2.1%; two-bedroom rents have increased 3% with a current average vacancy rate at 2.4%; and three-bedroom-rents have increased 12% with a current average vacancy rate at 2.2%. Given that rents are steadily increasing, and vacancy rates are among some of the lowest in the entire state, a general demand for affordable housing in the area is evident.

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

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

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

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

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

*(left)* Images from Santa Cruz

The most noticeable characteristics of a live/work units desired by artists that differ from traditional affordable apartments are the minimum 10’-0” ceilings, large windows for maximum natural light, open and flexible floor plans, and larger than average units to provide work space that contributes to the overall affordability for the resident. These characteristics are common selling points for many market-rate apartments and condos on the market today.

Other features include reinforcement built into the walls of the extra-wide corridors so the artists are able to use the corridor walls for display space; deeper kitchen sinks to allow artists to clean tools with ease; and additional storage within each unit. None of these features are so out-of-the-ordinary that non-artists would feel uncomfortable or out-of-
place living here. The most unusual feature is the lack of carpet in the entire building. Like the other finishes in the live/work units, the flooring is easily cleanable, durable, and promotes good air quality.

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

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

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

See *Addendum E-Artspace_NorthernWarehouse.pdf*. 
**Perceived Project Challenge: Per Unit Cost and Funding**

In an effort to reduce the per unit cost and the overall project cost, Artspace worked with B+Y Architects and Deneuve Construction to identify cost reductions that did not detract from the quality of the project. By minimally revising the scope and finding a variety of creative alternatives, the team discovered cost savings that took us from $271,816 per dwelling unit in total development costs in Round 1 to $245,845 in Round 2. The Artspace Loveland team feels these numbers are justified when considering that smaller, downtown in-fill projects tend to have higher per unit costs, and knowing that our live/work units are of higher quality and standards.

Artspace Loveland Lofts is a smaller than average development driving development costs up from the very start, but maintaining conservative goals continues to lead to the sustainability of all our properties. The larger than average live/work units also create extra up-front expenses, however the professional opportunities that is created for each of our residents and accessibility to art for the general community are beneficial trade-offs. Our plans are based on the function and quality of spaces rather than meeting minimum square feet requirements. This offers residents the space they need to both live comfortably and work on their craft – allowing them to contribute to the creative class that communities are valuing more and more.

Although our costs per square foot are competitive, the live/work units of all Artspace projects require higher costs per unit because our properties address a variety of challenges facing communities today. In Loveland in particular, Artspace Loveland Lofts will provide a conservative number of affordable housing units, and as a result—will serve as an anchor to an established arts community, add density (and therefore safety) to the downtown core, attract visitors to the community, and catalyze additional private investment. This additional community impact is the reason Artspace was invited to Loveland from the beginning.
In addition, to help offset the higher per unit cost, the local philanthropic community has already raised the $200,000 gap associated with the residential component of the arts campus.

**Perceived Project Challenge: Railroad Proximity**

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

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

**Population being served**

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

Because the focus of the proposed property is affordability, preference will be given to income-qualifying artists and their families. To be clear, the target market is low-income individuals who happen to be artists and NOT artists who happen to be low-income. Very few artists make 100% of their income from their craft, and therefore are artists, but also restaurant workers, retail workers, teachers, daycare providers, small business owners, etc. – same as the non-artist, low income population.
**Bedroom mix**
The bedroom mix at Artspace Loveland Lofts will include eight efficiency units at 682 SF, nine one-bedrooms units between 892 SF and 1032 SF, ten two-bedroom units at 1126 SF, and three three-bedroom units at 1383 SF. Each unit is considerably larger than comparable affordable and market rate units in the area in order to create live/work spaces for the residents.

**Building Amenities**
Each residential live/work unit will feature a flexible, open floor plan, 10’-0” ceilings, and large amounts of natural light. High-quality, durable surfaces are used to ensure long-lasting maintainability.

Artspace Loveland Loft community amenities include a business center, central laundry room, and off-street parking. Extra wide corridors, public balconies, and a large ground-floor community room provide space for residents to gather and collaborate. The courtyard to the east of the property creates opportunities for the greater community to host events, display art, and enjoy small performances.

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

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

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

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

See Addendum G-Creative Hub Map.pdf for a sample of these creative organizations. Most desirable is the accessibility to downtown amenities—an asset to the future residents. The excellent proximity to area employment centers, education centers, retail, entertainment, and public transportation will reduce the dependency on automobiles, contributing to an even more affordable and healthier lifestyle. The Local Amenities Map and Table found on page 20 of the housing market study (Application Tab 19) demonstrates the connectivity to these services and amenities including a bank, pharmacy, medical center, grocery store, post office, police station, bus stops, open space, recreation, entertainment, schools, cultural facilities, and the rest of downtown Loveland. Most of these amenities are less than a mile
away. The housing market study also discusses the strong demand for affordable housing for this defined primary market area.

**Services**

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

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

**Detailed Type of Construction**

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

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

The exterior walls will be 2x6 wood framed walls with 5/8” Type ‘X’ gypsum wall board on the interior and O.S.B. sheathing or exterior gypsum wall board sheathing on the exterior.
The exterior walls will be filled with blown fiberglass insulation. Exterior cladding will be cement fiber lap siding, cement fiber paneling or metal paneling. Interior corridor walls will be 2x6 wood framed, 1-hour fire-resistance rated walls with resilient channels and batt insulation for improved Sound Transmission Classification.

The unit-demising wall will also be a 1-hour fire-resistance rated wall consisting of a double row of 2x4 wood framing with 5/8” type ‘X’ gypsum wall board on each side. Batt insulation will also be included in the wall cavity for improved Sound Transmission Classification. Interior bearing walls will be a 1-hour fire-resistance rated 2x6 wood-framed walls with Type ‘X’ gypsum wall board. Interior non-bearing walls will typically be 2x4 wood framed walls with Type ‘X’ gypsum wall board.

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

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

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

**Description of Energy Efficiencies**

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

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:

**GUIDING PRINCIPLES**

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

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

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

The goals of the Artspace Loveland Lofts are to provide permanently affordable residential units at 30-60% AMI; to create opportunity for residents to increase their arts-related income by offering affordable space for production and collaborative community that supports creativity; to complement and strengthen the growing arts economy in Loveland; and to catalyze additional cultural development in and around downtown Loveland. These goals align with the City’s seven guiding principles outlined in Destination Downtown: Heart Improvement Project Downtown Strategic Plan and Implementation Strategy:

**Principle #1** Revitalization efforts must be focused on addressing the underlying economics that govern Downtown. (Noting “...it is critical to address the economics particularly the lack of housing density and quality office space.”)

**Principle #2** Public investments in infrastructure and other facilities should be used to leverage private investment.

**Principle #3** Private/Public partnerships are essential.

**Principle #4** The Downtown must embrace its market strengths particularly the agglomeration of arts and culture. (Noting “An appeal to the arts and to heritage tourism through a revitalized historic core can benefit the entire community by bringing new spending into Loveland.”)

**Principle #5** Efforts must seek broad community support and buy in.
Principle #6) Downtown should identify and use many different “tools.”

Principle #7) This is a long-term strategy.

- To provide distribution of housing credits across the state

While eight other completed LIHTC developments exist in the PMA defined by Novogradac & Company, one is an age-restricted senior housing project and one is a Section 8 subsidized project – leaving six other “comparables” in the area. Of the six, the closest property geographically is 1.3 miles away; was built in 1996; and both the size and quality of the units is inferior to those of the proposed project making the building less comparable. The increasing rents and decreasing vacancy rates in Fort Collins-Loveland are among the highest in the State, supporting the need for housing tax credits to mitigate this growing demand.

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

Both Artspace Project, Inc. and our special limited partner, the Housing Authority of the City of Loveland, are not-for-profit organizations. However, as a result of the formation of the special limited partnership, a for-profit entity will be formed.

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

Artspace Loveland Lofts will be thirty, newly constructed, 100% permanently affordable live/work units.

- To reserve only the amount of credit for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections

Artspace Projects, Inc. believes the appropriate credit amount has been requested.

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

Artspace Projects, Inc. believes the appropriate credit amount has been requested.
2. Identify which housing priority in Section 2 of the QAP the project qualifies for (please select only one):

**Housing Priority**

Artspace Loveland Lofts best addresses the housing priority described as "Market Areas of pent-up demand for affordable housing" where submarkets have an overall rental vacancy rate lower than four percent.

According to the Colorado Division of Housing, the vacancy rate in Fort Collins and Loveland is at 2.3% - among the very lowest in the State. Typically, as vacancy rates decrease, rents increase. "The largest increase in the average rent was found in the Fort Collins/Loveland area where the average rent increased 8.5 percent from the third quarter of last year to the same period this year." (1) Quality, affordable housing is increasingly more difficult to find. Artspace Loveland Lofts aims to be part of the solution.


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

a. Market conditions:

**Market Conditions**

Based on the data collected from the Colorado Division of Housing, the rent advantage for the 30% AMI studio units at Artspace Loveland Lofts is 53% over average rents for Fort Collins-Loveland. The rent advantage for the 30% AMI one-bedroom units is 56%. The rent advantage for 40% AMI studios, one-bedrooms, two-bedrooms, and three-bedrooms is 34%, 38%, 27%, and 41%, respectively, as compared to average rents in Fort-Collins-Loveland. The rent advantage for 50% AMI studios, one-bedrooms, two-bedrooms, and three-bedrooms is 16%, 20%, 5%, and 24%, respectively, again- as compared to average rents in Fort-Collins-Loveland. The rents set for the 60% AMI units are slightly less advantageous - -2% for
studios, 2% for one-bedrooms, -16% for two-bedrooms, and 7% for three-bedrooms. However, the size, quality, location, and accessibility to services and amenities justify the marginally higher rents for this property at 60% AMI.

As previously stated, the Colorado Division of Housing reviewed average rents in the third quarter of 2009 compared to average rents in the third quarter of 2011. Studio rents have increased 16% with a current average vacancy rate at 2.0%; one-bedroom unit rents have increased 10% with a current average vacancy rate at 2.1%; two-bedroom rents have increased 3% with a current average vacancy rate at 2.4%; and three-bedroom-rents have increased 12% with a current average vacancy rate at 2.2%. Given that rents are steadily increasing, and vacancy rates are among some of the lowest in the entire state, the demand for affordable housing in the area is evident.

Furthermore, the market study prepared by Novogradac has suggested that rents are achievable for the Artspace Loveland live/work units due to the above average characteristics and location. In Artspace’s national experience, the affordable live/work units in typically face such dramatic demand that they are often rented within the first month they are available.

b. Readiness-to-proceed:

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

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

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

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

c. Overall financial feasibility and viability:

**Overall Financial Feasibility and Viability**

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

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

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

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

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

**Artspace Projects, Inc.**

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

We have the hard-earned expertise necessary to create sustainable art spaces that catalyze change. We have brought our expertise to more than 200 cultural planning efforts. Artspace itself has developed and operates 30 arts facilities, a unique portfolio representing a nearly half-billion investment in America’s arts infrastructure.

Through third party research, we know our projects transform communities. Internally, they create affordable, appropriate space that allows artists and arts organizations to be more artistically productive and increase revenue, as well as to engage in and change political processes. We have consistently seen artist participation spur more inclusive decision-making, a greater emphasis on green/sustainable efforts, and a healing of cultural rifts. Externally, we foster the safety and livability of neighborhoods without gentrification-led displacement. We animate underutilized spaces, bringing them back onto the tax rolls and boosting area property values. We anchor arts districts, expand access to the arts, and attract artists, businesses and organizations to the area.
And, our projects are sustainable. Our earliest projects are now 20 years old, and they continue to meet the needs of artists and arts organizations while adding to neighborhood vitality without on-going annual fundraising.

While the arts and culture is our focus, affordability is our goal. Of the 31 projects in our portfolio, twenty-four (24) are 100% permanently affordable residential projects focusing on 30-60% AMI. The remainder of our projects are non-residential commercial ventures that contribute to the vitality of their neighborhoods.

**Barker Rinker Seacat/ B + Y Architecture/ KL&A**

The design team has a proven track record of creating successful, sustainable, affordable housing projects. KL&A has provided structural engineering for several affordable housing projects. KL&A is working on the Denver Housing Authorities first phase of the South Lincoln redevelopment; this project is currently under construction and is anticipating achieving LEED Gold certification. They also worked on DHA’s Park Ave 3B project that achieved a LEED Gold certification. KL&A provided structural engineering for the Residences at Creekside, a 117 unit, senior housing facility for the Lakewood Housing Authority that was completed in 2010.

In 2009, B+Y Architects, Deneuve Construction Services, and Group 14 Engineering worked together to design DHA's final phase of their Park Avenue Redevelopment, Park Ave 5B; construction on this project was completed in late 2010 and in late January of 2012, the 75 unit apartment building received LEED Platinum certification under the LEED for Homes Mid-rise Pilot Program. Recently B+Y Architects along with Deneuve Construction Services, completed the design of High Mar, a 59 unit affordable housing project for Boulder Housing Partners. B+Y Architects has also designed affordable and mixed income housing projects for New Town Builders: the 29th Drive Row Homes and the Central Park Rows. In 2000, B+Y Architects also helped Forest City - Stapleton fulfill its commitment to workforce housing under Denver’s Inclusionary Housing Ordinance with the 80 unit Roslyn Court Project.
BRS, the lead Architectural firm on the project, has managed the coordination efforts with the design team and the City of Loveland. Drawing on their past work experience in Loveland, BRS has coordinated multiple meetings with the City staff and the design team to ensure that the project is in compliance with City agencies' requirements and compatible with the City's vision. Additionally, multiple internal design meetings have taken place at KL&A's office that is only blocks from the site and City Hall. KL&A's presence in the heart of Loveland has allowed and will continue to allow the team to efficiently and effectively design and develop the project. B+Y Architects has coordinated the design of the affordable housing apartment building with our cost consultant Deneuve Construction Services and our energy consultant Group 14 Engineering to ensure the most sustainable design for the best value.

**Housing Authority of the City of Loveland**

In each of the thirty-one completed projects, Artspace works with a management company that has never before worked with an artist population. Our in-house asset management staff works with each management company to pro-actively prepare for any non-traditional aspects of what is otherwise a relatively typical management process. The non-traditional aspects include the overlay of an artist preference in the leasing process and the effort to encourage self-governance for the artists themselves in collaborative work, curating gallery areas, etc. We have every reason to trust that the Housing Authority of the City of Loveland will be as successful with this process as our other management partners nationally.

The Housing Authority of the City of Loveland is proud of its excellent reputation of providing varied housing programs for low and very-low income families and has an excellent track record. In addition to serving as the management agent for numerous apartment complexes, it has also handled the development and construction of a variety of major complexes.
In its capacity as developer, the Housing Authority staff perform all the steps in the development process: site identification, market analysis, design, budgeting, obtaining the necessary zoning and financing (both construction and permanent financing), land development, hiring and overseeing the general contractor and on occasion, as the general contractor.

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

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

See Addendum H – Team Resumes.pdf.

e. Cost reasonableness:

**Cost Reasonableness**

The net square footage of the residential apartments is 30,013sf. The common area is 8,130sf, for a total of 38,143sf. Including the common area in the denominator brings the total hard construction costs and total development costs down to $155/square foot and $247/square foot, respectively. Please note these numbers include a contingency of $228,864 or $6/square foot.

We believe these per square foot numbers are quite competitive and in line with our other construction projects nationally. For example, our comparable project in development in
Minot, North Dakota that has received a tax credit allocation has hard construction cost per square foot of $149. Another project in Hamilton, Ohio that is currently under consideration by the Ohio Housing Finance Agency is $146 per square foot in hard construction cost.

If these projects are more expensive when compared with other Agency examples, the potential areas of difference are as follows: Artspace projects are typically built in urban, infill projects, which many times have larger acquisition, land/demolition prep, and infrastructure updating costs than projects in newer municipalities with infrastructure pre-constructed. Furthermore, the Artspace model includes larger than typical floor plans, greater fenestration, higher ceiling heights and more arts-functional common areas than typical affordable housing. For these reasons, the costs of an Artspace project may be higher than other examples.

That said, we believe the requests for support from the Agency are reasonable. The annual credit request of approximately $540,000 or $18,000 per unit. This request is well below the maximum credit award of $1,250,000. Therefore, any per square foot costs above and beyond typical Agency amounts is being paid for from sources outside the Agency. These other sources, including significant City and local philanthropic dollars, are made available to this project given its multi-sector, broad-based appeal, which appeal would not be as strong were the construction costs reduced significantly.

f. Proximity to existing tax credit developments:

Proximity to Existing Tax Credit Developments

According to the market study provided by Novogradac & Company, nine other low income tax credit developments exist within the PMA defined by Novogradac. However, one property is age-restricted (Mirasol Senior Apartments), one is further-subsidized by Section 8 (Creekside Gardens), and one has not been completed (Provincetown Green Communities). Therefore, only six other low income tax credit developments were used as comparable properties for the market study. With a focus on the large arts community that exists in
Loveland, the property will draw interest from a unique, but prevalent target population - limiting competition with other properties.

g. Site suitability:

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

- Recent studies summarized by the Colorado Division of Housing demonstrate a growing demand for affordable housing in the Fort Collins-Loveland area as explained in the Criteria for Approval, Market Conditions above.
- Novogradac & Company, our the market analyst, makes an overall conclusion that “...the visibility, access, and existing surrounding land uses will enhance the marketability of the Subject.”
- The community has made it clear the project should be located in or near the heart of downtown to take advantage of the amenities and services within walking distance.
- The City has not only confirmed the site is zoned appropriately for the proposed uses, but also participated in a handful of Development Review Team (DRT) Meetings with the Artspace Loveland Lofts design team over the last few months to make sure concepts are aligned with City goals and standards.
- The City, as part of its Downtown Strategic Plan, sees this site and this project as a primary catalyst in its redevelopment efforts in Loveland’s downtown core.
- The depth of the market is exemplified in the *Survey of Artists’ Space Needs and Preferences*, the *Survey of Arts Organizations and Interested Businesses*, and the research conducted by the City of Loveland’s Office of Creative Sector Development.
- The preservation and re-use of an iconic historic building which played a central role in the founding of Loveland will now play a transformational role in revitalizing Downtown Loveland and demonstrate that creative re-use of historic buildings can be a model for other communities in their own revitalization efforts.
- The site has already hosted arts-related events including a variety of art exhibits, the 2012 “Love + Light” exhibition in February, the recent glass.fiber.stone art show, and an ongoing summer Movie Nights and concerts at the Feed & Grain. Interest in the site grows with each additional event – including a wedding that took place last summer.
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. Artspace Loveland Lofts does not require any waivers for underwriting criteria.

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

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

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

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

   No specific issues were raised by the market study.

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

   CTL|Thompson recently completed the Phase I ESA for the Loveland Feed & Grain site located at 130-142 West Third Street in Loveland, CO. From their study, CTL|Thompson recommended a Phase II investigation to assess if the soil or groundwater has been impacted by potential onsite and offsite recognized environmental conditions. Artspace agreed to both the Phase II ESA investigation as well as an Asbestos Soil Investigation. In general, the results were very favorable. The Phase II did have some detectible levels of
VOCs and metals but they were well below any standards. The asbestos work went well with no signs of suspect materials in the soil. No additional sampling is recommended. Copies of the Phase I ESA, Phase II ESA, and Asbestos Soil Investigation have been included in the application tab titled *Narrative/Timeline 16*.

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

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

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

The City of Loveland has been a terrific partner in the planning of the project. Not only have they contributed over $500,000 towards predevelopment and infrastructure costs, but the City will also be providing significant waiver of local Capital Expansion, Permit and Materials Use Tax in support of the project. Also, the City of Loveland has committed significant staff resources towards the advancement of the project, including the opportunity for the design team to work shoulder-to-shoulder with the City’s Plan Review Team. In addition, the City has approved additional local capital support in the form of a Community Development Block Grant.
Two philanthropic gifts have already been pledged contingent on the low income housing tax credits being awarded - a $50,000 pledge from Paul and Teresa Mueller and a $150,000 grant from the Erion Foundation. Conversations with local donors and foundations are underway regarding additional gifts.

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

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

Not applicable as Artspace Loveland Lofts is a new construction project.

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.

Additional Documentation Submitted as individual PDFs include:

**Addendum A – Loveland Area Arts**
(a list of arts organizations represented in the arts survey, at community outreach events, or both)

**Addendum B - Downtown Loveland Strategic Plan.pdf**
(demonstrates how Artspace Loveland Lofts aligns with the goals and strategies of downtown Loveland)

**Addendum C - Loveland Arts Survey Executive Summary.pdf**
(demonstrates the depth of the arts market in Loveland)

**Addendum D – TakingAMeasureOfCreativePlacemaking.pdf**
(demonstrates positive impacts for both Artspace residents and their local community)

**Addendum E – Artspace_NorthernWarehouse.pdf**
(demonstrates Artspace’s commitment to project longevity)

**Addendum F – Community Letters of Support.pdf**
(demonstrates the amount of local support from community in Loveland)

**Addendum G – Creative Hub Map.pdf**
(demonstrates site suitability for the community and the property)

**Addendum H - Artspace Loveland Lofts Team Resumes.pdf**
(demonstrates development, design, and management teams’ experience with affordable housing and tax credit projects)

**Addendum I – Artspace Loveland Headlines.pdf**

(demonstrates local support and attention to project)

Love + Light, February 2012

glass.fiber.stone, June 2012
Project Name: Auburn Ridge

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

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

Development Overview
Auburn Ventures, LP, an affiliate of Atlantic Development & Investments, Inc., proposes the development of “Auburn Ridge”, a senior affordable housing community located at 1033 Auburn Drive in Castle Rock, Douglas County, Colorado. Auburn Ridge will feature 90 newly constructed top-quality apartments for seniors, aged 55 and older, thereby fulfilling one of the major housing priorities as set forth in Section 2 of the Colorado Housing and Finance Authority 2012 QAP. For the department’s convenience we have formatted project highlights that specifically address LIHTC Criteria for approval in bold & italics.
Auburn Ventures, LP is requesting an allocation of $1,244,007 of Low Income Housing Tax Credits. Following completion of the development, Auburn Ventures, LP will continue to own and operate the property as part of the Atlantic Development & Investments, Inc. portfolio of affordable housing communities.

Auburn Ridge will include 54 one-bedroom units and 36 two-bedroom units (four units targeted at 30% of Area Median Income (AMI), 22 units targeted at 40% AMI, 22 units targeted at 50% AMI, 24 units targeted at 60% AMI, and 18 market-rate units). Planned monthly rents for 1-BR units will range from $382 at 30% AMI to $779 for 60% AMI units, with market-rate 1-BR units priced at $825. Planned monthly rents for 2-BR units will range from $457 at 30% AMI to $864 at 60% AMI, with market-rate 2-BR units priced at $900.

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

Upon an award of Low Income Housing Tax Credits from CHFA, site work will commence in September 2012, with completion by fall of 2013. The development of Auburn Ridge will successfully address the housing, social, and financial needs of the Town of Castle Rock, Douglas County, and the State of Colorado. Auburn Ventures, LP is confident that upon an award of 2012 Low-Income Housing Tax Credits from CHFA, Auburn Ridge will be an award-winning development for the Town of Castle Rock and Douglas County, as well as a welcomed addition to the CHFA affordable housing portfolio.

**Location**

The Auburn Ridge community will be located at 1033 Auburn Drive in Castle Rock, Colorado. The Town of Castle Rock is the county seat of Douglas County, and is named after the prominent castle tower-shaped butte near the center of town. It is part of Colorado's Front Range Urban Corridor and is located approximately 28 miles (46 km) south of Denver and 37 miles (60 km) north of Colorado Springs. As of the 2010 census, the town had a population of 48,231.
Ranching, the railroad, clay mines, and rhyolite quarries formed the basis for Castle Rock’s early economy. With the construction of I-25 and growth of both Denver and Colorado Springs, Castle Rock’s economic lifeblood became tied to the interstate and the ease of access it provides to both metropolitan areas.

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

**Site Suitability**
The *site is suitable for the development of affordable senior housing*. The land for Auburn Ridge is located approximately 0.75 miles west of I-25, the state’s primary north-south corridor. The site sits atop a ridge southwest of the intersection of E. Wolfensberger Road and Auburn Drive.

The 3.13-acre site is composed of two pieces of adjacent property, including a 2.63-acre portion of an 8.5-acre property at 1033 Auburn Drive, and a 0.5-acre piece of an adjacent 0.87-acre parcel of 650 E. Wolfensberger Road.

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

The nearest shopping center is located approximately one mile from the site southeast along Plum Creek Parkway, and offers a Safeway, Walgreens, salons, Wells Fargo, Coffee Stop, and a pizzeria. The Outlets at Castle Rocks is located approximately three miles north of the site and features many popular national retailers.
Auburn Ridge will neighbor the Epiphany Lutheran Church to its immediate west. In the surrounding area there are several other places of worship including Castle Rock Church of the Nazarene, Calvary Chapel Castle Rock, Christ Episcopal Church, Harvest Baptist Church, and Castle Rock Bible Church.

The nearest medical offices can be found near the intersection of Plum Creek Parkway and S. Wilcox St., located less than 1.5 miles from the site. The nearest full-service hospital is the Sky Ridge Medical Center, located 12 miles north of the site.

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

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

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

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

With regard to proximity to existing tax credit developments, there are no existing senior apartment tax-credit properties in the PMA. Furthermore, at this time, there are no known tax-credit properties under development in the market area that are expected to be competitive with Auburn Ridge.

Finally, a Phase I Environmental Report by Vann Engineering, Inc. (completed 5/9/12) raised no environmental issues with the site.
**Detailed Type of Construction**

Auburn Ridge will be a newly constructed garden-style apartment community located on a 3.13 acre site, with sweeping vistas of Castle Rock. There will be a total of 90 units contained within a three-story residential building. The total gross area of the building is 90,244 square feet, with 9,253 square feet of common space and 63,534 square feet of rentable area. As stated earlier, the development will include 54 one-bedroom units and 36 two-bedroom units, with three unit types: a 1-BR/1-BA unit at 625 square feet and two types of 2-BR/1-BA units at 826 and 830 square feet.

The amenity areas will include a leasing office, clubroom, multi-media room, computer room with single-cup coffee maker for an internet café feel, fitness center, multiple sitting and reading areas, mailroom and a maintenance room.

Auburn Ridge will be constructed with type V-one hour wood framed building, 13R sprinkler system, with green features such as cool roof, low-volume plumbing fixtures, xeriscaping and local building materials. Auburn Ridge will feature light and airy hallways, amenity areas (as described above), a community garden, a dog park, and 107 surface parking spaces (5 spaces reserved for handicap parking).

Each of the individual units will have wood vinyl-laminate floors, with vinyl tile and formica counter tops in the kitchens and bathrooms; a combination heating, air-conditioning and water heater unit on the balcony; ceiling fans; stackable washer and dryers; conventional oven/stove, microwave, refrigerator/freezer, dishwasher, disposal; and a balcony for upper level units or a patio for units on grade. Unit size ranges from 625 s.f. for one bedroom units, and 826-830 s.f. for 2-bedroom units. (Square footage is calculated in net conditioned area.)

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

The architectural design will conform to the vernacular style of the neighborhood: a simplified alpine style tailored to today’s attainable living. The vivid colors of gold and auburn give the development a warm and charming feel, like a sunrise atop a ridge.
Figure 3. View of Auburn Ridge from the corner of the site (Rendering by Humphreys & Partners Architects, LP)

Architectural features include a many-gabled roofline; large balconies and open patios for ground floor units; a combination of stone and fiber cement siding on the exterior; and an asphalt shingle cool roof.

**Energy Efficiencies**

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

Auburn Ridge will follow the Enterprise Green Communities Criteria for sustainable development, and will include: advanced water conserving appliances and features, Energy-star rated appliances, energy-efficient lighting, a cool roof, xeriscaping, and a solar photovoltaic system to offset a percentage of the common area electrical usage. When possible, local and recycled products will be used in the construction process (see Enterprise Green Communities workbook for more details on intended Green development methods). In essence, Auburn Venture, LP’s goal is to maximize energy-efficiencies in the development of Auburn Ridge, in order to create the most sustainable, cost-effective development over the long term.

**Population Served**

Auburn Ridge is designed for *seniors* aged 55 and older, with 80% of the units rent-restricted for seniors whose income is 60% or less of the AMI. The rent structure of the 90 units will be:
• $382 (1 bed) & $457 (2 bed) for 4 units at 30% AMI
• $511 (1 bed) & $546 (2 bed) for 22 units at 40% AMI
• $601 (1 bed) & $741 (2 bed) for 22 units at 50% AMI
• $779 (1 bed) & $864 (2 bed) for 24 units at 60% AMI
• $825 (1 bed) & $900 (2 bed) for 18 units at Market Rate

The decision to include market rate units in the development was influenced by on-the-ground contextual knowledge gained by the development team during the preliminary stages of the development process. Since the beginning of 2012, development team members have been in dialogue with representatives from Town and County, the Douglas County Housing Partnership, and residents of Castle Rock. These discussions revealed that there was a gap in the market not only for affordable senior units, but also for reasonably priced market rate senior units. We discussed this with our market study analyst at the Highland Group and asked if there was any quantitative data to support this qualitative observation. The market study revealed:

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

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

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

Again, the market study for Auburn Ridge confirmed the appropriateness of including market rate units, noting “The planned unit mix, offering many 50% AMI and 60% AMI units, as well as reasonably priced market- rate units, is a good fit for this market area, which has a greater proportion of households falling within those income bands than do most other areas” (p. 64).
Amenities
Each unit at Auburn Ridge will feature full kitchens with Energy-Star rated appliances (including dishwasher and garbage disposal); stacked energy-efficient washer/dryer units; balconies or patios; air-conditioning; walk-in closets; hardwood vinyl plank flooring; coat closet; and window coverings. These proposed unit amenities are considered highly desirable by seniors, and should considerably enhance the marketability of the community.

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

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

Services
While Auburn Ridge is designed for seniors seeking to live an independent lifestyle, the community’s management company, Celtic Property Management, LLC (Celtic), will provide a variety of social activities to residents such as movie nights and potluck dinners. Celtic will actively work to promote the social integration of Auburn Ridge residents with the Castle Rock Senior Center, which provides a number of services and activities for seniors in the area, including a local shuttle service, financial advice, and health services. Celtic will also make referrals to outside agencies and services that may contract separately with residents (e.g., transportation, home health, rehabilitation, etc.).

Optional services will include door-to-door trash service for $10 per month, and a Movie Member annual membership fee of $15, which grants access to all movies made available by management for home use.

Potential Weaknesses of the Project (Raised by Market Study)
The market study raises a small number of potential weaknesses associated with the development of Auburn Ridge. Firstly, it noted that given Castle Rock’s suburban/rural

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character, there is a lack of local public transportation. In order to address this need, the
development team of Auburn Ridge has been in dialogue with Terry Shipley, Executive Director
of the Castle Rock Senior Center, who has assured us that residents of Auburn Ridge will benefit
from the free shuttle service that they provide (see letter from Castle Rock Senior Center
located in Tab 19). We will continue this discussion with Ms. Shipley in the future about creative
ways to address the lack of transportation for seniors in the area.

The market study recommended that the partnership raise the rents to the maximum LIHTC
rents, given that other properties are able to attain the maximum rents. However, we have
decided not to do so at this point in time to insure the successful long term operation of the
community. Our rationale for doing so is that if there was a downturn in the market, the
partnership may not be able to attain those rents in the future and we wouldn’t have flexibility
to appropriately adapt to the market. This conservative approach to rental limits is supported
by our equity investor and has been successfully executed by our team in past affordable
development communities.

The market study also recommended that garages be included on site. At this point in time,
there is not sufficient funding available to include this design feature. Should additional monies
become available during the construction, the development team would reconsider this
addition to the construction plan. The construction of garages is also currently being considered
as a design feature for our intended second phase of development.

Finally, the market study recommended Auburn Ventures, LP “should plan for a leasing rate of
10 to 12 units per month (factoring in pre-leased units), or a lease-up period of 7.5 to 9 months
after opening to fill its 90 units” (p. 49). Atlantic Development & Investment’s affiliate
management company, Celtic Property Management, LLC takes an aggressive approach to
marketing and leasing. For example, Atlantic’s most recent senior development was 100% pre-
leased prior to being placed in service and was fully occupied on the date that Certificates of
Occupancy were issued. Auburn Ventures, LP expects Celtic to apply this same approach to the
leasing of Auburn Ridge. Specifically, management anticipates pre-leasing 50 to 60 units during
construction with the expectation that the building will be fully occupied within three to four
months after opening (i.e. by the end of March 2014). To achieve this, Celtic will hire a
dedicated site team in order to make one-on-one client visits, issue print and internet
advertisements, and advertise through the Castle Rock Senior Center and Douglas County
Housing Partnership.

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

First and foremost, Auburn Ridge will provide housing that serves the lowest income tenants for the longest period of time. Auburn Ventures, LP is committed to targeting four units at 30% AMI in Auburn Ridge, 22 units at 40% AMI, 22 units at 50% AMI, and 24 units at 60% AMI, for a total score of 72 under the Low-Income Targeting Category. While 18 of the units at Auburn Ridge will not be rent-restricted, the partnership plans to rent these units at around the 60% AMI level, meaning that they will still be attainable for local residents. Furthermore, Auburn Ventures, LP has entered into an agreement with the Englewood Housing Authority to provide HUD Section 8 Rental Assistance Certificate Holders (and public housing entity waiting list applicants) with first priority status for vacant 30% units (see PHA Agreement with Englewood Housing Authority in Tab 13). Finally, Auburn Ventures LP is committed to extending the 15-year compliance period by an additional 25 years for all rent-restricted units, a total 40-year affordability period, which is the highest possible score of 38 points for extended low-income use under the 2012 QAP.

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

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

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

The development of Auburn Ridge goes towards meeting CHFA’s stated goal of supporting new construction of affordable rental housing projects. Auburn Ventures, LP is confident that this asset would not only be financially viable over the long term, but would also be an award-winning development for the Town of Castle Rock, Douglas County, and the State of Colorado.
Finally, Auburn Ventures, LP’s request for $1,244,007 in tax credits is necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period.

Auburn Ridge Meets the Criteria for Approval in Section 2 of the QAP

Market Conditions
Douglas County has the second highest growth rate in Colorado for individuals aged 65 and older (a 178% increase from 2000 to 2010). As the market study for Auburn Ridge noted:

“There will be even greater demand for affordable senior apartments within Douglas County during the next 15 to 20 years. When the 97 units at Reyn Rock and Oakwood were built, the entire age 65+ population of Douglas County was less than 3,000, yet the age 65+ population had increased by more than 10 times to nearly 35,000 by 2010...[It is projected] that the age 65+ population in Douglas County will grow to nearly 60,000 persons by 2025”. (p. 4)

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

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

This strong demand for senior housing is reflected in the market study’s capture rate analysis for Auburn Ridge:

“The capture rate required for the project overall (5.1%), as well as the individual capture rates for 30% AMI units (4.4%), 40% AMI units (13.6%), 50% AMI units (11.5%), 60% AMI units (14.6%), and market-rate units (1.3%) are each well below the 20% threshold that CHFA recommends. Combined with these capture rates, local demand indicators, local support, and the absence of similar comparable properties in the PMA indicate demand in the PMA for the units planned by the subject.” (p. 3)
**Readiness-to-Proceed**

The 3.13 acre site is composed of two (2) pieces of adjacent property (2.63-acres located at 1033 Auburn Drive zoned PUD for multifamily use and a 0.5-acre piece located at 650 E. Wolfensberger Road). Auburn Ventures, LP acquired title to the 1033 Auburn Drive piece on May 14th, 2012 (water rights were received on June 26th, 2012). Additionally, Auburn Ventures, LP has entered into a fully executed purchase agreement for the 650 E. Wolfensberger Road piece of land.

The first portion of the site located at 1033 Auburn Drive is within the Town of Castle Rock and zoned PUD, with use for multifamily. The second portion (the adjacent piece) of the site is located at 650 E. Wolfensberger Road and is currently zoned as agricultural in Douglas County. The Wolfensberger piece will be annexed into the Town of Castle Rock and rezoned to allow for multifamily development. Auburn Ventures, LP has already commenced the annexation process and anticipates that all remaining zoning and annexation matters will be completed by December 1, 2012.

In order to project this December 1, 2012 timeline, the development team has been in discussions with the community development organizations of both Douglas County and the Town of Castle Rock, discussing the subdivision exemption with the County and the annexation and zoning amendment with the Town. Jeannette Bare of Douglas County Community Development has indicated that the exemption request could be accomplished within 60 days, compressed to 45 days if necessary. The Town of Castle Rock is also willing to process the annexation and zoning amendment contemporaneously with the processing of the subdivision exception request. Completion of the zoning amendment will add another 45 to 60 days in addition to the 60 days required for annexation. Therefore, the entire process has been projected to take 120 days (see attached letter from Town of Castle Rock Development Services).

Important steps in the annexation process have been taken and progress has been made in this regard. A Presubmittal Hearing for the subdivision exemption was held with Douglas County on May 10, 2012, where the County indicated support for the development. Furthermore, neighborhood meetings were held on June 6th and 7th with all homeowners within a 600 ft. radius of the site.
Local residents expressed support for the development of Auburn Ridge. In one follow-up email to the meeting, a local resident wrote: “I will convey to my groups in the community the positive attributes of this development. It was so good to see a project with the good of the community at heart.” Based on interactions with the town and residents, we are informed that this high level of local support for Auburn Ridge is unprecedented.

Additionally, we have maximized the financing potential of the property, thereby minimizing the total need for tax credits. We have a financing commitment for the construction of the project from National Mortgage Investors, LLC in the amount of $15,800,000 and an equity commitment of $11,693,670 from Alliant Capital, Ltd., our tax-credit investor.

Due to the number of partnerships we have previously closed with our tax credit investor, Alliant Capital is prepared to purchase a ninety-nine and nine-tenths percent (99.9%) limited partnership interest in Auburn Ridge upon receipt of the tax-credits at a purchase price which is at the high end of the national tax credit spectrum (94 cents per tax credit dollar), thereby giving greater leverage to the state’s tax credits, and keeping rents more affordable.

**Financial Feasibility and Viability and Local support for the Project**

Auburn Ridge has the financial strength and local support to successfully complete the development. The Town of Castle Rock, Douglas County, and numerous community organizations and local businesses strongly encourage the construction of Auburn Ridge (see attached letters of support from Castle Rock Economic Development Council and Sunset Stone).

Auburn Ridge’s per unit construction cost of $123,391, and total development cost of $175,541 per unit are below the 221d4 HUD basis limits. *The costs are considered reasonable* when compared to other tax credit developments, particularly given the considerably high costs associated with completing developments in Douglas County. Additionally, *the project is not financially feasible as a non-competitive 4% deal.*

The development team has identified its sources of funding for the project that make the project *financially feasible.* It should be noted that we have firm commitments for both the construction and permanent financing on the project. Additionally, we have a firm commitment from our equity investor. The financing structure is as follows:
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The high cost of developing in Douglas County is the primary justification of the **financial need for CHFA’s DDA credit up to 130 percent of qualified basis**. The 2009-2013 Consolidated Plan Douglas County CDBG Program, noted that “it is extremely challenging to develop” in Douglas County (p. 94).

At this time Auburn Ventures, LP is **not requesting any waivers for any underwriting criteria** (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA’s minimum).

Furthermore, the Douglas County Housing Partnership (DCHP), a Multi-Jurisdictional Housing Authority, will materially participate in the design and development of the project and will become a special limited partner in the ownership of the development (see attached organizational structure for Auburn Ridge, letters of support from DCHP, and draft limited partnership agreement between Auburn Ventures, LP and DCHP). DCHP has been in existence for nine years and functions primarily to assist first time homebuyers with down payment assistance. DCHP also has also acquired one senior affordable housing complex of 64 units in Castle Rock (Oakwood Apartments), which is currently managed by Ross Management. DCHP is also a minority owner in two apartment buildings.

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

**Experience and Track Record of the Development and Management Team**
For over 25 years, Atlantic Development & Investments, Inc., along with its affiliate Glennmark Construction, Inc., has been a leader in the development of affordable housing communities. Atlantic is dedicated to developing high quality, affordable communities that stand the test of time. Our winning formula includes innovative designs, value engineering, attentive construction management, quality contracting and a unique ability to adapt to the complexities of any development.
We assemble the best possible development team to get the job done as efficiently and cost effectively as possible. Our architects, property manager, engineers, accountants, lawyers and tax credit investor partners all have extensive experience in tax credit property development, have worked together as a team in the past, and compliment their various skills. In short, they take pride not only in being part of the team but in developing quality communities that serve our low and moderate-income residents for many years to come. As such, the efficiency of our development, construction and management organizations, and our willingness to stand by our properties, helps to maximize tax credit dollars.

Our successful balance of equity and debt financing has earned the trust of some of the country’s premier investment partners. Among those we’ve attracted include nationally known sponsors of affordable housing, several publicly held corporations, including insurance and utility companies, select regional banks and, of course, individual investors. This financial footing ensures a strong foundation for each of our community developments. The breadth of knowledge and experience we have in the field of affordable housing together with our financial strength ensures that Auburn Ridge will be successful over the long term. Today, Atlantic Development & Investments, Inc. is one of the nation’s most successful LIHTC developers.

Auburn Ridge will be managed by Celtic Property Management (Celtic), LLC. Celtic’s principal team of owners, company managers, and officers has a combined experience of more than 80 years in all aspects of multi-family and affordable housing properties. As of February 1, 2008, Celtic assumed full-time management responsibilities for 1,150 units of affordable multi-family housing in 10 communities. Since that time, Celtic has acquired additional properties, and now manages 3,428 units in 30 properties across the country, including six senior rent-restricted properties containing 644 units.

Upon receiving an award of tax-credits for Auburn Ridge, Auburn Ventures, LP is committed to commence construction no later than September 2012 and shall be complete with construction in the fall of 2013. Essentially, we will be the first to commence construction and the first to complete construction for the 2012 tax-credit year. Our affiliates have never had to return any credits to any state for failing to complete a project on time. All of this speaks to the dedication, commitment and experience we have in the field of affordable housing. We believe that no one else can make this commitment, and as such we respectfully submit that everyone will benefit from an award to the development of Auburn Ridge.
Auburn Ventures, LP would like to thank Douglas County, the Town of Castle Rock and the multitude of neighborhood and other community organizations for their continued support. Finally, we want to thank the state of Colorado, particularly the Colorado Housing and Finance Authority, for its time and dedication to the review the LIHTC application for Auburn Ridge. We know that upon receiving an allocation this year, as we look back in years to come, everyone involved in the development of Auburn Ridge will know that it was a worthy cause.
**Project Name:** Avondale Apartments

**Project Address:** 3275 West 14th Avenue, Denver, CO 80204

**Characteristics of the project:**
The eighty families that choose to live at the Avondale Apartments near downtown Denver will benefit from the mixed-use development contained on the site. This includes a new Denver public library and a new commercial center. Tenants will take advantage of the upgrades to the existing commercial strip including a new grocery store filling the old Safeway site, a Head Start, and other small businesses. Children who live at the Avondale can go downstairs to the Sunshine Academy childcare center which will be on the first floor, or walk across the street to Cheltenham Elementary, Girls Inc., and the Boys and Girls Club. Tenants have the option of several bus lines to ride, with two bus stops on both sides of the site, and tenants can walk 3 blocks to either of 2 light rail stations.

Figure 1. Site plan showing Avondale Apartments, library, and commercial, transportation, and recreation opportunities.
Why the applicant believes it should be selected above others for an award of credit:
There are four principal reasons this application should be awarded. The first is the lack of affordable housing for people who want to live near the city center. According to the market study updated June 29, 2012, the primary market area has a 2% vacancy rate. The Avondale Apartments will provide an excellent product designed to fulfill the housing needs of low-income families.

The second reason this application should be selected over other applicants is that the project is ready to start. Del Norte owns the property. The permits have been approved and are ready to be picked up by the chosen general contractor. Substantial funding support has been already received. The partnership is ready to be closed and construction is ready to commence.

The third reason the Avondale Apartments should be awarded LIHTC over other applicants is the urgency for which the development must begin. This is because the site was initially acquired with TOD funds, and those funds have a residential requirement.

Along with this urgency is a need to spend the NSP funds from the City of Denver. The $1,167,260 in NSP 2 grant funds awarded to the Avondale Apartments must be spent before February 2013. These funds will have to be returned if they are not fully expended.
It must include a description of the project as proposed:
The Avondale Apartments is part of a community revitalization effort that will benefit Apartment tenants and the surrounding neighbors. The apartments are part of a mixed-use development that will include a Denver public library and a neighborhood commercial facility. The development consists of eighty rental apartment units in 1 building near Denver’s city center. All eighty units are set-aside for individuals and families with incomes at or below 60% of AMI. Included in the operations budget are 2 units for onsite managers. There will be forty-five 1 bedroom/1 bathroom units, thirty 2 bedroom/2 bathroom units and five 3 bedroom/2 bathroom units. The 7 story building will have offices for 3 commercial tenants: a childcare center, Sunshine Academy; the property developer, Del Norte NDC; and the property management company, Continental Divide Management (CDM).

Detailed type of construction:
Because all 4 sides of the Avondale Apartments are highly visible, the building must be beautifully designed and unique while cost contained at the same time. Also, the facades must be designed to complement the new library and commercial developments planned for the site. The mid-rise building consists of three program components: residential, commercial, and corresponding parking. The building footprint of 18,900 square feet sits on a site of 36,291 square feet. The building includes 167,320 total gross square feet. The building is 7 stories high. There is no basement level. The first floor consists of a reinforced slab-on-grade bearing on native soils with compacted fill covered by a moisture barrier. Levels 2 to 7, as well as roof, are 8” post-tensioned slabs. The roof is flat, and will include components for water detention. The building includes 2 elevators and 2 stair cores. The entire building is sprinklered, with hardwired smoke and carbon monoxide detectors.

Residential: The residential portion of the building can be accessed through a lobby from the parking lots as well as from 14th Avenue. The units have private entrances located on double-loaded interior hallways. On the eastern portion of the building there are 5 levels of residential units above 2 levels of parking. On the western portion there are 5 levels of residential units above 2 levels of commercial. Units are stacked to standardize sizes, to include 1, 2, and 3 bedroom units. Every unit includes a balcony. On the second floor there are amenity spaces available to the residents to include a meeting room and an exercise room. There is a laundry room on every residential floor, each with a sink and 3 sets of washers and dryers.

Commercial: Three commercial spaces are located at the south west corner of the building. A 5,500 square foot space programmed for childcare is on the first level. The space includes a code-required, secure 1,500 square foot outside play area. Two offices totaling 7,108 square feet are located above the child care center on the second floor.

Parking: There are two levels of parking: at the grade level and at the second level. The grade level is accessed from a common driveway. Most of the parking at grade is enclosed in a secure parking garage. Nine spaces around the periphery are outside the garage. The second level parking is accessed through a secured ramp off the common driveway. The parking area includes 5 handicapped parking spaces. Also included in this secure space will be bicycle racks. Both levels of the garage are considered “open” and mechanical venting is not needed.

Figure 3. View of Avondale Apartments from West Colfax Avenue. Childcare playground at front.
Figure 4. View of Avondale Apartments from West 14th Avenue. All units have balconies.
Population being served:
The population being served in the residential units will be low income families earning no more than 60% of the area medium income. Of the total 80 units, fifteen will be restricted at 40% of AMI, twenty-four will be restricted at 50% AMI, and thirty-nine will be restricted at 60% AMI. The units for the different AMI levels will be distributed proportionately on each floor and throughout the building. All AMI levels will have similar designs regarding square footage, unit amenities, and access to building amenities. All of the units will have a universal design, allowing for transition and aging in place.

Per code, 8 of the units are designed as accessible units for persons with disabilities. Nearly all areas of the Avondale Apartments will be accessible with universal design utilized in 100% of the building. All units can be adapted to be ADA accessible. The ADA units will be found on all 5 floors and in all unit types. The cost of making a unit fully ADA accessible at the start of construction is minimal as the entire building is visitable and universal design has been incorporated throughout.

In the ADA units, unit entry doors have 2 view finders. The kitchen countertop height is lowered. A range with a lower height to match countertops is utilized. The over-range fan and light can be operated with lowered controls. Microwaves are moved to the countertop instead of built in over the ranges. Refrigerators have freezer doors at a lower height. The cabinets will have a universal design allowing a higher toe clearance, if desired by a tenant. Bath tubs have built in seats, a shower with an extension hose, and several strategically placed grab bars. Toilets are higher with grab bars on the
The laundry room on every floor will contain one set of side-by-side washers and dryers, as well as 2 sets of stacked units.

The population being served by the Sunshine Academy childcare center (now located 2 blocks west) is families with incomes below 120% of poverty. These working families utilize subsidies to assist with child care costs. When Sunshine Academy moves to the Avondale, the director expects an increase in enrollment and an increase of hired staff as she currently has an extensive waitlist.

The offices of Del Norte NDC, LIHTC applicant and General Partner, will be located on the second floor. The mission of the organization is to create and preserve housing and other opportunities for underserved households, including those that are low and moderate income, Spanish-speaking, and those with special needs. After studying market conditions, Del Norte’s strategic move to the West Colfax neighborhood is mission driven in order to preserve a diverse community while taking advantage of development opportunities to serve the needs of its two client bases - primarily low income, Hispanic families and families and individuals with special needs. The tenants of the Avondale Apartments will be able to attend, free of charge, financial literacy, homeownership counseling, and other types of workshops and classes taught by Del Norte counseling staff. The classes are bilingual, CHFA approved, and have a standardized curriculum. They have been very well attended by the community over the past sixteen years.

The offices of Continental Divide Management Corporation will also be on the second floor. CDM will provide management services for the building. CDM provides property management services for a diverse clientele, a vast majority of whom are very low-income, homeless, or have special needs. The company move to the Avondale is also strategic to allow a better integration with CDM’s parent company, Del Norte NDC.

In regards to the commercial space, the tax credit partnership that will own the residential space will not have any ownership interest in the commercial space. A separate LLC will be created to be the owner of the commercial space. Del Norte will be managing member of the LLC. A spreadsheet with projected income and permanent financing for the commercial space LLC is attached. Additionally attached is a 4-page Broker Opinion of Value prepared by King Commercial Real Estate in 2011. A 2-page Commercial Market Study performed by Prior and Associates, completed June 29, 2012, affirms conclusions made by Mr. King 1 year ago. We have used the broker’s estimated rental rates to determine the rents to be paid by the commercial tenants. Most of the construction of this space will be financed with a loan expected to come from Wells Fargo (LOI attached.) The remaining capital for the commercial development will be supplied by Del Norte. Del Norte has funds available for the investment; please see year-to-date financials, attached. The loans will be paid from rents from the occupants.

**Bedroom mix:**
The Avondale Apartments will include forty-five 1 bedroom units, thirty 2 bedroom units, and five 3 bedroom units. The unit mix is spread proportionately on each floor and throughout the building. According to the market study, the Avondale Apartment unit mix is appropriate given that in the PMA, 36% of renter households have one person, 21% have two, 14% have three, 12% have four and 17% have five or more persons.
Location:
The site is located in the West Colfax neighborhood of northwest Denver, 1 mile from the central business, shopping and social districts. It is located near a major intersection that is a gateway to West Colfax Avenue. The location of the Avondale Apartments will be the primary reason families and individuals will want to move in. The proximity to employment, with affordable transportation methods of getting to work, will attract most tenants.

Tenants will benefit from the mixed-use development contained on the site. This includes a new Denver public library and a new commercial center. Tenants will take advantage of the upgrades to the existing commercial strip including a new grocery store filling the old Safeway site and other small businesses.

Families with infants and young children will be able to use the Sunshine Academy childcare center being relocated to the site and enlarged. There is a Head Start located in the adjacent strip mall on the site. Family Star Montessori School and Daycare is one-half mile north. Both childcare centers have enrollment for children aged 2 months to 5 years, with payment according to income. Boys and Girls Club and Girls, Inc., on adjacent blocks, provide recreational and after-school programs for children and young adults.

Elementary school age children living at the Avondale Apartments will be able to cross the street to Cheltenham Elementary School. Within 1 mile there are 4 high schools, including the Career Education Middle College, where trade and professional licenses can be earned. The Auraria Campus, home of CU-Denver, Metropolitan State University and the Community College of Denver, is one-half mile east, and is the next stop on the light rail. Because of this convenience, we expect qualified students and teachers at the combined campus will choose to live at the Avondale Apartments.

Within 1 mile of the site are situated all major and minor services, including convenience stores, fast food and sit down restaurants, a hospital, schools, churches, parks and recreation facilities, banks and sporting event centers.

Building Amenities:
The Avondale Apartments will offer the following common amenities: entry with intercom and security cameras, additional video security, secure, covered parking, bicycle racks, central mailboxes, patio area, on-site management, and landscaping. Additionally, water, electric, gas and trash removal are owner-paid. Available to the tenants will be 2300 square feet of amenity space including a privately accessed fitness room and a large conference room with a full kitchen. All common areas are accessible.

Unit Amenities:
All units will have a full kitchen with an eating area, frost-free refrigerator, built-in microwave, self-cleaning range, range hood, dishwasher, garbage disposal, pantry, dining room, living room, air conditioning, coat closet, ceiling fans, interior storage closet, balcony, blinds, and bathrooms with a linen closet and medicine cabinet. Cable TV, internet, and television hook-ups will be in every unit, and the tenants will pay for service, if desired.

Services, if provided:
The Avondale Apartments will provide no onsite services for its tenants. However, it is expected that one reason individuals and families from throughout the state and beyond the PMA will relocate to Avondale is because of its close proximity to many service providers. This includes the offices of Mental Health Corporation of Denver at 14th and Federal, 2 blocks away, and the Sandos Center, the main health and human services building, located at 10th and Federal, just over ½ mile away.

The tenants of the Avondale Apartments will be able to attend, free of charge, financial literacy, homeownership counseling, and other types of workshops and classes taught by Del Norte counseling staff. The classes are bilingual, CHFA approved, and have a standardized curriculum. They have been very well attended by the community over the past sixteen years.

**Description of energy efficiencies:**
The Avondale Apartments will be built using the Enterprise Green Communities standards as a foundation. To this end, planning grant applications were submitted to foundations - 1 was awarded from the Enterprise Foundation, and another was awarded from Xcel Energy. With the development team’s early planning, a critical look at how the tenants of the Avondale Apartments could benefit from energy efficiencies was performed. This site selection takes advantage of access to existing infrastructure, community amenities, and transit opportunities.

This “smart placement” will increase daylight in the building, reducing electric lighting, while making the most of natural light, and passive heating and cooling opportunities. High-performance glazing will be used to control heat gain in the summer and heat loss in the winter. These early planning steps help make the units, and the entire building, more comfortable for its occupants.

Included with energy efficiencies is the Healthy Homes criteria. In regards to healthy homes, the windows will be operable in order to improve indoor air quality by providing fresh air to the living space. The high efficiency windows will reduce sound penetration. In the kitchens and bathrooms, fans that exhaust to the outdoors will be specified. This reduces moisture condensation, lowering the potential for indoor mold. Exhausting to the outside will also remove odors, smoke, carbon monoxide and carbon dioxide. The hallways will be pressurized to keep air flow maximized throughout the building. All paints and sealants will contain low emissions of volatile organic compounds. The cabinets will be urea formaldehyde-free. Green label carpet will be utilized.

Other green features of the building that the tenants will utilize include: ceiling fans in most rooms, a recycling program for trash, emergency exit signs will be LED type, and the kitchens and bathrooms will have floor coverings that are durable and easy to clean. A renter’s manual detailing routine maintenance, instructions for all appliances, HVAC operation, water-system turnoffs, care of flooring and other instructions, will be given to the tenants at lease up.

**Type of financing: local,**
The development of the Avondale Apartments is a high priority for the city of Denver. Officials matched their enthusiasm with an award of $1,167,260 of NSP2 funds January 20, 2012, letter attached. A requirement for use of the funds is that they must be spent before February 13, 2013. As sponsor to the Federal Home Loan Bank of San Francisco (FHLB-SF) grant, Wells Fargo has first chance at making the construction loan. A LOI from Wells Fargo for the construction loan is attached.
Additional letters of interest for equity investment and for permanent loans have been submitted to Del Norte from Wells Fargo are also attached.

Del Norte will be investing $450,000 of its NSP2 funding, as well as deferring a portion of developer fee, letters attached.

**Type of financing; state and federal subsidies; etc.:**
A letter of support from the state of Colorado for $590,000 was received and is attached. A proposal will be submitted to the state in August 2012. A proposal to the FHLB-SF for $600,000 will be submitted on October 1, 2012. Wells Fargo Bank has agreed to be the sponsor and a letter to this effect can be found at the end of this narrative.

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**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:**

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

The project site is situated on vacant, blighted and underutilized land adjacent to downtown Denver in the West Colfax neighborhood. This important entry to West Colfax also includes the development of a Denver library to be built with city bond money. Also on the site will be a new shopping strip mall. In addition to the commercial square feet from the new shopping area, the current shopping strip on the site will be updated by its owner. This includes the arrival of a new grocery store to be opened in the old Safeway site.

As part of this concerted community revitalization plan, the Avondale building will contain three commercial offices. The ground-level corner of 14th Avenue and Irving Street is programmed for a childcare facility with 3900 square feet inside and a 1500 square foot secure, exterior play area. Sunshine Academy, a licensed child care provider, will operate the facility for children aged 6 weeks through 6 years old. Childcare services will be made available to Avondale residents as well as to the community. The second level of the Apartments contains two office spaces totaling 7800 square feet. One of the offices will be occupied by Del Norte Neighborhood Development Corporation,
(applicant.) The second office will be occupied by Continental Divide Management Corporation (CDC). CDC will provide the management services for the property and tenants.

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

Del Norte Neighborhood Development Corporation, a Colorado nonprofit, has operated as a 501(c)(3) since 1978. Del Norte’s mission is to create and preserve housing and other opportunities for underserved households, including those that are low and moderate income, Spanish-speaking, and those with special needs. The development of the Avondale Apartments aligns with the organization’s mission.

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

Including 2 and 3 bedroom units is part of Del Norte’s mission to create housing for families. The proximity to infant and childcare, schools, and afterschool recreation will be main attractors for families.

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

The Avondale Apartments will be new construction of affordable rental housing.

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

At the suggestion of CHFA and other consultants, Del Norte has worked to cut the development and operational costs of the Avondale Apartments. As such, the project has been redesigned with credit per unit costs reduced by 25%. We no longer are requesting a cost waiver, allowing for more developments to be selected for credits.

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

There are specific costs related to developing in an urban area. These include higher land costs, the costs of structured parking, tap fees, design review fees from the city, water, and fire departments, environmental review fees, traffic studies, shadow studies, costs related to holding public meetings, advertising, roll-off permits, and right-of-way permits. Inconsideration of these costs, Del Norte has collaborated with the other users of the mixed-use site to bring in significant amounts of leverage funds for the development of the Avondale Apartments. These leveraged funds, combined with the allowable credit amounts, will make the project viable throughout the 15 year credit period.
2. Identify which housing priority in Section 2 of the QAP the project qualifies for:
The Avondale Apartments will satisfy the requirements for 2 housing priorities from Section 2:

1) “Market Areas of Pent-Up Demand for Affordable Housing.”

According to the market study update completed by Prior and Associates June 29, 2012, the PMA of the Avondale Apartments has an overall vacancy rate of less than 2%. The development has correct criteria for the QAP housing priority of market areas of pent-up demand for affordable housing.

The primary market area, which has 7,248 renter households can add 217 new rental units without exceeding a 5.0% vacancy rate, which is generally considered a balanced rental market. The market area’s pent-up demand for 217 units, coupled with its projected increase of 52 renter households by 2014, indicates that the PMA can add a total of 269 new rental units over the next two years without exceeding a 5.0% vacancy rate.

The pent up demand is also evidenced by the existing Class B family LIHTC projects in the PMA which, in February 2012, had waitlists with between 25 and 100 applicants, and the Class C LIHTC project which had a 7-applicant waitlist.

Additionally, the market study asserts, “(The Avondale Apartment’s) location within walking distance of two Light Rail stations will be appealing to young single professionals and families who want to use public transportation as a primary means of commuting throughout the Denver MSA.”

2) “Transit Oriented Development (TOD) Sites, Projects within this category are within one-fourth of a mile of a fixed rail station that is existing or under construction at the time of the LIHTC application.”

The Avondale Apartments will be located in a TOD site as described by the Federal Transit Administration and CHFA. The site is within ¼ mile of the Decatur-Federal fixed rail station which will be operational in May 2013. It will be a short walk along 14th Avenue to the station deck. An aerial picture of the site and its proximity to the station follows this narrative. Also opening in 2013 will be the Knox Court light rail station. This station will be just over a quarter mile at 0.26 and may provide an easier walk through Sanchez Park to the Apartments. Having 2 light rail stations within such close proximity will offer affordable, reliable transportation opportunities for Avondale Apartment tenants, office workers, and families that will be using the childcare center.

Currently, the project “Walk Score” of 68 is better than the average for projects in the PMA, which had an average walk score of 61. In addition, the project’s “Transit Score” of 55 is better than average for area apartments. The Walk and Transit Scores for the Avondale Apartments will increase substantially after the 2 light rail stations are completed and operational.

It is expected that many of the tenants and visitors of the Avondale Apartments will use the existing Regional Transportation District (RTD) bus stops that are located directly at the front entrance and on the corner at Colfax. Six different routes with buses arriving at fifteen minute intervals throughout the day and most of the night give residents access to the entire Metro Denver area. For persons with disabilities, RTD provides Access-A-Ride to and from the site.
The tenants of the Avondale Apartments will have other affordable transportation opportunities. Sanchez Park is adjacent to the Apartments providing open space and access to 1 of Denver’s many bike trails. The trail provides a connection to the Cherry Creek trail, the Denver Auraria college campus, and downtown Denver. There will be secure space in the Apartment garage for forty-four bicycles.

To create an inviting and safe atmosphere for walkers and bikers, the streetscape in the site will include bike racks to securely hold a minimum of thirty bicycles. The bus stops will be upgraded for increased security and accessibility as part of the site improvements. The development plans for the site include a B-Cycle bike sharing station. B-Cycle is Denver’s progressive program to provide bikes throughout the city promoting health and physical activity. Transportation related furniture, fixtures, lighting, and equipment are included through the site design.

3. **Describe how the project meets the criteria for approval in Section 2 of the QAP:**
   
   **a. Market conditions:**
   The Market Study update, submitted by Prior and Associates on June 29, 2012 to Del Norte Neighborhood Development Corporation regarding the proposed Avondale Apartments to be developed at 3275 West 14th Avenue, Denver, Colorado 80204, was strong and contained no recommendations for improvement. The Avondale Apartments received either a 4 or 5 (highest ranking) in all areas evaluated, including market demand, project location, unit mix, unit sizes, and proposed rents.

   To summarize the Market Study update, “The proposed changes to the subject’s unit mix by bedroom type and AMI level, as well as its proposed amenity changes, will not have a significant impact on its marketability. Its location, unit mix and sizes, and its updated amenity package still meet or exceed the market standard.”

   According to the market study, a survey of comparable rental units in the PMA shows apartment buildings with 0% vacancies. These apartments have waitlists for rental units that are restricted. This reflects a strong demand for affordable housing in the area.

   The Avondale Apartments will supply income restricted units with low capture rates. Additionally, even with the Avondale units and the units coming on-line at West End, the capture rate will rise only minimally (less than 6%) in the PMA.

   A survey of the PMA rents and a comparison of the rents at the Avondale with amenities, utilities paid, and its proximity to light rail and other transit, the library, childcare, and other services, rents at the Avondale are considered slightly low and conservative. According to the market study, the proposed rents are considered achievable in the PMA.

   **b. Readiness-to-proceed:**
   Del Norte purchased the property from the Urban Land Conservancy on April 14, 2012. A copy of the recorded Special Warranty Deed and the Declarations can be found in this application.

   The construction documents are 100% complete and were submitted to the city in December, 2011 with final approval received in May, 2012. One-half of the building permit has been paid for, the second half to be paid for upon pick up by contractor. The plans and specifications are in accordance with all
applicable governmental requirements, including, but not limited to, The Fair Housing Act, The Americans with Disabilities Act, Section 504 of the Rehabilitation Act of 1973, State, City and local laws. An independent engineer had completed a code check.

Phase I and Phase II Environmental studies, surveys and geotechnical data collection are complete. Del Norte will be purchasing a “pad ready” site that has gone through the Colorado Voluntary Clean-Up Program process. The master site plan has been approved by the City of Denver. As such, construction of the site infrastructure has begun, including street grading and excavation for the water detention vault.

The site is zoned properly, letter attached, and no variance will be needed. All utilities and rubbish removal required for the project are available and will be provided by Xcel, Denver Water, Centurylink, Comcast, and others.

A construction cost estimate was prepared by a third party in 2011. The architectural firm and the owner have worked to cut costs. The general contracting company has been procured for and identified – SHAW Construction. Further value engineering has taken place, which is evidenced by the cost matrix, found in this application. SHAW has submitted a timeline of 14 months construction, also found in this application.

A significant amount of leveraged funds from the City of Denver and Del Norte have been awarded. Proposals to the Mile High Community Loan Fund, the State of Colorado, and the Federal Home Loan bank of San Francisco have been sent or are prepared. Letters of interest from Wells Fargo for tax credit equity, as well as for commercial and residential construction and permanent loans, are attached to this narrative. Several other financial institutions have expressed interest in equity and construction and permanent loans as well. After receiving LIHTC, whichever entity submits the best financing package will be chosen. Del Norte will submit applications to the State of Colorado in August, and to the Federal Home Loan Bank of San Francisco in October.

c. **Overall financial feasibility and viability:**
According to the McGraw Hill Construction Green Building Square Foot Costbook 2012, the $129 per square foot construction costs is considered average for Colorado. The Avondale Apartments can be developed with no requests for waivers and within the standard underwriting criteria.

Projected operating expenses are conservative and achievable, filling all reserves, have a PUPA within CHFA limits, a DCR of 1.28, and a 7% vacancy rate. According to the LIHTC application worksheets, the debt coverage ratio throughout the 15 year proforma is well within the normal tax credit parameters. The deferred developer fee will be paid back from cash flow within the allotted period. Construction contingencies, held by the contractor and the owner, are at 5%. A soft cost contingency is also in place.

Del Norte will have all financial awards, loans, contingencies, and plans for reserve accounts to be fully funded before closing the Partnership.

The energy and water saving techniques incorporated into the design are good for the environment and are especially important as the utility costs are paid for by the owner.
d. **Experience and track record of the development and management team:**

Del Norte Neighborhood Development Corporation (applicant) has significant multifamily rental housing development experience. A very long list of complex multifamily developments, both rental and for-sale, for special-needs, and low-income populations is included following this narrative. Del Norte also has a significant experience developing housing using various CHFA products as outlined by Table 2.

Del Norte’s first project utilizing tax credits was in 1993, the Tallmadge building, which produced 28 units of affordable housing. Del Norte’s largest project – at 98 units – was the mixed-use, mixed income Mercantile Building in downtown Denver. Both of these projects have performed well and continue to preserve affordable housing in now gentrified areas. Recent construction of the Juan Diego apartments was completed within the time frame and on budget despite the political charge of housing chronic homeless persons with HIV/AIDS and having Washington Mutual Bank, the construction lender, go bankrupt. The Veterans Apartments also finished on time and on budget, despite having extreme investor requirements, including the requirement to use their more expensive products, an initial equity rate of $0.64, use of Davis-Bacon wages and compliance, and having to secure project-based subsidy from the Veterans Administration.

<table>
<thead>
<tr>
<th>Year</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td><strong>Veterans Apartments</strong>, 27-units, 1-, 2-, and 3-bedrooms, permanent housing for homeless veterans. The new development used LIHTC, HOME, FHLB-SF, TCAP and VASH PB subsidy with services from VA.</td>
</tr>
<tr>
<td>2004</td>
<td><strong>Dave's Place</strong>, a 15-unit SRO providing permanent housing for homeless PLWHA. The project used Historic Tax Credits, LIHTC and was awarded a HUD SPNS Grant (Special Projects of National Significance).</td>
</tr>
<tr>
<td>2003</td>
<td><strong>Vallejo Terrace</strong>, 16 rehabbed units that used LIHTC and a private local lender.</td>
</tr>
<tr>
<td>1997</td>
<td><strong>Mercantile Square Lofts</strong>, 92 mixed-income rental using LIHTC, historic TC, private bond financed.</td>
</tr>
<tr>
<td>1995</td>
<td><strong>Fox Street Apartments</strong>, 13 units CHFA Section 8/FHA 221 (d)(4) LIHTC syndication.</td>
</tr>
<tr>
<td>1994</td>
<td><strong>Emerson Street Apartments</strong>, 12 units CHFA Section 8/FHA 221(d)(4). LIHTC.</td>
</tr>
<tr>
<td>1993</td>
<td><strong>Tallmadge and Boyer Block Apts</strong> 28 units on National Register. FHLBank AHP, Historic and LIHTC.</td>
</tr>
<tr>
<td>1989</td>
<td><strong>Hanigan Canino Terrace</strong> Apt, 9-unit National Register prop; CHFA, Historic Tax Credits</td>
</tr>
<tr>
<td>1985</td>
<td><strong>Niblock-Yacavetta Terrace</strong>, 10-unit National Register prop; CHFA Sec 8/FHA 221(d)(4)synd Historic TC</td>
</tr>
</tbody>
</table>

**Developments using CHFA products:**

- **1999 Saxony Apartments**, a 29-unit development purchased from Colorado Housing and Finance Authority’s (CHFA) bulk purchase from the RTC. Rent-restricted units for PLWHA; financed with CHFA 501(c)(3) loan.
- **1982 Broadway Terrace Townhomes**, 8-unit townhomes constructed on vacant land; mortgages by CHFA.
- **1981 Sunnyside Townhomes**, 5-unit site built townhomes constructed on vacant land; mortgages by CHFA.
- **1978 Dollar Houses**, 3 single-family homes moved to vacant site; mortgages by CHFA.

Del Norte has sufficient capacity and financial stability to construct and operate the proposed project as can be demonstrated by the organizational chart and a current financial statement following this narrative.
For the Avondale Apartments, Diane Didier Vollmer, Del Norte Housing Specialist and Project Manager, will supervise construction and all aspects of the development on a daily basis. Del Norte has recently hired an additional accountant to be dedicated to the Avondale closing, construction, and close out. Del Norte has recently hired a dedicated asset manager who will supervise and interact with the management company.

The services of third party consultants will be utilized. For instance, engineers will provide expert monitoring of the building envelope design and build. Materials and techniques used by the contractors will be monitored be another engineering firm. Contractor procurement and hiring assistance was given by professionals at Medici Communities. Cost containment and project feasibility was performed by Bill and Ryan Lunsford.

The Del Norte portfolio requires complex accounting, record keeping and reporting abilities. The development of this project - involving tracking millions of dollars for the project - will be financed using multiple sources including HUD, City of Denver, State of Colorado, LIHTC and the Federal Home Loan Bank. Each funder requires the construction development be cost certified. Every year, Del Norte hires an independent accounting firm to audit its financial practices. In thirty-four years, Del Norte has never received an audit with a material finding. Del Norte has in place policies and procedures for compliance in areas such as fair housing, affirmative marketing, Davis-Bacon wages, procurement, relocation, debarment, Section 3, Section 504, sexual harassment and conflict of interest. Del Norte staff and consultants regularly attend compliance trainings.

Continental Divide Management Corporation (CDM) has managed properties for Del Norte, its parent company, since 1996 and will provide management services for the building. The offices of CDM will be on the second floor of the Avondale Apartments. CDM provides property management services for a diverse clientele, a vast majority who are very low-income, homeless, and have special needs - some of the state’s most vulnerable and difficult to house. Tenants bring several types of subsidies and therefore the compliance requirements are demanding.

A major proactive opportunity with the development of the Avondale Apartments is that CDM will be located in the office adjacent to Del Norte. This will promote communication, provide for closer monitoring, and allow for sharing of resources. Additionally, this move will assist both CDM and Del Norte in becoming more accountable for the management of the assets and tenants, and reporting to funders. Also, CDM has recently hired a staff member with over twenty years of compliance management experience. A list of Del Norte-owned properties managed by CDM is attached.

Studio Completiva, a small, minority-owned architectural firm founded in 1995, has extensive design experience. This includes consulting, designing, and construction supervision of many multi-family residential (affordable to luxury) and other building types. For the past several years, Studio C has completed architectural plans for the Denver, Jefferson County, and Boulder Housing Authorities. The firm created the master site development plan of the Avondale Apartments, library, and commercial space, and infrastructure.

Terry and Company, Certified Public Accountants, a minority owned business, has broad experience with LIHTC, Section 42 of the IRC. Since 1995, the firm has performed 10% carryover audits, cost
certifications, tax returns for Partnerships, and provides agencies with sound business advice in order to maintain internal control, control costs, and increase productivity.

Daniel G. Morgan & Associates, incorporated in 1979, has assisted in the equity and debt financing for more than 135 LIHTC projects in AZ, CA, CO, IA, ID, MO, MT, NE, PA, TX, WA, and WY. The majority of the projects are located in the Denver MSA. The equity investment exceeds $400 million, and includes projects with housing authorities, for-profit, and non-profit agencies with services for a wide range of clients.

Paul E. Smith, attorney, has been practicing federal income taxation law with the firm of Holmes Robert Owens since 1980. He has represented numerous developers, investors, and lenders connected with varied and complex affordable housing projects using LIHTC and other funding sources. His practice also includes the formation, acquisition, and restructuring of business; domestic and international joint ventures; technology financing and development; and tax aspects of real estate and other financing.

The general contractor, SHAW Construction has built hundreds of LIHTC units and is familiar with local building and energy codes as well. Resumes for the entire project team are included in this application.

e. Cost reasonableness:
A cost estimate was prepared by a third party in February 2011. Using these amounts, a general contracting company has been procured for and identified – SHAW Construction. SHAW has completed hundreds of LIHTC funded projects in Colorado. Working with SHAW and Studio Completiva architects, Del Norte has worked to cut costs, which is evidenced by the cost matrix, found following this narrative. According to the McGraw Hill Construction Green Building Square Foot Costbook 2012, the $129 per square foot construction costs is considered average for Colorado.

f. Proximity to existing tax credit developments:
According to the market study, the primary market area has 12 existing LIHTC projects containing 772 income-restricted units. Of these, 7 projects are non-age-restricted and non-subsidized developments with 339 units. Despite these 339 non-age restricted and non-subsidized units, there remains an urgent need for affordable housing in the area.

The existing Class B family LIHTC projects were 0.0% vacant in February and had waitlists with between twenty-five and one-hundred applicants, indicating a very strong demand for additional income-restricted units. The Class C LIHTC project was 0.7% vacant with a seven-applicant waitlist, also suggesting a demand for affordable units.

Currently there are no LIHTC projects with 60% AMI units.

g. Site suitability:
The site, located adjacent to downtown Denver, meets the blighted definition of the Denver Urban Renewal Authority. It is blighted due to: 1) faulty lot layout in relation to size, adequacy, accessibility or usefulness; 2) deterioration of site or other improvements; 3) needed environmental remediation; and 4) substantial physical underutilization of the vacant site that impairs the sound growth of the municipality and the redevelopment of the neighborhood. Also scheduled for redevelopment, the
surrounding adjacent uses on the adjacent parcel are currently blighted with vacancies and evidence of deferred maintenance. A Phase I & II Environmental Site Assessment shows the presence of hazardous materials requiring remediation and a Materials Management Plan for construction. The State of Colorado has accepted a Voluntary Cleanup Plan (VCUP) for the site.

Sound studies, flood plain, wetlands, and other environmental considerations have undergone examination, and the site has been cleared for residential development.

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):
   We are not asking for a waiver of any underwriting criteria. The development has excellent projections and can fill operating reserves, has a PUPA within limits, has a DCR of 1.21, replacement reserves at $300 per unit, and a conservative 7% vacancy rate.

   b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:
   This is not applicable as the project is in a QCT.

5. Address any issues raised in the market study submitted with your application:
The market study for the Avondale Apartments was very strong with no recommendations made. The Avondale Apartments received either a 4 or 5 (highest ranking) in all areas evaluated, including market demand, project location, unit mix, unit sizes, and proposed rents. To summarize the Market Study update, “The proposed changes to the subject’s unit mix by bedroom type and AMI level, as well as its proposed amenity changes, will not have a significant impact on its marketability. Its location, unit mix and sizes, and its updated amenity package still meet or exceed the market standard.”

6. Address any issues raised in the environmental report(s) submitted with your application:
The entire site has undergone thorough environmental investigation and remediation. Previous use on the adjacent site included a gas station and a dry cleaner. Two underground storage tanks were also identified. Phase I Environmental Site Assessments identified these Recognized Environmental Conditions and Phase II site testing has occurred multiple times.

A Voluntary Cleanup (VCUP) Plan Application was submitted to the State of Colorado Department of Public Health and Environment and a letter dated February 23, 2011 verifies review of the plan and states “Based on this review the Department has concluded that, if fully and properly implemented, the plan will attain a degree of cleanup and control of hazardous substances, such that the property does not present an unacceptable risk to human health or the environment based on the property’s future use, which is commercial/residential.”

A Summary Report of the Petroleum Excavation Activities, written December 2011, states remediation per the VCUP plan has concluded on the site.
The City and County of Denver prepared and submitted an Environmental Assessment per 24 CFR part 58 to HUD. A release of funds was received by the City and County of Denver from HUD on May 2, 2011.

A follow up Phase 1 conducted in May 2012 on just the Avondale Apartments’ site found no evidence of new contamination. The study concluded: “All development and earthwork activities are required to follow the VCUP and MMP guidelines that have previously been approved by CDPHE.” These guidelines have been incorporated into construction plans and procedures.

7. Describe and demonstrate local support for the project (including financial support): The development of the Avondale Apartments is a high priority for the city of Denver. The Office of Economic Development of the City and County of Denver has committed more than $1,160,000 in grant funds to the Avondale Apartments. The City of Denver is anxious to develop the property for 4 main reasons:

1) The Office of Business and Housing Services, a division of OED, is acutely aware of the shortage of quality affordable housing for families in the Denver area. According to a study by the Center for Housing Policy, the research affiliate of the National Housing Conference, the increase rate of critical housing needs places Denver at the top of its list nationwide. The Avondale Apartments will address this need.

2) The highly visible site has been labeled as bighted for several years. It has needed environmental remediation as well. This development addresses both of these problems. The Urban Land Conservancy has received Brownfield and other grant awards of about $1,000,000 for remediation of the entire site. Please see the attached letter of support from ULC.

3) The site was chosen by the Denver Library Commission as the preferred site for the new Denver Westside Library. The Commission held several community meetings, and the mixed-use project received widespread support. The commission received letters supporting the project from the following organizations: the West Colfax Business Improvement District, The Dolores Project, the West Colfax Partnership, Boys and Girls Club of Denver, Girls Inc., and from former District #1 City Councilwoman Paula Sandoval, and Del Norte NDC.

4) The source of the funds is stimulus money from NSP2. A requirement for use of the funds is that they must be spent before February 13, 2013.

The site is identified in Denver's neighborhood plan as one in which higher density residential development is key to area revitalization. As such, a letter certifying that building the Avondale Apartments on this site is consistent with the Denver Consolidated Plan is attached.

Del Norte has a close relationship with the West Colfax Business Improvement District. Recently, the BID received a $900,000 grant to develop a “wayfinding” and lighting project for pedestrians in the West Colfax Corridor. Tenants of the Avondale Apartments will benefit from this award and other resources brought to the area by the shared commitment of Del Norte and the BID.
PHASE TWO
DAHLIA SQUARE SENIOR APARTMENTS
DENVER, COLORADO

NARRATIVE:

Background:

Not every affordable project combines strong community support, neighborhood revitalization, top notch architecture, rapid lease-up due to overwhelming pent-up demand and national award winning recognition.

Phase One of Dahlia Square Senior Apartments combined all of these achievements and is fully occupied, with a significant waiting list and is providing lower income seniors with safe, quality senior-friendly homes and outstanding amenities, in an energy efficient and environmentally enhanced “green” community.

The lifestyle enjoyed by residents is further enhanced by senior recreational activities, health programs; art enrichment, crafts and social activities coordinated by the American Community Experience, Inc. our non-profit partner.

While all of this is gratifying and provides a sense of accomplishment, true heartfelt reward comes from the comments of our residents.

"I am breathing better and feel better than I have in over 10 years. Dahlia Square has given me new energy. I love this place. Thank you for building it."

Sandra Bridges
our first resident

"Park Hill is where I want to be and Dahlia Square is my home. I love the quiet. I feel safe and secure and there is real friendship and camaraderie here. I just love the place; it's where I want to spend the rest of my life. It's like this place was created just for me just when I needed it. I wake up every morning thanking the Lord for being here."

Hazel Witsett
retired Co-founder and Director of Northeast Women's Center

Now our residents are wondering when Phase Two will be built. I have heard:

"My cousin is on the waiting list, when will Phase Two be built?"

"I have two friends that want to move here, but we are full, when will construction start?"

"It would be nice to have a second elevator, how soon will Phase Two begin?"
The demand continues to be strong. Our market study points out that all affordable senior apartments in the market area are effectively almost 100% occupied with vacancy rates that represent normal turnover, not lack of demand.

As of July 2\textsuperscript{nd}, the waiting list for Phase Two has grown to 96 qualified potential residents.

**Phase Two**

Phase Two of Dahlia Square Senior Apartments will consist of forty (40) affordable, senior apartments in a brand new 4-story elevator serviced building.

Phase Two is designed to be and will be constructed as an addition, a new "wing", of the existing Dahlia Square Senior Apartments, which was placed in service upon completion of construction in August 2011.

The Phase Two building is designed with an orientation to allow each of the hallways on all four stories of the building to connect directly with the hallways of the existing building, an alignment that permits the two phases of the community to operate smoothly and in harmony with each other. This design will provide residents of Phase Two with easy access to the amenities already constructed in Phase One and reduces overall construction costs by making use of those amenities for both phases.

Phase Two will become an integral part of the exiting Phase One "gated community," one of the few affordable gated communities in Colorado. The environment created by the gated community, with controlled vehicular and pedestrian access, provides seniors with a sense of peace, security and well-being rarely found in other affordable communities.

Parking will consist of surface parking spaces, easily accessed from building entrances.

Residents will be able to catch an RTD bus directly in front of the main entrance to the property. As such, Dahlia Square qualifies as a TOD (transit oriented development) under criteria established by Enterprise Green Communities.

There are unparalleled transportation opportunities with 210 buses a day, providing seniors easy, low cost access to shopping, doctors, dentists, churches and recreational opportunities.

Project amenities already constructed in Phase One are available for the enjoyment of Phase Two residents. These include a large community room with an entertainment center anchored by a large screen TV, community piano, kitchen, library/game room, physical fitness center, billiards room, arts & crafts room and computer room. All these amenities were designed to ultimately accommodate Phase Two residents.

All common areas and hallways on each floor are heated or cooled by a central gas fired forced air heating and cooling system.

Outdoor amenities include a patio and lawn area, walking path, gazebo and barbeque area.

Each apartment will include a full kitchen furnished with Energy Star appliances including dishwasher, range, refrigerator, and disposal. Units contain walk-in storage and coat closets, cable and internet wiring, window blinds and air conditioning. All apartments will have a spacious outdoor patio or deck.
<table>
<thead>
<tr>
<th>Number of Units</th>
<th>AMI Level</th>
<th>Type</th>
</tr>
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<tbody>
<tr>
<td>3</td>
<td>30%</td>
<td>1 BR/1 BA</td>
</tr>
<tr>
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<td>30%</td>
<td>2 BR/1 BA</td>
</tr>
<tr>
<td>5</td>
<td>40%</td>
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<td>20</td>
<td>50%</td>
<td>1 BR/1 BA</td>
</tr>
<tr>
<td>8</td>
<td>50%</td>
<td>2 BR/1 BA</td>
</tr>
</tbody>
</table>

**40 UNITS**

**A "Green" Community:**
Phase Two of Dahlia Square will be constructed as a Green Community, thus providing residents with a very healthy living environment and reduced energy costs. Green Community Features Include:

- Energy Star Qualified exhaust fans venting to outdoors
- Green Label Certified floor coverings
- Low or no VOC paints and primers
- Reduced heat island effect due to selection of roofing materials
- Energy Star appliances
- Water conserving fixtures
- Low E-star certified windows and doors
- Public transportation
- Hi R-value walls, ceilings and roof

The superlative access to public transportation is a significant Green Community attribute that has been eagerly embraced by current senior residents and will also be an amenity for future residents as well.

**Phase Two and Phase One:**
Phase Two will match Phase One in design, color and construction as it adds 40 additional much needed affordable senior apartment homes to the Park Hill neighborhood.

Additionally, our narrative for Phase Two expands on our project as follows.

1. **Meeting Guiding Principles:**

Phase Two meets several of the Guiding Principles:

**Guiding Principle: To support rental housing projects serving the lowest income tenants for the longest period of time**
Phase Two 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 support projects in a QCT, the development of which contributes to a concerted community revitalization plan**
Phase Two is in a QCT. It meets the Denver Consolidate Plan and the Denver Action Plan. It is part of the Denver Urban Renewal Authority’s master plan for the revitalization of Park Hill.
Guiding Principle: To distribute housing credits to assist a diversity of population in need of affordable housing, including homeless persons, persons in need of supportive housing, senior citizens, and families

Phase Two will provide quality affordable apartment homes for lower income seniors, thus achieving the diversity of population principle.

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

Phase Two needs only an allocation of $440,692 in annual credits to be successful. This is an allocation of only $11,017 of tax credits per apartment, 33% lower than CHFA’s average allocation of $16,509 for new construction over the past four years. Phase Two will operate with a 1.2 debt service coverage ratio thus providing low income housing throughout the credit period.

2. Housing Priority: Seniors

Phase Two will provide low income senior (30% AMI, 40% AMI and 50% AMI) with quality housing and an amenity package designed to enhance senior living. Amenities include a “Great Room” with an entertainment center, large screen TV, piano, community kitchen, library/game room, physical fitness center, arts & crafts room, computer room and pool hall. (All amenities have been constructed in Phase One and will be available to Phase Two residents.)

3. How Phase Two meets criteria for approval:

   a. Market Conditions

The rapid lease up of Phase One underscores the strong demand. The total capture rate for Phase Two is 7.9%. This compares with the Phase One 7.4% capture rate. Thus high demand for quality affordable senior apartments continues. In-migration was a factor in the lease up of Phase One. Forty percent (40%) of residents came from outside the PMA. Many were returning to the neighborhood where they had grown up. Statistics are available on request.

The market study confirms the need, citing vacancy rates in the area below 5%.

   b. Readiness to Proceed

We are ready to build Phase Two. Zoning allows multi-family. Building plans are ready to submit. The Site Plan was approved in 2010.

The Partnership is using the same tax credit investor (RBC Capital Markets) and lender (Bank of America) that participated in Phase One, thus all documents have been negotiated.

If approved, McDermott Properties will submit the Carryover Application by April 15, 2013. We are very experienced in completing and submitting Carryover Applications.

There are no barriers to construction that need resolution, and no additional funds must be raised, thus there is little risk.
c. **Overall Financial Feasibility and Viability**

Competitive tax credit pricing from RBC Capital and favorable construction and permanent loan interest rates offered by Bank of America help create strong financial feasibility for Phase Two.

Tax credit value is another measurement that should be considered. The more housing CHFA can provide with fewer tax credits, the better the tax credit value created.

By approving Phase Two, CHFA will be allocating $11,017 in annual tax credits per low income apartment unit. This amount is lower than any of the average allocations for new construction, on a per unit basis for the last four years.

Analysis shows the following average per unit new construction allocations.

<table>
<thead>
<tr>
<th>Year</th>
<th>Allocations</th>
<th># of Units</th>
<th>Per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$6,545,638</td>
<td>431</td>
<td>$15,187</td>
</tr>
<tr>
<td>2011</td>
<td>$11,542,152</td>
<td>603</td>
<td>$19,141</td>
</tr>
<tr>
<td>2010</td>
<td>$9,755,974</td>
<td>679</td>
<td>$14,368</td>
</tr>
<tr>
<td>2009</td>
<td>$10,556,447</td>
<td>613</td>
<td>$17,221</td>
</tr>
<tr>
<td>Total</td>
<td>$38,400,211</td>
<td>Total 2326</td>
<td>Average $16,509</td>
</tr>
</tbody>
</table>

Phase Two’s requested allocation of $11,017 per unit represents a tremendous per unit value. These senior apartments will be provided at a per unit tax credit allocation that is 33% lower than CHFA’s average of $16,509 over the past four years.

The debt service coverage ratio of 1.2 underscores the feasibility of this project.

d. **Experience and Track Record**

McDermott Properties is one of Colorado’s leading tax credit developers. Serving as a General Partner/Developer in 19 projects, including new construction and acquisition/rehabs, McDermott Properties has developed 1,977 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 2,086 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 than in other projects.

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.

e. **Project Costs and Credit Allocation**

Phase Two will provide an outstanding value from a new construction tax credit allocation stand point. The allocation of $11,017 tax credits per apartment is 33% below the average CHFA allocation of $16,509.
Additionally, hard cost and total project costs continue to represent value as construction costs surge upward.

Total Project cost per unit $147,337  
Hard cost per unit $ 92,933

These numbers demonstrate that project costs represent excellent value despite construction costs that have increased as much as 10% since February 2012.

f. **Proximity to Existing Tax Credit Projects**
Because Phase Two will be attached to Phase One of Dahlia Square Senior Apartments, Phase One is the closest existing tax credit property. Given that Phase One is totally leased and there is a waiting list of 83 people (as of June 13, 2012) that grows every day, the direct competition from Phase One will not affect the lease up of Phase Two nor will Phase Two have an impact on the occupancy of Phase One.

g. **Site Suitability**
The success of Phase One of Dahlia Square Senior Apartments confirms that the site is well located and is suitable for affordable senior housing.

The development, construction and lease up of Phase Two, will further strengthen the neighborhood, add vitality and continue the rejuvenation started by Phase One.

4. **Additional Information:**

a. **Pupa Waiver**

Waivers are requested for a PUPA that is below the CHFA PUPA for senior properties.

**Expenses Are Below Required PUPA**

Phase Two Dahlia Square Senior Apartments annual operating expenses, as of the end of the first full year of operation are estimated to be $3,498 per unit (excluding replacement reserves). This is $402 per unit below CHFA’s requirement of $3900 per unit.

Paragraph 4.C. 3 of the 2012 Qualified Allocation Plan (page 48) allows senior-only projects such as Phase Two of Dahlia Square, to present lower expenses based on actual expenses from an existing senior property.

Additionally, a lower PUPA maybe accepted for projects exempted from real estate (property) taxes.

Phase Two of Dahlia Square Senior Apartments are estimated to have lower operating expenses due to:

1. Lower expenses based on actual expenses from Conter Estates Senior Apartments.
2. An exemption from real estate taxes

b. **Utility Allowance Waiver**
Phase Two has elected to use option 3, Energy Consumption model of the IRS Treasury Regulation regarding utility allowance for tax credit properties. Approval was granted by CHFA in April 2012.

5. No issues were raised in the market study.

6. No issues were raised in the Phase One environmental study.

7. Local Support:
Dahlia Square Senior Apartments has received strong and continuous support. Letters of support from the following are in the Correspondence Section as well, to confirm local support:

- U.S. Senator Bennet
- Councilman Albus Brooks
- Senator Mike Johnston
- Representative Elizabeth McCann
- John Lucero, Deputy Director, Office of Economic Development
- Tracey Huggins, Executive Director of DURA
- Elbra Wedgeworth, Chief Government & Community Relations Officer
- Michele Wheeler, Northeast Park Hill Coalition
- Larry Fullerton, HOPE Communities
- Carol Bolgon
- Pastor Hendricks, King Baptist Church
- Pastor Woolfolk, Agape Christian Church
- Brother Jeff, Community Health Initiative
- Reverend Pamela Myrtis Mason, Campbell Chapel African Methodist
- Minister Solomon Scaife, East Denver Church of Christ
- Gerie Grimes, Hope Center

Because there were "grass roots" concerns when Phase Two was not approved in the 2012 First Round, it was suggested that the community get involved to demonstrate that Phase Two was a community priority.

I was totally overwhelmed by the support!

In just six days we gathered over 1000 signatures. All of the signers were at least 18 years old and all were in the Dahlia Square neighborhood.

Copies of these signatures are attached.
Phase Two
Dahlia Square Senior Apartments

Phase Two will add 40 more quality, affordable apartments to the award winning Dahlia Square Senior Apartments

Upon completion, the combined Phase One and Phase Two will contain 128 Apartment Homes.

July 2012
<table>
<thead>
<tr>
<th>DEVELOPMENT NAME:</th>
<th>Dahie Square Senior Apartments Phase II</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIHTC APPLICATION:</td>
<td>Preliminary Application</td>
</tr>
</tbody>
</table>

### DEVELOPMENT TIMELINE

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIHTC APPLICATION STEPS</td>
<td></td>
</tr>
<tr>
<td>Letter of Intent &amp; Market Analyst Engagement Letter to CHFA</td>
<td>6/1/2012</td>
</tr>
<tr>
<td>Submit LIHTC Application &amp; Market Study to CHFA</td>
<td>7/2/2012</td>
</tr>
<tr>
<td>LIHTC Application Approval/Reservation</td>
<td>9/15/2012</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>POST-LIHTC RESERVATION APPROVAL STEPS</td>
<td></td>
</tr>
<tr>
<td>Close Acquisition (if applicable)</td>
<td>1/15/2013</td>
</tr>
<tr>
<td>All Loans Closed</td>
<td>1/15/2013</td>
</tr>
<tr>
<td>Execute Partnership Agreement</td>
<td>1/15/2013</td>
</tr>
<tr>
<td>Submit LIHTC Carryover Application to CHFA</td>
<td>4/15/2013</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRE-CONSTRUCTION STEPS</td>
<td></td>
</tr>
<tr>
<td>Select General Contractor</td>
<td>9/1/2012</td>
</tr>
<tr>
<td>Complete Construction Drawings approved by Planning/Building Dept.</td>
<td>12/1/2012</td>
</tr>
<tr>
<td>Zoning or Rezoning approved (if applicable)</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONSTRUCTION STEPS</td>
<td></td>
</tr>
<tr>
<td>Construction Begins/Building Permit issued</td>
<td>1/15/2013</td>
</tr>
<tr>
<td>Complete Construction &amp; Place-in-Service (Obtain Certificates of Occupancy)</td>
<td>9/15/2013</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>POST-CONSTRUCTION STEPS</td>
<td></td>
</tr>
<tr>
<td>Submit LIHTC Place-In-Service Application for LURA to CHFA</td>
<td>3/1/2014</td>
</tr>
<tr>
<td>Stabilization/Lease up</td>
<td>6/1/2014</td>
</tr>
<tr>
<td>Convert to Permanent Loan</td>
<td>9/1/2014</td>
</tr>
<tr>
<td>Submit LIHTC Final Application for 8609s to CHFA</td>
<td>8/1/2014</td>
</tr>
</tbody>
</table>
Project Name: Mariposa Redevelopment Phase III

Project Address: Northeast Corner of 10th and Navajo

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 to address its weaknesses. It must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, state, and federal subsidies; etc.

Project Overview

The Housing Authority of the City and County of Denver, Colorado (“DHA”) received a FY 2010 HOPE VI Revitalization grant award of $22 million for the South Lincoln Homes HOPE VI Revitalization Plan for the development of a total of 457 units of mixed income housing and mixed uses. The construction of 1099 Osage Apartments, funded in part by a 2009 ARRA/CFRC competitive grant award of $10 million which preceded the HOPE VI grant award, partially financed the 100-unit mixed-finance senior/disabled building that opened in January 2012. Mariposa Phase II started construction in March 2012 and is proceeding on time and on budget and is scheduled to open in July 2013. The next HOPE VI phase is known as Mariposa Phase III. 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 III will include the new construction of 87 units in two buildings of mixed-income family units and about 9,400 square feet of non-resident space. The current site density is 23 dwelling units per acre and will be increased to 52 dwelling units per acre. The density appropriately utilizes scarce land adjacent to a transit location and with a close proximity to downtown Denver. The design draws from the surrounding neighborhood and Denver-style architecture. Public art and community spaces will help activate the street.

**Mariposa Phase III Development Description**

Mariposa Phase III is the new construction on a to-be-demolished site to include 87 mixed-income (31 public housing/LIHTC, 27 Non-ACC/LIHTC and 29 market rate) units. The development will include one four-story building of wood construction over a concrete one-level subterranean garage. This building will include 81 apartments and three townhome units. There will be an additional three townhome units constructed on the eastern portion of the site. The buildings will feature stucco exteriors with brick accents, varied elevations and flat roofs. The elevator units will have private entrances located on double-loaded interior hallways and the townhouse units will have private exterior entrances. Parking (67 spots) will be available at an on-site parking lot and underground parking garage on a first-come, first-served basis.

The four-story building will face both Navajo Streets (designed to have a ‘residential’ street character) as well as 10th Avenue (designed 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). These buildings will activate the street with pedestrian activity and provide more ‘eyes on the street’ which will encourage more use of the 10th & Osage light rail station. The one-, two-, three- and four-bedroom units will be 720, 1,080, 1584 and 2073 square feet, respectively.

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

Mariposa III will have the following common amenities, security features and tenant services:
- On-Site Manager
- Picnic/BBQ Area
- Open Space
• Limited Access Entry (Elevator Building)
• Surveillance Cameras

The unit breakdown will be as follows:

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>Av SF</th>
<th># Units</th>
<th>Total SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1br</td>
<td>720</td>
<td>44</td>
<td>31,680</td>
</tr>
<tr>
<td>2br</td>
<td>1080</td>
<td>37</td>
<td>39,960</td>
</tr>
<tr>
<td>3br</td>
<td>1584</td>
<td>3</td>
<td>4,752</td>
</tr>
<tr>
<td>4br</td>
<td>2073</td>
<td>3</td>
<td>6,219</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>87</strong></td>
<td><strong>82,611</strong></td>
</tr>
</tbody>
</table>

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

**Set Asides and Residents Served**

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Public Housing</th>
<th>50% AMI</th>
<th>60% AMI</th>
<th>Market</th>
<th>Sub total</th>
<th>% of TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1BR</td>
<td>14</td>
<td>6</td>
<td>6</td>
<td>18</td>
<td>44</td>
<td>51%</td>
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<tr>
<td>2BR</td>
<td>14</td>
<td>6</td>
<td>5</td>
<td>11</td>
<td>36</td>
<td>43%</td>
</tr>
<tr>
<td>3BR</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>3%</td>
</tr>
<tr>
<td>4BR</td>
<td>2</td>
<td>1</td>
<td></td>
<td>3</td>
<td>3</td>
<td>3%</td>
</tr>
<tr>
<td><strong>sub total</strong></td>
<td>31</td>
<td>13</td>
<td>13</td>
<td>29</td>
<td>86*</td>
<td></td>
</tr>
<tr>
<td><strong>% of TOTAL</strong></td>
<td>36%</td>
<td>15%</td>
<td>15%</td>
<td>33.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

**Relocation**

As part of this phase of the redevelopment, 39 units will be demolished in July 2012; all those residents have been relocated. They have either been relocated to Tapiz (1099 Osage Apartments or Phase I of the redevelopment) if they meet the requirements of tenancy (elderly/disabled). Those who did not qualify to move to Tapiz were given other relocation options including to move to a vacant unit within South Lincoln or North Lincoln Homes, move to another DHA Public Housing unit, or be given a Section 8 voucher. Each household has a case manager and a relocation specialist who worked with them one on one to determine what they want and need for their household size. The project is bound by the Uniform Relocation Act of 1970. Qualifying residents will be given first right of refusal to move into the revitalized South Lincoln Homes if they are temporarily displaced from the site. We have covered these relocation costs outside of the partnership as the relocation will occur before closing the partnership so the cost is not included in the LIHTC budget.
Our approach to adding units prior to demolition is the direct result of resident input on the South Lincoln Homes Redevelopment. Resident outreach over the last four years has shown that many residents of South Lincoln Homes do not want to be relocated out of the neighborhood. Therefore, DHA constructed housing (1099 Osage Apartments a.k.a Tapiz at Mariposa) prior to any demolition so that residents may be relocated to new units, adjacent to the site in vacated South Lincoln units or within the neighborhood if they so choose. Our efforts will prevent displacement and maintain the strong cultural ties that exist.

**Project Operating Subsidy for Public Housing units**

HUD reimburses operating subsidy based on actual expenses. The PHA subsidy is based on the project expense level (PEL) plus utility expense level (UEL—the expense level HUD thinks the building will need) minus the actual rents received. The PEL and UEL combined are estimated to be $393 per unit per month. The rent that tenants pay is approximately $125/month on average, resulting in an per unit payment per month of $518 ($293 PEL+ $100 UEL + $125 tenant payment). The subsidies are not included in the rent for the LIHTC application for the PHA units. They are shown on the other income page as PHA subsidy. The PEL and UEL are calculated separately by HUD, but for purposes of this application, have been joined together. HUD re-evaluates the subsidy level every year, and the escalation of subsidy tends to follow the operating expense rate, not the rent rate.

**Green Component of the Development**

The comprehensive redevelopment of South Lincoln Homes, including Mariposa Phase III, is focused on delivering exceptional environmental efficiency and energy performance. The development will reduce energy costs, generate resident and PHA energy savings, and reduce overall energy consumption. Additionally, the project will enhance many aspects of public health for our residents, including increased access to fresh fruits and vegetables; improved non-vehicular access routes such as bicycle, pedestrian and mass transit routes; the transformation from a public-housing site into a mixed-income environment; and improved access to community amenities such as the creation of a community resource center.

DHA’s development of the proposed project, as well as the entire redevelopment of the South Lincoln Homes, is acting as a benchmark project to demonstrate energy efficiency, healthy, safe living environments; lower utility costs; conservation of energy, materials and other resources; utilization of renewable energy resources; and the enhancement of the health of the local stormwater system.

Based on ASHRAE 90.1-2007, existing building survey data, and energy consumption calculation procedures, energy models comparing Mariposa Phase III (which is targeting a LEED Gold certification level) will yield an approximate 50% reduction in energy consumption. The reduction in energy consumption will come from enhancements to the lighting/electrical...
systems, building envelope, daylighting features, enhanced windows and plumbing systems. More specifically, enhancements will be delivered by the following objectives:

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

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

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

- Smart site location (orienting the building to use passive solar heating/cooling),
- Compact development (density will be greater than 50 dwelling units/acre for the project site),
- Walkable neighborhoods (three connections will exist from the development to sidewalks in the neighborhood),
- Water conserving appliances and fixtures (minimum specifications will include toilets with 1.6 GPF, showerheads with 1.75 GPM, kitchen faucets with 2.0 GPM and bathroom faucets with 1.5 GPM),
- 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 (the amount of material sent to a landfill will be reduced by at least 25% and implemented in a construction waste management plan),
- Recycled material content (the project will use more than 5% of its materials that are made of recycled materials), and
- Water-permeable walkways (at least 50% of the walkways will be water-permeable),
- Reduction of heat-island effect (an Energy Star compliant and high-emissive roofing; light colored and solar reflective materials to cover at least 30% of the site’s hardscape area; and trees/plantings to provide shading for at least 50% of the sidewalks, patios and driveways).

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

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

Description of Financing

The most significant award to Mariposa Phase III is the highly competitive HOPE VI funds, prorated to almost $5 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 almost one quarter of total development costs and is with a doubt the catalyst to DHA being able to secure other funds to make this development a reality.

The City of Denver has been very supportive of the complete redevelopment, committing to $4.6 million to all phases of which $800,000 is dedicated to this phase. The city will also waive the building permit fees, amounting in significant savings to the project and an additional way to support the project.

The Division of Housing committed funds to all phases of the redevelopment for a total of $2,370,000. An application for $580,000 for Mariposa III will be put into the Division in August of 2012. Staff has spoken with DOH and they are excited to be a part of this project. This request should be well received by State Housing Board as it meets many of DOH’s “sweet spots” including very high leverage of other dollars, serving very low income households, green and transit oriented development. The Division previously supported Mariposa Phase II for $500,000.

DHA is making a program funds loan of approximately $715,000 to make the project feasible. Additionally, DHA is also deferring 14% of their developer fee. DHA has been working on this
redevelopment for four years and has committed significant staff time and energy to making a successful project.

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

**Project timeline**

Financial commitments

- Construction loan     May 2012
- Equity                May 2012
- City HOME             May 2012
- State HOME            September 2012
- Zoning                completed
- Financial Closing     September 2012
- Construction Start    September 2012
- Construction Completed November 2013
- Placed in Service     November 2013
- Lease-up Starts       July 2013
- Lease-up Completed    May 2014

In addition, the narrative should address the following:

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

2. **Identify which housing priority in Section 2 of the QAP the project qualifies for (please select only one):**
   Mariposa Phase III is a Transit Oriented Development

3. **Describe how the project meets the criteria for approval in Section 2 of the QAP:**
a. Market conditions:
The market study does note that the capture rate for the 50% AMI units will be 27.5% but says that is attainable because other LIHTC properties nearby are 100% full with waitlists, the location near transit will be very attractive and the property design and amenities will compete well in the market. This was not noted as a weakness in the market study.

b. Readiness-to-proceed:
This project is planning on closing within days of hearing of the LIHTC award. The goal is to place in service before 12/31/13 in order to qualify for the full 9% credit. To that end they are front loading as much of the pre-closing items for both construction start and financing as possible and will continue to work toward closing will the application is being evaluated by CHFA. DHA has submitted plans to the City of Denver for permits and expect to receive all permits by the end of August 2012. Planning a construction start in mid September 2013, the timeline shows a 12/1/13 completion date.

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

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

The Ross Management Group, formed in 1986, specializes in the management of affordable, senior residential properties, Tax Credit, Market-rent, and service-enriched housing, as well as retail/commercial real estate. They have expertise and experience in addressing the complex eligibility and reporting requirements often associated with diverse financing of tax credit properties. Additionally, they consult with owners to review building design feasibility, determine tenant eligibility, process housing assistance payments, perform budgeting, and oversee overall management practices. Their unrivaled knowledge of affordable housing regulations is witnessed by twice receiving HUD’s “Management Agent of the Year” award and the Community of Quality Award for Exemplary Family Development from the National Affordable Housing Management Association.

e. Cost reasonableness:
As mentioned below in our request for a basis limit waiver, this project does have some higher than average costs due to its location and type of development including:
- Underground parking ($850,000),
• Photo Voltaic ($450,000),
• Site Preparation ($1.2 million) this phase has significant utility work to complete the necessary storm sewer, water/sewer and electric/gas utility reworking
• Green HVAC upgrades, ($120,000) and
• Making the streets more TOD friendly to connect the neighborhood to the light rail station including: bulb outs for better pedestrian crossing, defined parking areas, bicycle infrastructure (parking areas, safe shared travel lanes with autos, directions to bike paths) and pedestrian lighting. ($800,000)

f. Proximity to existing tax credit developments:
The primary market area has five existing LIHTC projects containing 371 units. Of these, three are family LIHTC projects with 124 units, two are senior deeply-subsidized projects containing 309 units and one is a family deeply-subsidized project with 12 units. The subject’s non-subsidized LIHTC units will compete directly with the 124 units that are targeted to households with incomes less than 60% of the area median income, but are not deeply-subsidized.

There is only one other project, Mariposa II, containing 29 deeply-subsidized units and 37 non-subsidized LIHTC units, under construction. Other than Mariposa III, no LIHTC projects are planned in the primary market area. The market study notes that the other LIHTC projects in the area are 100% occupied with waitlists, documenting the need.

g. Site suitability:
The site is suitable in many ways - Mariposa Phase III is the part of the redevelopment of an existing public housing site as a mixed use, transit oriented development and features an emerging walkable and bike-able, pedestrian oriented community with easy access to amenities, jobs and services for a spectrum of households at various income levels.

4. Provide the following information as applicable:

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

Mariposa III does not need a waiver of any of the underwriting criteria but does need a waiver of the cost basis limits. The cost basis limits make it impossible for the project to reach the amount of credit that it needs to make this phase of the HOPE VI redevelopment work. DHA’s set aside of $5,250,000 in credit has been apportioned over the five phases of the HOPE VI project. As with Mariposa II, this project requires the commitment of the full amount of credits available annually, $1,250,000. However, the combination of the cost basis limits and the
QCT and the requirement to underwrite at the lowered applicable percentage only allow for approximately $1 million in credit. However, this project generates sufficient basis to generate annual credit of over $1,250,000 under the other two credit tests. Additionally, DHA is committed to placing this project in service by 12/30/13 and claiming the 9% credit making the need for this waiver moot. However, for the purposes of the application we are applying with the 7.37% rate and that requires DHA to request the waiver of the cost basis limits.

As mentioned under financial feasibility, DHA has tapped into all possible sources of financing for this deal including HUD HOPE VI, DOH, City of Denver and private investors. In fact, it brings nearly a quarter of the total development costs from the HOPE VI program, something no other applicant in the state can deliver as a source of affordable housing finance. Additionally DHA is deferring fee and making a program funds loan to the project for another 4.5% of the total development costs. The project is scheduled to start construction in September 2012 if it is successful in obtaining Low Income Housing Tax Credits this round, which would allow construction to conclude by 12/1/13.

Additionally, the project has some higher than average costs associated with it including:

- Underground parking ($850,000),
- Photo Voltaic ($450,000),
- Site Preparation ($1.2 million) this phase has significant utility work to complete the necessary storm sewer, water/sewer and electric/gas utility reworking
- Green HVAC upgrades, ($120,000) and
- Making the streets more TOD friendly to connect the neighborhood to the light rail station including: bulb outs for better pedestrian crossing, defined parking areas, bicycle infrastructure (parking areas, safe shared travel lanes with autos, directions to bike paths) and pedestrian lighting. ($800,000)

While we understand this is not a standard request for CHFA to approve, we hope that all the mitigating factors presented will enable the LIHTC committee to approve the requested cost basis waiver.

b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis: Not applicable as project is in a QCT.

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

The only issue mentioned in the market study is the location of the property and the possibility for noise issues. However, they felt it was mitigated by the access to transit and downtown. Additionally, design of the project employs high quality windows and insulation to reduce noise and vibrations present from the neighboring trains.
6. Address any issues raised in the environmental report(s) submitted with your application:
   None noted.

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

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

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

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

Project Address: 4725 High Street, Denver

Why Odyssey should be selected above others

- It meets a growing need of affordable housing for lower income at-risk women not being addressed elsewhere;
- Many of these lower income at-risk women are a population with Special Needs for whom one of the general partners (The Empowerment Program) has provided supportive services aimed at increasing their independence for over 25 years;
- Located in a quiet, stable residential neighborhood that is well suited for this Special Needs population;
The project has **strong support from this surrounding community**;
- This project is **Ready to Proceed** with final site approval (including historic/landmark commission approval);
- The **costs** for this project are reasonable given it is located on a small, in-fill, historic site. The cost/sq.ft. is approximately **$130** BUT if the added costs to meet the historic requirements and to accommodate being connected to the adjacent historic school were eliminated, the cost/sq.ft. would be approximately **$119**.
- The grant commitment of $196,980 from the City of Denver will be withdrawn (and lost to affordable housing) if this project does not receive a tax credit allocation in 2012; and,
- It is located within ¼ mile of a **funded fixed rail transit station**.

**Site Characteristics**

This one-acre school site is located at 47th and High Streets in Denver adjacent to an RTD bus stop so its public transit access until the fixed rail station opens in 2016 is excellent. (See Attached Bus Route Map) By car, this site has easy access to Denver’s Downtown via N. Brighton Blvd. (just south of I-70, which is adjacent) and to all parts of the metro area via I-70. The surrounding “pocket” neighborhood is a stable, working class community of small single-family homes bounded by light industrial uses that will become more open when I-70 is rebuilt below grade. (See Elyria Neighborhood Update section below.) The proposed development consists of **two components** that will have **completely separate ownerships**. Odyssey will be a new 36 unit mid-rise rental apartment building that is connected to the second component, an existing 6,000 SF former elementary school scheduled to be renovated. The architecturally historic school will contain both program space for residents and the surrounding community plus office space. **IT WILL HAVE SEPERATE OWNERSHIP FROM ODYSSEY.** A legally formed entity, the Elyria School LLC, is an independent holding and management structure that will operate the renovated school building. Another entity, Odyssey LLC, will serve as the general partner of the housing property and will operate independent and separately with no fiscal or liability ties to the operation of the school building.

**Project Characteristics**

- 12 two BR units;
- 24 one BR units;
- Twenty-seven (27) parking spaces for residents;
- Limited access entry; perimeter security fence and video surveillance;
- Laundry facilities;
- All appliances (including dishwashers), miniblinds, central A/C, carpet, wireless internet;
- Secure patio with BBQ and playground;
- LEED certified with capacity for a photovoltaic solar energy field on the roof;
- Zero permanent debt.

**Ready to Proceed**

In addition of planning approvals, the City of Denver has committed $196,980 of HUD EDA grant funds to this project in a competitive process and must be drawn (or lost) in 2012. The proposed site plan below shows both of the projects that will share this site.
If we build it, will they come (and stay)?

The target population for this project is lower income women, a number of whom are expected to be veterans. The Prior & Associates market study includes the following “Strengths & Weaknesses:

- The subject’s location in the Elyria Swansea neighborhood in northeast Denver includes single-family, multifamily residential, industrial and institutional land uses. Many of the uses are in below average condition. The subject’s immediate residential land uses support its proposed land use.
- The subject will provide new, high-quality rental housing for the PMA, which is lacking in the PMA.
- The subject’s proximity to Interstate 70 is attractive because it provides easy and quick access to employment centers, shopping and services throughout the Denver MSA.
- Overall, its unit sizes are smaller than surveyed projects in the PMA.
- The subject’s amenities and tenant services will be comparable or superior compared to surveyed LIHTC and market-rate developments.
- Surveyed non-profit LIHTC developments in Denver were 97% to 100% occupied and maintained waitlists with four applicants for an available unit.
- The subject’s capture rates are lower than average and attainable.

The only “Weaknesses” are the neighborhood and somewhat smaller units. We believe these will be more than offset by the level of services available to residents. The long-term general partner of this project, The Empowerment Program, has provided housing and treatment services for over 25 years to women who are chronically homeless or living in substandard housing situations. In addition to successfully operating other tax credit properties, Empowerment is a state Licensed Outpatient Drug Treatment Agency and a state designated Mental Health Specialty Clinic for women. It is their intent, as part of the operation of this property, to provide intensive services to the residents that will incorporate:
- Secure, safe, clean **housing** that offers a supportive environment free of drugs and alcohol with access to rehabilitative services.
- A **comprehensive, supportive facility** that provides secure housing, nutritional meals, basic physical health care, substance abuse care and aftercare, mental health counseling, personal development and empowerment, and job assessment, training and placement assistance.
- Transitional and permanent housing opportunities with the camaraderie of living, in structured, substance-free environments with other women who are succeeding at bettering themselves.
- Recognition that many women, especially veterans, are psychologically traumatized, survivors of sexual abuse or military sexual trauma, and are without appropriate coping resources, resulting in increased emotional instability, depression, self-medicating, and broken social ties that spiral into further economic crises.

Some of the specific programs that will be offered to residents of Odyssey are described in the attachment to this narrative.

**NATIONAL WESTERN STOCK SHOW TOD**

These units will be marketed through the existing outreach process used by Empowerment and, additionally, through the regional VA networks. All rents are set at the level affordable to tenants at 30%AMI so they should fill quickly. To ensure fair housing compliance, the management staff at Pillar
Property Services, Empowerment’s management agent, recognizes that these units are available for general public use, similar to other Empowerment units and will market the Odyssey units to women without violating any governmental discrimination rules.

**Can this development team get it done?**
One of the general partners, Community Capital Corp. has been part of building or rehabilitating over 1,950 tax credit units during the past 20 years, including the two tax credit projects that Empowerment has successfully operated for the past 16 years. The team assembled to undertake this project have all been part of other successful tax credit developments. They include J.Mercado & Associates as the 3rd GP, Studio Obermeier Sheykhet Architecture, Casson-Duncan Construction, Daniel G. Morgan & Assoc. and Pillar Property Services.

**Elyria Neighborhood Update**
Significant progress has been made advancing several current Elyria neighborhood initiatives including the redesign of I-70 through the area, the construction of the new RTD light rail station, improvements to Brighton Blvd., and the future planning for the National Western Stock Show property. These developments have energized neighborhood residents and are perceived as positive changes in the area. Over 300 residents and other stakeholders have been participating in recent meetings and workshops concerning the I-70 expansion, resulting in a new below grade solution to the highway that will re-connect the Elyria and Swansea neighborhoods with those south of I-70 which were historically divided by the current elevated highway. The neighborhood has requested help from the national AIA Regional/Urban Design Assistance Team (RUDAT) program to work with residents and CDOT in the new design of the highway.
ULI and city planners are working on improvements to the Brighton Blvd. corridor, now seen as the major “gateway to Denver” and approach to downtown. A number of infrastructure and public improvements are projected for Brighton Blvd. from the NWSS location to Blake Street. A new “open market” retail center is under construction along the corridor.

Initial construction has begun on both the East Line and the NWSS station areas, each with impacts to the Elyria Neighborhood and in close proximity to Odyssey. Planned improvements continue to be proposed at station areas, as well as along the Platte River Greenway adjacent to the RiNo arts district and the NWSS.
Project Name: Redtail Ponds Permanent Supportive Housing

Project Address: 5202 Conejos Road, Fort Collins, CO 80525

While the need for homeless services is escalating, the Fort Collins Housing Authority remains committed to developing a permanent supportive housing model in Fort Collins. As you will see with the provided letters of support, this project is truly a community-wide effort with broad-based partnership and support. This shovel-ready project is ready to move forward and address a critical community need.

Project History
For over 15 years, the Fort Collins Housing Authority (FCHA) has been a leader in providing housing and services to people who are homeless in the Fort Collins community. FCHA began providing housing specifically for homeless and/or special needs residents with two Single Room Occupancy (SRO) awards through the HUD Mod-Rehab program granted in 1996. As it became apparent that the need for this type of housing was increasing, FCHA responded by adding a third SRO using only FCHA income generated from other activities. In subsequent years, several innovative combinations of services were joined together with different funds and local agencies; FCHA has been an eager partner, offering our resident services staff and/or housing expertise in nearly all of these creative approaches to address the needs of the homeless in the community. Additional long-time partners include the Larimer Center for Mental Health (now Touchstone Health Partners), the Health District of Northern Larimer County, Crossroads Safehouse, Larimer County Human Services (funding), the City of Fort Collins (funding). In 2003, FCHA successfully implemented the First Step program, a rental assistance and self-sufficiency program for homeless and near homeless families utilizing Tenant-Based Rent Assistance from the Colorado Division of Housing and a contribution from the City of Fort Collins HOME dollars. For over a decade, FCHA has been actively involved in the Community Mental Health and Substance Abuse
Partnership (CMHSAP), a Robert Wood Johnson award winning collaborative. In 2007 FCHA took on a leadership position with the CMHSAP, taking steps to launch the Community Dual Disorders Team (CDDT) program which began in 2008; to date CDDT has provided housing and intensive services to 25 homeless individuals with dually-diagnosed complex needs. The Fort Collins CDDT program employs an Integrated Dual Disorder Treatment model developed by New Hampshire-Dartmouth, and receives technical assistance and fidelity monitoring for this model from the State of Ohio’s Coordinating Center of Excellence.

In 2007, various sectors of the Fort Collins community began discussion regarding the development of a Ten-Year Plan to End Homelessness. A new collaborative initiative, Homeward 2020, was formed in 2009 and charged with the following tasks: 1.) Convene the local community to catalyze opportunities for positive change in homeless services delivery, 2.) Develop a Ten Year Plan to End Homelessness (Ten-Year Plan) in Fort Collins. Throughout the Ten-Year Plan’s development, extensive studies of best practices to end homelessness around the nation were conducted; additionally many public opportunities for local service providers to share their experiences unique to our area were made available. Both nationally and locally, it was established that housing the area’s chronically homeless population was a top priority. As the Ten-Year Plan progressed, the need for permanent supportive housing was identified as critical to the successful implementation of the Ten-Year Plan. In 2010, the Ten-Year Plan was published with broad community representation in its authorship. FCHA has taken a leadership role in this effort from early on, including current representation on the Homeward 2020 Board of Directors, Executive Committee, chair of the Supportive Housing Task Group, representation on other ad hoc committees and provider of technical assistance. Given FCHA’s development skills, expertise in LIHTC development, property management and compliance history and commitment to comprehensive resident services, the collaborative partners agreed that FCHA would take the lead in bringing the first Permanent Supportive Housing (PSH) project to Northern Colorado.

To date, FCHA and partners have completed extensive due diligence in planning, developing and seeking support for Redtail Ponds. In 2010, FCHA, along with representatives from the CMHSAP and Homeward2020, began studying successful permanent supportive housing developments in Colorado as well as those in other states, particularly those utilizing the LIHTC financing. Additionally, FCHA has utilized the nationally acclaimed Corporation for Supportive Housing’s various tools and resources throughout the every step of the project history. This effort’s strong “first-in” commitments and support include the City of Fort Collins CDBG/HOME/Affordable Housing Fund awards of $1,041,078,
HUD’s $258,000 award of the highly competitive Supportive Housing funds which will provide sustainable operations funding for the project, case management commitment from partners indicated throughout this proposal, and enthusiastic support from local business, as evidenced by the support of New Belgium Brewing Company. The Fort Collins Housing Authority is proud and honored to submit this request for Low Income Housing Tax Credit funding.

**Project Overview**

Redtail Ponds (the Project) will be a permanent supportive housing community comprised of sixty (60) units of affordable housing on the site located at 5202 Conejos Road in South Fort Collins. The Project is designed to meet the special housing needs of homeless individuals with disabilities, homeless veterans, and other low-income individuals in Fort Collins. Onsite supportive services will be provided to help promote independence.

![Project image](image)

The purpose of the 40 Permanent Supportive Housing units at the Redtail Ponds project is to: (1) empower and equip formerly homeless and disabled residents in Fort Collins and Larimer County with the skills and resources to help them live as independently as possible; (2) integrate the building and its residents into the surrounding community; and (3) construct a well-designed, high performance building that is energy efficient, secure, comfortable and cost effective to operate.

In the thriving area of South Fort Collins, just south of the City’s busiest intersection at Harmony Road and South College Avenue, the Project location offers incredible access and livability along with mountain vistas and exterior space for gardening and enjoyment. Adjacent to the future South Transit
Center and adjoining the Mason Trail, this four-story supportive housing development is perfectly located to serve a highly transit dependent population.

The 9-acre site includes impressive natural features as well as significant infrastructure (roads, bridges, street trees, retaining walls) that make the site development ready. The building, exterior gathering areas, and parking will consume the majority of buildable space on the site. The site plan is sensitive to the surrounding environment and avoids any impact to wetlands and habitat. Approximately 0.9 acres will be left for a future community garden/urban agriculture component to be privately funded through a partnership with FCHA and the Hand Up Cooperative. The size of the site allows FCHA to develop a therapeutic landscape that respects the natural environment while also making efficient use of a development ready property. FCHA currently has the land under contract and has completed Phase I environmental reviews.

The project has received broad community support as it is directly in alignment with city stated goals, including City Plan Fort Collins (February 2011) and the 2010-2014 Fort Collins Affordable Housing Strategic Plan. These goals and policies reflect the entire Fort Collins community as well as the local leadership’s commitment to reducing homelessness and serving the needs of the community’s most at risk and vulnerable population. Local business has also come together to support this project. New Belgium has awarded FCHA a $50,000 local grant as this project embodies so many of their values (see Letter of Support attached), and the South College Business Association (See Letter of Support attached) has come together to favor the permanent supportive housing model as the most effective tool to address homelessness in our community.
Redtail Ponds will include 54 one-bedroom units averaging 500 square feet and 6 two-bedroom units averaging 750 square feet. All units will be independent living apartments. The new construction four-story development will be consistent with Fort Collins’ General Commercial zoning for the site. A portion of the first floor will be used as office space for the property management and supportive services staff to serve the needs of the residents, as well as communal space for the residents. Surface parking will be located in a lot along Conejos Road. The respected design-build team of Studio Completiva and Fransen Pittman General Contractors has joined FCHA in conceptualizing the development and estimating the costs of completion.

FCHA is a leader in affordable housing development and progressive programs that provide housing and prevent homelessness including Single Room Occupancy, Community Dual Disorders Team program, Mainstream Vouchers, Veterans Administration Supportive Housing and the recently funded and highly competitive award of 50 Family Unification Vouchers. FCHA has also been an active leader in the creation of community-wide efforts including the Murphy Center for Hope, Pathways Past Poverty, and Homeward 2020.

**Residents To Be Served**

40 units at 0-30% AMI, 6 units at 31-40% AMI, 14 units at 41-50% AMI = 60 units

The forty (40) units for 0-30% AMI will be specifically designated for homeless individuals with disabilities.

**Bedroom Mix**

54 One Bedroom Units

6 Two Bedroom Units

**Amenities**

All units will have standard amenities including full kitchens and bathrooms, closets, air conditioning, telephone and CATV wiring, and appliances, including garbage disposals and dishwashers. The building will have laundry facilities on each floor, two community rooms with a common kitchen, a wellness room, fitness room, library, computer room, secured bike storage, video surveillance systems, secured
access, elevator service, and exterior gathering areas. The large community room will have an attached kitchen for “house meetings” and gatherings, and a smaller community/dining room that can also be used as a conference room. In addition, a 500 sf, core and shell commercial kitchen space is provided for future tenant/partner.

The courtyard area will be surrounded by a perimeter fence. It will also contain a patio area, shelter with tables, community lawn, bocce court and landscaped gardens. A gravel trail wanders through the landscaped area and may be incorporated into emotional, physical and occupational therapy. There is also a “smoking room” on each floor with outside patio/deck access for residents located at the south end of the east wing of the building.

A one acre strip of land will be held for a future community garden/urban agriculture component for residents to utilize personally and also receive job training and work experience in coordination with the on-site commercial kitchen. One option being pursued is a partnership with The Hand Up Cooperative, a local non-profit providing career counseling, job training, and supportive employment to homeless individuals, and Colorado State University to create an agricultural business that would consist of an outdoor garden as well as a greenhouse. The labor to grow the produce would be completed by the residents and the fruits and vegetables could then be sold on the open market.

**Detailed Type of Construction**

The construction type is V-A, four-stories of woodframing above slab on grade. The building consists of four program components: residential dwelling units, communal amenity spaces, supportive programming spaces, and a (future) commercial kitchen component. The building will be 49,625 gross square feet. A community outdoor recreational space will be constructed with the interior courtyard facing South and West. A (future privately funded) community garden will run North and South along the Mason Trail to the west. Access to the bike trail and open space to the West and South, and the existing wetlands to the East, will be provided.

Building configuration is primarily a skewed 4-story ‘L’ shape with 1 story protrusion to the West at the ground floor level which houses some of the supportive programming spaces. The central entry and circulation core is included for a higher level of finish than the remainder of the building. It will consist of storefront glazing and Sandstone masonry elements with roof overhang weather protection elements. The structure will be approximately 46’ in height. Exterior finishes will likely be a combination of direct applied fiber cement panel with fry-reglet joint system (90%) and masonry (10%).
Levels 1-4 will be R-2 occupancy with 1 hour fully automatic sprinkler (NFPA 13) throughout. There will be 1-hour horizontal separation between levels throughout the building and 1-hour rating at demising walls between the residential units.

**Energy Efficiencies**

The Project is expected achieve a minimum of 95 points under the Enterprise Green Communities Guidelines by utilizing various green building techniques, including compliance with Energy Star Highrise guidelines, energy efficient appliances and lighting, and smart meters to track energy usage. The use of solar panels on the roof will be investigated to determine if the space is sizable enough to accommodate such a system.

Landscaping will include mostly native xeriscaping, rain gardens, and a minimal amount of turf. Native habitat will be emphasized compliment the adjacent Redtail Grove Natural Area. Site lighting will be energy efficient and designed to minimize light pollution.

In estimating the project cost, FCHA considered all strategies for the mandatory and identified optional criteria. Though only schematic design has been completed at this point, FCHA estimates for an Enterprise Green Communities compliant project is realistic and attainable.

**Site Suitability**

Utilizing the Corporation for Supportive Housing’s Toolkit for Site Selection, FCHA convened a Site Selection Team made up of 15 community stakeholders to develop site criteria, identify possible locations for this project, and utilize a triple bottom line approach in decision-making. The expansive criteria list included appropriate land use and zoning, access to transit, jobs and recreation, as well as the potential for being a healthy integrated TOD community. The development team then searched for potential sites that embodied the vision of the project and met the criteria. The selected location at Redtail Ponds clearly meets the Site Selection Team criteria while also achieving significant economic, social, and environmental (triple bottom line) benefits.

The project is ideally located in south Fort Collins adjacent to the Mason Trail and 0.2 miles from the future South Transit Center (southern terminus of the MAX Bus Rapid Transit system scheduled for construction July 2012). Due to its transit proximity and potential for increased density, the site is within the TOD Overlay Zone. In addition to transit access, the site provides ideal pedestrian and bicycle connectivity and space to include a large covered bicycle parking adequate for 60 bikes. The Mason Trail
offers a convenient north/south route for cyclists and pedestrians. This trail provides a direct link to major destinations, activity centers, and it links to the city’s expansive trail network.

The project is in a stable community with good access to arterial roadways, transportation, employment centers, services, and commercial shopping. The Project is within 0.8 mi of the Harmony Marketplace that includes King Soopers and Walgreens and just over a mile from the Front Range Community College and Harmony Library.

Also less than a mile to the south is Touchstone Health Partners’ Spirit Crossing Clubhouse. Touchstone is a primary project partner, providing an on-site case manager and program support. Their Spirit Crossing Clubhouse is an Employment Network for the Ticket to Work program, and a vendor for Division of Vocational Rehabilitation, making it an exciting nearby resource for many supportive housing residents. Overall, the South Fort Collins location provides tremendous access to transportation, jobs, education, and services located along the Harmony Road and South College Avenue (Highway 287) Corridors. With spectacular southern views of the Redtail Grove Natural Area and western views of Horsetooth and the Rockies, the site also provides a highly desirable and therapeutic living environment.
Railroad Proximity

The site selection process for the Project has been explained, and it became clear through that process that proximity to transit, especially the Mason Corridor BRT system, was critical. The Burlington Northern-Santa Fe rail line runs along the west side of the site, beyond the Mason Trail. FCHA acknowledged that proximity to the Mason Corridor and Mason Trail likely meant proximity to the railroad. The Mason Corridor runs along the railroad right-of-way throughout Fort Collins. The railroad also runs through the heart of downtown Fort Collins and it has not affected the marketability of other residential and commercial development despite being within close proximity to intersections where locomotives sound their horns. Although near the rail line, Redtail Ponds is over a mile away from the Harmony intersection where horns are used. Factoring in the elevation difference between the closest point on the building, noise levels identified through a noise assessment result in a 66 DNL. This is within the “normally unacceptable range” but can be mitigated and reduced to the required 61 DNL. In fact, the City of Fort Collins Green Building Code will require the roof and the materials used in the proposed structure to address exterior sound transmission. This means that the material will further reduce interior sound levels. The Design Team has coordinated with a sound engineer to ensure that noise impacts are fully mitigated with the building design and materials. Many places in Colorado have thriving TOD communities along heavy rail corridors because the convenience of transit access can outweigh potential negative impacts of the railroad. In this case, FCHA believes the railroad noise impacts are minimal and easily mitigated through the use of materials, making the site a great potential location for a thriving community.

Supportive Services

On-site support services will be provided by FCHA to help residents with a healthy transition from the streets to a home. Supportive housing combines housing with services that help people who face the most complex challenges to live with stability, autonomy and dignity. A great deal of work has gone into the sustainability of service providers. Strong partners include Touchstone Health Partners, the Sister Mary Alice Murphy Center for Hope, and numerous agencies involved in the Homeward 2020 Ten Year Plan.

For many individuals who have been homeless and/or who have special needs or disabilities, affordable housing combined with supportive services has proven to be the link to stability and an enhanced
quality of life. A hallmark of supportive housing is the ability to adapt services to meet the various needs of tenants. Services are intended to maximize residential stability, quality of life, choice, and independence among tenants. Services need to maximize each tenant’s ability to be self-sufficient; be appealing and easily accessible; and must be individualized, flexible, and adaptable.

The goals for the supportive services are

- Maintaining housing stability among tenants who were once homeless
- Increasing participation in job training and rates of employment
- Increasing participation rates in substance use and mental health treatment services
- Increasing the number of tenants who have improved physical health

Helping tenants remain housed and meet occupancy requirements is of central importance. Staff will focus on tenant recruitment and selection, rent payment, lease compliance, maintaining an apartment, skill development, recreational activities and moving on from supportive housing.

The role of supportive services staff in recruiting and selection tenants is to help determine if applicants can meet the obligations of tenancy with the supports available. Interviews with potential tenants will be conducted focusing on the ability to abide by the terms of the lease including housekeeping and ability to live in the apartment complex. Supportive housing tenants typically have very low incomes.

Paying rent can be a challenge on a limited or fixed income, especially if unanticipated personal needs arise or a crisis occurs. One example of a personal need would be medication which can be a major expense on a fixed income. Support services staff will assist residents in utilizing programs in the community they may qualify for such as prescription assistance. Staff will also assist residents in applying for income assistance programs such as Supplemental Security Income/Disability or Aid to Needy Disabled to determine if they qualify. Strategies to help ensure that the rent is paid range from representative payee arrangements to less intensive interventions such as budgeting assistance.

Leases and house rules describe expectations for behavior. Repeated violations are grounds for eviction. Examples of violations include nonpayment of rent, disruptive behavior, and repeated conflicts with other tenant. While these are problems that require the involvement of property management staff, supportive services must also focus on these behaviors and the underlying issues that put the individual’s continued tenancy in jeopardy. For some tenants it is necessary to provide instruction about how to maintain their units. Individual premises may become a health or safety hazard due to a lack of
cleaning or the accumulation of “stuff”. Staff can also act as mediators or problem solvers to try and resolve disputes tenants may have with one another.

Activities that bring tenants together and promote the development of relationship and mutual aid are important. Working with people in groups is also an efficient method for providing a service or teaching a skill. Classes and workshops provide opportunities to learn new information and skills on topics such as cooking, yoga, nutrition, job skills and financial literacy. Classes and workshops involve diverse groups, and they can be adapted to a wide range of interests and abilities. These types of activities are usually time-limited and often involve guest lecturers and instructors.

Recreational activities provide many positive impacts. Physical benefits include improved physical and mental health. Social benefits include promoting stewardship, volunteerism and reducing crime. Recreation brings neighbors together, encourages safer, cleaner neighborhoods and creates a livelier community atmosphere. Providing opportunities to foster relationships with and among tenants enhances the overall stability of a supportive housing project. Recreational activities both on and off site are an important component of supportive housing. Support services staff will coordinate and organize regular opportunities for recreation.

**Staffing and Supervision**

Each PSH resident and others needing services will be assigned a case manager who will design a program for each resident to help them achieve long-term stability and self-reliance. This may include basic services, such as guidance for cooking and cleaning, or complex services, such as accessing treatment for substance abuse and mental health issues, applying for a job or obtaining healthcare benefits. FCHA will also secure on-site services for veterans, provided by the Veteran’s Administration (VA), in conjunction with their Veterans Affairs Supportive Housing Project Based Housing Choice Vouchers (VASH) vouchers.

The service operations will be patterned after successes of the FCHA and local mental health agencies in providing permanent housing for formerly homeless individuals and in helping persons with co-occurring mental health and substance abuse disorders. For almost two decades, FCHA has operated a Single Room Occupancy (SRO) program, which provides 42 units of permanent housing to formerly homeless individuals in Fort Collins with limited case management and supportive services. In 2008, FCHA joined with Mental Health Connections, Touchstone Health Partners and Larimer County Corrections to provide scattered site tenant based rental assistance, case management and therapeutic services to persons
dually diagnosed with mental health and substance abuse disorders. These programs employ national best practices through harm reduction and evidence-based supportive housing to reduce hospitalizations, alcohol and substance use, arrests and incarcerations and help residents retain stability in housing. The proposed project will expand on and learn from the successes and challenges encountered by these programs.

A key practice in supportive housing is that supportive services staff work in partnership with property management staff to meet the needs of tenants. Careful selection, training, support and supervision of staff ensures staff knowledge of tenants’ special needs and issues and encourages staff to develop solutions that are effective for each tenant. Staff will have a presence on-site 24/7. Positions and primary duties include:

**Program Director/Supervisor** – (1.0 FTE) The Program Director oversees program development, implementation, coordination and evaluation; provides regular supervision to direct service staff; orients new staff to program mission, goals, policies and procedures; coordinates site coverage; ensures that the development and implementation of service plans are consistent with program goals and of maximum benefit to tenants; monitors and evaluates staff performance; coordinates supportive services with building management services; develops and modifies policies and procedures; identifies problems related to resources and personnel management; oversees production of internal and external reports; oversees compliance with funders.

**Property management** – (1.0 FTE) The Property Manager is responsible for the day-to-day management of the property, including maintenance, tenant screening, leasing, rent collection, fiscal management, funder compliance reporting, and other responsibilities.

**Case managers** – (2.0 FTE) Case managers coordinate the social services used by tenants including medical, psychological and social services by developing working relationships with various systems of care and by advocating for individuals when necessary. They help to ensure that tenants are receiving optimum levels of services and provide direct services as well, including outreach and engagement, individual support and counseling, crisis management, and independent-living skills training.
Case Aide - (1.0 FTE) Case aides supervise the point of entry, assist case managers in carrying out their responsibilities by providing support and concrete assistance to tenants, assist/train tenants in the skills of daily living, and escort tenant to appointments when necessary.

Overnight and Relief – (2.0 FTE) Overnight staff provide overnight supervision and monitoring, communicate with team members regarding clients’ issues, follow through with program decisions, plans, and expectations, respond to crisis/emergency situations.

Front Desk – (.5 FTE) The front desk position provides coverage during peak hours when case managers and property management are doing other functions. The front desk monitor greets residents and ensures that all guests are checked in. This position provides an opportunity for employment of residents who are in good standing.

Sustainability of Service Operations

The Fort Collins Housing Authority received a competitive grant of $258,984 from the Housing and Urban Development’s Continuum of Care process for annual ongoing funding of operations and supportive services for the Redtail Ponds project. Once the project is operational the annual funding award will be made in perpetuity.

Type of Financing

The following types of financing and local subsidies have been combined to make the Project economically feasible:

- CDBG through the City of Fort Collins- $455,000
- HOME funds through the City of Fort Collins - $586,078
- HUD Supportive Housing Grant – $258,984 (annual)
- New Belgium Brewing local grant (for community garden project) - $50,000

FCHA has requested $400,000 from the FHLB Affordable Housing Program in its Spring 2012 round. Preliminary scoring easily exceeds previously funded projects. FCHA has been successful in obtaining FHLB funding for previous renovation projects and expects to receive an award by September 2012. FCHA also plans to request $800,000 in funding from the Colorado Division of Housing. CDOH has provided a letter of support for this project and ongoing support of FCHA development. CDOH
acknowledged the anticipated funding application and indicated that the Project meets an identified CDOH Priority.

In addition, FCHA will commit 40 project-based Housing Choice Vouchers to the project and the VA has agreed to support project basing 15 VASH vouchers to Redtail Ponds.

**Qualified Allocation Plan (QAP) Guiding Principles**

- **To support rental housing serving the lowest income tenants for the longest period of time.** Redtail Ponds is a 100% permanently affordable supportive housing development. Income targeting for the permanently affordable project includes 100% of the units being restricted to very low income individuals at or below 50% AMI. Of these 60 units, 40 units (67% of the total) will be targeted to 30% AMI individuals, and 6 units (10% of the total units) at 31-40% AMI, and 14 units (23% of the total units) will be targeted to 41-50% AMI individuals. Many of the tenants for this project will be homeless individuals with no income, income for which FCHA may provide assistance to applicants during the qualification process.

- **To distribute housing credits to assist a diversity of populations in need of affordable housing, including homeless persons, persons in need of supportive housing, senior citizens, and families.** The project, by its nature as a supportive housing development, serves homeless individuals with disabilities and others in need of supportive housing and services. The Project will promote inclusiveness by providing housing to a population that is often ‘boxed out’ of mainstream housing.

- **To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those at risk of converting to market rate housing.** Redtail Ponds will be sixty, new construction, 100% permanently affordable housing units to the local housing market, which currently demonstrates need for new housing stock through an overall vacancy rate of 2.6%.
To provide for distribution of housing credits across the state. Fort Collins and Larimer County have never received tax credits for this target population, which includes the community’s most at-risk and vulnerable individuals.

**QAP Housing Priorities**

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

**Homeless Persons**

The Project will provide supportive housing for at least 40 homeless individuals and provide supportive services to help maintain and increase their independence. Supportive housing combines affordable housing with services that help people who face the most complex challenges live with stability, autonomy and dignity. Partnership with the Veteran Administration, Touchstone Health Partners, and the Hand Up Cooperative will provide additional supports and services to the residents at this location.

**Persons with Special Needs**

Homeless adults with a disability are the target population for the 40 supportive housing units. The project includes four (4) Type A fully compliant ADA units and for the remainder of the units a universal design will be used which will allow any of the remaining units to be adapted with grab bars and become Type A fully accessible ADA units. The homeless and very low income populations being served typically include a high percentage of people with either mental health or physical disabilities. On site mental health and social services will be provided to meet the special needs of these residents.

**Market Areas of Pent-Up Demand for Affordable Housing**

As noted in the Market Study and evidenced by the waiting list of tenants of all our existing facilities, there is incredible pent-up demand for affordable housing in the Fort Collins area. The vacancy rates in Fort Collins are at 2.6%, among the lowest in the state. This is commonly felt by Section 8 recipients who continually struggle to find rental housing in this market. The project meets the housing priority described as market area of pent-up demand for affordable housing where submarkets have an overall rental vacancy rate of lower than four percent.
Locally, TOD Overlay Zone. The TOD Overlay Zone is within the TOD Overlay Zone. The TOD Overlay Zone is less than one-fourth of a mile from the planned South Transit Center, the project is within the TOD Overlay Zone. The planned transit center will be the southern hub for many routes and will provide a Park-n-Ride, ample bicycle parking, and connection to the Mason Corridor and Mason Trail. Construction of the Mason Corridor is underway, and the South Transit Center will begin construction next month, July 2012, with the system fully operable by 2014, soon after Redtail Ponds is constructed.

The Mason Corridor is a five-mile, north-south byway within the City of Fort Collins. The Corridor will feature Colorado's first Bus Rapid Transit (BRT) Corridor, known as MAX (Mason Express). BRT is similar to light rail transit and uses environmentally-friendly, modern rubber-tired vehicles. Buses will run from 5am to midnight Monday through Saturday with ten minute departures during peak hours, providing even greater transit service than most fixed rail.

Future South Transit Center Design

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

Market conditions
Point-in-Time surveys, 100,000 Homes Registry Week, shelter numbers, and FCHA waiting lists confirm a strong need for this type of housing. As the first permanent supportive housing development in Fort Collins and Larimer County, there is a significant need for this type of housing in the northern Colorado area. The Market Study further demonstrates strong demand for the sixty (60) units and very low capture rates.

Readiness-to-proceed

The proposed development meets and exceeds the readiness-to-proceed threshold requirements and is, in fact, shovel ready. The 9 acre site is under contract, zoned and fully entitled with 90% of the

16
onsite/offsite infrastructure in place. Preliminary conceptual review meetings have already been held with the City. The approved subdivision and related development plans for the Redtail Ponds Office Campus Major Amendment (approved August 16, 2007) consisted of 49 housing units and approximately 70,000 square feet of office space in four buildings. Only a Type I Major Amendment is needed to amend the existing Planned Development.

Based on the April 26, 2012 Purchase and Sale Agreement, FCHA required the sellers to resolve the protective covenants restricting residential use of the property. The necessary support for the covenant change was approved by the owners thereby removing the property from any covenant restrictions.

The Phase I Environmental Study is complete which shows no further action is required. Schematic drawings have been completed as well as the cost estimates from a third party estimator.

To promote community awareness and participation, two voluntary neighborhood workshops have been held and the Enterprise Green Communities Charrette was completed. Individual meetings were held with each of the neighboring office park owners as well. The funding sources, including LIHTC equity investors have expressed strong interest to participate in the project. FCHA will be able to meet all the carryover requirements and secure tax credit commitments and financing within 12 months of a LIHTC reservation.

With appropriate zoning, most of the on-site/off-site infrastructure in place, funding commitments, interested equity partners, and broad community support, we believe we are more ready than a typical tax credit project at this stage and will therefore be able to begin construction very quickly.

Overall financial feasibility and viability

The project has leveraged multiple sources to ensure economic success, thereby requesting only the minimum amount of credit needed for the financial feasibility of the project. The financial structure is based on obtaining layered financing sources. The HUD CoC annual grant award of $258,984 will assure long-term operational feasibility as it will be renewed annually in perpetuity. The combined sources of funding are enough to meet the project’s expected costs.
<table>
<thead>
<tr>
<th>Source Type</th>
<th>Amount</th>
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<tbody>
<tr>
<td>City HOME</td>
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<tr>
<td>City CDBG</td>
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<td>DOH Home</td>
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<tr>
<td><strong>With DDA Boost</strong></td>
<td><strong>$11,405,959</strong>*</td>
</tr>
</tbody>
</table>

*excludes $258,984 HUD CoC annual operating grant

Experience and track record of the development and management team:

The Project will be developed and managed by the Fort Collins Housing Authority in partnership with the Villages, Ltd., a nonprofit organization that was formed to extend the capabilities of FCHA beyond the scope of federal programs. FCHA has 41 years of experience building and managing affordable housing developments, including experience successfully managing 130 apartment financed through the Low Income Housing Tax Credit program. Together the Development Team has experience with development, stabilized lease-up, and management of over ten (10) LIHTC developments throughout the state.

**Development and Management Team**

FCHA’s senior management is experienced in development and management of affordable housing. Executive Director, Julie Brewen has led FCHA for 13 years. Prior to this position she was the Executive Director of the Minot North Dakota Housing Authority. Ms. Brewen is a certified Public Housing Manager and has a great deal of experience with and knowledge of the acquisition, development and management of affordable housing. Chief Financial Officer, Duane Hopkins, joined FCHA in March 2010 to lead financial and business operations. Mr. Hopkins has over 25 years experience in top financial roles that include managing development and funding, financial recovery and operational restructuring. Portfolio Manager, Nancy Stafford, extensive experience as a director of property management and as
an asset manager. Her background includes work with both for-profit and nonprofit companies. She is a Certified Property Manager (CPM) through the Institute of Real Estate Management and a Housing Credit Certified Professional (HCCP) through the National Association of Home Builders. Chadrick Martinez, Development Director, has over 15 years of affordable housing development, acquisition rehabilitation and property management experience. Mr. Martinez is an expert in all areas of real estate development utilizing private and government financing opportunities, a skilled manager of the full range of construction processes and a passionate advocate for affordable housing. Kristin Fritz, Senior Project Manager, joined FCHA in October 2011. Kristin has ten years of city planning and project management experience. Her background includes work with small communities and large metropolitan agencies managing partnerships for affordable housing projects and sustainable development. She is a member of the American Institute of Certified Planners since 2007.

Supportive Service Experience

FCHA manages over 1,100 units of rent assistance from several sources, including Housing Choice Vouchers, project-based Housing Choice Vouchers, SRO Mod-rehab Section 8 funds, Tenant-based Rental Assistance obtained from the City of Fort Collins and Colorado Division of Housing’s HOME funds specifically for our homeless programs, VASH Vouchers and Family Unification Program (FUP) Vouchers and services. FCHA’s Supportive Services team is lead by Michele Christensen, Resident Services Manager, who is a licensed clinical social worker. FCHA has a great deal of experience providing supportive services to homeless and chronically homeless individuals through its SROs that have been in operation since the mid-1980s. FCHA provides the "Housing Case Manager" for its collaborative Community Dual Disorders Treatment program which houses a minimum of 12 formerly chronically homeless, dually-diagnosed individuals with severe needs.

The Fort Collins Housing Authority is proud of its excellent reputation for providing varied housing programs for low and very-low income families and has an excellent track record. FCHA has sufficient capacity, financial stability and vast LIHTC experience to construct and manage the proposed project.

See the enclosed FCHA Homeless Services Resume for additional FCHA experience providing homeless services.

Design Team

Studio Completiva was founded in 1995 with a dedication to design excellence and a deep commitment to affordable, multi-residential housing for a diversity of populations. The award-winning firm has as its
core mission the development of affordable communities that bring a marked, positive impact both to
the lives of the residents and the greater neighborhood. The firm has completed over 600 multi-
residential units in Colorado and has extensive experience in tax credit residential development. Yong
Cho has 20 years of design and construction administration. As an architect, he embraces the
opportunity to create innovative architecture through informed, in-depth and rigorous process.

Cost reasonableness:
Although sizable for 60 units, the 9-acre site was a great value when taking into account the existing
infrastructure and entitlements. Fransen Pittman, the Project’s third party cost estimator, evaluated the
on-site infrastructure and determined the value to be almost double the agreed upon sale price for the
land. See attached ALTA Survey. The below-market price was achieved by offering tax break incentives
to the seller and successful negotiations with the seller.

Proximity to existing tax credit developments: There are no comparable permanent supportive housing
projects within Fort Collins or Larimer County, the primary and secondary market areas for the proposed
project. Significant analysis of the Market Area is included in the attached Market Study. The in-depth
study points favorably to the success of this project. Demand is high with low capture rates based on
best available estimates of the homeless population and 40% to 50% AMI population. As the first
supportive housing development in northern Colorado targeting homeless individuals, Redtail Ponds
should compete very well.

Waiver Justification

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 - While the Per Unit Per Anum is higher than a typical low-income housing development, the
on-site supportive services, critical to the success of the housing first model, is the primary contributor.
Additionally, the annual maintenance budget is much higher for this project. Both the supportive
services and maintenance budgets are based on best practices research and recommendations from
current supportive housing managers. FCHA believes the operating cost is justified as the supportive
services plan for the project is modeled after national best practices for housing first developments. The
case manager to resident ratio ensures that even high-need residents will have adequate access to
services to promote their stability and independence. With the HUD Continuum of Care annual grant
award for operations and services, there is a sustainable funding source to covering operating costs,
justifying an approval for the high PUPA shown in the application.

Although FCHA is not requesting any other waivers in CHFA’s underwriting criteria, it should be noted
that there is an error with CHFA’s 15 year pro forma on the application. The Project will not have any
hard debt; therefore there is no debt coverage ratio.

**Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:**
Redtail Ponds is designed to provide high quality energy efficient housing for some of our community’s
most needy population, homeless individuals with disabilities. In order to promote stability and
independence, significant on-site supportive services will be provided. The project will not be able to
support permanent debt because of the high cost of operations and services associated with the
housing first model targeted at homeless individuals. At the same time credit rates are low at 7.33%,
reducing the potential amount of credit award and making these types of projects more financially
difficult. The DDA boost combined with other soft financing will help make the Redtail Ponds project
feasible.

**Address any issues raised in the market study submitted with your application:**
FCHA concurs with the statements and recommendations made in the enclosed Market Study.

**Describe and demonstrate local support for the project (including financial support):**
In partnership with City of Fort Collins, Homeward 2020, Touchstone Health Partners, the Sister Mary
Alice Center for Hope, and numerous other partners, the Fort Collins Housing Authority has been
building consensus around the Housing First model and the Project at Redtail Ponds for over two years.
The support letters from widespread community organizations, businesses, and interests demonstrate
broad based support and excitement for the Project. Community support has also translated into
substantial funding commitments, including $1.04 million in local CDBG/HOME funds, $258,984 per year
of HUD Supportive Housing Program funds awarded through the Continuum of Care (CoC) Balance of
State, and a $50,000 local grant from New Belgium Brewing Company for a community garden or
commercial kitchen at the site. The Veterans Administration Rocky Mountain Network has also agreed
to request approval to project-base 15 housing vouchers from the VA/HUD, which includes case
management. Because of the current critical need to house this population, the community has stepped up to provide this broad based support.

In addition to the letters of support attached to this application, FCHA voluntarily hosted two successful public workshops with support from the City of Fort Collins Neighborhood Services. The first visioning workshop was held on May 9, 2012 where neighbors came to learn more about the project and ask questions. Numerous partners attended to demonstrate their support. The second half day workshop was held on May 16, 2012 where the public was invited to participate in the development of design concepts with the development team based on the outcomes of the Enterprise Green Communities Charrette. Again, neighbors, supporters, and partners, including City Planning staff, attended. Primarily favorable responses were received, particularly in response to the on-site services, property management and site plan. City Planning staff have been very helpful in supporting the site selection and prior to the public workshops, FCHA spent months working closely with staff from the City Manager’s Office, Natural Resources, the Office of Sustainability, Advance Planning, Neighborhood Services and the Affordable Housing Board to build consensus around FCHA implementing the housing first model in Fort Collins.

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.

Soft Funds Documentation Attachments:

1. **Overall Financial Feasibility and Viability – CDOH.** Letter of Support from the Colorado Division of Housing indicating ongoing support of FCHA and anticipated grant funding application in the amount of $800,000.

2. **Overall Financial Feasibility and Viability – FHLB.** Letter verifying that FCHA submitted a competitive application to FHLBank Topeka requesting $400,000 in funds.

3. **Overall Financial Feasibility and Viability – HUD CoC.** Award Notice for the Continuum of Care Homeless Assistance competitive grant award in the amount of $258,980 to the Fort Collins Housing Authority.

4. **Overall Financial Feasibility and Viability – CDBG and HOME.** Award Notice from the City of Fort Collins confirming the CDBG and HOME allocation totaling $1,041,078.
Project Name: *Sable Ridge Apartments*

Project Address: 4203 Chambers Road, Denver, CO 80239

**Project Description and Characteristics:**

**Location:** Southeast edge of the Montbello neighborhood in Denver, Colorado. The project will have relatively quick and easy access to DIA, Fitzsimons, Stapleton and Northfield.

**Construction Type:** *Sable Ridge Apartments*, a new, four story, 50 unit slab-on-grade stucco and brick veneer over concrete and wood building, will provide both the permanent quality and flexibility that will allow it to stand the test of time. It architecturally complements the design of the adjacent *Sable Ridge Residences*, a 4% LIHTC property also developed by Kenneth A. Walker and Associates in 2003, which together will be enhanced by a planned connecting courtyard.

**Tenants Served:** *Sable Ridge Apartments* is an affordable, independent senior community. The unit breakdown addresses the strong demand for 2-bedroom units and the strong demand for lower rent units as demonstrated at *Sable Ridge Residences*, which offers 50%, 60% and 80% AMI units. Maximum monthly rents will comply with HUD LIHTC regulations.

**Unit Size/Range:**
- 1 bedroom: 584 - 729 sq. ft.
- 2 bedroom: 720 - 829 sq. ft.

**Unit Mix:**

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<tr>
<th>unit type</th>
<th>quantity</th>
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<tbody>
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</tr>
<tr>
<td>2 bedroom</td>
<td>31</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>
Affordability Mix:  

<table>
<thead>
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<tr>
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<tr>
<td><strong>Total</strong></td>
<td><strong>3</strong></td>
<td><strong>12</strong></td>
<td><strong>35</strong></td>
</tr>
</tbody>
</table>

Type of Financing: Total project cost is estimated at $9.3 million. The project anticipates a combination of construction, permanent and equity financing sole sourced through its bank, subordinate financing from the City of Denver and Colorado Division of Housing, as well as developer fee deferral. Letters and indications of interest have been received from all.

Unit Amenities: Private balconies and patios (34 of 50 units)
Individually controlled heating and air conditioning
Well equipped kitchen featuring EnergyStar appliances, stove, self-cleaning oven, dishwasher, refrigerator, garbage disposals, and vented kitchen exhaust fans
Walk-in closets (some units)
9-foot ceilings with ceiling fans
Hardwood, carpeted and tiled flooring
Step-in showers
Storage space

Exterior Common Amenities:
Large courtyard adjacent to Sable Ridge Residences with picnic tables and barbecues
Community gardens

Interior Common Amenities:
On-site management
Secured access
Elevator
Hallway handrails
Large community room with full kitchen, library shelving, dining room
Media room with flat-screen TV and game tables
Fitness center
Laundry room
Vending court with drinks and snacks

Additional Options:
Additional storage
Carports
Strategies for Green Communities and Energy Efficient Design Standards:

Sustainability and efficiency have been established as priorities from the pre-development stages of Sable Ridge Apartments. Site selection takes advantage of access to existing infrastructure, community amenities and transit opportunities. The Development Team includes LEED accredited professional architect David Langley of David A. Langley and Associates and Spectrum General Contractors that employ LEED Accredited professionals for both project management and on site. Environmentally responsive construction includes:

- Low emissions of volatile organic compounds (VOCs)
- EnergyStar rated appliances and mechanical and windows vented kitchen exhaust fans
- High performance lighting
- Insulated, double-paned low-e coating windows
- Water-Smart fixtures and water smart landscaping

Guiding Principles:

Consistent with at least five of CHFA’s Guiding Principles, this new construction Sable Ridge Apartments project will support some of the lowest income tenants for the longest period of time as our mix indicates 30%, 40% and 50% AMI, and gives CHFA an opportunity to provide 9% Tax Credits in an area that has not been provided in the past. As a for-profit affordable housing developer with a proven track record in an existing 4% Senior Housing Project adjacent to this development, we intend to demonstrate our commitment to senior housing.

Housing Priority:

Sable Ridge Apartments is designed as a senior accessible building without a need for conversion in any unit, and with many amenities and services within the project and nearby.

Criteria for Approval:

Market Conditions:

The project site is located in the Montbello area adjacent to the existing Sable Ridge Residences, a 4% tax credit property funded using Private Activity Bonds. Sable Ridge Residences was opened in 2003 and offers 61 total units: 22 units restricted at 50% AMI, 22 units at 60% AMI, and 17 units at 80% AMI. Under the current management company, which has operated the building since 2008, we have maintained full or nearly full occupancy over the last five years, typically with one or no vacancy. Units are filled quickly when there is turnover and vacancies have typically been in the market-rate designated units.

The intent for the planned Sable Ridge Apartments is to address a strong demand from potential renters for units restricted at lower AMI levels than are currently offered and to
respond to strong demand for additional 2 bedroom units, as Sable Ridge Residences has 18 only, 2-bedroom units.

Upon examination of the prior home location of its residents Sable Ridge Residences has drawn its residents as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within a 4-mile radius</td>
<td>54%</td>
</tr>
<tr>
<td>Other Denver Metro</td>
<td>38%</td>
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<tr>
<td>Other Colorado</td>
<td>4%</td>
</tr>
<tr>
<td>Out-of-State</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Over half of the Sable Ridge Residences residents lived within a four-mile radius from the property just prior to move-in. All but two of the 38% of residents drawn from elsewhere in the Denver metro area came from the east side of Interstate 25, between I-70 on the north and Iliff Ave. on the south, an approximate 10-mile radius. The in-migration that the developer is able to achieve is a benefit not only to Sable Ridge Apartments but also the Montbello neighborhood as a whole.

The overall capture rate for this project is determined to be 9.9%, with the 30% AMI being 1.3% and the 40% AMI at 4.9%. The capture rate for the 50% AMI units is less than the 25% threshold although slightly above the desirable 20%. We strongly believe this rate is attainable because there are only 24 units restricted at 50% in the entire PMA currently. In addition, all but 2 of the existing 50% AMI units are in our own existing adjacent project, and with the number of inquiries we’ve had over the years we have a good sense of the demand at 50% AMI. Further, this is a very low-income part of Denver with a great shortage of quality affordable rental housing units. The subject property will address these needs.

Readiness-to-Proceed:

We already own the land and it is properly zoned for the project. Per the attached letters of interest and support, likely participation from the financial partners indicated, and our architect’s approved amended PBG, we are well situated to proceed; and anticipate being able to meet the tax credit program’s carryover requirements. We have an excellent relationship with the permitting agencies. Further, we have worked well with all members of our Development Team, including attorneys, contractors and consultants.

Overall financial feasibility and viability:

The project’s pro forma has been developed using the Floating Rate APR instead of the 9% Fixed Rate. It is based on discussions with our anticipated financial partners and the letters of interest received and included with our Application. It provides for adequate reserves and indicates that the building meets the minimum debt service coverage requirements and developer fee payment from cash flows.
Experience and Track Record of Development and Management Team:

The developer has been involved in real estate development for the past 30 years and has developed over 20 projects, including both residential and commercial. We have as many years in property management experience. We have assembled a team of professionals whose experience with the LIHTC program altogether we believe is adequate to ensure the success of the project. The developer, Sable Ridge Development, LLC, is lead by the passionate, committed Kenneth A. Walker, which developed its 61-unit Sable Ridge Residences in 2003, located adjacent to the subject project. Sable Ridge Residences has been managed successfully by the developer’s property management division, Kenneth A. Walker and Associates. As noted in their resumes attached to the Application, our CPA firm, architects, consultants and general contractor all have significant experience with LIHTC developments.

Cost Reasonableness:

Our project costs have been developed primarily based upon actual third party estimates and indications as well as comparison to recent projects. In addition, the annual credit amount we seek as well as the amount of credit per low income unit is reasonably and relatively low.

Proximity to Existing Tax Credit Developments:

There are two tax credit-funded senior apartment properties in the market area that are true, competitive tax credit funded properties comparable to the subject property: Sable Ridge Residences (adjacent to the planned project) and Clyburn at Stapleton, on the western edge of the market area. Sable Ridge Residences serves 50% to 80% AMIs and has no vacancies while Clyburn has only two 50% AMI units.

Site suitability:

*Sable Ridge Apartments* is the next phase of Sable Ridge Plaza, a 13.5 acre planned mixed-use development. *Sable Ridge Plaza* includes diversified housing stock with neighborhood serving retail and services in a safe and inviting environment. Services and amenities appropriate for the population served:

- **Transit:** adjacent local bus route and nearby DIA bus line; the developing expanded RTD FastTracks station will be within 1 mile.

- **Neighborhood Serving Retail:** convenient grocery stores, restaurants and retail services across the street and within 1 mile; Northfield shopping and restaurants few miles west

- **Social Services:** Denver Health; University of Colorado Hospital; Arie Taylor City and County of Denver Office Complex (offices for Human Services, Workforce Development, District #11 City Councilman; Montbello Library; VA Hospital at Fitzsimons (under construction)
- **Parks and Recreational Opportunities:** Village Place Park; Montbello Recreation Center with strong Senior programming

Issues in Market Study:

Given the area’s diversity, we acknowledge the importance of ensuring that design, programming and marketing of the project are appropriate. We will also consider adding more balconies or patios if feasible financially and otherwise, to further enhance marketability. In addition, while the market study mentions potential location factors, they are overcome by strong demand, sound proofing and height of the building creating excellent visibility.

**Summary of Project Strengths and Weaknesses:**

**Strengths**

1. The project addresses and responds to a strong unmet demand for renters at the lower AMI levels than currently offered.

2. The subject will be located directly adjacent to the existing Sable Ridge Residences. This will provide greater opportunities for social interaction and connection for seniors living in both buildings.

3. The subject site is located in a desirable area of Montbello. Within short distances, residents would have access to dining options, convenience stores, fast food, banking, parks, city amenities such as recreation centers and libraries, and health care.

4. Overall, the level of amenities planned for Sable Ridge Apartments is similar or superior to that offered at selected comparable tax credit senior apartments.

5. We plan to include a patio or balcony in most units. The subject will also include community storage available on a first-come, first-served basis. We believe these amenities are highly desired by seniors and should enhance the marketability of the community.

6. Sable Ridge Development, LLC is experienced in senior housing, having developed the adjacent Sable Ridge Residences, which has been operating at full occupancy. Our management company, Kenneth A. Walker and Associates, has experience in senior programming, as we currently operate Sable Ridge Residences.

7. The site is located just north of I-70, one of Colorado’s most significant east-west corridors; it also is just 0.8 miles northeast of the I-70 and I-225 junction. This confluence will provide excellent access to the site for residents and visitors. In addition, the site is 0.8 miles directly west of the planned East Rail Line Station.
Weaknesses

Given its location near I-70, and not as near to a light rail line, some might find it not as desirable as some other recent tax credit properties. We strongly believe, however, that the project is well positioned to be successful. The adjacent property has operated successfully for a number of years, with even higher, market rents, indicating that the area is able to attract renters. In fact, the records show that with the Sable Ridge Residences project we have brought people into the community from other parts of the City. Additionally, the co-location of the new property adjacent to the existing building should make both even more desirable.
Project Name: TLC Washington Center Apartments
Project Address: Southwest Quarter of Section 35 (south of Washington Center Parkway and east of Washington Street), Thornton, CO 80233

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 to 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:**
The TLC Washington Center Apartments (the “Project”) is a new construction development located in Thornton responding to the senior population’s pressing need for quality, affordable housing, as indicated by the capture rate of only 6.6% in the Market Study. This Project will provide affordable, modern housing for seniors and is an excellent integration with InnovAge Greater Colorado PACE’s (formerly known as Total Longterm Care, Inc. – please see end of narrative) mission to help people age with dignity and independence in their homes and communities.

The Project is a 4 story, 72-unit building for independent senior living in an interactive community setting. The units will be generous 1- and 2-bedroom apartments, each including a full kitchen with energy star appliances, washer/dryers, ceiling fans, blinds, balconies, patios with shade awnings, and other amenities. Many residents will have views west to the Rocky Mountains, and large windows will be constructed in the development to provide these coveted views.

InnovAge Greater Colorado PACE (“IGC” or the “Developer”) owns and operates a Program of All-inclusive Care for the Elderly (PACE) center less than a mile away from the Project site. With
the great need for senior housing in Thornton and Northglenn, and the proximity to InnovAge Greater Colorado PACE’s recently completed PACE center, IGC moved forward with purchase of the land and currently has the site under contract. The land is currently zoned as Commercial Retail and IGC is in a rezoning process with the City of Thornton. Zoning approval is anticipated on August 6, 2012.

**Construction:**
Upon award of credits, the Project is planned to achieve financial close on approximately January 31, 2013 with construction commencing immediately and completion scheduled for January 31, 2014. The single building will be ground up construction, consisting of wood framed construction with cement fiberboard panel and plank siding. The building will include two elevators.

**Population and Bedroom Mix:**
The population served at the Project will be seniors. The Project will be 100% affordable, with 8 units serving residents at 30% AMI and below, 15 units serving residents at 40% AMI and below, 30 units serving residents at 50% AMI and below, and 19 units serving residents at 60% AMI and below. The Project is planned with 50 1-bedroom units and 22 2-bedroom units.

**Location, Amenities and Services:**
The building will enhance residents’ sense of community through a wide variety of spaces including a sun garden room, a beauty salon, an exercise room, a theatre room, a game room, and other versatile spaces for gathering and interacting.

Property management staff (Ross Management Group) is experienced in organizing a wide-range of social and recreational programs, such as potlucks, parties, exercise classes, card clubs, book discussion groups, music, movie night, etc. Staff will also assist residents to access services provided by local public and private not-for-profit senior services agencies, including special transportation, senior centers, recreation centers, home-delivered meals, subsidized legal and financial services, temporary home care, etc. In addition, residents will have the opportunity to get haircuts and styled hair in the beauty salon. The salon will be open several days a week and operated by a local stylist.

Exterior common amenities will include a large courtyard adjacent to the lobby that will function as an activity center for community barbecues, shuffleboard, or bocce ball. Community gardens and a fruit tree grove are planned for the site, designed with raised beds for easy access for all residents. There will be extensive, wide paths and areas of shade and seating to encourage outdoor activity and outdoor interaction among residents.
The site is less than a block away from the Thorn creek Shopping Center that features a full service grocery store (groceries and pharmacy), a number of restaurants and other shops including Walgreens, Sunflower Market, Barnes and Noble, Olive Garden, and Chipotle.

Eligible residents may choose to enroll in InnovAge Greater Colorado’s PACE Program. PACE (Program of All-inclusive Care for the Elderly) is an innovative system of care designed to meet the needs of nursing-home eligible individuals with coordinated healthcare, home care and day programs. PACE is a program for older adults and people over age 55 living with disabilities. The program provides community-based care and services to people who might otherwise need a nursing home. Health care is provided in the home and at Day Centers. IGC professionals, experts at working with older people, work with the participant and his/her family to develop the most effective plan of care possible based on need. IGC provides transportation to and from the PACE Center, where participants obtain medical care at the PACE Center (medical, optometry, podiatry, and dental). In addition, the participants can participate in daily activities in the day centers. Meals are provided to the participants at the Center. The Program will be strictly voluntary for the future residents of the proposed IGC Washington Center Apartments. Such residents will not be required in any way to enroll in the PACE Program.

In addition to the PACE program, InnovAge Home Care (formerly known as Seniors Inc.), an affiliate company, provides in-home services, information, and support to help aging individuals live safely and comfortably at home. Care is customized from a menu of home health services, and trained Certified Nurse Assistants (CNA) and Personal Care Providers (PCP) provide an extensive range of services. Care Managers conduct reviews of each client case and amend care plans every three months. Specialists also help with advice about Medicare and Medicaid and can assist with activities like balancing the checkbook. These services are offered to all residents who are not eligible for the PACE program and allows IGC to provide a large spectrum of care to a diverse population of residents. The InnovAge Home Care program is covered either through Medicare, Medicaid, the client’s own insurance or client self-pay (“private pay”).

**Energy Efficiencies:**
Enterprise Green Communities criteria will be followed as a baseline for green, sustainability and energy features.

All plumbing fixtures are specified as low-flow for additional water savings. The strategic placement of skylights and glazing for day lighting corridors and enhanced low-E glazing in specific locations susceptible to increased solar gain captures additional energy savings while maximizing value. Low water landscaping design conducive to obtaining applicable LEED credits
is also envisioned if LEED certification is pursued. Low VOC and renewable materials are always specified where possible. Extensive lighting control systems (occupancy sensors and/or time clocks) will be utilized throughout the building to reduce energy costs. An innovative addition to the usual efficient building elements is our collaboration with building operators to analyze mechanical system control sequencing to fine tune energy use by building users.

Other possibilities for sustainable elements include integration of grey water Gravity Film Exchanger (GFX) devices installed in walls to capture waste heat from bathing fixtures and laundry appliances, which reduce water-heating costs. Blown-in cellulose building insulation for superior energy efficiency performance will also be researched as a possibility.

Additional energy use reduction and innovation is possible with the installation of Photovoltaic panels along with other passive/active solar thermal systems and techniques such as exterior finish metal panel solar cladding to capture heated air to be ducted into the rooftop mechanical unit to reduce gas load for corridor heating. The use of Photovoltaic and other passive/active solar thermal systems are systems that IGC would ideally like to make available for the Project, and if there is room in the budget to consider these systems, they will be added. At a minimum, roof structure will be designed to accept future installation of Photovoltaic or solar thermal systems.

Construction activities will be closely monitored to ensure LEED credit points related to the construction process are coordinated and secured such as construction waste and recycled materials management and use of regional materials among other credits applicable to this project phase. Ideally, IGC would be pleased to pursue LEED certification. However, if pursuing LEED certification were to be cost prohibitive to the Project, IGC would not pursue the certification and focus on providing the most affordable housing for the longest time, while being as green as possible. No number is currently budgeted to pursue LEED certification, but if there is room in the budget, the costs will be evaluated and added.

Finally, IGC will follow a program of implementing post occupancy satisfaction surveys for building residents one year after occupancy to gather information in many areas such as thermal comfort, indoor air quality, lighting etc. to further instruct and refine our understanding of environmental design strategies for future projects.

**Financing:**
The new construction Project will be primarily financed by permanent first mortgage debt and equity resultant form the LIHTC allocation. Using 9% LIHTCs allows this Project to be realized at the proposed aggressively affordable rents. The Project will be 100% tax-credit eligible.
InnovAge Name Change:

To establish and strengthen the brand of the family of companies and position Total Community Options or TCO (parent of Total Longterm Care or TLC) as a continuum of care for aging adults, TCO embarked on a branding initiative to connect all services and affiliates, positioning TCO as the resource for aging services support. Utilizing many months of accumulated research, a brand platform and implementation strategy was developed.

Through this effort, a new corporate brand name of InnovAge was established for TCO. In addition, we have changed the business names of our affiliate companies to reflect the new corporate brand and to better identify the services we provide. Each affiliated company will now begin with the name of InnovAge (example, InnovAge Greater Colorado PACE replaces the name of Total Longterm Care). Introduction of the new name to the market has begun and will continue throughout 2012.

In addition, the narrative should address the following:

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

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

   The Project will commit to serving low-income seniors for at least 40 years. While the affordability mix covers AMI households from 30% to 60% AMI or below, the proposed unit rents average a combined 44% AMI. It is IGC’s intention and preference to maintain this low-income target in keeping with IGC’s non-profit mission and culture.

   *To provide for distribution of housing credits across the state*

   While the proposed development is in the Denver metro area, Thornton is an area with few housing tax credit projects and no senior tax credit projects. As shown by the Market Study’s sub-seven percent capture rate, there is proven need for affordable housing in Thornton, especially for seniors. Awarding tax credits to this Project will further CFHA’s objective of the even distribution of housing credits across the metro area and state.

   *To distribute housing credits to assist a diversity of populations in need of affordable housing, including . . . senior citizens . . .*
IGC’s entire business is built around providing care to seniors that allows them to age in place independently. The TLC Washington Center Apartments fit well with CHFA’s priority to assist senior citizens in need of affordable housing, and are in concert with IGC’s priority of supporting economically challenged seniors. By providing and coordinating healthcare, home care and support, IGC helps many people continue to live in the community with dignity and independence. And, IGC provides caregivers the peace of mind that their parent or spouse is enjoying the best quality of life possible.

PACE is based on the premise that it is better for the well-being of seniors with chronic care needs and their families to be served in the community whenever possible. PACE provides community-based care and services to people who otherwise need nursing home-level of care. PACE offers a package of medical, social and rehabilitative services designed to preserve or restore enrollees’ independence, to allow them to remain in their homes and communities, and to maintain their quality of life, not to mention providing such care in a significantly lower cost manner.

Providing affordable housing to seniors is the next step for IGC in being responsive to seniors’ needs.

*To support new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects*

This Project is the new construction of 72 units where there are currently no senior LIHTC projects and represents a strong investment in accord with CHFA objectives.

2. Identify which housing priority in Section 2 of the QAP the project qualifies for (please select only one):

   IGC’s services help seniors stay as healthy as possible so they can continue to live in their own homes and communities. Building an affordable senior project aligns with IGC’s mission and development agenda. Providing housing is the next step for IGC to help aging individuals enjoy enhanced quality of life.

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:
   
   a. Market conditions:
There are no senior tax credit units in the Thornton area at this time. As the Market Study indicates, capture rates for the Project overall is 6.6% with individual capture rates for the 30%, 40%, 50% and 60% AMI units ranging between 3.9%-10.0%.

b. Readiness-to-proceed:

The Project site is under contract and the zoning entitlements in process. The development team is confident of the ability to complete necessary building permit processes in time to close the financing and commence construction in December 2012. IGC has assembled a strong development team including Studio Completiva architects and aligned attorneys and consultants to execute the Project’s timely delivery. IGC has worked closely with Shaw Construction on the plans and cost estimating but reserves the right to bid the GMP. As an organization, IGC is an investment grade rated organization with extensive experience in developing large-scale projects including constructing complex facilities for the delivery of medical and community services.

c. Overall financial feasibility and viability:

This new development delivers 72 units to a community with no current senior LIHTC projects. The LIHTC equity closes the gap so that IGC can deliver and operate the proposed Project with rents in-line with their targeted population. IGC is requesting the boost up to 123%, which enables IGC to keep its resources focused on providing the largest amount of services to the widest population of economically challenged seniors possible.

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

IGC is a Colorado nonprofit corporation formed in December 1989 to become Colorado’s first Program of All-inclusive Care for the Elderly (PACE), a system of care designed to meet the needs of nursing home-eligible individuals. PACE providers help individuals stay in their homes and communities rather than entering nursing homes by combining medical care, community-based home and healthcare services, and day programs.

IGC is dedicated to providing quality care and services to enrich the physical, social and spiritual dimensions of the lives of older adults. IGC’s mission is “To
enable frail individuals to live with dignity in their communities.” Since IGC began its PACE operations in 1990 with one location in Denver, IGC has grown to own and operate five day centers. Four of the Centers serve the Denver metro area: Capitol Center, which IGC management expects to replace with the Broadway Center (in Denver), Cody Center (in Lakewood), Chambers Center (in Aurora), and Thornton Center that replaced the Pinnacle Center (in Thornton). The Pueblo Center is located approximately 110 miles from Denver in Pueblo.

IGC always works with a Construction Manager on their development projects, and in the case of this Project, the Construction Manager is Max C. Martin of MAX Consulting, LLC. Please find Mr. Martin’s resume attached under Tab 14.

In addition to the IGC Centers, IGC manages Pinewood Lodge, a 103-unit LIHTC apartment complex in Aurora that was placed in service in 2005. IGC became the general partner of Pinewood Lodge in 2008. IGC’s involvement in Pinewood Lodge has given them experience in the operation and oversight of tax credit affordable housing development. Prior to their purchase of the general partner interest in Pinewood Lodge, it was suffering from low occupancy and other issues. Since IGC became general partner and assigned management to their property manager, Ross Management, Pinewood Lodge is currently at 100% occupancy and is running smoothly.

Additional description of IGC’s centers and operations are included in the Applicant Information section of the application. Further, IGC has recently completed its second public offering of tax-exempt bonds issued by Colorado Health Facilities Authority. Included is a copy of the official statement for the bonds.

e. Cost reasonableness:

The Project presents 72 new units with specific desired amenities such as balconies and washers and dryers in each unit with a per unit cost of only $166,644 and a hard construction per unit cost of $103,713. These units will be highly desirable and yet are reasonable uses of the rare LIHTC resource.

f. Proximity to existing tax credit developments:
There are no senior tax credit developments in the Thornton/Northglenn area. There is one other tax credit development (Squire Village Apartments) within the market area, but this property serves families.

g. Site suitability:

The Project is less than a mile away from an IGC PACE Center, which provides many essential services for seniors, should residents wish to participate.

The Project is also located two blocks away from two major arterial bus routes, one on 120th Avenue that goes from Broomfield to Brighton, and one on Washington Street that serves the Thornton area.

A new driveway access to Washington Center Parkway is planned at the northern part of the site, which will lead to resident parking in the northeast section of the site.

The site is a stable site that has been in use for many years, with no known problems regarding slope, noise, environmental hazards or flood plain.

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:

IGC is requesting the boost up to 123%. This boost allows IGC to keep their aggressive unit mix serving a wide range of seniors over a long period of time with an average rent level of 44% AMI. Without the basis boost, the same unit mix that is so important to the senior population in Thornton would not be feasible.
Most significantly, IGC is dedicated to providing quality care and services to enrich the physical, social and spiritual dimensions of the lives of older adults. IGC’s mission is “To enable frail individuals to live with dignity in their communities.” The proposed Project located adjacent to IGC’s recently completed PACE center in Thornton and as a low-income rental property will possibly be home for users of IGC senior supportive program. The boost enables IGC to keep its resources focused on providing the largest amount of services to the widest population of seniors possible.

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

**Market Study Recommendations:**

*Evaluation of the Location*

Overall, the location of the proposed Washington Center Housing is very good and will contribute to its marketability. The features of the site that impact marketability include the following:

*Potentially Negative Location Factors*

1. Drive-by marketing will be limited by the visibility of the site. The site is insulated from major corridors by small collector streets. Marketing staff will want to utilize marketing along E. 120th Ave. and along I-25 in order to attract residents.

**Response:** IGC will endeavor to use marketing along East 120th and I-25 as suggested. IGC is further relying on their own senior network, the experience of Ross Management in attracting renters, and the Adams County Housing Authority waitlist.

2. The surrounding undeveloped land may be undesirable to certain seniors. It cannot be known what, if anything, will be developed on the land surrounding the site; however, the developer hopes to continue development of senior apartments on the site directly west of the subject site. Undeveloped land to the east of the site is zoned Multi-Family, allowing for multifamily residential uses. Undeveloped land to the north is zoned Planned Development, a ‘special-case’ zoning, allowing for “innovative development projects...that can assist in the implementation of the City’s Comprehensive Plan.” Undeveloped land to the northwest and west is zoned Business Park, allowing for a multitude of commercial and industrial uses, but not residential.
Response: IGC is aware of the potential change to the landscape as additional development happens around the property and surrounding parcels and will be very diligent in staying connected to and providing strong input to the City of Thornton’s land planning process regarding all future proposals for surrounding development. IGC will consider amenity options such as van transportation for its residents subject to operating costs in order to minimize impacts during future developments.

Common Amenities
Extra storage is a highly-prized amenity for seniors, and providing this amenity will increase the subject’s marketability.

Response: IGC understands this recommendation and will consider options with their architect and general contractor.

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

According to the completed Phase I Environmental report, there is no evidence of recognized environmental conditions in connection with the subject property.

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

As outlined in the City of Thornton letter in the Scoring section of the application, the City is aware of and working with IGC. “The proposed project would assist the City in achieving the goals of the City’s Affordable Housing Policy Statement.”

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

N/A

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

Example 2: Soft funds documentation to support that amount of soft funds listed in the Application can be secured could be labeled as follows: Attachment Overall Financial Feasibility and Viability or Overall Financial Feasibility and Viability.pdf, etc.
Project Name: Village at Westerly Creek, Building 2  
Public Housing Redevelopment

Project Address: 850 South Ironton Street, Aurora, 80012, Arapahoe County

Village at Westerly Creek, Building 2, Interior Entrance Elevation

Buildings 1 & 2, Village at Westerly Creek, Site Plan with landscaping
Project Description: The Village at Westerly Creek, Building 2, is the second phase of the redevelopment of the remaining public housing units known as Buckingham Gardens. Buckingham Gardens, the public housing currently on site, has 65 remaining units in three, two-story “motel style” apartments. It was never developed for a senior population and is ill-suited to meet the needs of the seniors and the disabled. The existing units have exterior stairs and uncovered entries, making the units difficult and dangerous to navigate in inclement weather. The exterior entries make the units less safe for the seniors, as there is no security system in place. Additionally, there is no central air conditioning system, and no units are fully accessible (nor would it be cost effective to adapt them). Significantly, the buildings have no fire suppression, which is a health and safety issue that must be addressed. There are limited community amenities within the existing Buckingham Gardens public housing development.

The redevelopment of the 11-acre Buckingham Gardens site is the largest public housing redevelopment site in Colorado outside of Denver (DHA’s Park Place is 14.9 acres). AHA has used an innovative approach to revitalize its aging public housing community. The site is ineligible for HOPE VI funding, a typical approach to public housing redevelopment, for the following reasons: it is not in an area of concentrated poverty (though nearly all of the residents live below the poverty level), it is not considered ‘severely distressed’ (it receives high REAC scores), and it is housing for the elderly and disabled (who are unlikely to gain access to employment – a goal of HOPE VI).

Buckingham Gardens Public Housing is also infeasible as a renovation/modernization using the 4% (non-competitive) credit. A Physical Needs Assessment completed in 2010 for HUD indicated that property modernization would cost nearly $7 million, and would gain only 12-15 years of useful life. A new structure, though more expensive, will have a 35-50 year life. This actuality is one of the primary reasons that the U.S. Department of Housing and Urban Development approved the disposition and demolition of the site.

Instead of using HOPE VI funds, AHA has leveraged $2.8 million of its own cash to obtain $1.35 million of Federal HOME funds; this $4.1 million is combined 28% of total development cost. For both buildings 1 and 2, AHA total cash infusion of $5 million has raised $3.31 in additional Federal funds for an $8.31 investment. This $8.31 million represents 30% of the total build-out costs of nearly $28 million for both phases of development. In addition, the land is being leased to the project at a nominal rate to further suppress total development costs.

The first phase of Village at Westerly Creek -- a 55-unit development awarded a 9% LIHTC in 2010 -- will commence occupancy in August 2012. All 55 units were pre-leased to existing Buckingham Garden residents. Demand for these new units was intense: all units were rented “sight unseen” within a 7-hour period held on May 7, 2012.

In short, the remaining portion of the site must be redeveloped to provide an accessible, safe, and sustainable environment for both existing and future seniors. The remaining 65 residents at Buckingham Gardens live in physically, functionally, and economically obsolescent dwellings. They await their opportunity to live in a sustainable, serviceable, and safe community and remain connected to their neighbors, friends and services offered in VWC Building 1.
**Detailed type of Construction:**
The proposed building is “L” shaped, with 65 units located on 4 elevator-accessed floors. The overall design of the Village at Westerly Creek is contemporary, with elements that complement the surrounding single-family residential neighborhoods.

- Wood-frame construction, 4 stories
- Post-tension elevated concrete slab, over the parking garage located at grade
- Flat roof with parapets, sheathed in heat reflective white membrane surface
- Photo-voltaic panels ballasted to roof, providing at least 10% of electrical usage
- Building exterior clad in a combination of masonry, pre-colored corrugated metal, and cement siding.
- Windows are double-paned vinyl in the residential units, aluminum storefront at the common areas.
- “Aquatherm” heating system: the water heater is a dual function appliance that can provide comfortable, efficient heating as well as hot water for domestic use.
- Units have 12’ ceilings on main floor, 9’ ceilings on all other floors.
- All units will be accessed via an internal corridor serviced by two elevators and 3 sets of stairs.
- All units have patios or balconies
- Sloped, barrel and flat roof lines will be used to provide a more residential feel and variation in facade

**City of Aurora Construction Standards/Ordinances:**
- City of Aurora “Residential Masonry Standards”, dated January 29, 2005, requires that brick or stone be used to cover at least 60% of the building façade, or 80% must be a combination of brick/stone and plaster. Other materials, such as cement paneling, may only be used to cover a maximum of 20% of the building façade. This creates a highly appealing, if more costly, appearance.

- “Parking Ordinance”, dated January 15, 2005, requires 1.5 parking spaces for each 1 BR unit and 2 parking spaces for each 2 BR unit. For VWC 2, this would equate to 105 spaces. **AHA has successfully achieved a waiver of this parking requirement to allow for 0.61 spaces per unit, excluding h/c spaces.**

- City of Aurora Landscape Ordinance date March 6, 2012 requires detached sidewalks and a ‘tree lawn’ buffer with 1 tree and 10 shrubs for every 40’ of land (with designated minimum sizes). Permanent irrigation systems are required to maintain all landscaping.

**Population Being Served:**
The residents to be served are the remaining 65 senior / disabled households in the public housing units known as Buckingham Gardens. These residents have a median age of 68 and a median annual income of $8,631 (below the poverty level). A striking majority of these residents (68%) have physical and/or mental disabilities. The Village at Westerly Creek has been purposefully created to eliminate the dilapidated Buckingham Gardens public housing, and allow residents to remain in independent living units for a longer period of time. Once Building 2 is completed and the residents relocated across the lot, the remaining public housing structures will be demolished.
Bedroom Mix:

<table>
<thead>
<tr>
<th># BR (Unit Plan)</th>
<th>Size (square feet)</th>
<th>Unit Count</th>
<th>Voucher Rents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 BR</td>
<td>652</td>
<td>22</td>
<td>$652</td>
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<tr>
<td>1 BR</td>
<td>664</td>
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<td>719</td>
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</tr>
<tr>
<td>1 BR</td>
<td>854</td>
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<td>$652</td>
</tr>
<tr>
<td>2 BR</td>
<td>1,027</td>
<td>15</td>
<td>$824</td>
</tr>
</tbody>
</table>

Location:

**Surrounding Neighborhood Description and Amenities:** The area to the East and immediate South of the site is almost entirely residential, consisting of mainly 1970’s constructed, modest single-family houses. Slightly further South, along Tennessee Avenue, is a mixture of residential and commercial areas with a variety of services. Two blocks to the West of the site is Havana Street. This thoroughfare is almost exclusively commercial, consisting primarily of car dealerships, auto repair shops, small commercial and restaurants. To the North of the site are older multifamily-rental (and condominium properties), as well as the Aurora Stables – a livery and boarding stable founded in 1947. The Highline Elementary School (Cherry Creek School district) is located due northeast of the site.

**Shopping:** The Gardens on Havana, the recently redeveloped shopping center (formerly known as Buckingham Square) is located two blocks south of the site along Mississippi and Havana Streets, and includes Sprouts (Sunflower) Farmer’s Market, Dick’s Sporting Goods, Kohl’s Department Store, a Super Target, several restaurants, banks and various other small, retail and specialty stores. There is a King Soopers supermarket under one-half mile south of the site, and a Safeway about one mile south of the site. Approximately two miles away is the Aurora Town Center, a regional shopping mall that includes over 125 specialty stores, including department stores such as Macy’s and Dillard’s. A WalMart is two miles away – a “Shoppers’ Special” RTD bus visits The Village at Westerly Creek on a weekly basis to take residents directly to the store.

**Hospitals and Doctors:** The property is located very close to many medical centers. The nearest full-service hospitals to the site are Rocky Mountain Urgent Care (1.6 miles) and the Medical Center of Aurora, which is 1.8 miles southeast of the site. A Kaiser Permanente outpatient facility is located within 0.5 miles of the site. North 2.5 miles of the site is Triumph Hospital, a Long Term Acute Care hospital that specializes in patients whose conditions are severe and complex enough to preclude them from being accepted into a rehabilitation hospital or a skilled nursing facility. The Fitzsimons Medical Campus is located 3.2 miles from the site, Spalding Rehab Hospital is 2.8 miles away, and Concentra Urgent Care Center is located about 3.5 miles southeast of the site. For those residents who may desire home care services, Pathways Home Care Center is located only two blocks south of the site.
**Government Offices:** The Aurora City Government offices are located about two miles northeast of the site, including the Central office of the Aurora City Police department. The closest Fire Station is located 1.25 miles east of the site on E. Mississippi and Peoria. A US Postal Service store is located 1 block south of the site on Ironton Street. There is an active ‘Neighborhood Watch’ in the community.

**Places of Worship:** There are at least 20 places of worship located within a five-mile radius of the site. The nearest church to the site is the Village East Baptist Church, located on Mississippi Avenue 0.4 miles southeast of the site. Also nearby is the Church of Christ, which is 0.4 miles from the site on Fulton Street.

**Cultural and Recreational Services:** The Expo Recreation Center is located very near the site (0.3 miles), and offers classes, instruction, and exercise equipment. The Expo Recreation Center is located within Expo Park, a 57-acre public park that has walking paths, tennis courts, playground, and a disc-golf course. Utah Park, located 1.3 miles from the site, is a 46-acre park with indoor swimming facilities, tennis courts, softball fields and walking trails. About two miles north of the site is the Aurora Center for Active Adults (ACAA), which offers classes and seminars, dances, sports leagues, meeting space for clubs and special groups, day trips, fitness, tax assistance, bingo, visiting nurse’s health clinic, and other offerings for adults aged 50 and older. There is a special RTD bus twice monthly that takes Buckingham Gardens residents to the ACAA. The Martin Luther King Jr. Library is located 3.3 miles north of the property, on East Colfax at Emporia Streets in Original Aurora. The Aurora Fox Theater is located adjacent to the Martin Luther King Jr. Library.

**Access and Transportation:** The nearest major streets to the site are East Mississippi Avenue, which runs East-West, and Havana Street, which provides access to the site from the north or south. Mississippi Avenue is two blocks south of the site; Havana Street is two blocks west of the site. RTD services both of these streets with regular and frequent bus service; #11 for Mississippi, and #105 along Havana. The nearest highway to the site is I-225, which is about two miles east of the site.

**Amenities:**
AHA used a combination of resident and neighborhood focus groups, plus professional consultation, to design the amenity package of Village at Westerly Creek. AHA met with its residents on 18 separate occasions within the past four years, and held 5 meetings with area neighbors and neighborhood organizations. Additionally, AHA consulted with gerontologists and other senior living specialists to ensure that the development amenities would be both appealing to seniors now, and allow residents to remain in independent living for as long as possible. The design of the site is a result of the input received from residents, neighbors, and experts. These amenities include:
VWC Community Amenities (located in Building 1 or on VWC Campus):

- Large community room, approx 3,000 sf, with seating capability for 100-120
- Active and passive landscaped areas, for enjoyment and exercise
- Community Room has community pantry and kitchen for resident events
- Large community garden area
- Private office for visiting health professionals
- On-site leasing, management, maintenance, Senior Community Builder

Building 2 Amenities:

- Parking Garage with 35 spaces, including 4 h/c spaces. 11 uncovered/guest parking spaces, with 2 h/c spaces adjacent to building entryway.
- Exercise room
- “View Deck’ Terrace on west side of 4th floor of 1100 square feet with unobstructed panorama of Front Range
- Two, fully accessible elevators and fully accessible trash chutes on every floor
- Secured building entry access system with exterior cameras
- Photo-voltaic panels on roof to provide renewable energy source for common areas
- “Snow-Melt” walkways: heated sidewalks from Building 2 entry to Building 1 entry, during winter months
- High efficiency heating and cooling systems
- Fire sprinklers located throughout building
- Mail boxes are located within the building
- H/C accessible laundry rooms on each floor
- Coffee Bar / Living Room lounge on main level with fireplace

Individual Unit Amenities:

- Each unit to have a balcony or patio
- All units will be able to be visited by those in wheelchairs, and all are handicapped adaptable; 10 units (6.5%) will be fully H/C accessible, which exceeds the required minimum
- 15 units (23%) will have two-bedrooms, making it easier for couples, or for those who need full-time caregivers to occupy the space
- Each kitchen will have Energy-Star rated appliances
- Each kitchen will have a large pantry
- All lighting within units will be energy efficient Compact Florescent lighting
- All bathrooms to have showers with built-in seating. Grab Bars in all bathrooms.

On-Site Services:
The Village at Westerly Creek community has on-site leasing, management and maintenance services. In addition, a private office is included in the community to provide for visiting professionals, such as visiting nurses and other health professionals, and a beauty salon that will be operated by an outside agency.

The Aurora Housing Authority has on staff a full-time Senior Community Builder, who will have a physical office on-site. The Senior Community Builder develops linkages between residents and a wide variety of community resources, including case management; transportation to medical appointments,
meal sites, and grocery stores; home management that includes housekeeping and bill paying services; health education and fitness classes; and free food distribution. The Community Builder also encourages resident socialization through events, such as weekly Bingo and Yahtzee, holiday activities, Spring Fling, summer barbeques, and the annual Senior Ball dinner and dance.

**Description of Energy Efficiencies:**
The Aurora Housing Authority received an “Energy Design Assistance” grant from Xcel Energy. With this grant, Xcel selected and paid for a 3rd party consultant to provide energy modeling and rebate information for the Village of Westerly Creek. The strategies to be employed at the Village at Westerly Creek include the following:

- **Energy-Star rated unit appliances**
- **Insulation:**
  - Exterior wall improved above code level: R-19 batt plus 2” of spray polyurethane *within* the stud cavity (for R-22 total insulation)
  - Roof insulation of R-20ci
- **HVAC:**
  - 80%-efficient Aquatherm units
  - ≥13 SEER split DX cooling in units and corridors
- **Lighting:**
  - Hardwired compact fluorescent lighting (CFL) in units
  - Corridors have CFL mounted reflective ceiling fixtures
  - E-star rated fixtures within units
- **Photo-voltaic:**
  - Panels located on roof to provide a minimum of 10% of total load calculation (approx. 80Kw)
- **Mechanical Items:**
  - ASHRAE 90.1 2004 exceeded by 15%
  - Bathroom Energy Star rated exhaust fans to exterior
  - Kitchen exhaust to exterior
  - Clothes dryers ducted to exterior
  - Programmable Thermostats
- **Plumbing Items:**
  - Power vented water heaters specified
  - Low-flow showerhead and faucet fixtures
- **Other:**
  - Low-E, Multiple Pane, Energy Star Qualified Windows and Glass Doors
  - Low Volatile Organic Compound (VOC) Interior Paint
  - Green Label Certified Floor Coverings
  - Radon barrier
Type of Financing:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>% of Total Cost</th>
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<tbody>
<tr>
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<tr>
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<tr>
<td>City of Aurora HOME</td>
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<td>1.7%</td>
</tr>
<tr>
<td>Arapahoe County HOME</td>
<td>$250,000</td>
<td>1.7%</td>
</tr>
<tr>
<td>Aurora Housing Corporation HOME</td>
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<tr>
<td>LIHTC Equity</td>
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<tr>
<td>AHA-Cash + Deferred Dev. Fee</td>
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<tr>
<td>TOTALS</td>
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</table>

Local, State, and Federal Subsidies:

**Federal:** HUD has approved, and AHA will administer, rental assistance to 100% of the units through its Housing Choice Voucher program. The existing residents are all income eligible for a voucher, which will be project-based to the new development.

**Colorado Division of Housing:** The State’s Division of Housing supports an application of $650,000 for the development of this phase. This matched the State’s previous commitment to VWC Building 1 of $10,000 per unit.

**City of Aurora:** The City of Aurora Community Development division has provided support for an AHA application of $250,000 of the City’s HOME funds. Additionally, the waiver of building permit application and licensing fees are estimated to be a savings of $455,000.

**Arapahoe County:** Arapahoe County has agreed to support an application for HOME funds in the amount of $250,000. Prior to the funding of VWC Building 1, Arapahoe County had never previously supported any funding to Aurora Housing Authority project.

**The Aurora Housing Corporation:** AHC is a designated Community Housing Development Organization (CHDO) in the City of Aurora, and eligible for specifically designated HOME funds. Although these funds have been dramatically reduced in recent years, AHC has agreed to pledge the entire 2012 allocation of $130,000 toward VWC2, and up to an additional $70,000 of their 2013 allocation (pending Congressional budget approval at 2012 funding level), for a $200,000 maximum contribution.

**Aurora Housing Authority:** Most significant to the development of the project is the substantial financial contribution that AHA is making to the project. In 2007, AHA was able to sell 70 scattered-site, single family public housing homes. The net proceeds from the sales of these units are in interest-bearing accounts, and approximately $2.5 million of these funds were used in the development of Building 1. AHA intends to contribute the remaining $2.37 million of these funds for Building 2.
Per agreement with HUD, the funds must be used to create additional affordable housing. The AHA contribution of $2.37 million of cash, plus $445,000 of deferred developer fees, to the development represents 19% of the total development cost. Additionally, AHA is leasing the land to the project for a nominal annual payment.

Combining VWC1 with this VWC2, AHA’s total cash commitment has been $5 million, and has leveraged this to raise $3.24 million in HOME funds from the State, the City, the County, and the locally designated CHDO. The total build-out cost for this redevelopment is nearly $28 million, and AHA cash and HOME funds have provided for 30% of the total costs. This is an unprecedented amount of funding for any developer, and demonstrates strong belief and commitment to success of this project by the Aurora Housing Authority, the State, the County, the City, and the community.

**CHFA Questions:**

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.
      - The seniors / disabled currently at the Buckingham Gardens public housing development have a median annual income of $8,631. The project will serve 65 residents of who live below the annual poverty level. AHA will keep these units affordable for the longest period of time possible. The residents will receive Housing Choice Vouchers, which ensures the long-term rental assistance for these very-low income tenants.

   b. To distribute housing credits to assist a diversity of populations in need of affordable housing, including homeless persons, **persons in need of supportive housing, senior citizens**, and families.
      - Building 2 of the Village at Westerly Creek will continue to provide housing for seniors and other eligible households with physical and mental challenges. Of the 65 remaining residents of Buckingham, 44 households (68%) have documentation of physical and/or mental disabilities. These residents need a safe and supportive environment to be able to live independently, and for a longer period of time.

   c. To support the new construction of affordable rental housing projects as well as acquisition and/or rehabilitation of existing affordable housing projects, particularly those at risk of converting to market rate housing.
      - The Village at Westerly Creek replaces deteriorated public housing units with newly constructed, sustainable, efficient, and modern units.
d. To reserve credits for as many rental housing projects as possible while considering the Priorities and Criteria for Approval in the following sections.
   o The Village at Westerly Creek meets the Priority of serving seniors, as well as meets the following 2012 Primary and Secondary Selection Criteria:
      ➢ Low Income Targeting, including 30% AMI units
      ➢ Community Revitalization Plan
      ➢ Extended Low Income Use
      ➢ Housing Needs Characteristics: this development will replace units with significant physical defects. The development scores high in the LIHTC application Tables C-1 and C-2 (16 points of possible total of 20 points)

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 Aurora Housing Authority has received preliminary commitments of $1.35 million in funds from state and local entities, and is providing nearly $2.82 million of its own funds toward the development. These two contributions represent over 28% of the Total Development Cost. The equity to be raised from the CHFA allocation has been significantly leveraged to ensure that the project will remain financially feasible and viable as a qualified low income housing project.

2. Identify which housing priority in Section 2 of the QAP for which the project qualifies:
   • SENIOR HOUSING DEVELOPMENT

3. Describe how the project meets the criteria for approval in Section 2 of the QAP:
   A. Market conditions:
      a. The market study by The Highland Group, dated June 13, 2012, indicates significant demand for the proposed units, even without the attraction of project-based Section 8 assistance. The capture rates are quite low, and there are no available, affordable units for seniors within the PMA.

   B. Readiness-to-proceed:
      b. Current Zoning:
         AHA completed a “Planned Development” (PD) re-zone, approved by the Aurora City Council in December 2009. The approval of the PD creates a special zoning district for the total 11-acre parcel owned by the Aurora Housing Authority, and allows for a total of 225 units to be constructed on the parcel in all phases. The PD also creates standards for height, landscaping, building materials, and overall design features.

      c. Site Ownership:
         All land and buildings are currently owned by the Aurora Housing Authority. The development plan is phased and will allow AHA to lease that portion of the site necessary for the construction of Building 2 to the new ownership LLLP. Approximately 2.4 acres will be leased for a minimum of 50 years to “VWC2 LLLP”.
d. **Site Suitability:**
The 2.4 acre parcel for VWC Building 2 is flat, well-drained, and has no environmental issues. The infrastructure, detention ponds, and roadways through the complex have been completed.

e. **Construction Documents:**
The architect for Building 2 (EJ Architecture) is the same architect used for Building 1. Building 2 was fully designed at the same time as Building 1 in 2009-10. Construction documents for Building 2 are nearly complete, and require only minor additional clarification to be submitted for permit.

f. **Constructability / Construction Costs:**
AHA contracted with Shaw Builders in the design development of Village at Westerly Creek Buildings 1 and 2 to ensure the “build-ability” of the development. This has resulted (in Building 1) in significantly fewer Change Orders and greater predictability of construction cost. On Building 1, there have been change orders totaling just under $140,000 (1.6% of hard costs). We therefore believe that the construction estimate from Shaw Builders for this application is sound and reasonable.

g. **HUD Approvals:**
The U.S. Department of Housing and Urban Development (HUD) approved the disposition and demolition of these public housing units in February 2011. HUD has also approved the use of Housing Choice Vouchers for the residents of Buckingham Gardens to use at the new building. AHA need only request the vouchers from the local HUD office 90 days in advance of moving the existing residents to the new building.

h. **Demand:**
There are 65 qualified residents currently living at Buckingham Gardens, who are eligible (and excited!) to move 50 yards to the new building. The Village at Westerly Creek, Building 2, has been approved by HUD for project-based vouchers. These residents will not be displaced during construction, and will be able to move at the end of construction to their new homes.

i. **Equity and Debt Partners:**
We have received letters from Enterprise Community Investments and from Bank of the West. These are the same partners we have used on VWC Building 1, and believe that a great portion of the ‘legal legwork’ has been done. We believe that we can quickly close on a partnership, and start construction immediately thereafter.

C. Overall financial feasibility and viability:
All of the units will have project-based HUD vouchers, which provided significant insurance of stable, long-term rents. Project expenses have been budgeted at a healthy PUPA of $5,475. Debt coverage easily meets current standards of permanent lenders and LIHTC investors in the 1.20 to 1.30 range.

The permanent debt on VWC-2 is only 11% of the Total Development Cost, and is easily supported by net income.
D. Experience and track record of the development and management team:
The Housing Authority of the City of Aurora (AHA) will develop, own and manage the property. Since 1975, AHA has worked to provide affordable housing in the community. AHA currently owns and manages nearly 900 units at 16 locations within Aurora to ensure residents of Aurora with low and moderate incomes have safe, decent, and affordable housing.

Since 2002, AHA has been the Developer of nine Aurora properties (nearly 650 units) by accessing both the 4% and 9% Low Income Housing Tax Credit. The Aurora Housing Authority has extensive experience with affordable rental management and has a full staff, including a Director of Property Management, Maintenance Supervisor, Compliance staff, along with property managers, leasing agents and maintenance staff.

AHA also administers the Housing Choice Voucher program within the City of Aurora, which currently has over 1,650 participants. The AHA Assisted Housing staff will oversee the application and distribution of vouchers for the Village at Westerly Creek.

E. Cost reasonableness:
The Total Development Cost of $225,300 per unit is lower than the TDC for Building 1 ($242,200/unit). The hard costs have been reduced by $11,300 per unit (from $166,400 to $155,100 per unit). These savings have been achieved by placing the vast majority of the infrastructure and community amenities in Phase 1 of the development. Thus, Building 2 will have its sewers, roadways, and detention ponds in place prior to construction commencement. Additionally, the community rooms and offices and community gardens for all residents are in place prior.

F. Proximity to existing tax credit developments:
This project is the second phase of the Village at Westerly Creek, a 55-unit development that received tax credits in August 2010. Building 1 will be opened in August 2012, and serve the first 55 (of 120) public housing residents currently at Buckingham Gardens. Building 2 will serve the remaining 65 residents of the Buckingham Gardens public housing conversion.

The Market Study completed by The Highland Group indicates that there are four senior-only LIHTC developments within the area:

<table>
<thead>
<tr>
<th>Development</th>
<th>Units</th>
<th>Tax Credit</th>
<th>Program Type</th>
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</thead>
<tbody>
<tr>
<td>Aspen Meadows</td>
<td>100</td>
<td>4%</td>
<td>Project-based Section 8</td>
</tr>
<tr>
<td>Aurora Village</td>
<td>100</td>
<td>4% PAB</td>
<td>Project-based Section 8</td>
</tr>
<tr>
<td>Fletcher Gardens</td>
<td>93</td>
<td>4% PAB</td>
<td>Project-based Section 8</td>
</tr>
<tr>
<td>Pinewood Lodge</td>
<td>103</td>
<td>9%</td>
<td>0% vacancy, 50 on waitlist</td>
</tr>
</tbody>
</table>
There are two other LIHTC developments were just outside of the PMA:

<table>
<thead>
<tr>
<th>Development</th>
<th>Units</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clyburn at Staple</td>
<td>96</td>
<td>4% 7% vacancy, no waitlist</td>
</tr>
<tr>
<td>Village at Hampden</td>
<td>132</td>
<td>4% 0% vacancy, 259 waitlist</td>
</tr>
</tbody>
</table>

G. Site suitability:
The site is currently owned by the Aurora Housing Authority, and will be leased to the partnership/ownership for a nominal fee during the partnership period. The site is flat, and has all infrastructure readily available. Roadways and detention ponds for the site have already been built, along with community amenities.

4. Provide the following information as applicable:

a. Justification for waiver of any underwriting criteria (minimum operating reserve, minimum PUPA or high PUPA, first year debt coverage ratio below 1.15 or above 1.30, minimum replacement reserve, vacancy rate below CHFA’s minimum):
   No waivers are requested.

b. Justification of the financial need for CHFA’s DDA credit up to 130 percent of qualified basis:
   - AHA is requesting a basis boost of 112%, or additional annual credit of approximately $130,000. The total request of tax credit allocation is $949,527, or still below the maximum allocation.
   - The property is not located in a Qualified Census Tract, though the particular site is a very-low income “island” within the tract. The 2011 Census indicates that the tract has 1,794 households, 9.4% of which are living below the poverty line (169 households). In 2011, the median annual income of the 120 Buckingham Gardens households was $8600 (or 100% below poverty line). Hence, nearly all of the households living in poverty within the census tract are currently living in the Buckingham Gardens public housing.
   - AHA has received financial participation (in the form of HOME monies) from all state and local partners to the maximum extent possible. Congress has dramatically reduced HOME funds in the past few years, and each partner is contributing a significant portion of their HOME allocation.
   - Financial participation by the Federal Home Loan Bank of Topeka is not considered likely. Their current district priorities are for rural or special needs housing, and for housing for families that complements access to employment.
   - Comparisons with the previous phase of Village at Westerly Creek show that Building 1 received a 2010 LIHTC allocation of $14,786 per unit. This allocation request for Building 2 equates to $14,608 per unit.
5. Address any issues raised in the market study submitted with your application:
   a. No issues raised in market study

6. Address any issues raised in the environmental report(s) submitted with your application:
   a. (Page 2) Existing Buckingham Garden public housing units (to be demolished at the end of construction) have Asbestos-Contained Materials in the sub-flooring of kitchens and baths. ACM will be removed after resident relocation and prior to building demolition. This, however, has no impact on the development of VWC Building 2.
   b. (Page 2) There are no recognized environmental conditions at the site.

7. Describe and demonstrate local support for the project (including financial support):
   • The State of Colorado, City of Aurora, Arapahoe County, and the Aurora Housing Corporation have provided support of $1.35 million in HOME funds in the development. The City of Aurora is waiving permitting and other construction fees in the estimated amount of $455,000. The project has the support of the Mayor and the community, and has received approval from the U.S. Department of Housing and Urban Development (HUD) for the demolition of the existing public housing and its replacement with Village at Westerly Creek. HUD has also agreed to provide the development with project-based vouchers for the residents.

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

ADDITIONAL SUPPORTING DOCUMENTATION ATTACHED:
   o Soft funds documentation to support that amount of soft funds listed in the Application:
     • Support letters for HOME funds from County, State, City, and Aurora Housing Corporation (CHDO)
     • Letter from Mayor S. Hogan, City of Aurora
     • Letter of support from AHA Board of Commissioners

   o Documentation of Readiness to Proceed:
     • Recorded General Development Plan
     • Recorded Site Plan
     • HUD demo/dispo approval
Project Name: Welby Station Apartments
Project Address: NEC 88th Avenue & Welby Road
Thornton, CO 80229

Key Strengths of Project:

- **One third of project set aside for Homeless Families** (33 units affordable to families at 30% AMI; 23 units with Section 8 project-based vouchers)

- **Adjacent to future light rail** (Walking distance from RTD’s planned primary rail stop in Thornton)

- **Catalytic first phase of a larger TOD neighborhood plan** (53 acre mixed use planned development; DRCMG TOD station area planning grant; DRCMG road construction grant)

- **Adjacent to extensive educational facilities** ($64.0 million redevelopment of multiple schools and library is currently underway just a few steps west of the project)
- **Efficient use of LIHTC funds** (No basis boost required; 98 LIHTC units created)

- **LIHTC funds now will preserve other federal funds for Colorado** (NSP III & NSP I have deadlines)

- **Collaboration of state and local governments** (Substantial participation by four entities, including State, County, City, and Housing Authority)

- **Significant leverage and committed funds** ($5,750,000 already committed by four agencies)

- **Readiness to proceed** (Construction documents in progress)

**Why Focus on Homeless in Adams County?**

Adams County Housing Authority (ACHA) is developing Welby Station as a multi-family rental project focused on meeting the housing and service needs of homeless individuals and families in Adams County. ACHA is allocating one third of the units at Welby Station to house the homeless, while the balance of units will be affordable to 50% AMI households. ACHA has secured 23 project-based Housing Choice Vouchers for this development and will have 10 additional units restricted at 40% AMI but underwritten to 30% AMI rents levels.

- **Adams County has had the most dramatic increase in the number of homeless persons** as well as the proportion of homeless across the Metro counties, according to the 2012 Point in Time Survey conducted by the Metro Denver Homeless Initiative (MDHI).

- **Adams County is relatively under served.** The MDHI study identified 2,500 homeless persons in Adams County on a single night (January 23, 2012) and found that Adams County’s homeless households made up nearly 20% of the homeless population in Metro Denver.

- **Permanent affordable housing is one of the top three gaps in homeless services** in Adams County, according to Community Strategies Institute’s 2009 homeless needs study.

- **64% of the homeless population living in the Denver Metro area are families with children**

- The Colorado Division of Housing - Office of Homeless Youth Services reports, as of January 2012, that Adams County has 3,150 children currently enrolled in school that have self-identified as homeless.

- **ACCESS Housing**, which will be one of ACHA’s key referral and service partners, reports that 25% of homeless children lose one full grade level of progress per episode of homelessness.

- ACHA’s own Housing Choice Voucher program lottery pool in 2011 had 1,249 self-identified homeless households and approximately 3,064 homeless individuals.
Selecting Eligible Homeless Individuals and Families

The Housing Authority will maintain a separate wait list specifically for homeless families and individuals for the 33 units set aside for this special population. Homeless households appropriate for this wait list will be identified from multiple sources including referrals from numerous partner agencies as well as people who contact ACHA directly through its offices in the Human Services building.

Supporting Formerly Homeless Families and Individuals at Welby Station

Housing the homeless provides the opportunity to complement safe, stable, and affordable housing with access to comprehensive human services. ACHA will coordinate supportive services directly with community human service agencies to address the needs of formerly homeless families residing at Welby Station. ACHA will provide space on site in Welby Station’s community center as a flexible venue for group and individual education, one-on-one counseling and additional supportive services. All supportive services for formerly homeless residents will be provided at no cost to residents.

ACHA intends to provide a dedicated onsite regular part-time Resident Services Coordinator funded in part by up to $20,000 in cash flow from property operations after debt service. The Resident Services Coordinator will make appointments and meet individually with each formerly homeless household at Welby Station to develop an action plan that will include short and long-term goals to overcome barriers to self-sufficiency. Coordination with formerly homeless residents will be ongoing for the duration of their residency at Welby Station as needed.

Partnering with the most experienced and respected human service agencies in the community, the Resident Services Coordinator will coordinate on-site programs and referrals to partner agencies as needed. Welby Station is designed with a multi-use community room that can be used for a variety of purposes providing partner agencies a comfortable space to deliver workshops, teach classes and provide other group programs on-site. Periodic on-site workshops will depend on the needs of the population and may include life skills, money management, parenting, healthy relationships, anger management, domestic violence, health and nutrition, stress management, employment search and resume writing. ACHA will also provide office or conference space where partner agency staff can work individually with residents to complete intake forms, determine eligibility, assist with job searches and provide numerous other one-on-one services.
Spectrum of Supportive Services

The Welby Station supportive services collaboration includes the most appropriate and experienced human services agencies in Adams County providing programs ranging from early childhood education through adult job skills training; ACCESS Housing, Growing Home, Almost Home, The Family Tree, Low Income Family Empowerment (LIFE) and Children’s Outreach Project are enthusiastic members of this partnership. The collaboration of human services agencies will make referrals of homeless families to the Welby Station project and and provide wrap-around supportive services to support formerly homeless households. Additionally, ACHA will work with partner agencies to ensure that formerly homeless households will continue to receive services once they enter Welby Station, as appropriate. This will help ensure that families do not “drop off the radar” and will continue to receive the services that will help move their household towards self-sufficiency. ACHA will also refer families to partner agencies and others for new services, as appropriate.

Collaboration with Community Agencies

ACHA’s identified agency partners have a combined history totaling more than 140 years of providing supportive services to homeless and low-income persons in Adams County. These agencies and shelters will act as both referral sources and service providers. ACHA expects to expand this list to include shelters assisting victims of domestic violence.

ACCESS Housing has provided supportive services for homeless families in Adams County for 29 years. ACCESS offers a comprehensive continuum of care including: clothing and household furnishings; financial assistance for transportation, medical and education expenses; job services such as resume writing instruction, interviewing skills training and job search services; GED preparation and basic reading, writing and math instruction; crisis intervention, resource information and linkages to additional community partners.

Growing Home has served homeless and low-income individuals and families for 14 years. Originally established as a homeless shelter based on the Interfaith Hospitality Network, Growing Home has expanded its services and currently provides evidence-based early intervention children’s programs, rental assistance, a food pantry and a children’s clothing bank. Additionally, Growing Home’s Sprouts program, a school-based after-school program for children who are in need of academic or social-emotional skill building, is targeting Skyview schools adjacent to Welby Station site for expansion.

Family Tree, founded in 1976, provides a broad range of services and shelter to families and youth of metro Denver. Services available to Welby Station’s formerly homeless residents through their “Homeless No More” program include ESL and GED classes and tests; moving in expenses such as security deposits, moving trucks, and essential furniture items; transportation (gas vouchers or bus passes); car repair; car insurance; grocery gift cards; and six months of case management.

Children’s Outreach Project (COP) has provided human services for more than 40 years. COP’s supportive services include: preschool classes with bilingual educators; therapeutic services; vision, hearing, and dental screenings; a natural food program; family literacy nights; and parent trainings.
Almost Home has provided supportive services for low-income and homeless persons for 17 years. Almost Home provides, at their Brighton offices, emergency shelter and hotel vouchers; case management; financial assistance for rent and utilities; transitional housing; education and advocacy; permanent workforce housing; and adult education. Almost Home will provide referrals of homeless families for this project.

Low Income Family Empowerment (LIFE), a subsidiary 501(c)(3) nonprofit of the Housing Authority, was established in 2008 and provides collaborative programs to serve the homeless and other low-income individuals and families in Adams County. LIFE has experience managing federal and state grants including the Statewide Strategy Use Fund (SSUF); Homeless Prevention and Rapid Re-Housing and the Emergency Shelter Grant in partnership with human service agencies to provide case management and other supportive services to the homeless. Additionally, LIFE has been the fiscal agent for the Cold Weather Care emergency shelter program. LIFE will provide referrals of homeless families.

Welby Station is a Collaboration of State and Local Government

The Adams County Housing Authority (ACHA) has partnered with the State of Colorado, Adams County and City of Thornton to create Welby Station, a 99 unit multifamily rental project next to a future light station that will create 98 units of affordable housing, of which 33% will be affordable to 30% AMI homeless individuals and families. An additional 65 to 85 units of affordable housing is planned for a future phase of development. The project is part of a larger 53 acre mixed use development consisting of high density mixed residential and commercial uses to the west, multifamily construction in the middle, and small-lot single family homes in the new urbanism style to the east. This is a unique opportunity to create high quality affordable housing and have a significant and lasting impact on a rare infill parcel adjacent to future light rail. Additionally, this project is of vital importance to the long term planning and economic development of City of Thornton.

Over $5.75 Million in Committed Funds!

Welby Station has funding commitments from four different agencies totaling $5.75 million, including $2.5 million in NSP III funds from the State of Colorado, $1,250,000 of NSP1 funds from Adams County, $300,000 CDBG funds from the City of Thornton, over $400,000 in fee and use tax incentives from the City of Thornton, and $500,000 in funds from the Adams County Housing Authority. ACHA has committed between 20 and 25 Section 8 vouchers to be project-based on 30% AMI units, which will then support an estimated $800,000 in additional debt for the project. In addition to the $5.75 million already committed, ACHA anticipates the State of Colorado will support its investment of NSP III funds with up to an additional $1.0 million in HOME funds upon receipt of a tax credit award.
Immediate Funding is Critical for the State of Colorado!

This is a third and final application for 9% credits; project funding is an absolute necessity due to the parameters of NSP funding commitments from both state and county. Each of the NSP funding commitments, including both the $2.5 million NSP III award from the State of Colorado and the $1,250,000 NSP I commitment from Adams County, carry looming deadlines for both expense of funds and qualified occupancy of units. Most importantly, Welby Station is the project earmarked by the State to materially meet its set-aside for 50% AMI units required under its allocation of the NSP III program. A lack of funding in this July 2012 round could result in a potential return of funds to the federal government, which would be a significant loss for the State of Colorado.

Consistency with CHFA’s Guiding Principles

Welby Station is consistent with numerous guiding principles of the CHFA Qualified Allocation Plan.

- This project will serve the lowest income levels, with 33 units reserved for households earning 30% and 40% AMI levels for an extended affordability period. The remaining 65 units will be targeted to households earning 50% AMI.

- The Adams County Housing Authority has not received an award of credits in many years but anticipates pursuing multiple LIHTC project opportunities within Adams County over the next 5 years. Welby Station supports CHFA’s goal to provide opportunities to a variety of qualified sponsors of affordable housing, both for-profit and nonprofit.

- Welby Station supports CHFA’s mission to promote new construction of rental housing.

- Welby Station supports CHFA’s efforts to distribute credits across the state; the project is in an area of low concentration of LIHTC housing that has no 30% AMI units. Additionally, the last LIHTC project in Adams County was completed in 2006.

- As a family project serving 33 formerly homeless households as well as 65 individuals and families at 50% AMI or below, Welby Station supports CHFA’s efforts to distribute housing credits to a diversity of populations in need of affordable housing, including homeless persons, persons in need of supportive housing, senior citizens, and families.

- Welby Station uses the states LIHTC resources efficiently to create 98 units of affordable housing, one third of which are targeting the lowest AMI individuals and families. And the project accomplishes this with no need for special consideration from CHFA’s basis boost.

Consistency with CHFA’s Housing Priorities - Homeless

Welby Station is specifically designed to address the needs of homeless individuals and families in Adams County.
Consistency with Approval Criteria

Welby meets all the criteria for approval as follows:

a. *Market Conditions* – ACHA’s proposed units will result in very low increases to the required capture rate. Specifically, the increase in capture rates are 0.9%, 0.8%, and 3.4% for the 30% AMI, 40% AMI, and 50% AMI units, respectively. 23 units will be restricted to 30% AMI or below and will be supported by dedicated Section 8 Project Based Vouchers. 10 additional units are underwritten to 30% AMI rents but will allow individuals and families earning up to 40% AMI. ACHA believes this is a prudent approach to dealing with individuals and families that may not qualify at the 30% level and are homeless due to sudden or unforeseen reasons such as domestic violence, change in relationship and eviction or foreclosure, which are common causes cited by the most recent MDHI point in time study. Regarding demand for Homeless housing specifically, we know that ACHA’s partner ACCESS Housing is turning away 10 families for every one family they are able to help. ACHA’s supportive services partners have indicated that they will have no difficulty referring eligible families to fill the 33 units at Welby Station dedicated to homeless individuals and families.

b. *Readiness to Proceed* – ACHA will have no difficulty meeting carryover for the Welby Station project and in fact is on schedule to close on the construction loan in late 2012. ACHA has already procured and assembled the full consultant team for pre-development and is actively pursuing entitlements with City of Thornton. This is based on the State’s commitment and permission to use NSP III funds to advance the project in order to meet the necessary expenditure and occupancy deadlines for NSP III funds.

c. *Overall Financial Feasibility* – A project of this size is not possible with 4% tax credits. There is widespread support for this project by the Housing Authority, the City of Thornton, Adams County Community Development and the State of Colorado Division of Housing, this project has assembled all necessary funds to complete the project upon award of 9% credits. The reliability of the construction cost estimates are validated due to the fact that the preconstruction services consultant, owner’s representative, and the architectural consultant are all working on current projects using substantially similar rental housing product in the Denver metro area.

d. *Experience of Development Team* – The Adams County Housing Authority owns and manages multiple existing tax credit projects in Adams County. The design team assembled includes Cornerstone Construction Management for owner’s representation, whose principal, Gary Truitt has four decades in construction including his most recent position managing affordable housing projects nationwide for Mercy Housing. KTGY Architects has extensive experience developing LIHTC housing in both Colorado and California. The preconstruction services consultant, Catamount is a general contractor who is presently building a LIHTC project in Stapleton. All participants have a shared history working together and the team collectively has a high degree of competency in designing, building, and operating 9% LIHTC properties.
e. **Project Cost** – Welby Station apartments’ cost estimates for vertical construction are based on actual, current numbers recently achieved in the market. ACHA has incorporated a $1.0 million contingency inclusive of hard cost, soft cost, and design, which is based on a 6% Hard Cost contingency plus any additional $317,000 for soft and other costs. The project has higher than average site work costs due to expansive soils and the need to import fill to facilitate the necessary grading to achieve the density of units desired. Water and sewer tap fees may also appear high, but they are based on the promulgated fee schedules for City of Thornton. The underwriting for this project includes significant offsite work ($1,119,000 direct) in order to construct roads and utilities necessary to support the site.

f. **Proximity to Existing Tax Credit Projects** – The nearest LIHTC competitors are Reserve at Thornton, built in 2006, located 0.8 miles northwest, and with a vacancy rate of just 1.4%. The next nearest LIHTC project would be Spring Brook, a 120 unit project built in 2005, located 1.3 miles to the Southwest, and with 1.7% vacancy. The next nearest LIHTC properties are Overlook at Thornton, which is operated by ACHA, was built in 1972, and is located two miles west of Welby Station. Finally, the Reserve at Northglenn is located 3.7 miles to the northwest.

g. **Site Suitability** – The project location is highly desirable for affordable housing today, and it will be even better when RTD funds the north line and light rail with existing express bus services offered just steps from the property. Major bus services and educational facilities are currently available just steps from the site. Public parks and a public pool are also within walking distance. The neighborhood has no 30% AMI units at present, and the 53 acre parcel on which the project sits is zoned and planned as a dense mixed-use walkable neighborhood.

**Unit Mix and Income Targeting**

Welby Station is a homeless and family project comprised of roughly 22% one bedroom, 60% two bedroom, and 18% three bedroom units, serving individuals and families who are homeless (34% of total) as well as individuals and families at or below 50% AMI (66% of total). ACHA will provide project-based section 8 vouchers to provide stability and supplemental rental income on 23 units at the 30% AMI level. The other 10 units set aside for homeless households will be set at 40% AMI limits but are being underwritten to below 30% AMI rents in order to provide maximum flexibility to address the variety of needs and causes of homelessness.
Population, Unit Mix and Rents

Welby Station Apartments will serve individuals and families at a range of AMI levels. The Housing Authority will “project base” 23 units at the project to provide increased stability for the households occupying the 30% AMI units and to support additional debt.

<table>
<thead>
<tr>
<th>UNIT TYPE</th>
<th>COUNT</th>
<th>SQ FT</th>
<th>AMI</th>
<th>Underwritten Rents Per Unit</th>
<th>Per SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bed / 1 Bath</td>
<td>16</td>
<td>748</td>
<td>50%</td>
<td>$625</td>
<td>$0.84</td>
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<tr>
<td>1 Bed / 1 Bath</td>
<td>2</td>
<td>748</td>
<td>40%</td>
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<td>$0.50</td>
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<tr>
<td>1 Bed / 1 Bath</td>
<td>4</td>
<td>748</td>
<td>30% SEC 8</td>
<td>$627</td>
<td>$0.84</td>
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<tr>
<td><strong>Total / Average:</strong></td>
<td><strong>22</strong></td>
<td><strong>748</strong></td>
<td></td>
<td><strong>$603</strong></td>
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<tr>
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</tr>
<tr>
<td>2 Bed / 2 Bath</td>
<td>38</td>
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<td>50%</td>
<td>$810</td>
<td>$0.78</td>
</tr>
<tr>
<td>2 Bed / 2 Bath</td>
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<td>1,035</td>
<td>40%</td>
<td>$639</td>
<td>$0.43</td>
</tr>
<tr>
<td>2 Bed / 2 Bath</td>
<td>14</td>
<td>1,035</td>
<td>30% SEC 8</td>
<td>$803</td>
<td>$0.78</td>
</tr>
<tr>
<td><strong>Total / Average:</strong></td>
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<td><strong>1,035</strong></td>
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<td><strong>$772</strong></td>
<td><strong>$0.75</strong></td>
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<tr>
<td>3 Bed / 2 Bath</td>
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<td>40%</td>
<td>$515</td>
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<tr>
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<td>5</td>
<td>1,336</td>
<td>30% SEC 8</td>
<td>$1,156</td>
<td>$0.87</td>
</tr>
<tr>
<td><strong>Total / Average:</strong></td>
<td><strong>18</strong></td>
<td><strong>1,336</strong></td>
<td></td>
<td><strong>$938</strong></td>
<td><strong>$0.70</strong></td>
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<tr>
<td><strong>TOTAL / AVE:</strong></td>
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<td><strong>1,026</strong></td>
<td></td>
<td><strong>$765</strong></td>
<td><strong>$0.75</strong></td>
</tr>
</tbody>
</table>

*NOTE: 40% AMI rents are underwritten to below 30% AMI allowable rents so as to provide maximum flexibility to fill those units with qualified homeless households at both the 30% and 40% AMI levels.*

† Note: 30% AMI Units are occupied by homeless families and individuals and are underwritten using Section 8 FMR due to the use of Project Based Vouchers.
Physical Characteristics

The project consists of 99 units, which is the initial phase of development on the northern portion of 7-8 acres of multifamily land. An additional building (20 units) is planned for the north parcel and an additional 3 buildings (up to 65 units) are planned for the southern parcel as a future Phase 2 development of additional affordable housing.

The Conceptual Site Plan is in City of Thornton for final approval and is provided in connection with this application. The CSP contemplates five buildings plus a clubhouse on the north parcel and three buildings on the southern parcel. The project will generally consist of three story walk-up apartment flats in five buildings built to a density of roughly 25 units per acre.

While the project is being designed with an urban feel and an eye toward light rail, ACHA’s approach has been to design and underwrite a project that will compete effectively in the suburban submarket which exists today. The building design is consistent with similar product at master planned developments such as Stapleton and Arista, providing a generally urban feel by allowing buildings to get close to back of sidewalk and providing parking in tuck-under garage and screened interior lots. This is consistent with the walkable neighborhood concept envisioned by City of Thornton for the TOD Area.

A central community center will include management offices, a fitness room, a small computer lab or business center, and public restrooms to service the clubhouse and pool. The clubhouse design also incorporates a flex office area and a private conference room to accommodate on-site services and case management as required. A separate multipurpose community room will include a kitchen and act as a multipurpose area for workshops by service providers as well as resident activities programmed by management staff. Adjacent to the clubhouse will be a swimming pool, which is a standard amenity in the area and an important element to a family property. A playground and picnic area will round out project amenities. The property also enjoys access to the Colorado Agricultural Ditch Trail, which runs through the property and is a part of a larger trail system.

The project is being designed as if it would compete with market rate product. Unit floor plans include high ceilings and kitchen islands. Floor finishes will include durable and attractive vinyl plank in the kitchen and entry areas, carpet in the living and bedroom areas, and vinyl flooring in the bathrooms. Most units have walk-in closets in the master bedroom. All units will enjoy in-unit washers and dryers and covered patios off of the living areas. Unit appliance packages will include a refrigerator, dishwasher, disposal, range, and washer and dryer.
Site Plan – Master Plan for Multifamily Development

Welby Station will eventually consist of approximately 184 units of multifamily mixed income and affordable housing. The current project consists of buildings A through F on the northern parcel in the site plan shown below. The Phase 1 project contemplated by this tax credit application includes Buildings A, B, C, E and F on the north parcel. Building D, G, H, and J are contemplated for Phase II.
Site Plan – Phase I

PHASE 1
# Units: 19
# of Surface Parking Spaces: 123
# of Single Car Garages: 64
# of Management Parking Spaces: 6
Space/Unit = 1.86

PHASE 2
# Units: 12
# of Surface Parking Spaces: 61
# of Single Car Garages: 42
Space/Unit = 1.5

TOTALS
# Units: 31
# of Parking: 277, 7 of which are Handicap Spaces
Space/Unit = 1.72

UNIT TYPE SUMMARY

PHASE 1

Building A - 6,614 SF
4 x 1 bed / 1 bath
6 x 2 bed / 2 bath
6 x 3 bed / 2 bath
18 Total Units

Building B - 8,538 SF
4 x 1 bed / 1 bath
14 x 2 bed / 2 bath
3 x 3 bed / 2 bath
21 Total Units

Building C - 17,076 SF
12 x 1 bed / 1 bath
24 x 2 bed / 2 bath
3 x 3 bed / 2 bath
39 Total Units

Building D - Not Used

Building E - 10,006 SF
3 x 1 bed / 1 bath
13 x 2 bed / 2 bath
6 x 3 bed / 2 bath
21 Total Units

# 1 bed / 1 bath: 22 = 22%
# 2 bed / 2 bath: 59 = 60%
# 3 bed / 2 bath: 18 = 18%
Total # Units: 96

Building F - 1,026 SF
Community Center
Leasing Office
Workout Room
Energy Efficiency

Welby Station will comply with the Green Communities requirements and will include Energy Star appliances and efficient HVAC systems. Plumbing fixtures will be designed to conserve water and low VOC carpets, paints and sealants will be used throughout. All units will be sub-metered for electric and gas and it is expected that tenant paid utilities will generally result in more energy conscious behavior and lower energy use. Owner will pay for trash, water and sewer. In connection with Enterprise Green Communities optional measures, ACHA will monitor and report usage of all utilities, including tenant paid utilities and the water paid by landlord, which will be monitored by additional sub-metering equipment.

The current construction budget does not include a solar PV system, but ACHA is committed to introducing solar panels to the project if funding permits. The current plan is to focus on the core requirements of a successful affordable housing project and then evaluate the viability of a PV system in the latter part of construction, taking into account the levels of PV subsidies and construction contingency funds remaining.

Parking

At the time of project construction of 99 units in 4 residential buildings, the project will be supported by 120 surface parking stalls and 64 garages. Note: Because a 5th building (labeled Building D on the CSP) is not being constructed at this time, it will be on a separate legal land parcel and held by a separate legal entity. Some surface parking, approximately 10 stalls, will be provided on this separate parcel and shared by license. At full build-out, meaning a 5th residential building is eventually constructed, the north parcel on which the project sits will include 218 parking spaces, of which 138 will be surface parking and 80 will be garage parking. Additional street parking will be available in the future when City of Thornton expands Steele Street and adds on-street parking on both sides.

Surface parking on site will be managed by permit, and every unit will be provided at least one surface space. Experience has shown that many 30% and 40% AMI households do not own automobiles and that many residents will therefore not require parking. Meanwhile, additional garage parking is offered as an amenity, and residents may choose to park their primary or secondary car in a garage at the rate of $60 per month. A survey of the market comparables has shown that many tenants in the area, including those at restricted rents, desire the option of garage parking. The proposed $60 per month rental fee is near the bottom of the $55 - $100 range charged by other area properties, and is lower than the $80 and $100 fees charged by the nearest LIHTC comps, Reserve at Thornton and Reserve at Northglenn. Welby Station’s underwriting conservatively assumes that just 35 of the 64 garages are actually rented at any point in time, providing just over $25,000 in annual other income to support additional project debt. This conservative underwriting allows ACHA flexibility with the remaining 29 garages either to earn additional income or to provide dedicated garages to some units, such as all three bedroom units, if desirable.
**Construction Method:**

The project is based on comparable product designs and construction recently built by the lead architect and preconstruction services consultant at both Stapleton and Arista. Given our consultants’ current familiarity with the design and construction of the product, ACHA is confident in the construction cost methods and estimates specified.

Buildings will generally be 3-story wood frame Type V construction on post-tension slab. Roofs are being designed as pitched roofs rather than flat roofs to reduce costs. The first level of each building will have units facing outward and tuck-under garage parking facing interior screened parking lots. Second and third level buildings will have units facing both in and out. Each common area stairwell will serve 10 apartments on three levels. Exterior siding will consist of Hardi products, which ACHA currently expects will be the factory finished Color Plus product line, which comes with a 15 year warranty. Specifications for finishes, fixtures and equipment will be evaluated based on long term ownership, which generally favors longevity and reliability over short term cost savings.
Location Maps:
Walking Distance to Mapleton’s $64.0 Million Expansion Project (Under Construction!)

Residents of Welby Station can walk to a high school to the west as well as elementary and middle schools to the Northeast. Additionally, an exciting redevelopment is underway at the Skyview Campus of Mapleton School District, on the west side of Welby Road. Mapleton is under construction with a project that will offer a spectrum of educational opportunities for all ages, including elementary students, high school students and young adults. In November 2010, voters approved a ballot measure authorizing the issuance of $31,705,000 in bonds to match a $32 million grant from Colorado’s Building Excellent Schools Today (“BEST”) program. The District approved a supplemental budget on January 25, 2011 appropriating $66,175,608 in the Building Fund to be used for the following redevelopment of the Skyview Campus:

- Construct a new Skyview Academy & Clayton Partnership Building
- Construct a new Mapleton Expeditionary School of the Arts (MESA) and Mapleton Early College (MEC) Building
- Demolition of the pool, classroom wing, Industrial Arts wing in the existing Skyview High School and remodel of the remaining space to include Student Center.
- Construct a new North Valley School for Young Adults and District Central Library

“Skyview Campus” and “York International”

Currently under construction, these are small choice schools, each with a specific specialty. The specialities include early college, art-based, science/technology, K-8 learning, and schools to teach teachers. The opportunity is to develop the buildings based on the specialized curriculum. Working with the curriculum and school, the design theme is creating unique learning spaces including:

Mapleton Public Schools operate with the belief that you must create a culture where students are trusted and empowered.

New Technology High School

This school would be the first of six high schools in Mapleton, each with a distinct curriculum and culture, designed to attract a certain type of student, with a certain type of learning preference. The culture and learning paradigm of New Tech High will revolve around project- and team-based learning via the use of computers and other forms of technology.
Part of a Larger 53 Acre Mixed-Use Planned Development

The project land parcel (indicated by the shaded area in the middle of the picture below) is situated just east of a planned light rail station at 88th Ave and Welby Road, which RTD calls “88th Avenue Station” but which the City refers to as “Welby Station”. While this is expected to be the first of many stops along a rail line extending into Thornton, the City and RTD both acknowledge that availability of transit funding may cause this to be the one and only rail station to serve the City of Thornton. This increases the significance of the rail stop, and as a result, Welby Station is being designed for a 500 car surface lot that may also be expanded to a 1,500 car parking garage in the future.

![Diagram of the project area](image)

The land being acquired by ACHA for construction of Welby Station Apartments is approximately 8.38 acres in the middle of a 53 acre parcel. The larger parcel has been entitled by Welby Station LLC, a partnership between Michael Richardson and Gene Myers of New Town Builders, for more than 150 small lot, single family, attached and detached homes to the east, and for mixed use commercial and multifamily development to the west. The portion of land on which ACHA’s Phase I development is being built is properly zoned for the intended multifamily use.

Welby Station LLC and City of Thornton have been planning this project for over seven years. In connection with the mixed use development and RTD’s light rail station, the City and RTD have determined a new road, called Steele Street, will run through the center of the site and “T” into existing Welby Road. As of May 16, 2012, DRCOG has awarded funding for the construction of the realignment of Welby Road/Steele Street. City of Thornton staff is currently meeting with CDOT to activate the project.

ACHA’s multifamily housing project will be ideally situated along the new Steele Street, bordered by a creek and single family housing to the east, bordered by future mixed use development to the west, and connected to light rail at the northwest corner. West of the planned rail station are the educational facilities presently under redevelopment by Mapleton School District.
Existing Public Transit:

The site is primarily served by bus Route 88, which runs from Stapleton to the southeast up to Northglenn Marketplace (104th & I-25) to the northwest. To the west and north, this bus route provides direct transportation to Skyview High School, Thornton High School, Thornton Town Center, and Northglenn Marketplace. To the south, this bus provides direct access to Commerce City’s City Hall, the General Mail Facility, and Stapleton. Transfers to the other key routes, such as the 12, 80 and 92, are available 1.4 miles west at the intersection of Washington and 88th Ave.
**Future Public Transit:**

In addition to the existing bus transit, this project sits adjacent to a proposed light rail station that is projected to be constructed after 2016.

**88th Avenue Station:**

Surface parking (550 spaces) is provided opening day. A parking structure is planned to meet projected 2035 demand (1,500 spaces). Modification: This alternative requires the City of Thornton to relocate Welby Road. If Welby Road is not relocated as planned, the layout shown in the DEIS will remain.
Area Amenities:

Education: Mapleton school district is building a $64.0 million project, consisting of three new schools serving kindergarten through young adults, on the land parcel immediately west of Welby Station. Within a one mile radius of the project location are numerous public education institutions, including Meadow Elementary, Bertha Heid Elementary, Clayton Street Elementary, Monterey Elementary, York International School and Skyview Academy High School. Additionally, approximately 1.6 miles northwest of the project location, at the intersection of approximately 92nd Ave and Washington are Thornton Elementary, Thornton Middle School and Crossroads Alternative School.

Recreation: Less than 0.9 miles north of the property is the City of Thornton’s Community Park, which includes large playing fields and the City Pool. Other nearby parks include Columbia Park (0.28mi NW), Aspen Park (0.50mi NE), and Plat River Trailhead Park (0.54mi E). Additionally, the City is considering construction of a park and playground on open space land directly across the rail line to the NW to keep younger kids off of the high school fields next door.

Shopping: Nearly all nearby retail establishments are situated along the commercial corridor of Washington St, running north-south approximately 1.4 miles west of the project location. The two nearest supermarkets cater to the Hispanic community and are Rancho Liborio, at Washington and 88th, and Mi Pueblo, located 4 blocks north. Sam’s Club and Safeway are located approximate 1.9 miles from the project location to the NW at the intersection of Washington St and Thornton Parkway.

Healthcare: Healthcare centers nearby include Medical Center of Aurora (2.0mi NW), Vibra Hospital (1.7mi W), Clinica Campesina (1.3mi W), and Center for Spinal Disorders (1.2mi W)
**Local, State or Federal Subsidies**

Welby Station Apartments expects to receive $6.75 million in total subsidies, as follows:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,500,000</td>
<td>Land acquisition and predevelopment are funded by an award of $2.5 million from the Colorado Division of Housing’s Neighborhood Stabilization Program (NSP). This award has been committed.</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>Colorado Division of Housing will consider an additional $1,000,000 in HOME funds, pending receipt of an allocation of tax credits.</td>
</tr>
<tr>
<td>$300,000</td>
<td>City of Thornton will provide a total of $300,000 in CDBG funds towards infrastructure. This has award is committed.</td>
</tr>
<tr>
<td>$400,000</td>
<td>City of Thornton has committed to provide fee reimbursements, expected to consist of approximately $275,000 in use tax incentives and $125,000 in permit fee incentives. In total these reimbursements are expected to exceed $400,000.</td>
</tr>
<tr>
<td>$1,250,000</td>
<td>Adams County will contribute $1,250,000 in subsidy from its allocation of Neighborhood Stabilization Program (NSP) funds. These funds are already controlled jointly by Adams County and ACHA through ACHA’s sub recipient agreement to manage NSP 1 funds. These funds are committed.</td>
</tr>
<tr>
<td>$500,000</td>
<td>Adams County Housing Authority has committed to provide up to $500,000 in cash from public housing disposition proceeds to backstop project funding shortfalls and make the Welby Station project possible.</td>
</tr>
<tr>
<td>~$800,000</td>
<td>Adams County will provide up to 25 project-based vouchers to the project to support 30% and 40% AMI units. Present underwriting contemplates 20 project-based units at 30% AMI. The additional project income as a result of these vouchers will allow the project to support approximately $800,000 in additional conventional perm debt.</td>
</tr>
</tbody>
</table>

**$6,750,000** Total Subsidies
Other Sources of Financing

Additional sources of financing include low income tax credits, permanent debt and deferred developer fees as follows:

- $11,500,000$1.25 million annual award at $0.92/credit.
- $4,750,000Permanent debt *
- $591,487ACHA deferred developer fee

$16,841,487Total Other Permanent Financing

*Note: The perm debt amount here includes the ~$800,000 in additional perm debt that was listed in the previous table as being generated by the use of Section 8 vouchers.

Underwriting Comments and Considerations

ACHA would like to proactively address some underwriting questions that might arise in review of the application.

Eligible Basis - Parking: Because garage parking is being offered at an additional fee, ACHA expects that construction value of $570,000 for the garages should be deducted from eligible basis. Additionally, because offsite direct costs of construction to support the housing total $1,119,000, ACHA estimates approximately $230,000 in soft costs attributable to the off sites should be excluded from basis. In total, basis should be reduced by $800,000. These have no impact to the calculated annual credit amount because the project has excess basis.

CHFA DDA Boost – At this time the project does not require a discretionary basis boost from CHFA.